

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

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**Vote buying:** distribution of private rewards to individuals during elections in exchange for electoral support (Nichter, 2014).



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- We contest these answers. Explain: traditional clientelism research has failed to answer these questions because it has a wrong understanding about the party's decision-making process under risk.

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- **Feedback wanted!**

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- These assumptions have led to several empirical inconsistencies.
  1. Clientelist Targeting.
  2. Political Contestation.

## Not Clear Who Clientelist Parties Target

- Since constituencies are well known to clientelist parties, they allocate resources to **core voters**.

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- We contend that this is a *very* important question, yet one that the literature has *failed* to answer.

# Not Clear The Role of Political Contestation on Vote Buying

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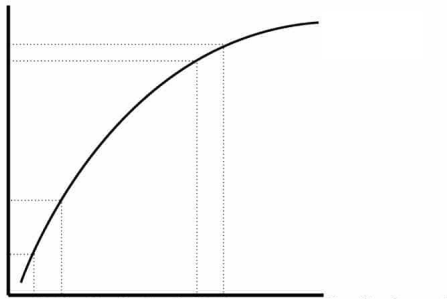
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- Why would a party buy such a massive amount of votes in a safe and uncontested election?

# Wrong Understanding of Decision-Making Process under Risk

## Change from traditional focus (EUT):

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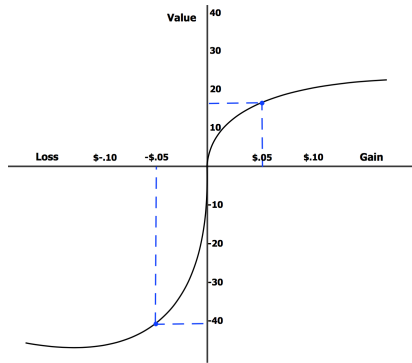
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## To one based on Prospect Theory

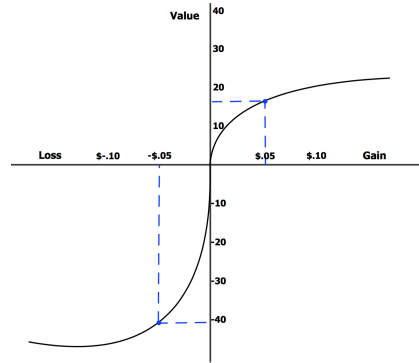
(Kahneman and Tversky, 1979):

1. **Reference dependence.**
2. **Likelihood dependence.**



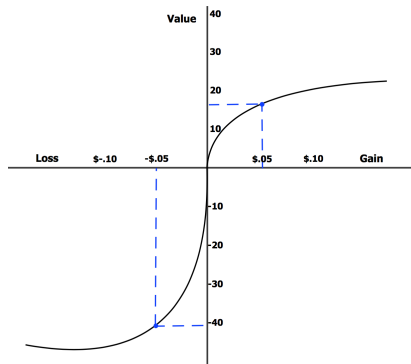
# Prospect Theory

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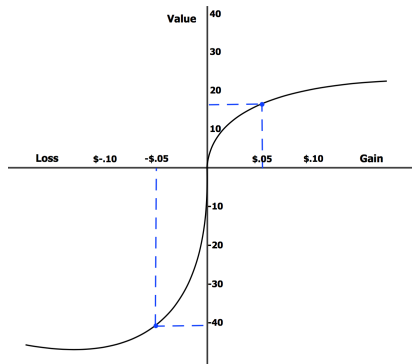
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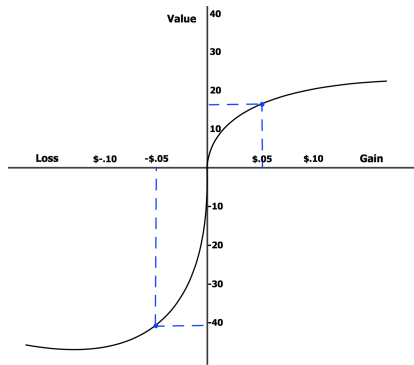
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- ✓ changes of wealth, rather than final asset positions.



