PROJECT: HOW POLITICAL ELITES MAKE DECISIONS

We understand politicians' politics and policy choices as being influenced by:

- Institutions
- Structural factors
- Citizens' preferences and demands
- Parties

What about politicians themselves?

- Focus on examining their risk preferences

THREE *OPEN* EMPIRICAL QUESTIONS

1. What are the risk preferences of politicians in developing country democracies?

2. What are some factors that determine/influence politicians' risk preferences among politicians?

3. Does heterogeneity in elite risk preferences matter for politicians' political, institutional and policy choices?

TWO MOST COMMON MODELS FOR INDIVIDUALS' RISK CHOICES

Choice between a lottery and a certain outcome with equal expected values

- **Expected Utility Maximization (EUT)**
  - Indifferent between the two choices => risk neutral
  - No framing effects

- **Prospect Theory (PT)**
  - Framing reverses preferences, loss averse
  - Risk averse in domain of gains
  - Risk loving in domain of losses

- **Empirical evidence entirely from *rich, established democracies in the West***

ASIAN/AFRICAN DISEASE SURVEY EXPERIMENT (KAHNEMAN & TVERSKY 1980)

Imagine that <country> is preparing for the outbreak of an unusual African disease, which is expected to kill 600 people. Two alternative programs to combat the disease have been proposed and are brought up for vote in the Health Committee, and you are a member of the committee. The exact scientific estimates of the consequences of the programs are as follows:

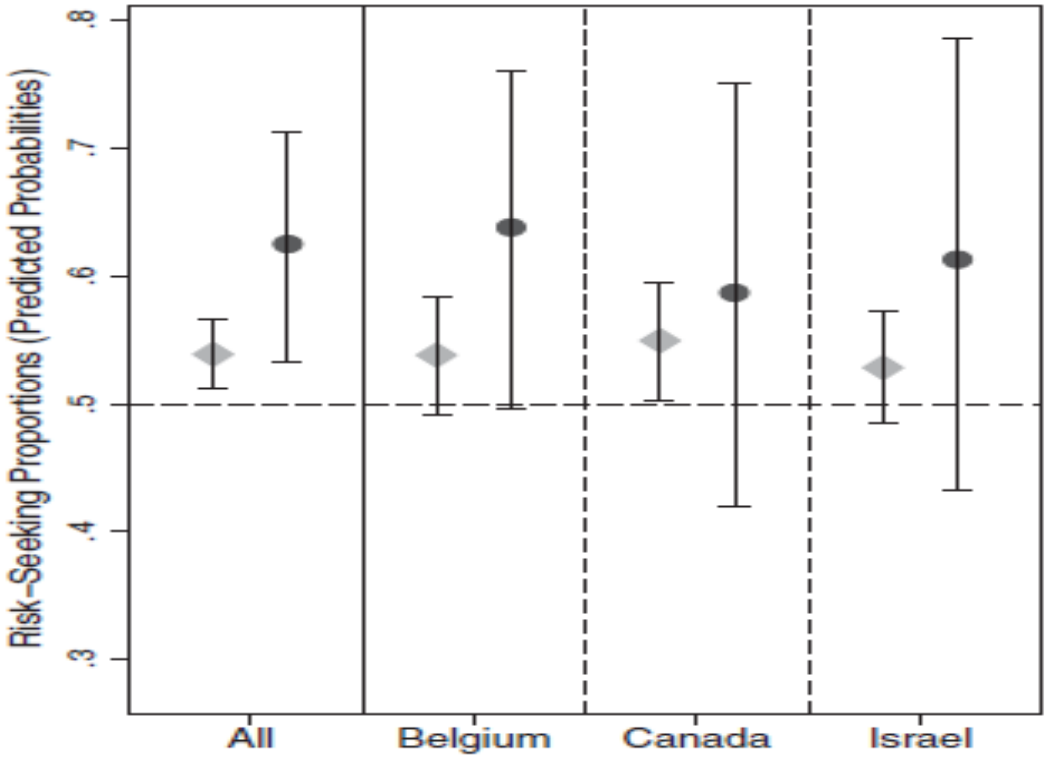
- If Program A is adopted, ***200 people will be saved/400 people will die***

- If Program B is adopted, there is a 1/3 probability that **600 people will be saved/nobody will die,** and a 2/3 probability that **no people will be saved/600 will die**

