

# Exogenous Shocks and Misattribution of Responsibility

## Results from Survey Experiments

Daniela Campello   Cesar Zucco

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Stanford University

## Overview

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- Tentative Answer: It is very hard to debias, even a little
- Implications: information  $\neq$  learning overtime

# Economic Voting

In its simplest form...

- Voters reward (punish) incumbents in good (bad) times
  - Good performance → electoral success
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## This works if...

Economic outcomes =  $f(\text{competence})$

## But what if?

Economic outcomes =  $f(\text{competence}, \text{luck})$

# Competence, Luck, and Accountability

## Theoretical models

- Voters know the variance of exogenous shocks
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## In practice

Signal extraction requires some level of relative comparison over time

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- In Europe
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# Competence, Luck, and Accountability

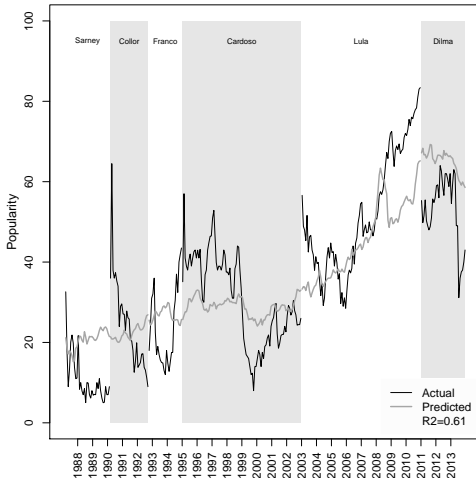
## Empirical work

- In Europe
  - Economic vote where competence signal is strong
  - Voters respond to *relative* performance (i.e. benchmark)
- In Latin America
  - Presidents' success depends factors they do not control  
→ Int'l commodity prices and U.S. interest rates
  - Benchmark is unlikely: no discounting of luck, **misattribution**



# Illustrating: Presidential Popularity in Brazil

Using only commodity prices and U.S. interest rates



# Misattribution and Democratic Accountability

## The research agenda

### Understanding misattribution

- At the micro-level: sources of misattribution and debiasing
- Political discourse: politicians' efforts to provide information
- Media: benchmarking in low information settings

### Impact on accountability

- How voters' misattribution affects presidents' behavior

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# Misattribution and Debiasing

Can voters' misattribution be "corrected"?

## Study #1

- Manipulate information on relative performance
- Embedded in national face-to-face survey in Brazil

## Study #2

- Manipulate information on exogenous shocks
- Manipulate awareness of potential misattribution
- Online survey in Brazil

## Study #1, Relative performance

# Benchmarking and Performance

## Rationale

Relative performance  $\equiv$  competence

## Hypothesis

Information about relative performance affects respondents' assessment of government competence

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- $\uparrow$  relative performance:  $\uparrow$  competence

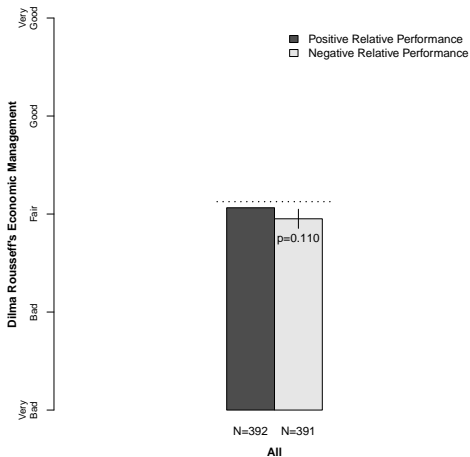
# Structure of Study #1

## Information on relative economic performance

- Embedded in a nationally representative survey in Brazil
- Outcome: evaluation of president's economic management
- Three treatment conditions:
  - 1 Control (N=397)
  - 2 Negative relative performance (N=403)  
(economy grew less than peer countries)
  - 3 Positive relative performance (N=402)  
(unemployment was lower than in peer countries)
- Outcome measured before and after treatment
- Trade-off: truth, benchmark, economic indicator



