

# Electoral Risk and Vote Buying, Introducing Prospect Theory in the Experimental Study of Clientelism

HECTOR BAHAMONDE <sup>\*1</sup> and

ANDREA CANALES <sup>†2</sup>

<sup>1</sup>Senior Researcher, University of Turku, Finland

<sup>2</sup>Assistant Professor, O'Higgins University, Chile

October 27, 2021

---

<sup>\*</sup>[hibano@utu.fi](mailto:hibano@utu.fi); [www.HectorBahamonde.com](http://www.HectorBahamonde.com).

<sup>†</sup>[andrea.canales@uoh.cl](mailto:andrea.canales@uoh.cl); <http://sites.google.com/view/andrea-canales-g>.

Authors are listed in alphabetical order. We thank Jack Levy for his detailed comments and helpful revisions. We also thank Janne Tukiainen and Lauri Saaksvuori. We thank O'Higgins University for funding this project, and the participants of the colloquium at the Centre for Experimental Social Sciences (CESS) at Universidad de Santiago (Chile) and the participants of the "DPINVEST & INVESThub Workshop on Interventions, Evaluations and Field Experiments" (Finland). Javiera Tobar, Cristopher Reyes and Bastián Garrido provided excellent research assistance.

## Abstract

Leveraging on the expected utility theory framework, most research asserts that parties in need of securing electoral support invest in vote buying. We consider this framework is limited in a number of ways. First, it assumes that losses and gains affect party's decision-making process in a comparable way—i.e., winning elections feels good as losing one hurts. Second, it assumes that the decision-making process of clientelist political parties focuses only on absolute levels of utilities while overlooking changes in outcomes respect to a reference point. Whether these assumptions hold is very important for understanding why parties buy votes. By introducing prospect theory in the clientelism literature, we hypothesize that parties are risk averse in the domain of gains and risk-seeking in the domain of losses—i.e., losing an election hurts more than winning an election pleases. This explains why clientelism is most likely when parties are probable winners or have experienced important losses in the past. These results are invariant to the political identity of voters (i.e., whether voters are swing or core voters). Unfortunately, the expected utility theory (wrongly) predicts that under these scenarios clientelism should not occur. After formalizing a theory of vote buying and vote selling within the expected utility theory, we tested it in the lab by designing an economic experiment. The voting experiment was carefully designed to capture different domains of gains/losses as well as varying reference points. Exploiting these novel experimental data, we show that prospect theory provides a better explanation of clientelism than do other theories based on the expected-utility theory. As the statistical analyses suggest, because of risk-seeking with respect to losses, experimental subjects adopt a more risky alternative buying votes in a way that is unpredicted by standard expected-value calculations.

---

**Abstract length:** 287 words.

shorten to  
150

Please consider downloading the last version of the paper [here](#).

**Rough draft PLEASE DO NOT CIRCULATE.**

**Keywords**— vote buying; clientelism; experimental methods; expected utility theory; prospect theory

# I. PARTIES WITH A GAMBLING PROBLEM: VOTE BUYING AS A RISKY YET PERSISTENT STRATEGY

Vote buying is a very risky strategy.<sup>1</sup> First, it is illegal.<sup>2</sup> Buying votes requires extra care to avoid both reputational, electoral and legal costs. For instance, due to stigma associated with vote buying, clientelist political parties might risk electoral support from the wealthy (Weitz-Shapiro 2012) or from society in general (González-Ocantos, Kiewiet de Jonge, and Nickerson 2014). Second, vote choices are secret, thus preventing parties from effective monitoring and enforcing (Nichter 2008). Even in developing contexts such as Africa (Wantchekon 2003; Vicente 2014), the Philippines (Hicken, Leider, et al. 2018) and Latin America (Hidalgo and Nichter 2015; Oliveros 2019; Murillo, Oliveros, and Zarazaga 2021), voters might accept the private benefit but then secretly vote for another party (Stokes 2005; Nichter 2008; Szwarcberg 2013; González-Ocantos, Kiewiet de Jonge, and Nickerson 2014; Vicente 2014), making the risks taken by the clientelist party worthless.<sup>3</sup>

If clientelism is risky (Szwarcberg 2013, p. 43), expensive (Zarazaga 2014, p. 35) and uncertain (Rueda 2017), *How do political parties allocate scarce resources efficiently, targeting the “right” clients, and thus preventing waste?* In this paper we address two related but more specific questions about strategic vote-buying (i.e., clientelist targeting and political contestation). First, *Do political parties buy votes to reassure electoral loyalties (core voters) or to flip voters (swing voters)?* Second, *How risk-tolerant are parties when facing contested elections?* These are important questions as they speak about a party’s decision-making process under risk. Unfortunately we find that the literature provides conflicting answers. This paper posits that these conflicting views about clientelist targeting and political contestation originate in the wrong understanding about the party’s decision-making processes under risk implicit in the expected utility theory, as formalized by Neumann and Morgenstern (1947).<sup>4</sup>

Leveraging on the expected utility theory framework, most research asserts that parties in need of securing electoral support invest in vote buying. We consider this framework is limited in a

---

<sup>1</sup>Vote buying is defined as the distribution of rewards during elections in contingent exchange for vote choices (Nichter 2014, p. 316).

<sup>2</sup>Bahamonde (2020) explains that in the United States vote buying was illegal as early as the 1700s.

<sup>3</sup>In fact, since clientelism may also work even with low levels of enforcement and monitoring (Hicken and Nathan 2020), investments in clientelism are always done in contexts of very high risk.

<sup>4</sup>For the purposes of this paper, we focus exclusively on quantitative research. Just to name a few important qualitative contributions who are not necessarily framed in the EUT paradigm, see Scott (1972), Auyero (2000) and Szwarcberg (2013).

number of ways. First, it assumes that losses and gains affect party’s decision-making process in a comparable way—i.e., winning elections feels good as losing one hurts. Second, it assumes that the decision-making process of clientelist political parties focuses only on absolute levels of utilities while overlooking changes in outcomes respect to a reference point. In this paper we contend that these assumptions do not conform with recent empirical findings.

By introducing prospect theory in the clientelism literature, our argument is twofold. First, clientelist political parties buy more votes when they are probable winners because decision-makers in the domain of gains usually underweight (“play down”) the probability of electoral success, making risky strategies such as vote-buying more attractive (risk-aversion). Second, clientelist political parties buy more votes when they have experienced prior losses (i.e., sunk costs) because decision-makers in the domain of losses usually overweight (“exaggerate”) the probabilities of unlikely electoral losses, making risky strategies such as vote-buying more attractive (risk-seeking). These theoretical expectations should be invariant to the political identity of voters (i.e., whether voters are swing or core voters) or the party’s budget. Thus, in several respects we stand opposite to traditional explanations of vote-buying that argue that vote-buying should be higher when parties are probable losers and where the role of prior electoral victories/defeats has not been considered as an important factor.

After formalizing a theory of vote buying and vote selling within the expected utility theory, we tested it in the lab by designing an economic experiment. The voting experiment was carefully designed to capture different domains of gains/losses as well as varying reference points. Exploiting these novel experimental data, we show that prospect theory (Kahneman and Tversky 1979) provides a better explanation of clientelism than do other theories based on the expected-utility theory. As the statistical analyses suggest, because of risk-seeking with respect to losses, experimental subjects adopt a more risky alternative buying votes in a way that is unpredicted by standard expected-value calculations.

We contribute to the literature in three ways. First, while prospect theory has been influential in political science only among international relations, the theory has not received much attention among political economists nor comparative politics scholars (Mercer 2005, p. 2, Vis 2011, pp. 338–339). We believe this is a serious issue that should be corrected. We intend to bridge this gap by offering an alternative theory of the political economy of vote buying but taking prospect theory as a starting point (Kahneman and Tversky 1979). Second, in this paper we follow Levy (1992b, p. 297)

as we carefully try to not only show that the observed behavior of political agents is consistent with prospect theory but that prospect theory provides a better explanation of vote buying than do traditional descriptions of vote buying based on expected-utility theory. Third, and from a methodological standpoint, we follow Aldrich and Lupia (2011) and McDermott (2002) in that there is a need of implementing experiments aimed to test formal models, and such, we believe that political scientists might benefit from this process to establish empirical validation of formal models (McDermott 2002, p. 45). Our paper is particularly relevant to the the study of democracy and development where experiments have been described as “a promising research tool” (De La O and Wantchekon 2011).

This paper proceeds as follows. First, we explain the basics aspects of expected utility theory while paying special attention to several empirical departures. Importantly, we show how these departures are critical for our understanding of vote buying. Second, we explain the basic concepts behind prospect theory, while providing more details about the direct implications for the clientelism and vote-buying literatures. Third, following the basic intuitions of traditional voting games based on the expected utility theory we offer a basic formal model of vote buying. Fourth, we present our experimental design. Fifth, we analyze the experimental data. Sixth, we conclude by readdressing our results and discussing possible avenues for future research.