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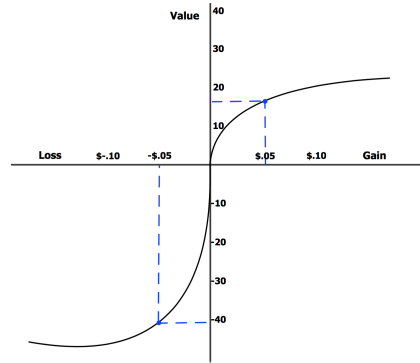
## 1. Reference dependence. Elements that influence decisions,

- ✓ context in which the decision-making processes take place.
- ✓ changes of wealth, rather than final asset positions.
- ✓ sunk costs do matter.



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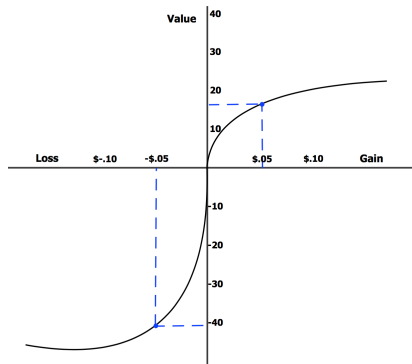
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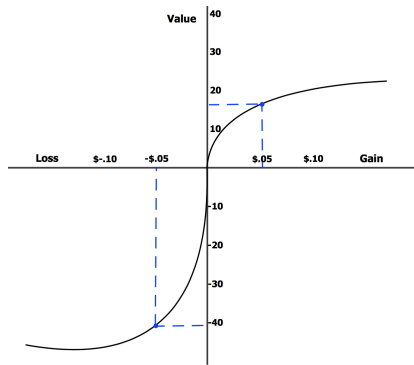
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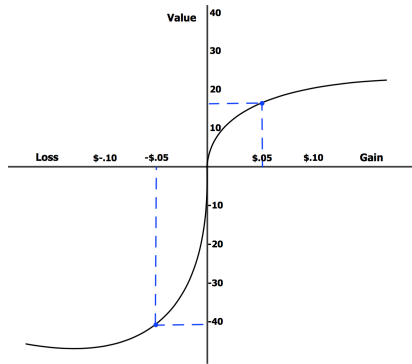
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- ✓ Individuals are **risk-acceptant** in the domain of **losses**.



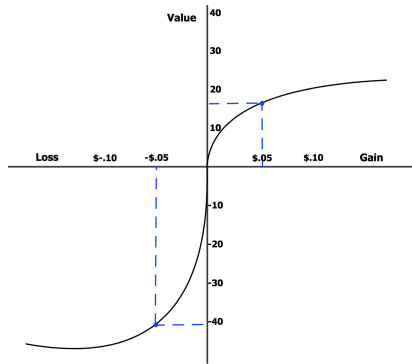
# Prospect Theory: Implications for Decision-Making

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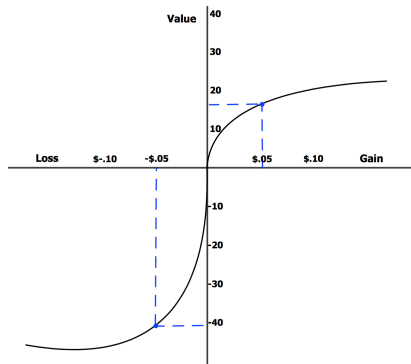
- **Overweighting:** in the domain of **losses**, the convexity of the function encourages **risk-seeking** behaviors by **exaggerating the probabilities of unlikely losses**.
- **Underweighting:** in the domain of **gains**, the concavity of the function encourages **risk aversion** by **undervaluing the probability of success**.



# Prospect Theory: Implications for Vote-Buying

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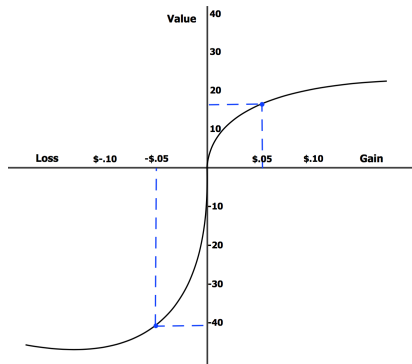
1. **Are probable winners:** parties will exaggerate the small probability of losing the election (**risk aversion**).