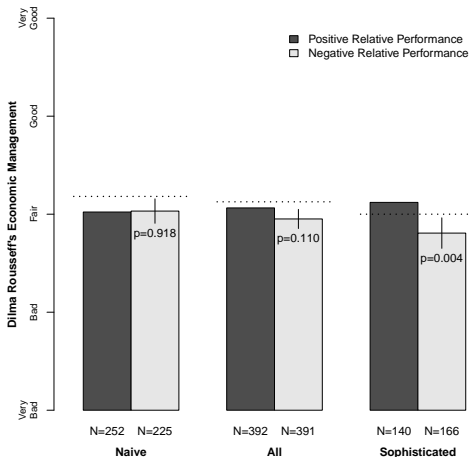
# Between Subjects Treatment Effects



Limited effect of negative treatment

# Results Conditional on Political Sophistication

## Heterogenous Effects



Expected effects increase with respondents' sophistication

## Summary of Results

### Study #1: Relative performance

- Negative information: small effect, only between-subjects
- Positive information: only for sophisticated subjects
  - Even then, effects are not large (about 0.3 sd)
- No within-subjects effect

### Next steps

- Compare to exogenous shocks strategy
- Incorrect information or mental contamination?

## Study #2, Exogenous shocks

# Exogenous Shocks and Performance

## Rationale

Individuals discount exogenous shocks to assess competence

## Hypothesis

Information about exogenous shocks affects voters' assessment of government competence

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- (+) exogenous shock: ↓ competence

# Misattribution and Debiasing

Borrowing from Psychology (Wilson & Brekke 1994)

## Sources of misattribution bias

- Informational: failure of rule knowledge and application
  - Correction: provide adequate information/rule
- Cognitive: unwanted response because of mental processing that is unconscious or uncontrollable (“mental contamination”)
  - Correction: provide adequate information/rule, raise awareness, motivate correction
  - Harder to debias!

# Exogenous Shocks and Performance

## Rationale

Individuals discount exogenous shocks to assess competence

## Hypothesis: informational

Information about exogenous shocks affects voters' assessment of government competence



# Exogenous Shocks and Performance

## Rationale

Individuals discount exogenous shocks to assess competence

## Hypothesis: informational

Information about exogenous shocks affects voters' assessment of government competence

## Hypothesis: cognitive

Information about exogenous shocks + awareness of bias + motivation to debias affect voters' assessment of government competence

## Structure of Study #2

### Information and awareness about exogenous shocks

- Outcome variable: assessment of the competence of incumbent president

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		<b>Cognitive</b>		
		Control	Awareness	+Motivation
<b>Informational</b>	Control	A		
	Positive shock	B	C	D
	Negative shock	E	F	G

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- Heterogeneous effects: naive vs. sophisticated

# A Word on the Informational Manipulation

What are the relevant “exogenous” shocks?

## Treatments

- + Commodity prices increased in the previous 10 years
- Commodity prices decreased in the last three years
- 0 No information

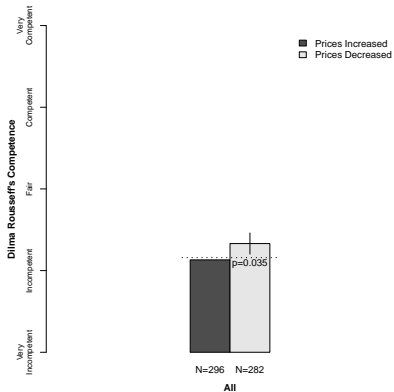
## Data Collection

- Survey experiment over the internet (Qualtrics)
- Subjects recruited with Facebook ads
- Short survey with demographics, experimental items, and sophistication items
- Brazil:
  - 1,794 respondents, 1,586 valid
  - Median-time: 4.5 min
  - Passed attention screener: 43.2%, 685 respondents
  - Sophisticated: 28%