## II. EXPECTED UTILITY THEORY

As its core, the expected utility theory considers that the value of an outcome is equal to its payoff times its probability, and that agents choose the option with the highest weighted sum (Quattrone and Tversky 1988, McDermott 1998, p. 15, Levy 1992a, p. 173, Levy 1997, p. 88). Importantly, it is commonly assumed that all political agents obey the maxims of invariance, dominance, and transitivity leading to the maximization of utility (McDermott 2004, p. 291, Quattrone and Tversky 1988, p. 719).

Since the expected utility theory (EUT) was one of the first theories of decision making under risk (McDermott 1998, p. 15), EUT has dominated political science for the most part (McDermott 2004, p. 289, Levy 1997, p. 87), and the vote buying literature has been no exception. Just to name a few examples, Nichter (2008) used game-theoretical techniques<sup>5</sup> to introduce the concept of

---

<sup>5</sup>Classical game theory is based on the expected utility theory.

“turnout buying,” suggesting that parties deliver private benefits even when monitoring is absent. Gans-Morse, Mazzuca, and Nichter (2013) offer a formal model to explain that clientelist parties offer a mix of four clientelist strategies during elections (vote buying, turnout buying, abstention buying, and double persuasion), while Rueda (2015, p. 428) “present[s] a model of vote buying in which a broker sustains bribed voters’ compliance by conditioning future bribes.” Similarly, Gallego (2014, p. 401) “presents a game-theoretical model of political clientelism in which a candidate disciplines a majority of voters through the promise of a future flow of benefit.”

We contest this traditional approach focused on absolute gains by shifting the attention to losses and context-dependent decision-making processes. It actually seems rather interesting that most vote-buying theories are framed within the EUT without even declaring it, as if it were the default or go-to framework. It needs to be clarified that the root of the problem is *not* methodological (i.e., the use of game theory), but analytical, that is, the assumed decision-making process under risk embedded in the EUT. For instance, electoral explanations based on the EUT contend that voters see elections as “investments” (Downs 1957; Bassi, Morton, and Williams 2011), a notion that also holds for clientelist political parties under risk (Diaz-Cayeros 2008).

We believe that this shift in focus is a valuable exercise because theories based on the EUT contain descriptions of political behaviors that are “unrealistic” (Aldrich and Lupia 2011, p. 124). In effect, a large body of experimental research finds that the behavioral expectations under risk do not comport with the EUT (Battalio, Kagel, and Jiranyakul 1990, p. 25, Mercer 2005, p. 1). As a matter of fact, Bernoulli—the forefather of the EUT (Fishburn 1977)—was the first to notice that people would not always behave on the basis of the expected value of a game (McDermott 1998, pp. 15–16). From a decision-making standpoint, many find that the assumptions underlying the classical theory of risky choice are “systematically violated” (Quattrone and Tversky 1988, p. 719) and that both variance and semivariance ideas of risk have been shown to be “inconsistent” with von Neumann axioms (March and Shapira 1987, p. 1405). Moreover, from an empirical perspective, there seems to be a strong consensus on the idea that the EUT “continually failed empirically” (Vis 2011, p. 335), while others have found that experiments have shown that “actual behavior and decisions frequently deviate from the neoclassical predictions” (Fatas, Neugebauer, and Tamborero 2007, p. 167). In sum, the empirical literature consistently finds that “people systematically violate the predictions of expected utility theory” (Barberis 2013, p. 173). In fact, Levy (1997, p. 87) finds “ironic” that just as rational choice has become the most influential paradigm in political science, EUT has come

under heavy attacks by experimental *and* empirical evidence.

To be clear, much progress has been made in the understanding of clientelism and vote buying (Hicken 2011). Yet, there are several inconsistencies that authors tend to ignore or treat as unimportant empirical deviations. In this paper we address two important inconsistencies relevant to the understanding of vote buying. We concentrate on these two aspects because both directly speak to the party’s decision-making process under risk.

**Clientelist Targeting** The first inconsistency that causes confusion in the literature is targeting: Where do rational clientelist political parties should invest their scarce clientelist resources, core or swing voters?<sup>6</sup> Intuitively, from a portfolio-diversification standpoint, investing in both swing and core voters should be the best response: the more diversified the targeted electorate (i.e., the “portfolio”), the less risk of losing the election (particularly in contexts of secret voting and monitoring and enforcing problems—Hicken and Nathan 2020; see also Auyero 2000, p. 58). In fact, according to the financial market, portfolio choice and investment decision-making literatures in economics, “[m]ost rational models of portfolio choice suggest that investors hold diversified portfolios to reduce or eliminate non-compensated risk” (Goetzmann and Kumar 2008). In the same vein, Goyal and Santa-Clara (2003, p. 978) “find a significant positive relation between average stock variance and the return on the market.”

That is, if traditional vote-buying theories conformed with the EUT, we should see that both types of voters are targeted. Yet, the vote-buying literature seems to be quite divided on an issue that—following the expectations of the EUT—should be clear. In fact, Carlin and Moseley (2015, p. 14) state that “our knowledge of who parties target remains incomplete.” On the one hand, Cox and McCubbins (1986) and Zarazaga (2016, p. 7) explain that since constituencies are well known to clientelist parties, they allocate resources to core voters. On the other hand, Lindbeck and Weibull (1987), Dixit and Londregan (1996), and Stokes (2005) argue that since allocating resources to individuals who *ex-ante* vote for the party is a waste, parties target swing voters.

Why would clientelist parties invest in vote buying on swing *or* core voters, exclusively? Moreover, can parties even *identify* either type of voters? We believe that the clientelism literature expects too much from the party’s monitoring capacities. Parties operate in very uncertain environments,

---

<sup>6</sup>We only discuss these two ideal types of voters. There are others that for simplicity we do not discuss. For instance, Zarazaga (2016, p. 7) introduces another category (“conditional supporters”) who “will vote for the party machine only as long as unexpected events do not persuade them to do otherwise.”

particularly due to vote secrecy and social stigma, making both monitoring and enforcing very hard to accomplish (González-Ocantos, Jonge, et al. 2012; González-Ocantos, Kiewiet de Jonge, and Nickerson 2014; González-Ocantos, Kiewiet de Jonge, and Nickerson 2015; Kiewiet de Jonge 2015; Corstange 2018; Hicken and Nathan 2020; Bahamonde 2020). Hence assuming that parties can “clinically” discern who is a swing or a core voter, exceeds the real capacities of clientelist brokers. Ethnographic evidence for the Latin American cases seems to suggest similar ideas (Gay 1993; Gay 1998; Auyero 2000; Luna, Giannini, et al. 2011; Szwarcberg 2013).<sup>7</sup> Thus, it is very reasonable that parties not knowing *exactly* who is who, allocate clientelist resources to both types of voters.

Moving forward, recent contributions suggest that clientelist parties “may simultaneously target both swing and core groups of voters” (Albertus 2013, p. 1083), while in a similar vein Diaz-Cayeros (2008, p. 148) explains that long-lasting hegemonic parties (such as the PRI in Mexico) seek “to prevent core voters from defecting in the future,” but newly elected incumbents in need of forging a new majority coalition target swing voters. In turn, and also considering the role of political contestation on vote buying, Corstange (2018) explains that parties target inexpensive core voters, but that higher levels of electoral contestation puts heavy pressures to target more expensive swing voters. However, as we explain below, the latter finding on political contestation also seems to run counter to expectations derived from the EUT.

**Political Contestation** Another inconsistency that causes confusion in the clientelism literature is political contestation. Intuitively, the more contested an election, the more risks of losing the election, the more incentives to resort to vote-buying (Scott 1972; Shefter 1977; Diaz-Cayeros 2008; Corstange 2018). Yet González-Ocantos, Jonge, et al. (2012, pp. 205–206) report that while in the 2008 Nicaraguan elections the incumbent party enjoyed 40% of the electoral support, 24% of registered voters were offered a clientelist gift in an election that “[was] not heavily contested.” Why would a party buy such a massive amount of votes in a safe and uncontested election? Answering this question Weitz-Shapiro (2012, p. 570) suggests that “there is no consensus about the relationship between high levels of political competition and the phenomenon of clientelism.” Exploiting the assumptions of the EUT, some have argued that vote buying should be higher in contexts of *low*

cite van de  
Walle 2007

<sup>7</sup>Even normative scholars explain that parties have a hard time identifying voter’s electoral intentions. For instance, Dixit and Londregan (1996, p. 1147) explain that clientelist parties track “constituents’ likes and dislikes, *compulsively* participating in a spectrum of events [such as] baptisms and bar mitzvahs.” Similarly, Stokes (2005, p. 317) argues that parties develop skills that allow them to infer whether clients voted for their party by *looking at them in the eyes* (emphasis is mine).



political contestation. For instance, Medina and Stokes (2002) explain that political parties that hold an electoral monopoly tend to offer clientelist goods to deter the entry of political challengers. Similarly, Magaloni (2008) explains that hegemonic autocracies such as the PRI in Mexico have survived thank to successful deterrence strategies and clientelism.