## Prospect Theory: Implications for Vote-Buying

Vote-buying will be higher when parties,

1. **Are probable winners:** parties will exaggerate the small probability of losing the election (**risk aversion**).
2. **Have experienced losses in the past** (sunk costs): alter the reference point, making vote-buying an attractive strategy (**risk-seeking**).



## A Formal Model of Vote-Buying

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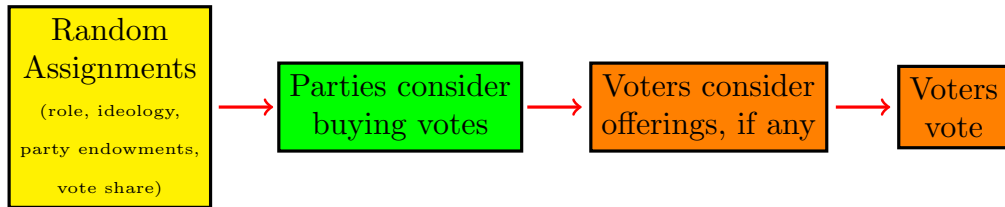
Downs (1957), Enelow and Hinich (1990), Plott (1991).

- The idea is to test the descriptive accuracy of the game-theory model in an experimental setting.

Lupia and McCubbins (1998), Bassi, Morton, and Williams (2011), Dickson (2011), Tyszler and Schram (2016), Vieider and Vis (2019).

- The experiment was conducted in Chile (April/May 2021).
- 0-tree (Z-tree). Fischbacher 2007.
- All participants were required to successfully complete two practice rounds.
- Show-up fee of \$2,000 CLP ( $\approx 2.1\text{€}$ ).
- Every game was played between three people: two parties and one voter.
- All transactions were performed exchanging experimental “points.”  
(1 point = \$0.42).
- 102 subjects were recruited.
- Each subject played the game three times ( $N = 306$ ).
- In-between subjects experimental design.

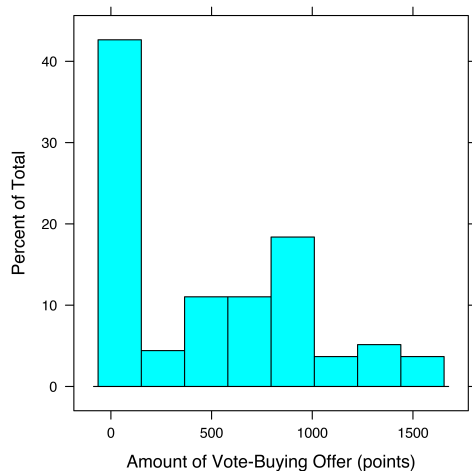
1. **Role:** *party A, party B* or *voter*.
2. **Voters:** “**ideological position**” (points depending on whether party A or B won election). Points reflect “spatial” distance between the voter and both parties (continuum 1–100).
3. **Parties:** **endowments** (points to buy votes, if any).  
But both parties receive the same endowment in the same game.
4. **Parties:** **vote shares** (number of votes each party *will* receive—excluding the “voter” participant).
  - Every randomization was common knowledge.







- Focus is vote buying (parties).  
Voter data discarded.
- **Dependent variable:** the amount of the vote-buying offer made by parties (if any).
- If predictions of formal model are accurate, we should see that offers go up when the risk of losing the election is higher.



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



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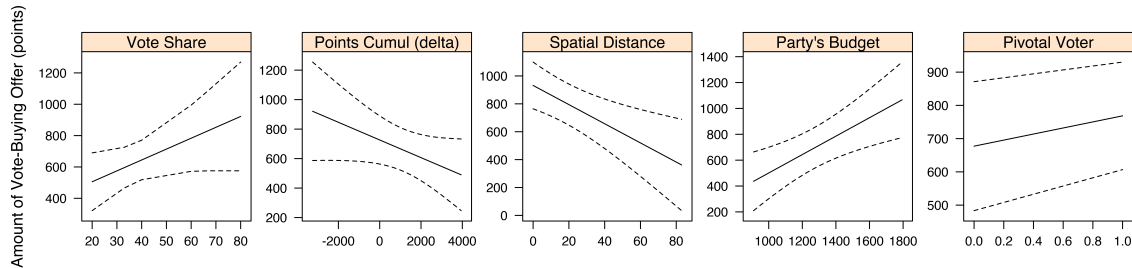
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- Party's budget (points).