Which of the two programs would you favor? _____

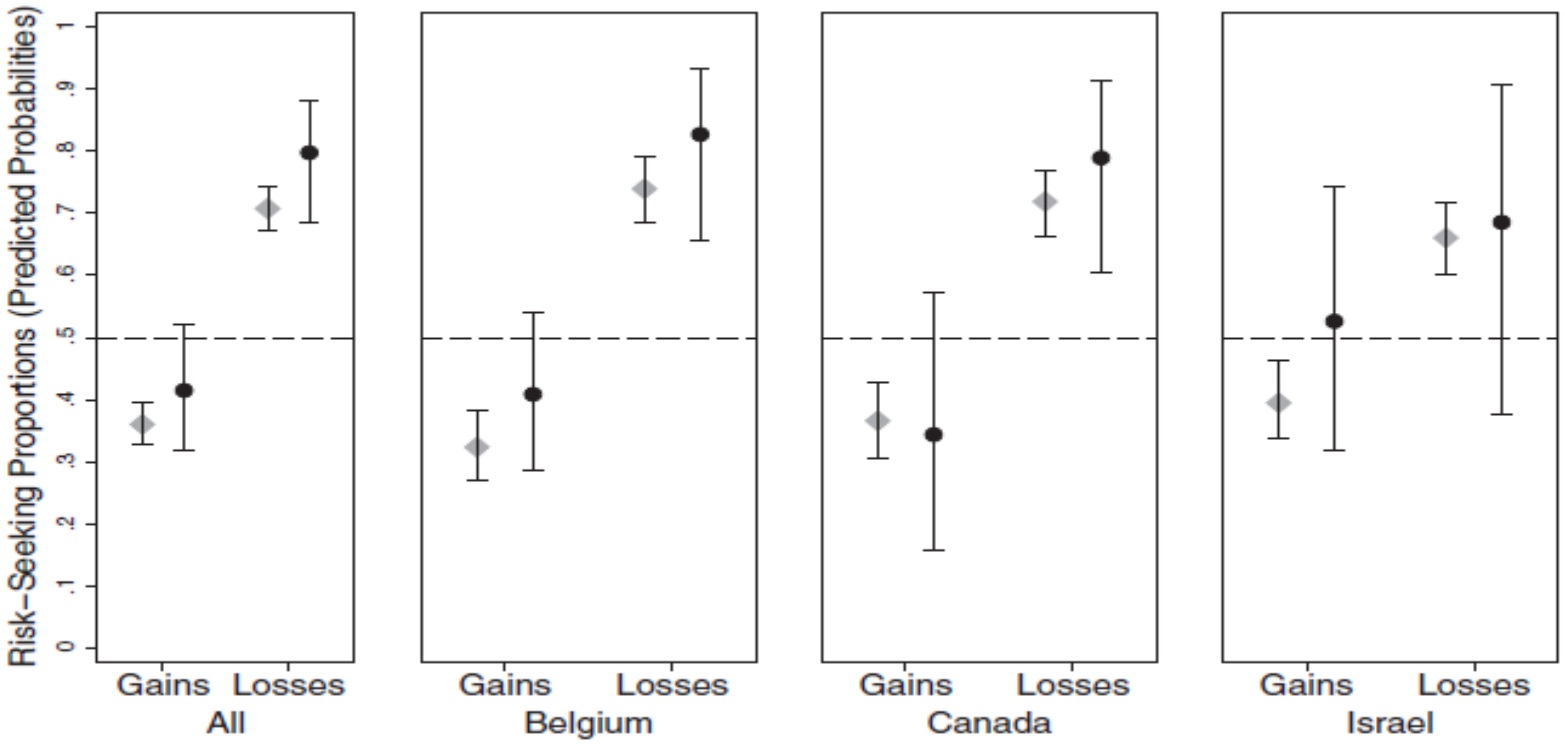
Sheffer et al 2018, APSR "Nonrepresentative Representatives"

FIGURE 1. Proportion of risky choices made by politicians and citizens in the Asian disease experiment, in Belgium, Canada, and Israel.



Notes: Circles denote politicians; diamonds, citizens. Values are predicted probabilities, obtained using Clarify. (See SM for full results.) Bars are 95% confidence intervals. citizens and politicians *N*: Belgium—515, 82; Canada—515, 43; Israel—505, 29.

FIGURE 2. Proportion of risky choices made by politicians and citizens in the Asian disease experiment, by gains/losses frames, in Belgium, Canada, and Israel.



Notes: Circles denote politicians; diamonds, citizens. Values are predicted probabilities, obtained using Clarify. (See SM for full results.) Bars are 95% confidence intervals. citizens and politicians *N*: Belgium—515, 82; Canada—515, 43; Israel—505, 29.