Unfortunately, these explanations seem at odds with normative theories in the risk-management and insurance-buying literatures in economics. If we think of vote-buying as an insurance against political losses, then utility-maximiser parties should “buy insurance” only in risky scenarios, that is, in cases when there is a high probability that the expected electoral outcome is a loss. As Arrow (1996, p. 111) explains, “those most at risk will buy more insurance than the others,” a behavior that he describes as “adverse selection.” This is in line with others that find that young individuals do not buy long-term care insurance (Meier 1999). In other words, if traditional theories of vote buying conformed with the expectations of EUT, clientelist political parties should buy votes only in cases of risking the election. Yet, they do when electoral risks are low (González-Ocantos, Jonge, et al. 2012). Regarding insurance purchasing, this has also been noted by Kahneman and Tversky 1979 and Camerer 1995, pp. 620–622.

In sum, the way in which the literature assesses clientelist targeting and political contestation seems to suggest that clientelist political parties waste valuable resources, dramatically departing from the predictions made by the EUT. We interpret this “misbehavior” (Thaler 2015) as an analytical problem, particularly, a wrong understanding of how political parties make decisions under risk. To solve this misunderstanding, next section introduces prospect theory (Kahneman and Tversky 1979) to the study of vote buying. Importantly, this section sheds light on why parties do not necessarily consider whether clients are swing/core voters, and also why they buy votes in contexts of low risk, that is when the most likely scenario is an electoral victory.

### III. PROSPECT THEORY AND ITS IMPLICATIONS FOR CLIENTELISM: WHEN LOSSES LOOM LARGER THAN GAINS

Prospect theory is a theory of decision making under conditions of risk (McDermott 1998, p. 15), and it was developed by Kahneman and Tversky (1979) as a way to incorporate empirically observed violations of expected utility (Levy 1992a, p. 179, McDermott 2004, p. 290). Since its development, prospect theory has emerged as a “leading alternative” (Levy 1992a, p. 171), “best

available description” (Barberis 2013, p. 173) and “empirically correct theory” (Vis 2011, p. 334) about how people evaluate risk (Ackert et al. 2006, p. 5), particularly excelling in providing a model that offers “descriptively accurate formulations” of the human decision-making process (McDermott 2004, p. 292).

While the theory has been most influential among IR scholars, it has unfortunately had “limited” influence in political science (Mercer 2005, p. 2). Still, there are several contributions in comparative politics that take prospect theory as a framework. For instance, Weyland (2002) studies levels of loss aversion of dictatorships when they perform radical economic reforms. Vis (2009) and Vis (2010) study welfare state reform showing that political gains are the necessary condition for not-unpopular reforms, while for unpopular reforms are deteriorating socio-economic situations, or political losses. In turn, Steinacker (2006) studies issue salience, Schumacher et al. (2015) focuses on party platform change, while Carreras (2019) argues that “citizens who were in the domain of economic losses were more likely to take a risk and vote in favor of Brexit.”

Since others have already provided very good reviews of prospect theory (Levy 1992a; Levy 1992b; Levy 1997; McDermott 1998; McDermott 2004; Mercer 2005; Mercer 2005; Vis 2011; Barberis 2013; Linde and Vis 2017; Vieider and Vis 2019), we will limit this section to describe its main components. The theory is based on two mainly empirically-derived concepts (Vieider and Vis 2019, p. 334). First, utilities are defined over changes in outcomes respect to a reference point (“reference dependence”). Note the sharp contrast with EUT where the focus is on absolute levels of wealth (Ackert et al. 2006, pp. 5–6). Second, individuals distort values of possible outcomes in an asymmetrical non-linear S-shaped way when making risky decisions (“value-function dependence”). Note also another important difference with EUT where agents are assumed to treat expected utility values linearly, “even with training and effort” (McDermott 2004, p. 293). As McDermott (1998, p. 18) clearly puts it, “prospect theory predicts that individuals tend to be risk averse in a domain of gains [i.e., when things are going well], and relatively risk seeking in a domain of losses [i.e., in the midst of a crisis].” This distinction also separates prospect theory from EUT where the latter assumes that whether decision-makers are in a domain of gain or loss should not affect their attitude toward risk (Mercer 2005, p. 1).

Reference dependence is the central idea in prospect theory (Barberis 2013, p. 178, McDermott 1998, p. 40). Thus, prospect theory pays special attention to the context in which decision-making processes take place (McDermott 2004, p. 293). In simple, prospect theory “allows people’s preferences

to depend on the circumstances they face” (Fatas, Neugebauer, and Tamborero 2007, p. 168, March and Shapira 1987, p. 1412, McDermott 2004, p. 294), which is usually (Vis 2011, p. 335) but not always (Levy 1992a, p. 174) the *status quo*,<sup>8</sup> and how it shifts over time (McDermott 1998, p. 28, McDermott 2004, p. 301).<sup>9</sup> As Kahneman and Tversky (1979, p. 273) put it more clearly, “the carriers of value or utility are changes of wealth, rather than final asset positions.” In fact, contrary to the assumption of invariance (Barberis 2013, p. 186), a shift in the reference point should also lead to reversals of preferences (Quattrone and Tversky 1988, p. 719). For instance, there is strong support for the idea that prior losses (or “sunk costs”) influence decisions, contrary to what normative theorists propose (Thaler and Johnson 1990, p. 643, Levy 2003, p. 218).

Value-function dependence is another central idea in prospect theory. Prospect theory pays considerable attention to losses. Levy (1992a, p. 171) in fact explains that individuals “give more weight to losses than to comparable gains,” which translates into the famous statement “losses loom larger than gains.” Losses have also been the focus in other areas of political science (McDermott 2004, p. 298). For instance, Lau (1985, p. 132) explains that “negative information is more influential than comparable positive information.”

Importantly, the shape of the value-function is non-linear. From an analytical point of view, we consider this is *the* feature that out trumps the normative expectations contained in EUT. Formally, the asymmetrical curvature of the value-function explains why individuals have risk-averse behaviors in choices among gains but risk-acceptant behaviors in choices among losses (Levy 1997, p. 87). In the domain of gains, the concavity of the value function encourages risk aversion by undervaluing the probability of success of a gamble relative to a certain outcome (underweighting). However, in the domain of losses, the convexity of the value function encourages risk-seeking behaviors by exaggerating the probabilities of rare but catastrophic losses (overweighting) (Levy 1992a, pp. 183–184). Typical examples are individuals who tend to underweight likely events such as heart attacks (not changing diet) but overweight rare events such as a plane crash (praying before landing). Unlike theories based on EUT, Kahneman (2012) explains that the process of underweighting of likely events contributes to risk aversion, while very unlikely events are overweighted “quite grossly or

add pages

<sup>8</sup>The location of the reference point emerges as a critical factor in the analysis of decisions (Kahneman and Tversky 1979, p. 288). Levy (1992a, p. 174) explains that the reference point could also be an “aspiration level.” In a similar way, Koszegi and Rabin (2006, p. 1135) develop the idea of a reference point which consists of “expectations rather than the status quo.” I owe this point to Salomo Hirvonen.

<sup>9</sup>While we do not focus on the role of emotions, others have found that “sad people will take more risk when trying to avoid a certain loss” (Campos-Vazquez and Cuilty 2014, p. 6).

neglected altogether” (see also McDermott 1998, p. 32).

In prospect theory, both reference and value-function dependence lead to a more accurate description of decision-making under risk. In fact, experimental evidence consistently finds evidence about decision-makers distorting probabilities in a non-linear way (Levy 1997, p. 87). In particular, the evidence suggests that in the domain of losses, risk-seeking decision-makers take *disproportionate risks* to avoid certain losses, while in the domain of gains, risk-averse decision-makers are *excessively eager* to secure gains (Levy 1992b, pp. 297, 299–300). This is explained because decision-makers “have difficulty with probability at extreme ranges” (McDermott 1998, p. 30). Finally, it is important to note while attitudes toward risk are usually portrayed as aspects of personality (March and Shapira 1987, p. 1406), prospect theory is *not* a personality theory, that is, it is not necessary to know about the individual personality traits of decision-makers in order to predict behavior (McDermott 2004, p. 293, Vis 2011, p. 335)

The implications for vote buying are considerable. In sharp contrast to traditional vote-buying theories based on EUT, prospect theory predicts that clientelist parties should buy votes when they are probable winners or have experienced important losses in the past, regardless of whether the voter is a core or a swing voter, or the purchasing (vote-buying) power of the party.

Clientelist parties should buy more votes when they are probable winners because decision-makers will exaggerate the small probability of losing the election. We expect vote buying to be higher in favorable electoral scenarios by making vote-buying an attractive strategy due to the absolute aversion and intolerance to the (small) probability of losing the election. The mechanics of such decision-making process should then make clear that there is no “wasting” when buying votes in the domain of gains. This expectation is consistent with prospect theory. Empirical studies confirm that “actors perceive themselves to be in the domain of losses more often than we would normally expect,” even if they are not (Levy 1992b, p. 291; see also Lau 1985). This implies that loss aversion explains why decision-makers are more concerned to prevent a decline than to increase it (Levy 1992b, p. 285, see also Levy 1997, p. 89). To sum, when things are going well electorally, clientelist political parties will tend to buy more votes because “future losses hurt more than future gains gratify” (Levy 1992b, p. 285).