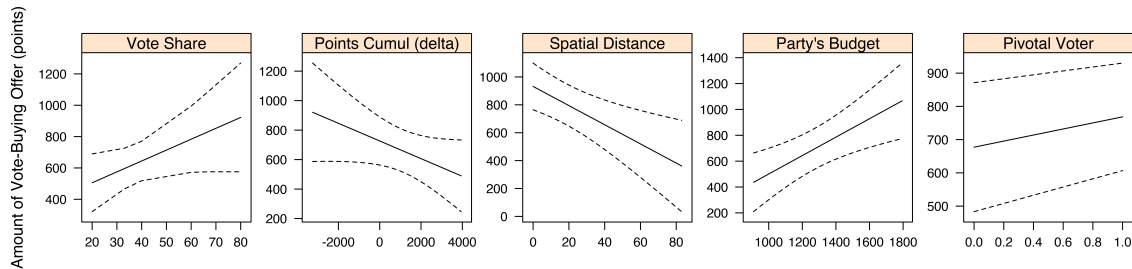
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- Participant fixed effects.



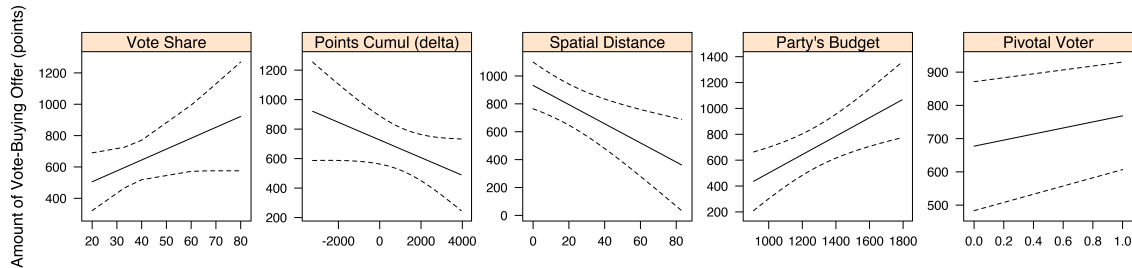
Overall, results conform with Prospect Theory's predictions.

Robust std. errors used to construct confidence intervals.