# Outcome by Treatment Condition

Focusing only on the informational manipulation

All



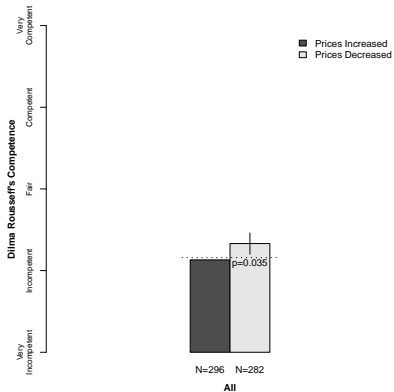
Essentially no effect



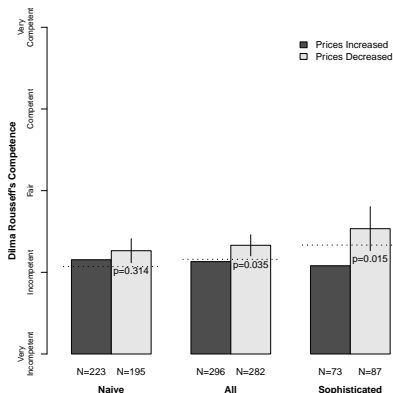
# Outcome by Treatment Condition

Focusing only on the informational manipulation

## All



## Naive vs. Sophisticated

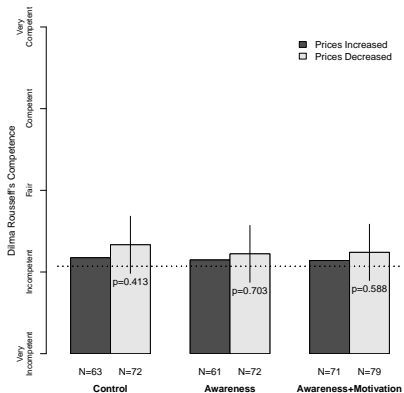


Effect restricted to sophisticated respondents!

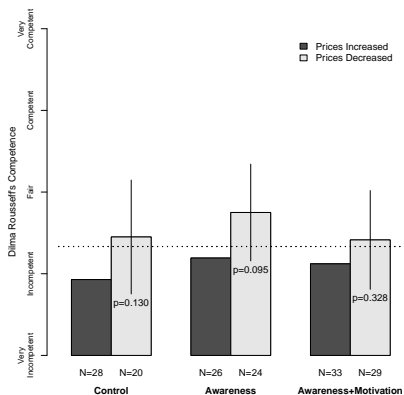
# Heterogenous Effects in Brazil

Comparing sophisticated and naive respondents

## Naive



## Sophisticated



# Summary of Results

## Study #2: Exogenous shocks

- Effect in the expected direction in all cases
- Bulk of effect: information
- Effect concentrated on sophisticated
  - Even then, effects are not large (about 0.4 sd)

## Partial Conclusions & Next Steps

### Conclusions

- Debiasing is hard (and unlikely)
- Key: failure of rule knowledge and application
  - People do not seem to understand “exogenous”
- Learning overtime  $\neq$  receiving information

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### Next Steps

- Improving the instrument
- Preventing bias instead of debiasing
- Manipulating “true learning”

# Structure of Study #1

## Questionnaire

### Outcome question (same as pre-treatment)

*How do you evaluate the performance of president Dilma with respect to the management of the country's economy? Is it very good, good, fair, bad or very bad?*

# The Manipulation

## Negative Information

*Did you know that in the last three years the Brazilian economy grew less than that of countries like Argentina, Chile and Mexico?*

## Positive Information

*Did you know that in the last three years unemployment in Brazil was lower than that of Argentina, Chile and Mexico?*

## Structure of Study #2

### Informational, positive manipulation

*Have you heard or read any news relative to the following: In the past ten years, the economy of Brazil has been benefitted by an unprecedented boom in international commodity prices, which doubled compared to the previous decade.*



## Structure of Study #2

### Informational, negative manipulation

*Have you heard or read any news relative to the following: In the last four years, the economy of Brazil has suffered with an almost 40% drop in international commodity prices.*

## Structure of Study #2

### Cognitive, awareness

*Recent studies suggest that one's assessment of presidents' performance is frequently influenced by factors they cannot control. Do you believe you make this same mistake?*

### Cognitive, awareness + motivation

*Recent studies suggest that one's assessment of presidents' performance is frequently influenced by factors they cannot control, and that this is harmful to democracy. Do you believe you make this same mistake?*

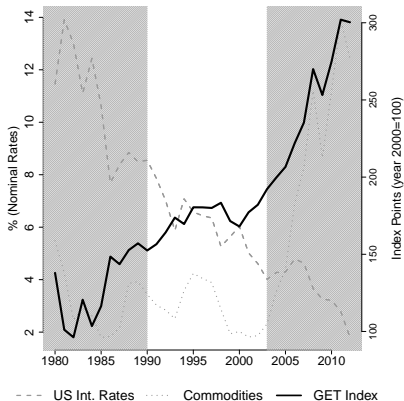
## Structure of Study #2

### Naive vs. Sophisticated

*How much influence do you believe the president of Brazil has over international commodity prices?*

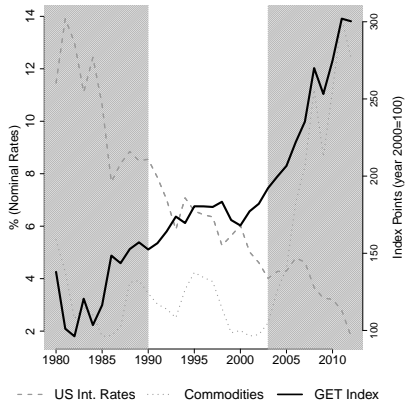
# International Determinants of Presidential Elections