Clientelist parties should buy more votes when they have experienced important losses in the past, making vote buying an attractive strategy by altering the decision-makers’ reference point. Altering the reference point downwards increases (1) risk-seeking behaviors and (2) the tendency

of decision-makers to bet on long shots (Kahneman and Tversky 1979, pp. 286–287), that is, the tendency of clientelist political parties of incurring in more risks (i.e., vote-buying) when things are not going well, and the tendency to aspire winning hard elections even when having a history of past electoral losses. The tendency of individuals in the domain of losses to “break-even” has been confirmed by others as well (Thaler and Johnson 1990). This implies that political losers should buy more votes not necessarily because they want to win the next election but because they will try to compensate for past losses. Levy (1992b, p. 297) notes that the elasticity of the risk-seeking behavior should be quite high because “the magnitudes of the losses need not be that large in order to induce risk-seeking behavior, even small losses should induce the risk-seeking behavior.” Consequently, we expect a steeper predicted effect in the data analyses. To sum, losses should be harder to accept, and hence when things are bad, decision-makers should be more likely to make risky choices to recover their losses (McDermott 2004, p. 294).

#### IV. A FORMAL MODEL OF VOTE-BUYING

Formal models can usually help experimentalists determine which theoretical settings and equilibria are most relevant to a particular causal hypothesis (McDermott (2002), Aldrich and Lupia (2011) and Barberis (2013, p. 174)). Thus, in this section we developed a vote-buying game within the Downsian-“spatial” paradigms (Downs 1957; Enelow and Hinich 1990; Plott 1991). The idea is to test the descriptive accuracy of the game-theory model in the experimental section of this paper (Lupia and McCubbins 1998, Bassi, Morton, and Williams 2011, p. 559, Dickson 2011, Tyszler and Schram 2016, p. 361, Vieider and Vis 2019, p. 1).

Following this tradition, we consider an electorate of  $n$  voters. Voters vote for a leader to implement a common policy  $\gamma$  from the set  $\Gamma = \{1, 2, \dots, 100\}$ . Each citizen  $i$  has an ideal point  $x_i$  which is an *iid* draw from an uniform distribution over  $\Gamma$ . When policy  $\gamma$  is implemented, payoffs of citizen  $i$  are given by  $u(D, x_i, \gamma) = D - |x_i - \gamma|$ , where  $D$  represents the utility of implementing any given policy. This payoff can be incremented by transferences from both parties to voter  $i$ .

In this election, there are two candidates. One “left-wing” party and one “right-wing” party. The left-wing (right-wing) candidate represents a policy  $\gamma_L$  ( $\gamma_R$ ) which is an *iid* draw from an uniform distribution over  $\{1, \dots, 50\}$  ( $\{51, \dots, 100\}$ ). The location of this policy give us the number of voters  $n_L$  leaning towards the left-wing candidate, while the number of voters leaning towards

the right-wing party is given by  $n_L + n_R = n$ . While we consider that voters are attached to an ideological continuum, we do so with the sole purpose of modeling preferences—both formally and experimentally.<sup>10</sup>

Both parties negotiate with only one of these  $n$  voters. That voter is randomly selected from the total population  $n$ . Observe that the higher the  $n$ , the lower the representation in the election of this voter. That is, a larger  $n$  necessarily implies that every individual electoral choice matters less. However, if  $n$  is small, negotiating with this voter may be more attractive to political parties. This is because negotiating with a large number of voters is costly. We assume that each party has a budget ( $B$ ) that they can use to buy votes. If a party decides not to negotiate with the voter (or the voter does not accept the offer), the party keeps this budget. The profits of party  $i$  is given by,

$$\pi_i(W, e_i, s_i) = W \cdot e_i + (1 - s_i \cdot a_j) \cdot B \quad (1)$$

where  $W$  ( $W \geq B$ ) is a constant that represents how much each party values winning the election,  $e_i = 1$  if party  $i$  wins the election, 0 otherwise,  $s_i$  is the fraction of  $B$  that the party offers to voter  $j$  who can accept the offer ( $a_j = 1$ ) or not ( $a_j = 0$ ). We study one version of this party-voter interaction, namely, when both parties make simultaneous offers to the voter, and voters decide whether to accept the offer or not.

The timing of the game is as follows: at the beginning of the game  $n$  voters and two political parties are randomly located on their respective ideal points: voters along  $\Gamma$ , the “left-wing” candidate along  $\{1, \dots, 50\}$ , and the “right-wing” candidate on  $\{51, \dots, 100\}$ . All locations are public information, as well as every party’s budget  $B$ , the total number of voters ( $n$ ) and the number of supporters of each party ( $n_L$  and  $n_R$ ). In this game each party simultaneously decides whether to make a vote-buying offer to the voter. If a party decides to negotiate with the voter, privately offers the voter to buy his vote. Then the voter decides if to take the offer, or which one accept if he receives two offers. If he accepts an offer, he should vote for that candidate.<sup>11</sup>

---

<sup>10</sup>Ultimately, experimental subjects are not told anything about ideology. They only observe that there are a number of “points” associated with the victory of party A or party B. In this sense, voters lean (“ideologically”) towards the party that gives them more points.

<sup>11</sup>It is important to consider that to simplify the game (and the experiment), accepting the offer necessarily implies compliance. That is, accepting the offer means voting for the party the voter accepted the offer from. We leave for future research the case where the voter may defect.

**Equilibrium** In this case, both parties can offer certain amount in exchange for electoral support. Note that parties only have incentives to negotiate with a voter if he is the pivotal voter. That means that  $|n_L - n_R| \leq 1$ , and that voter  $i$  supports the ex-ante winner of the election ( $i \in \max\{n_L, n_R\}$ ). The voter prefers the party closer to her ideal point. If both parties are located at the same distance, the voter is indifferent. Denote by  $i^* \in \{L, R\}$  the preferred party of the voter, and  $-i^*$  the other party.

Note that, naturally, both parties want to make different offers. If the voter is pivotal, the less preferred party has incentives to offer him a certain amount  $m_{-i^*}$  such that he perceives more utility voting for that party rather than voting for the opposite party, that is:

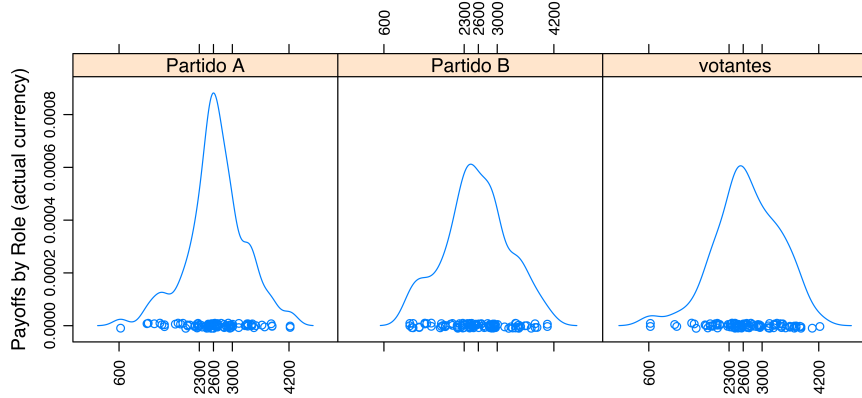
$$\begin{aligned} m_{-i^*} &\geq (D - |x_{i^*} - \gamma_{i^*}|) - (D - |x_{i^*} - \gamma_{-i^*}|) \\ &= |x_{i^*} - \gamma_{-i^*}| - |x_{i^*} - \gamma_{i^*}|. \end{aligned} \tag{2}$$

Parties expect winning the election but have limited budgets. Hence, they want to win the election at a minimum cost. If party  $-i^*$  offers the voter  $m_{-i^*} = |x_{i^*} - \gamma_{-i^*}| - |x_{i^*} - \gamma_{i^*}|$ , he will be indifferent between voting for party  $i^*$  or party  $-i^*$ . Both offers  $m_{i^*} = 0$  and  $m_{-i^*} = |x_{i^*} - \gamma_{-i^*}| - |x_{i^*} - \gamma_{i^*}|$  are the minimum amount, but enough to make the pivotal voter indifferent between both political parties. Indifference gives the party some electoral advantage of winning of the election. Voter indifference gives two possible Nash equilibria. In one equilibrium the voter rejects the offer and votes for  $i^*$ . In the other equilibrium, the voter accepts the offer and the elected party is  $-i^*$ . If individuals are utility maximizers, they should be indifferent between these two equilibria.