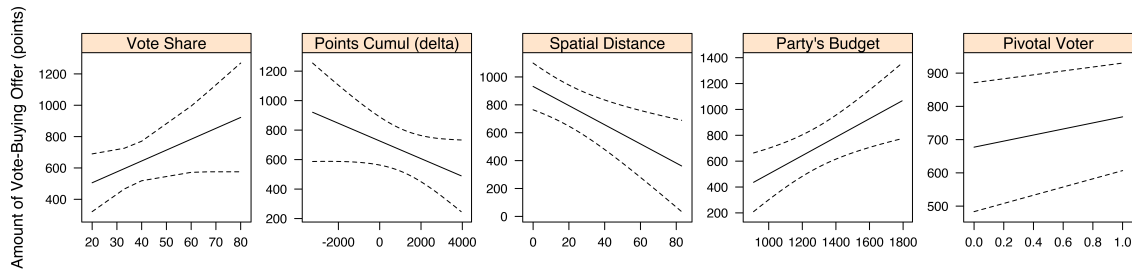


1. Parties buy more votes when are likely winners (not losers).

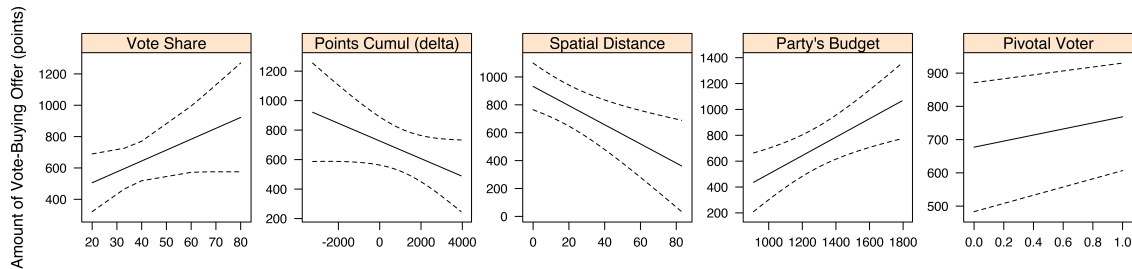




## 2. Decision-makers buy more votes when sunk costs are higher.



### 3. Spatial distances (core/swing) do not matter.



#### 4. Party budget does not matter.

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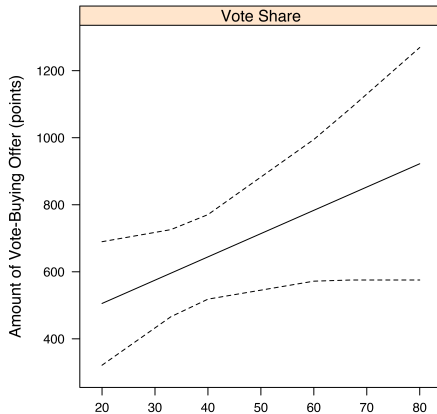
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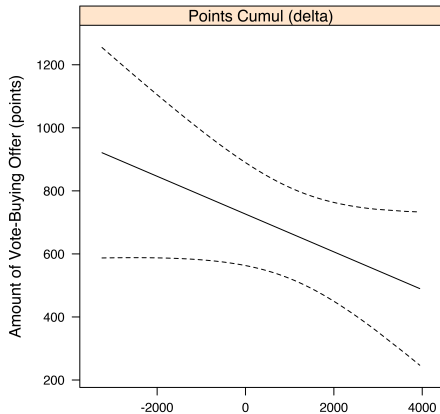


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- Results widely conform with Prospect Theory.

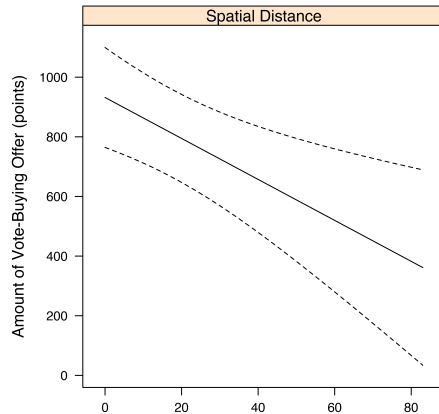
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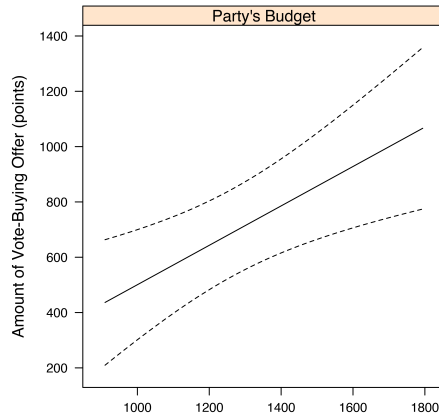
- **Parties are risk-seeking in the domain of losses:** unlike EUT theories predict, parties do consider sunk costs, buying more votes to compensate for past losses.



- **Core/swing voters:** voter types are not relevant for vote buying.



- **Party budgets:** unlike traditional theories, wealthier parties don't necessarily buy more votes.



# Thank you



- Paper (draft) available at [www.HectorBahamonde.com](http://www.HectorBahamonde.com).
- All feedback is welcomed!

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

Table: Summary Statistics.

	OLS
	Amount of Vote-Buying Offer
Intercept	−380.54 (568.66)
Vote Share	6.95 (5.55)
Points Accumulated (delta)	−0.06 (0.05)
Spatial Distance	−6.87* (3.26)
Party Budget	0.71* (0.34)
Pivotal Voter	91.16 (124.46)
R <sup>2</sup>	0.66
Adj. R <sup>2</sup>	−0.16
Num. obs.	142

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

Robust standard errors in parentheses.