Risk Preferences of MP-Experienced Respondents: India -- 67% Pakistan – 41.5%
Risk Models of MP-Experienced Respondents: Overall Non-PT, Non-EUT

SURVEY DETAILS

India

- Fielded: April-May 2019
- 5 states – Andhra Pradesh Gujarat, Rajasthan, Uttar Pradesh, West Bengal (5 out of 29 states)
- Parties in sample: BJP, INC, BSP, CPI-M, SP, TMC, TDP, YSCRP, CPI (out of >600)
- Sampling Method: Stratified, clustered random sampling
  - Incumbent and opposition ruled states
  - National and regional party ruled states
  - Development stars and duds
- **Population size: 1494**
- Response rate: 59%
- **Sample size: 165**

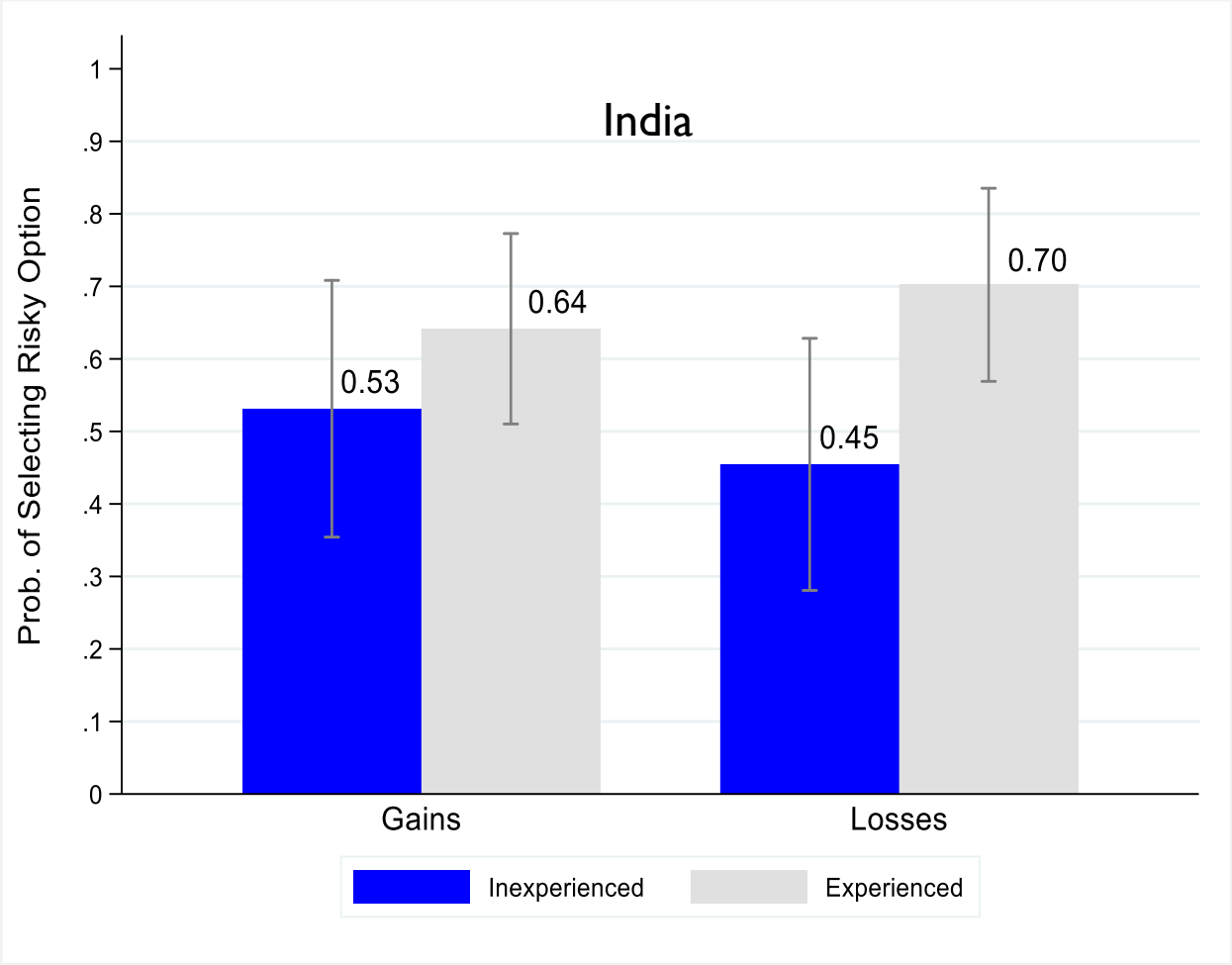
Pakistan

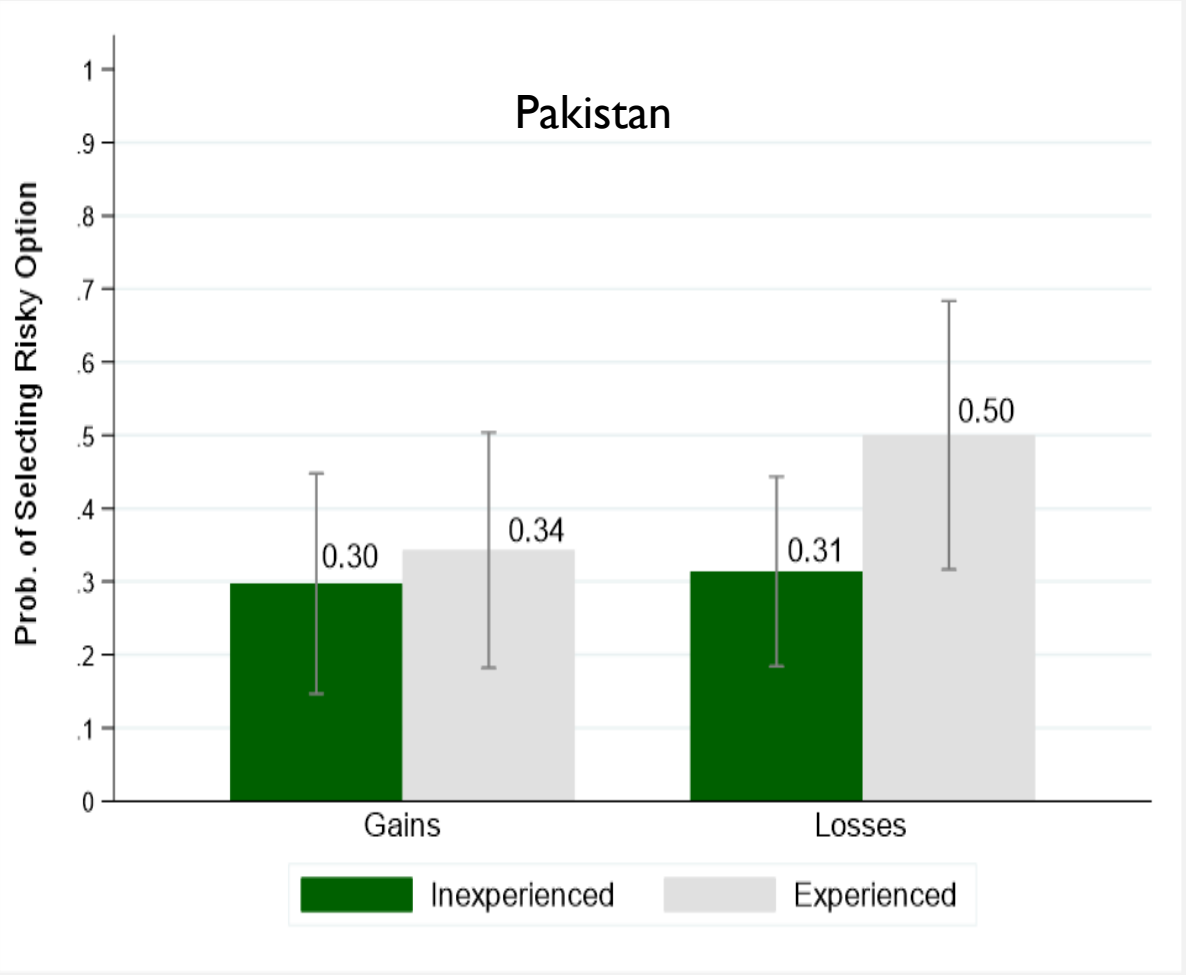
- Fielded: May-June 2018
- All 4 states – Balochistan, Khyber-Pakhtunkhwa, Punjab, Sindh
- Parties in sample: JI, JUI-F, PML-N, PTI, PPP (out of >200)
- Sampling Method: Stratified, clustered random sampling
- **Population size: 909**
- Response rate: 62%
- **Sample size: 154**

Overall Distribution of Preferences by Treatment

WVS Survey Risk Question: Indian citizens *more risk averse* than Pakistani citizens