## V. EXPERIMENTAL DESIGN: BUYING VOTES IN THE LAB

Building on our formal model of vote buying, a lab economic experiment was designed. The experiment was conducted in Chile by the *Centre for Experimental Social Sciences (CESS)* administered by the *University of Santiago* and *Oxford University, Nuffield College* between April 20 2021 and May 28 2021. It was programmed in **0-tree**, the online version of **Z-tree** (Fischbacher 2007). Following Harrison (2006) and others, our experimental design minimizes hypothetical bias and “cheap talk” by compensating subjects with real money according to their decisions (Morton and Williams 2010; Dickson 2011). At the beginning of each experimental session all participants were

required to successfully complete two practice rounds.<sup>12</sup> Those data were not used in the statistical analyses. In addition, subjects received a show-up fee of \$2,000 CLP ( $\approx 2.1\text{€}$ ). Payoffs depended on the quality of individual decisions.<sup>13</sup> Figure 1 shows the distribution of payoffs expressed in actual currency by role. Table A1 shows summary statistics broken down by pre-treatment observables. These covariates were captured by a battery of socio-demographic questions delivered at the end of the study.<sup>14</sup> A total of 102 subjects were recruited. Each subject played the game three times. The total sample size is 306. For every new game, a whole new randomization process took place.<sup>15</sup> Formally, we follow an in between-subjects design where different groups of individuals are randomly assigned to various experimental or control conditions (McDermott 2002; Tyszler and Schram 2016; Hwang 2021). The basic experimental flow is depicted in Figure 2.



**Figure 1: Distribution of Payoffs by Role (actual currency; show-up fee excluded).**

**Note:** Density plots show the distribution of payoffs expressed in actual currency by experimental condition. Amounts exclude the show-up fee of \$2,000. 0%, 25%, 50%, 75% and 100% quantiles are shown (rounded).

<sup>12</sup>To make sure participants understood the dynamics of the game, they were shown two examples of the voting game. Participants were required to enter the correct amount of points each hypothetical participant would have received in each example. Importantly, all actual participants had to enter the exact amount of points to continue playing the game.

<sup>13</sup>Levy (1997, p. 95) notes that in poorer societies (like the Chilean society) conducting research with relatively smaller monetary incentives is still meaningful. However, see Morton and Williams (2010) and Bassi, Morton, and Williams (2011).

<sup>14</sup>The table also details the same information conveyed in Figure 1.

<sup>15</sup>That is, participants received a role, an “ideology,” a party endowment and a contestability structure.

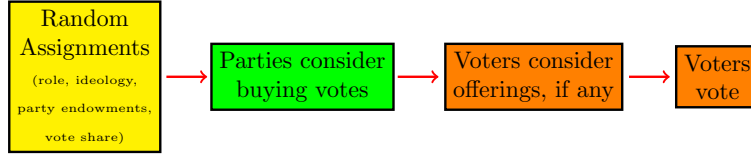


All transactions were performed exchanging experimental “points.” We employed neutral terminology to maximize experimental control (Dickson 2011). Thus, throughout all three games, participants bought/sold votes (if any) and accumulated/lost wealth always expressed in experimental points. Every experimental point was equivalent to \$0.42 CLP ( $\approx$  \$0.00045€). Participants learned about the conversion when reading the initial instructions. Final payoffs were converted to actual currency at the end of the study.

At the beginning of every game participants received a role at random. Following Dickson (2011), roles were presented using a neutral terminology to maximize experimental control. The design considered the following roles: *party A*, *party B*, or *voter*. Every game was played among three players (one *party A*, one *party B* and a *voter*).

Also, voters were assigned an “ideological” position at random. That is, voters received at random a certain amount of experimental points depending on whether party A or B won the election. For instance, if party A won the election, a voter would receive in that case 2,400 points, whereas if party B won the election, that voter would receive 200 points. Hence, the voter in this example should feel “ideologically” closer to party A. The idea was to model party-voter spatial distances, as considered by traditional voting theories based on the EUT (Downs 1957; Enelow and Hinich 1990). The basic intuition of this paradigm is that the set of candidates that are ideologically closer to a voter produce more utilities in the form of fiscal policies, either in terms of redistributive or free-market oriented policies (Acemoglu and Robinson 2009; Boix 2003, but importantly, see Haggard and Kaufman 2016). In short, our design mimics an electoral market where we can observe under which conditions different clientelist dynamics developed. Critically, this piece of information was not presented to participants as “ideology,” but as the points either electoral outcome would give. In turn, parties also received an “ideological” position which made them “closer” or “farther way” from the voter.

Parties received as well different “endowments” at random. The idea was to reflect the fact that some parties are wealthier than others, a factor that might increase the probability of vote buying (Juan Pablo Luna 2014). Note that both parties receive the same endowment. Since our experimental design is an in between-subjects design, we should be able to observe and exploit the statistical differences (if any) across “parties” with different endowments. Participants acting the “party” role accumulated/lost wealth depending on whether they are elected/not-elected. For every time they bought votes at some amount, that amount was discounted from their wealth.



**Figure 2: Experimental Flow and Timing of the Voting Game.**

**Note:** At the beginning of each experimental session all participants were required to successfully complete two practice rounds. A total of 102 subjects were recruited. Each subject played the game three times. The total sample size is 306. For every new game, a whole new randomization process took place. Formally, we follow an in between-subjects design where different groups of individuals are randomly assigned to various experimental or control conditions.

For simplicity, voters received zero endowments.<sup>16</sup> In turn, participants acting the “voter” role accumulated/lost wealth depending on whether their party is elected/not-elected (as per traditional EUT voting theories) and on whether they decided to sell/not-sell their vote. It is important to note that following our formal model and Tyszler and Schram (2016, p. 371), both ideology and party endowments were common knowledge.

In addition, both parties received at random an initial vote share, that is, a *certain* number of (fictional) voters that were going to cast their votes for each party. This number did *not* include the vote intention of the participant acting the “voter” role. Overall, this experimental condition mimics the degree in which an election is contested. In particular, this variable accomplishes two goals. First, it puts parties in different electoral contestation environments. In other words, it introduces the element of risk (of losing the election) in the game. Since voters win/lose points when their parties win/lose elections, this risk is also relevant for players acting the “voter” role. Second, it gives (or not) voters certain amount of electoral leverage. Since Downs (1957), traditional spatial theories of voting have considered that pivotal voters have more weight in an election, and hence, they might have incentives to sell their vote at higher prices. Given that all this information is public, this piece of information is key in our experimental design.

During the second stage, parties decide whether to buy votes by making an offer to the voter. Experimental subjects acting the “party” role enter an amount of points, which ranges from zero to the maximum assigned budget in that round.<sup>17</sup> The design allows for simultaneous offers (i.e., offers

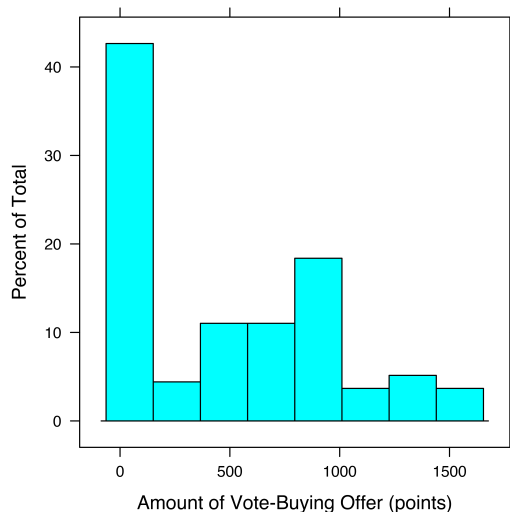
<sup>16</sup>This is consistent with the vote-buying literature in that both poor and rich voters are prone to receive clientelist offerings (Bahamonde 2018). See also Schwarzberg (2013).

<sup>17</sup>Participants acting the “party” role are told that offering zero amount means they do not want to buy votes at that time.

from both parties), for one or zero offers. In the third stage voters evaluate offers (if any). If the party decided that it did not want to make an offer at that time, the voter is told that the party did not make an offer. Voters are told that accepting the offer necessarily implies voting for that party.<sup>18</sup>

## VI. STATISTICAL ANALYSES: RISK AND VOTE BUYING

Since the focus of this paper is on vote buying, we discarded the *voter* data and analyze all observations  $i$  acting any of the party roles (*party A* and *party B*). In particular, we analyze one main dependent variable, namely, the amount of the vote-buying offer made by parties (if any). The distribution is plotted in [Figure 3](#).



**Figure 3: Distribution of the Dependent Variable.**

**Note:** Since the focus of this paper is on vote buying, we discarded the *voter* data. The new sample size consisting only in parties is  $N=136$  (mean = 479, median = 500).

From an internal validity standpoint, we expect this distribution to vary with the levels of risk the party is dealing with. Accordingly, if the predictions of our formal model (and the ones of the traditional vote-buying theories based on the EUT) are correct, the amount of the vote-buying offer made by parties should be higher in riskier scenarios (i.e., when facing probable electoral losses).

---

<sup>18</sup>For simplicity, we did not include the possibility of defecting. We encourage future studies to randomize certain probability of getting caught if defecting to encourage/discourage the behavior.

Since vote share, ideological positions and endowments were public information (as formalized in our game), we believe these theoretical expectations should be consistent with the expectations of the traditional game-theoretical vote-buying literature.

