Exogenous Shocks and Misattribution of Responsibility
Results from Survey Experiments

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Overview

- Starting point: Voters evaluate presidents for economic outcomes they do not control ("luck")
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• Tentative Answer: It is very hard to debias, even a little
• Implications: information ≠ learning overtime
Economic Voting

In its simplest form...

- Voters reward (punish) incumbents in good (bad) times
  - Good performance $\rightarrow$ electoral success
  - Incentives for best economic policymaking
  - Selection of most competent governments
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Economic vote $\Rightarrow$ democratic accountability
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Economic outcomes $= f(competence)$
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This works if... 

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

But what if?

Economic outcomes = $f(\text{competence, luck})$
Competence, Luck, and Accountability

Theoretical models

- Voters know the variance of exogenous shocks
- Can discount these shocks to extract competence signals
- Strong competence signal $\rightarrow$ more economic vote
Competence, Luck, and Accountability

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In practice

Signal extraction requires some level of relative comparison over time
Competence, Luck, and Accountability

Empirical work

- In Europe
  - Economic vote where competence signal is strong
  - Voters respond to *relative* performance (i.e. benchmark)
Competence, Luck, and Accountability

Empirical work

- In Europe (*rule or exception?*)
  - Economic vote where competence signal is strong
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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

R² = 0.61
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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Impact on accountability
- How voters’ misattribution affects presidents’ behavior
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 \text{competence}

Hypothesis

Information about relative performance affects respondents’ assessment of government competence
Benchmarking and Performance

Rationale
Relative performance $\equiv$ competence

Hypothesis
Information about relative performance affects respondents’ assessment of government competence
- $\uparrow$ 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

Dilma Rousseff's Economic Management

Very

Bad

Fair

Good

N=392

N=391

p=0.110
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
Exogenous Shocks and Performance

Rationale
Individuals discount exogenous shocks to assess competence

Hypothesis
Information about exogenous shocks affects voters’ assessment of government competence
  • (+) 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
Structure of Study #2

Information and awareness about exogenous shocks

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• Two manipulations (w/ 3 conditions each)
  • Information about exogenous shocks
  • Awareness of cognitive process
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<th>Cognitive</th>
<th>Control</th>
<th>Awareness</th>
<th>+Motivation</th>
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<td>A</td>
<td>C</td>
<td>D</td>
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Information and awareness about exogenous shocks

- Outcome variable: assessment of the competence of incumbent president
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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

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**

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<tr>
<td>N=63</td>
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<td>N=61</td>
<td>p=0.703</td>
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<td>N=28</td>
<td>p=0.130</td>
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<tr>
<td>N=26</td>
<td>p=0.095</td>
</tr>
<tr>
<td>N=33</td>
<td>p=0.328</td>
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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

Next Steps

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

- Debiasing is hard (and unlikely)
- Key: failure of rule knowledge and application
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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...

- US Int. Rates
- Commodities
- GET Index
International Determinants of Presidential Elections

From Bad to Good Times...

% Reelections
International Determinants of Presidential Elections

From Bad to Good Times...

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LSCE Countries
Comparison Group
First Differences for GET

Effects of changing from “bad” to “good” GET on reelection
Illustrating the Effects With OLS

**Brazil**

**Mexico**

**Macro Results**

**Question Wording**
Predicting Presidential Popularity
Effects of GET in the “best” specification in each country

GET Index (Coefficient)

Brazil
Mexico
Predicting Presidential Popularity

Effects of GET in the “best” specification in Brazil