## From Bad to Good Times...

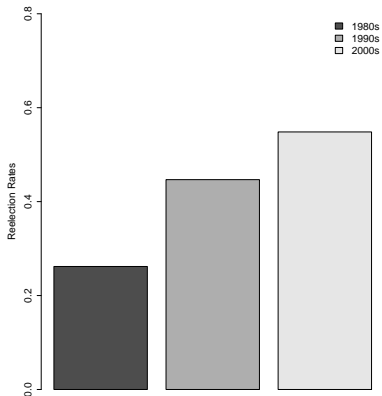


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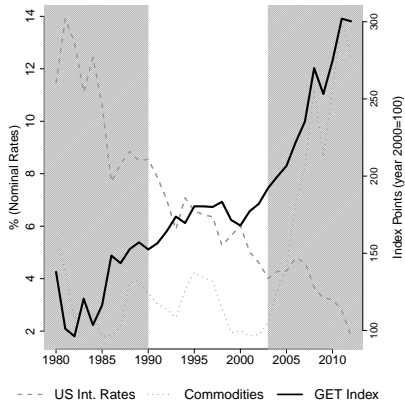


## % Reelections

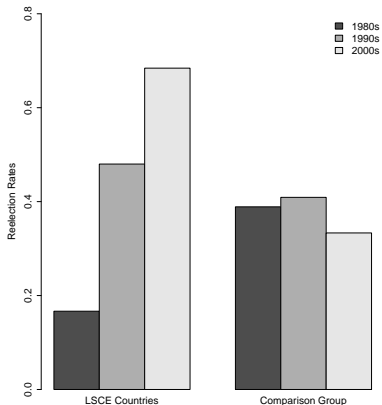


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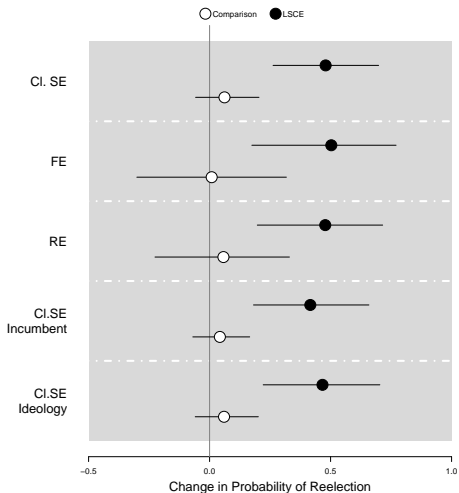


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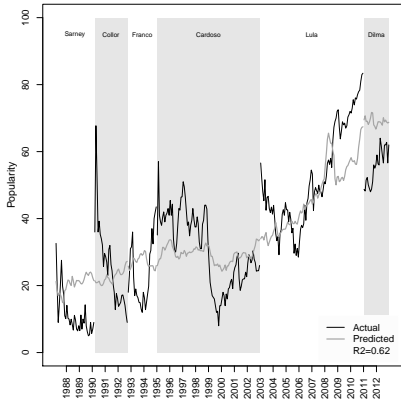
# First Differences for GET

Effects of changing from “bad” to “good” GET on reelection

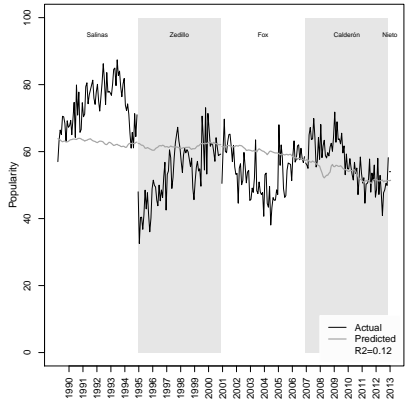


# Illustrating the Effects With OLS

## Brazil



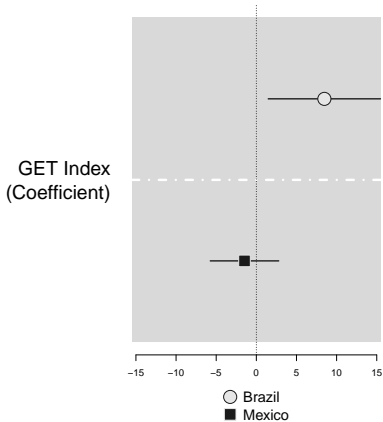
## Mexico





# Predicting Presidential Popularity

Effects of GET in the “best” specification in each country



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Effects of GET in the “best” specification in Brazil