From an external validity standpoint, we believe that voters in real elections can estimate with some degree of success actual vote shares, for instance, by looking at electoral polls. Voters can also identify parties' ideological positions. For instance, Luna and Zechmeister (2005) identify a number of conditions that are associated with higher levels of elite-mass congruence in Latin America.<sup>19</sup> Voters can also make inferences about a party's endowment, and how those endowments can be redistributed in a clientelist fashion (Auyero 2000). In turn, the literature is consistent in that brokers also provide necessary information about available resources and how to get access to them (Murillo, Oliveros, and Zarazaga 2021). In sum, we believe this identification strategy appropriately captures the decision-making process under risk of political parties as theorized by traditional vote-buying scholars based on the EUT.

add reference

However, based on prospect theory, we have different expectations, i.e., parties should buy votes due to risk-seeking in the domain of losses (i.e., when experienced prior losses) and due to risk-aversion in the domain of gains (i.e., when being a likely winner as the idea of losing electoral support becomes unbearable). To test these hypotheses we exploit the experimental data described above by fitting the OLS regression model specified in Equation 3,

$$\begin{aligned}
 \text{Offer}_i = & \beta_0 + \\
 & \beta_1 \text{Vote Share}_i + \\
 & \beta_2 \Delta \text{Points Accumulated}_i + \\
 & \beta_3 \text{Spatial Distance}_i + \\
 & \beta_4 \text{Party Budget}_i + \\
 & \alpha_i + \epsilon_i
 \end{aligned} \tag{3}$$

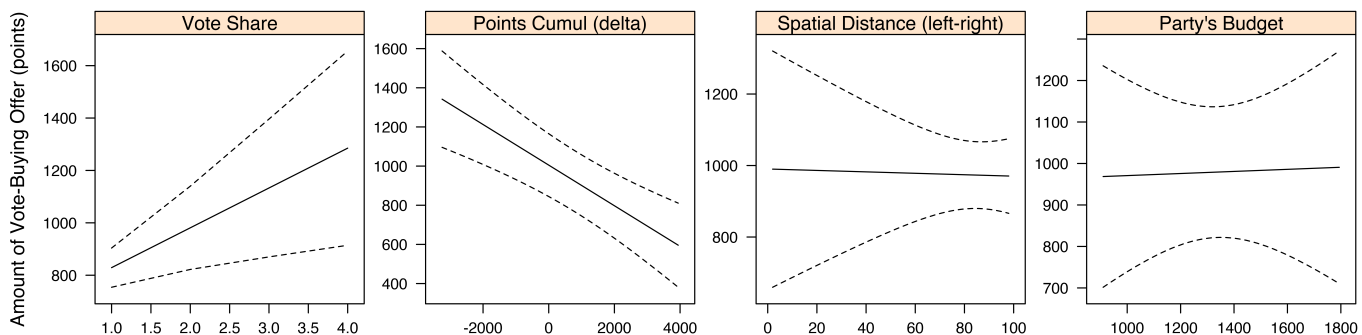
where *Vote Share* is the certain number of (fictional) voters that were going to cast their votes for the party, while *ΔPoints Accumulated* captures changes in the accumulated points respect to the experimental round played in  $t - 1$ . For instance, if a player won 1,200 points in  $t - 1$  but then

---

<sup>19</sup>However, see Visconti (2021).

lost 500 in the next round, then  $\Delta Points Accumulated_t = 700$ . Importantly, this variable captures sunk costs. The intuition is to evaluate whether they are *not* considered when evaluating new proposals, as the EUT posits it. *Party Budget* is the party budget, and  $\alpha_i$  is a vector of participant fixed-effects.

If traditional vote-buying theories based on the EUT are correct, then we should expect  $\beta_1 < 0$ ,  $\beta_2 = 0$ ,  $\beta_3 = \{> 0 \vee < 0\}$  and  $\beta_4 > 0$ . In simple, the larger the vote share, the less vote buying (because there are less risks of losing the election). Prior losses or “sunk costs” should not matter for vote-buying. The closer a party is to the voter is either positive for vote buying (core voter hypothesis) or negative (swing voter hypothesis). The bigger the budget of a party, the more vote buying (for instance, incumbents are usually considered to be more prone to buy votes, see Weitz-Shapiro 2012; Szwarcberg 2013). However, if the expectations rather conform with prospect theory, we should expect  $\beta_1 > 0$ ,  $\beta_2 > 0$ ,  $\beta_3 = 0$  and  $\beta_4 = 0$ .



**Figure 4: Predicted Values of Vote-Buying Offer.**

**Note:** Based on the OLS estimates in Table A2, the figure shows the predicted values of the offer made by the party expressed in experimental points. Confidence intervals were constructed using robust standard errors (as shown in Table A2). Substantively, the figure shows that experimental subjects avoid losses by over-securing electoral support even in favorable contexts (panel 1) and do consider sunk costs and try to recover losses in the short run by spending more on vote-buying (panel 2). However, parties do not consider ideological/spatial distances with respect to their constituencies when making decisions nor do their budgets, i.e., parties with more resources do not necessarily invest more in vote buying (panels 3 and 4).

Substantive results are shown in [Figure 4](#) (regression table is shown in [Table A2](#)). Overall, results clearly depart from the theoretical expectations of traditional vote-buying theories based on the EUT, and widely support prospect theory. Parties do not buy votes when they are losing the election but when they are winning the election (panel 1 in [Figure 4](#)). As prospect theory predicts, decision-makers in the domain of gains will exaggerate the unlikely scenario of losing the election and will become more risk-averse, making the strategy of vote-buying more attractive. Second, unlike the expectations EUT-based vote-buying theories, parties will consider sunk costs in their calculations and hence will buy votes when experiencing prior losses (panel 2 in [Figure 4](#)). That is, when parties are in the domain of losses they will be more risk-seeking, and gamble more money on vote-buying. Importantly, parties do not consider whether voters are swing or core voters (panel 3) neither do they consider their own budgets (panel 4).

## VII. DISCUSSION

This paper began by identifying that the vote-buying literature has relied almost exclusively on the expected utility theory at the cost of overlooking several empirical inconsistencies. In particular, we have identified two, namely clientelist targeting and political contestation. To clarify these empirical departures, we have applied basic concepts of prospect theory into the study of vote-buying. After formalizing a voting game framed in the expected utility theory, we designed and implemented an economic experiment. Results widely conform with prospect theory. In particular, we concentrated our efforts on two findings. First, clientelist political parties buy more votes when they are probable winners because decision-makers in the domain of gains usually underweight (“play down”) the probability of electoral success, making risky strategies such as vote-buying more attractive (risk-aversion). Second, clientelist political parties buy more votes when they have experienced prior losses (i.e., sunk costs) because decision-makers in the domain of losses usually overweight (“exaggerate”) the probabilities of unlikely electoral losses, making risky strategies such as vote-buying more attractive (risk-seeking).

We encourage future research, particularly scholars in comparative politics, development, behavioral and electoral studies, to consider prospect theory as a valid alternative to explain decision-making under risk. In turn, we also encourage scholars to empirically test historical assumptions in their respective fields. In our experiment we had to sacrifice a number of important aspects, such as the

probability of defection and the income distribution among voters. We intend to implement such considerations in future research.

## REFERENCES

- Acemoglu, Daron and James Robinson (2009). *Economic Origins of Dictatorship and Democracy*. Cambridge University Press.
- Ackert, Lucy et al. (Apr. 2006). “An Experimental Examination of the House Money Effect in a Multi-Period Setting.” In: *Experimental Economics* 9.1, pp. 5–16.
- Albertus, Michael (Sept. 2013). “Vote Buying With Multiple Distributive Goods.” In: *Comparative Political Studies* 46.9, pp. 1082–1111.
- Aldrich, John and Arthur Lupia (2011). *Experiments and Game Theory’s Value to Political Science*. Ed. by James Druckman et al. Cambridge University Press. Chap. 7.
- Arrow, Kenneth (May 1996). “The Theory of Risk-Bearing: Small and Great Risks.” In: *Journal of Risk and Uncertainty* 12.2-3, pp. 103–111.
- Auyero, Javier (2000). “The Logic of Clientelism in Argentina: An Ethnographic Account.” In: *Latin American Research Review* 35.3, pp. 55–81.
- Bahamonde, Hector (2018). “Aiming Right at You: Group versus Individual Clientelistic Targeting in Brazil.” In: *Journal of Politics in Latin America* 10.2, pp. 41–76.
- Bahamonde, Hector (2020). “Still for Sale: The Micro-Dynamics of Vote Selling in the United States, Evidence from a List Experiment.” In: *Acta Politica*.
- Barberis, Nicholas (Feb. 2013). “Thirty Years of Prospect Theory in Economics: A Review and Assessment.” In: *Journal of Economic Perspectives* 27.1, pp. 173–196.
- Bassi, Anna, Rebecca Morton, and Kenneth Williams (Apr. 2011). “The Effects of Identities, Incentives, and Information on Voting.” In: *The Journal of Politics* 73.2, pp. 558–571.
- Battalio, Raymond, John Kagel, and Komain Jiranyakul (Mar. 1990). “Testing Between Alternative Models of Choice Under Uncertainty: Some Initial Results.” In: *Journal of Risk and Uncertainty* 3.1, pp. 161–164.
- Boix, Carles (2003). *Democracy and Redistribution*. Cambridge University Press.
- Camerer, Colin (1995). *The Handbook of Experimental Economics*. Ed. by John Kagel and Alvin Roth. Princeton University Press. Chap. Individual Decision Making, pp. 587–703.
- Campos-Vazquez, Raymundo and Emilio Cuiily (2014). “The Role of Emotions on Risk Aversion: A Prospect Theory Experiment.” In: *Journal of Behavioral and Experimental Economics* 50, pp. 1–9.