RESULTS FOR SUB-GROUP: PARLIAMENTARY EXPERIENCE

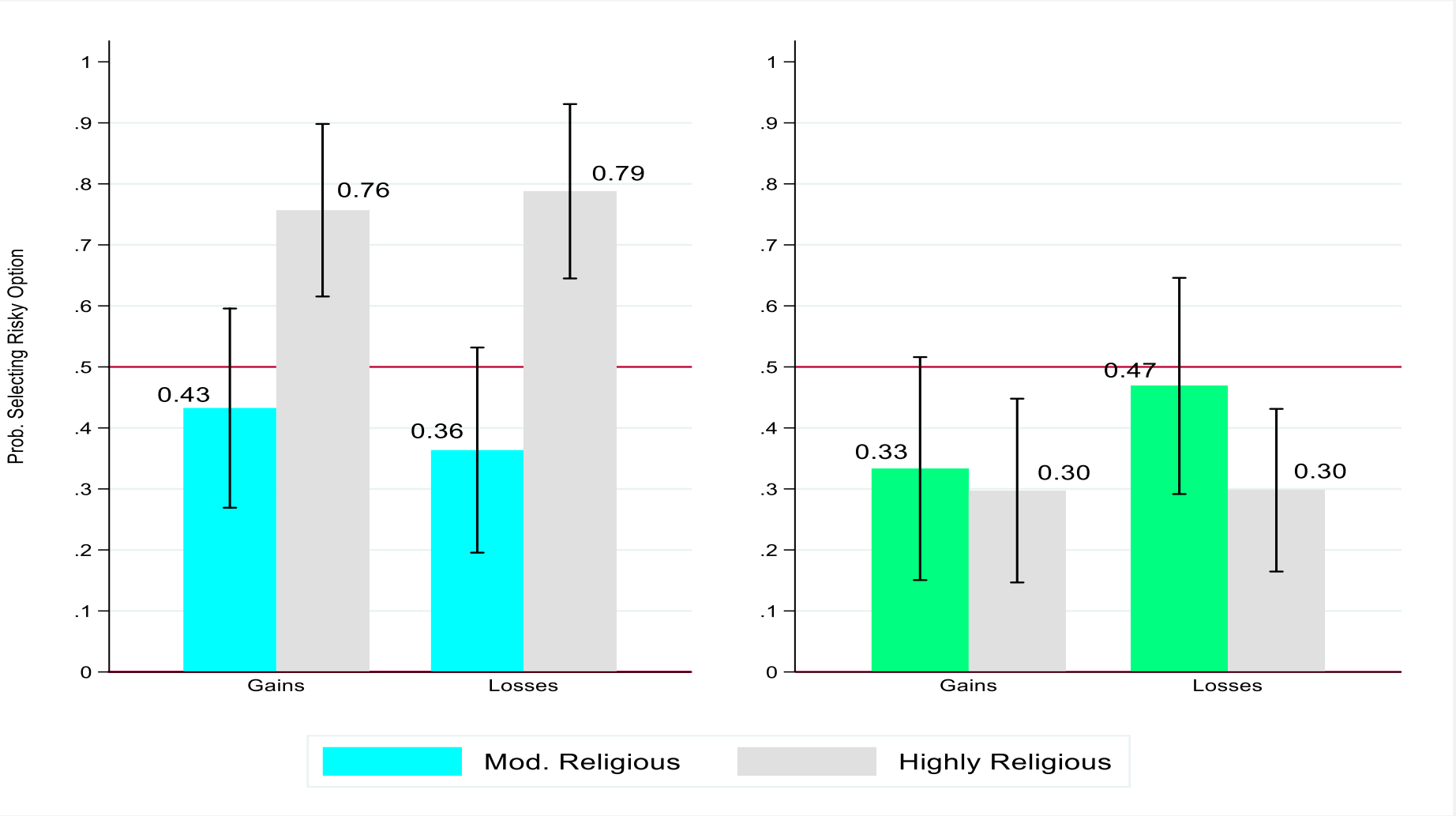




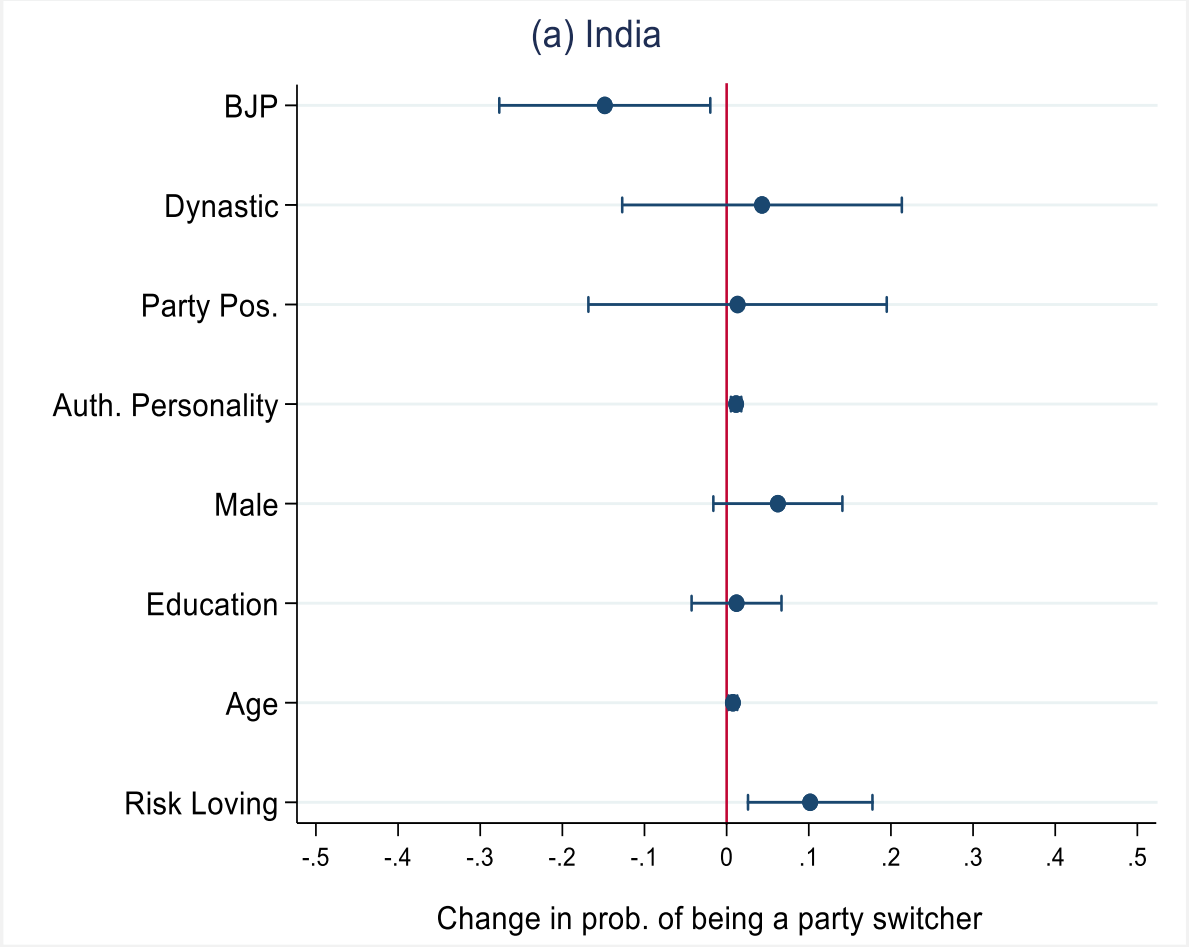
Probit Models: Control for demographic and political characteristics, confirm results