- Carlin, Ryan and Mason Moseley (2015). “Good Democrats, Bad Targets: Democratic Values and Clientelistic Vote Buying.” In: *The Journal of Politics* 1.77, pp. 14–26.
- Carreras, Miguel (Dec. 2019). “What do we have to lose?: Local Economic Decline, Prospect Theory, and Support for Brexit.” In: *Electoral Studies* 62.October, p. 102094.
- Corstange, Daniel (Jan. 2018). “Clientelism in Competitive and Uncompetitive Elections.” In: *Comparative Political Studies* 51.1, pp. 76–104.
- Cox, Gary and Mathew McCubbins (1986). “Electoral Politics and Redistributive Game.” In: *The Journal of Politics* 48.2, pp. 370–389.
- De La O, Ana and Leonard Wantchekon (2011). *Experimental Research on Democracy and Development*. Ed. by James Druckman et al. Cambridge University Press. Chap. 27.
- Diaz-Cayeros, Alberto (June 2008). “Electoral Risk and Redistributive Politics in Mexico and the United States.” In: *Studies in Comparative International Development* 43.2, pp. 129–150.
- Dickson, Eric (2011). *Economics versus Psychology Experiments Stylization, Incentives, and Deception*. Ed. by James Druckman et al. Cambridge University Press. Chap. 5.
- Dixit, Avinash and John Londregan (1996). “The Determinants of Success of Special Interests in Redistributive Politics.” In: *The Journal of Politics* 58.4, pp. 1132–1155.
- Downs, Anthony (1957). *An Economic Theory of Democracy*. Addison-Wesley.
- Enelow, James and Melving Hinich (1990). *Advances in the Spatial Theory of Voting*. Ed. by James Enelow and Melving Hinich. Cambridge University Press.
- Fatas, Enrique, Tibor Neugebauer, and Pilar Tamborero (Oct. 2007). “How Politicians Make Decisions: A Political Choice Experiment.” In: *Journal of Economics* 92.2, pp. 167–196.
- Fischbacher, Urs (June 2007). “Z-Tree: Zurich Toolbox for Ready-Made Economic Experiments.” In: *Experimental Economics* 10.2, pp. 171–178.
- Fishburn, Peter Clingerman (1977). “Expected Utility Theories: A Review Note.” In: ed. by Rudolf Henn and Otto Moeschlin. Vol. 141. *Lecture Notes in Economics and Mathematical Systems*. Springer.
- Gallego, Jorge (May 2014). “Self-Enforcing Clientelism.” In: *Journal of Theoretical Politics* May.
- Gans-Morse, Jordan, Sebastián Mazzuca, and Simeon Nichter (2013). “Varieties of Clientelism: Machine Politics during Elections.” In: *American Journal of Political Science* 58.2, pp. 415–432.
- Gay, Robert (1993). *Popular Organization and Democracy in Rio De Janeiro: A Tale of Two Favelas*. Temple University Press.

- Gay, Robert (1998). "Rethinking Clientelism: Demands, Discourses and Practices in Contemporary Brazil." In: *Luso-Brazilian Review* 36.December, pp. 7–24.
- Goetzmann, William and Alok Kumar (Jan. 2008). "Equity Portfolio Diversification." In: *Review of Finance* 12.3, pp. 433–463.
- González-Ocantos, Ezequiel, Chad de Jonge, et al. (Jan. 2012). "Vote Buying and Social Desirability Bias: Experimental Evidence from Nicaragua." In: *American Journal of Political Science* 56.1, pp. 202–217.
- González-Ocantos, Ezequiel, Chad Kiewiet de Jonge, and David Nickerson (Jan. 2014). "The Conditionality of Vote-Buying Norms: Experimental Evidence from Latin America." In: *American Journal of Political Science* 58.1, pp. 197–211.
- González-Ocantos, Ezequiel, Chad Kiewiet de Jonge, and David Nickerson (2015). "Legitimacy Buying: The Dynamics of Clientelism in the Face of Legitimacy Challenges." In: *Comparative Political Studies*.
- Goyal, Amit and Pedro Santa-Clara (June 2003). "Idiosyncratic Risk Matters!" In: *The Journal of Finance* 58.3, pp. 975–1007.
- Haggard, Stephan and Robert Kaufman (2016). *Dictators and Democrats: Masses, Elites, and Regime Change*. Princeton University Press.
- Harrison, Glenn (May 2006). "Experimental Evidence on Alternative Environmental Valuation Methods." In: *Environmental and Resource Economics* 34.1, pp. 125–162.
- Hicken, Allen (2011). "Clientelism." In: *Annual Review of Political Science* 14.1, pp. 289–310.
- Hicken, Allen, Stephen Leider, et al. (Mar. 2018). "Temptation in Vote-Selling: Evidence from a Field Experiment in the Philippines." In: *Journal of Development Economics* 131, pp. 1–14.
- Hicken, Allen and Noah Nathan (May 2020). "Clientelism's Red Herrings: Dead Ends and New Directions in the Study of Nonprogrammatic Politics." In: *Annual Review of Political Science* 23.1, pp. 277–294.
- Hidalgo, Daniel and Simeon Nichter (Aug. 2015). "Voter Buying: Shaping the Electorate through Clientelism." In: *American Journal of Political Science* 00.00, n/a–n/a.
- Hwang, In Do (Sept. 2021). "Prospect Theory and Insurance Demand: Empirical Evidence on the Role of Loss Aversion." In: *Journal of Behavioral and Experimental Economics*, p. 101764.
- Juan Pablo Luna (2014). *Segmented Representation: Political Party Strategies in Unequal Democracies*. Oxford University Press.

- Kahneman, Daniel (2012). *Thinking, Fast and Slow*. Penguin.
- Kahneman, Daniel and Amos Tversky (Mar. 1979). "Prospect Theory: An Analysis of Decision under Risk." In: *Econometrica* 47.2, p. 263.
- Kiewiet de Jonge, Chad (2015). "Who Lies About Electoral Gifts?" In: *Public Opinion Quarterly* 79.3, pp. 710–739.
- Koszegi, Botond and Matthew Rabin (Nov. 2006). "A Model of Reference-Dependent Preferences." In: *The Quarterly Journal of Economics* 121.4, pp. 1133–1165.
- Lau, Richard (Feb. 1985). "Two Explanations for Negativity Effects in Political Behavior." In: *American Journal of Political Science* 29.1, pp. 119–138.
- Levy, Jack (1992a). "An Introduction to Prospect Theory." In: 13.2, pp. 171–186.
- Levy, Jack (June 1992b). "Prospect Theory and International Relations: Theoretical Applications and Analytical Problems." In: *Political Psychology* 13.2, p. 283.
- Levy, Jack (Mar. 1997). "Prospect Theory, Rational Choice, and International Relations." In: *International Studies Quarterly* 41.1, pp. 87–112.
- Levy, Jack (May 2003). "Applications of Prospect Theory to Political Science." In: *Synthese* 135.2, pp. 215–241.
- Lindbeck, Assar and Jorgen Weibull (1987). "Balanced-Budget Redistribution as the Outcome of Political Competition." In: *Public Choice* 52.3, pp. 273–297.
- Linde, Jona and Barbara Vis (Feb. 2017). "Do Politicians Take Risks Like the Rest of Us? An Experimental Test of Prospect Theory Under MPs." In: *Political Psychology* 38.1, pp. 101–117.
- Luna, Juan Pablo, Pilar Giannini, et al. (2011). "El Secreto de mi Éxito: Parte II. Los Caminos a Vaparaíso en 2009." In: *Revista de Ciencia Política* 31.2, pp. 285–310.
- Luna, Juan Pablo and Elizabeth Zechmeister (May 2005). "Political Representation in Latin America: A Study of Elite-Mass Congruence in Nine Countries." In: *Comparative Political Studies* 38.4, pp. 388–416.
- Lupia, Arthur and Mathew McCubbins (1998). *The Democratic Dilemma Can Citizens Learn What They Need to Know?* Cambridge University Press.
- Magaloni, Beatriz (2008). *Voting for Autocracy: Hegemonic Party Survival and its Demise in Mexico*. Cambridge University Press.
- March, James and Zur Shapira (Nov. 1987). "Managerial Perspectives on Risk and Risk Taking." In: *Management Science* 33.11, pp. 1404–1418.