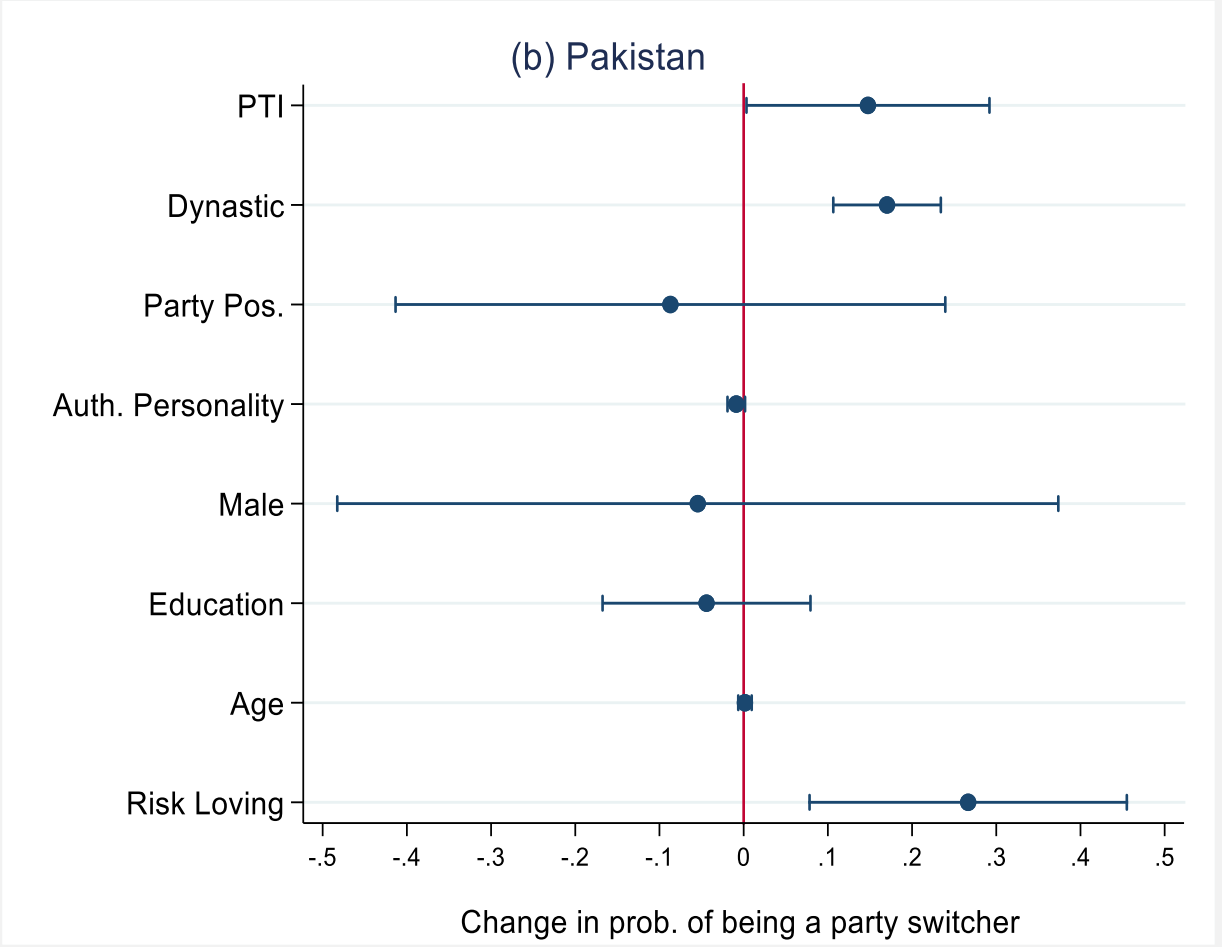
RESULTS FOR SUB-GROUP: AUTOCRATIC EXPERIENCE

RESULTS FOR SUB-GROUP: RELIGIOSITY



MARGINAL EFFECTS OF RISK ATTITUDE ON PROBABILITY OF BEING A PARTY SWITCHER (1/0): PROBIT MODELS





CONCLUSIONS AND IMPLICATIONS

1. High *within-country* heterogeneity in politicians' risk preferences
2. High *cross-country* heterogeneity in politicians' risk preferences
3. Politicians in India & Pakistan are not EUT or PT decisionmakers
4. Decisions may be made *very differently* in the Global North and South
5. Implications for how different countries make decisions on risky policy choices e.g. climate change, pandemics, AI, academic freedom, investment in research

APPENDIX

WHY FOCUS ON POLITICIANS?

- Personality type influences progressive ambition
  (Dynes et al 2018, Lawless and Fox 2010)
- Personality type influences legislative behaviors and choices
  (Cuhadar et al 2016, Dietrich et al 2012, Ramey et al 2017)
- Religiosity, dynasticism influences intra-party behaviors
  (Yadav & Fidalgo 2020)
- Rise of populists highlights heterogenous reactions to similar partisan incentives, institutions, structural factors & voter demands

KERZER 2020

- Discusses differences in traits, attitudes and decision=making process
- 12 countries - Belgium, Canada, **Colombia,** Denmark, Israel, **Kenya,** the Netherlands, **Nigeria,** Norway, Sweden, **Uganda,** US
- 162 paired treatments, only 3 show significant differences
- Only 4 developing countries
- 1 study of developing country elites
- No developing countries in risk studies, same 3 studies

DEVELOPED VS. DEVELOPING COUNTRIES: VARIATION IN PARLIAMENTARY EXPERIENCE

Share of parliamentary novices:

- Among developed country democracies:
  - Mean % novices: UK 21.1%, Italy 45.5%
- Among developing country democracies:
  - Turkey 49% to 80.5% , South Africa – 42% to 68%, Indonesia – 55% to 90%
- Need not decline with democratic age
  - Ukraine 80% in 2019, Turkey 80% in 2002, Italy 72% in in 1994

WHY PARLIAMENTARY EXPERIENCE MATTERS

- **Learning & Socialization**
  - Systematic differences in knowledge about costs, benefits and risks of parliamentary *and* extra-parliamentary actions
  - Changes in cognitive framework used for decisions