- McDermott, Rose (1998). *Risk-Taking in International Politics: Prospect Theory in American Foreign Policy*. Ann Arbor: University of Michigan Press, p. 771.
- McDermott, Rose (June 2002). “Experimental Methods in Political Science.” In: *Annual Review of Political Science* 5.1, pp. 31–61.
- McDermott, Rose (Apr. 2004). “Prospect Theory in Political Science: Gains and Losses From the First Decade.” In: *Political Psychology* 25.2, pp. 289–312.
- Medina, Luis Fernando and Susan Stokes (2002). “Clientelism as Political Monopoly.” In: *Annual Meetings of the American Political Science Association*, pp. 1–27.
- Meier, Volker (1999). “Why the Young Do Not Buy Long-Term Care Insurance.” In: *Journal of Risk and Uncertainty* 18.1, pp. 83–98.
- Mercer, Jonathan (June 2005). “Prospect Theory and Political Science.” In: *Annual Review of Political Science* 8.1, pp. 1–21.
- Morton, Rebecca and Kenneth Williams (2010). *Experimental Political Science and the Study of Causality: From Nature to the Lab*. Cambridge University Press.
- Murillo, Victoria, Virginia Oliveros, and Rodrigo Zarazaga (Sept. 2021). “The Most Vulnerable Poor: Clientelism Among Slum Dwellers.” In: *Studies in Comparative International Development* 56.3, pp. 343–363.
- Neumann, John von and Oskar Morgenstern (1947). “Theory of Games and Economic Behavior.” In: Princeton University Press.
- Nichter, Simeon (Feb. 2008). “Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot.” In: *American Political Science Review* 102.01, pp. 19–31.
- Nichter, Simeon (Sept. 2014). “Conceptualizing Vote Buying.” In: *Electoral Studies* 35, pp. 315–327.
- Oliveros, Virginia (2019). “Perceptions of Ballot Integrity and Clientelism.” In: *Campaigns and Voters in Developing Democracies: Argentina in Comparative Perspective*. Ed. by Luis Schiumerini Noam Lupu, Virginia Oliveros. Ann Arbor: University of Michigan Press. Chap. 10, pp. 213–238.
- Plott, Charles (1991). “Laboratory Research in Political Economy.” In: ed. by Thomas Palfrey. The University of Michigan Press. Chap. A Comparative Analysis of Direct Democracy, Two-Candidate Elections, and Three-Candidate Elections in an Experimental Environment.
- Quattrone, George and Amos Tversky (Sept. 1988). “Contrasting Rational and Psychological Analyses of Political Choice.” In: *American Political Science Review* 82.3, pp. 719–736.

- Rueda, Miguel (July 2015). "Buying votes with imperfect local knowledge and a secret ballot." In: *Journal of Theoretical Politics* 27.3, pp. 428–456.
- Rueda, Miguel (Jan. 2017). "Small Aggregates, Big Manipulation: Vote Buying Enforcement and Collective Monitoring." In: *American Journal of Political Science* 61.1, pp. 163–177.
- Schumacher, Gijs et al. (Oct. 2015). "How Aspiration to Office Conditions the Impact of Government Participation on Party Platform Change." In: *American Journal of Political Science* 59.4, pp. 1040–1054.
- Scott, James (1972). "Patron-Client Politics and Political Change in Southeast Asia." In: *The American Political Science Review* 66.1, pp. 91–113.
- Shefter, Martin (Dec. 1977). "Party and Patronage: Germany, England, and Italy." In: *Politics & Society* 7.4, pp. 403–451.
- Steinacker, Annette (Sept. 2006). "Externalities, Prospect Theory, and Social Construction: When Will Government Act, What Will Government Do?\*" In: *Social Science Quarterly* 87.3, pp. 459–476.
- Stokes, Susan (Sept. 2005). "Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina." In: *American Political Science Review* 99.3, pp. 315–325.
- Szwarcberg, Mariela (2013). "The Microfoundations of Political Clientelism. Lessons from the Argentine Case." In: *Latin American Research Review* 48.2, pp. 32–54.
- Thaler, Richard (2015). *Misbehaving: The Making of Behavioral Economics*. W. W. Norton and Company.
- Thaler, Richard and Eric Johnson (June 1990). "Gambling with the House Money and Trying to Break Even: The Effects of Prior Outcomes on Risky Choice." In: *Management Science* 36.6, pp. 643–660.
- Tyszler, Marcelo and Arthur Schram (June 2016). "Information and Strategic Voting." In: *Experimental Economics* 19.2, pp. 360–381.
- Vicente, Pedro (Feb. 2014). "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa." In: *The Economic Journal* 124.574, F356–F387.
- Vieider, Ferdinand and Barbara Vis (June 2019). "Prospect Theory and Political Decision Making." In: *Oxford Research Encyclopedia of Politics*. Vol. 9. 3. Oxford University Press, pp. 334–343.
- Vis, Barbara (Dec. 2009). "The Importance of Socio-Economic and Political Losses and Gains in Welfare State Reform." In: *Journal of European Social Policy* 19.5, pp. 395–407.

- Vis, Barbara (2010). "Politics of Risk-Taking: Welfare State Reform in Advanced Democracies." In: Amsterdam University Press.
- Vis, Barbara (Sept. 2011). "Prospect Theory and Political Decision Making." In: *Political Studies Review* 9.3, pp. 334–343.
- Visconti, Giancarlo (May 2021). "Reevaluating the Role of Ideology in Chile." In: *Latin American Politics and Society* 63.2, pp. 1–25.
- Wantchekon, Leonard (2003). "Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin." In: *World Politics* 55.April, pp. 399–422.
- Weitz-Shapiro, Rebecca (2012). "What Wins Votes: Why Some Politicians Opt Out of Clientelism." In: *American Journal of Political Science* 56.3, pp. 568–583.
- Weyland, Kurt (2002). "A New Explanation of Adjustment Politics." In: *The Politics of Market Reform in Fragile Democracies: Argentina, Brazil, Peru, and Venezuela*. Princeton University Press. Chap. 3, pp. 37–67.
- Zarazaga, Rodrigo (Jan. 2014). "Brokers Beyond Clientelism: A New Perspective Through the Argentine Case." In: *Latin American Politics and Society* 56.03, pp. 23–45.
- Zarazaga, Rodrigo (Oct. 2016). "Party Machines and Voter-Customized Rewards Strategies." In: *Journal of Theoretical Politics* 28.4, pp. 678–701.

..... **Word count: 7,847** .....

# VIII. APPENDIX

	role	variable	n	min	max	median	iqr	mean	sd	se	ci
1	Partido A	left.right	66	1	10	3	4	4	2	0	1
2	Partido B	left.right	66	1	10	4	3	4	2	0	1
3	votantes	left.right	68	1	10	3	3	4	2	0	1
4	Partido A	male	66	0	1	0	1	0	0	0	0
5	Partido B	male	66	0	1	0	1	0	0	0	0
6	votantes	male	68	0	1	0	1	0	0	0	0
7	Partido A	party.id	66	2	9	9	0	8	2	0	0
8	Partido B	party.id	66	1	9	9	0	9	1	0	0
9	votantes	party.id	68	1	9	9	0	8	2	0	0
10	Partido A	party.like	66	0	1	0	1	0	0	0	0
11	Partido B	party.like	66	0	1	0	0	0	0	0	0
12	votantes	party.like	68	0	1	0	0	0	0	0	0
13	Partido A	payoff	73	633	4224	2630	674	2621	670	78	156
14	Partido B	payoff	72	1148	4062	2592	710	2607	665	78	156
15	votantes	payoff	75	633	4224	2674	836	2664	697	80	160
16	Partido A	salary.enough	66	1	4	2	0	2	1	0	0
17	Partido B	salary.enough	66	1	4	2	1	2	1	0	0
18	votantes	salary.enough	68	1	3	2	0	2	1	0	0
19	Partido A	vote.last.election	66	0	1	1	0	1	0	0	0
20	Partido B	vote.last.election	66	0	1	1	0	1	0	0	0
21	votantes	vote.last.election	68	0	1	1	0	1	0	0	0
22	Partido A	vote.next.election	66	0	1	1	0	1	0	0	0
23	Partido B	vote.next.election	66	0	1	1	0	1	0	0	0
24	votantes	vote.next.election	68	0	1	1	0	1	0	0	0

**Table A1:** *Summary Statistics*



	OLS
	Amount of Vote-Buying Offer
Intercept	678.24 (492.02)
Vote Share	152.03 (79.94)
Points Accumulated (delta)	-0.10** (0.03)
Spatial Distance	-0.20 (2.75)
Party Budget	0.03 (0.37)
R <sup>2</sup>	0.71
Adj. R <sup>2</sup>	-0.05
Num. obs.	136

\*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.05$ ; *cdot*  $p < 0.1$ .

Robust standard errors in parentheses.

Fixed effects parameteres omitted in table.

**Table A2:** *Statistical Model (OLS): Amount of Vote-Buying Offer*