- Evidence of learning and socialization - UK, Australia, US, New Zealand, Iceland

=> Suggests novices and experienced politicians may take risks differently

DEVELOPED VS. DEVELOPING COUNTRIES: VARIATION IN AUTOCRATIC EXPERIENCE

- 85 countries democratized after 1980, 41 in the 1990s, 39 after 2005

  => Autocratically experienced politicians "the norm" in developing democracies

Effects of Autocratic Experience:

- **Research on Autocratic Legacies**: affect values, behaviors, choices in democracy
- **Learning and Socialization:**
  - Systematic differences in knowledge about costs, benefits and risks of parliamentary *and* extra-parliamentary actions
  - Changes in cognitive framework used for decisions

CASE SELECTION: INDIA AND PAKISTAN

- India: -- Stable democracy, Pakistan -- interrupted democracy
- High shares of parliamentary novices:
  - India: > 50% in 12 of 16 parliaments, high 69.2% in '77
  - Pakistan: 41% in 2018 to 60% in 2008
- Pakistan last military dictatorship ended 2008 => autocratically experienced politicians are professionally active

BALANCE TEST: INDIA

	Treatment: Gains		**Treatment: Losses**			
	Mean	Std. Dev.	Mean	Std. Dev.	t-statistic of diff. in means	p-value
Age	56.2	11.088	54.175	10.534	1.203	.231
Education	2.14	.789	2.075	.808	.532	.596
Male	**.918**	**.277**	**.75**	**.436**	**2.93**	**.004***
Office Experience	.624	.487	.588	.495	.471	.639
Position in Party Org.	**.388**	**.490**	**.200**	**.403**	**2.702**	**.008***
Time with Current Party	15.95	1.304	13.2	1.317	1.485	.139
Religious party Member (BJP)	.353	.481	.238	.428	1.631	.105
Prior Election Experience	.765	.046	.750	.049	.219	.827
Member of other parties previously	.318	.051	.338	.053	-.269	.788
Member of political family/dynasty	.306	.050	.313	.052	-.091	.927

*5% significance

BALANCE TEST: PAKISTAN

	Treatment: Gains		Treatment: Losses			
	Mean	Std. Dev.	Mean	Std. Dev.	t-statistic of diff. in means	p-value
Age	47.431	9.349	49.716	10.652	-1.413	.160
Education	2.451	.693	2.407	.703	.382	.703
Male	.931	.256	.951	.218	-.519	.605
Office Experience	.486	.503	.370	.486	1.443	.151
Position in Party Org.	.358	.483	.373	.487	-.186	.853
Time with Current Party	17.877	1.581	20.206	1.722	-.996	.321
Member Religious Parties (JI & JUI-F)	.333	.475	.407	.494	-.945	.346
Prior Election Experience	.514	.059	.457	.056	.702	.483
Member of other parties previously	.292	.054	.259	.049	.445	.657
Member of political family/dynasty	.375	.058	.346	.053	.375	.709

VARIABLE SUMMARIES

INDIA

	Mean	Std. Dev.	Min.	Max.	# Obs.
Age	**55.22**	**10.837**	**31**	**86**	**165**
Education	**2.11**	**.797**	**1**	**3**	**165**
Male	**.836**	**.371**	**0**	**1**	**165**
Office Experience	**.606**	**.490**	**0**	**1**	**165**
Imp. Of Religion	**1.83**	**.744**	**1**	**4**	**157**
Authoritarianism	**.653**	**.070**	**.452**	**.857**	**165**
Position in Party Org.	**.297**	**.458**	**0**	**1**	**165**
Religious party Member (BJP)	**.296**	**.458**	**0**	**1**	**165**

PAKISTAN

	Mean	Std. Dev.	Min.	Max.	# of Obs.
Age	**48.64**	**.10.09**	**27**	**76**	**153**
Education	**2.43**	**.696**	**1**	**3**	**152**
Male	**.941**	**.236**	**0**	**1**	**153**
Office Experience	**.425**	**.495**	**0**	**1**	**153**
Imp. Of Religion	**1.62**	**.987**	**1**	**4**	**142**
Authoritarianism	**.617**	**.070**	**.440**	**.952**	**149**
Position in Party Org.	**.366**	**.484**	**0**	**1**	**142**
Member Religious Parties (JI and JUI-F)	**.373**	**.485**	**0**	**1**	**153**

Table A4: Distribution of samples across sub-groups

(a) Office Experience

	Experienced	Inexperienced
	India	
Gains	53	32
Loss	47	33
	Pakistan	
Gains	35	37
Loss	30	51

(b) Dictatorship Experience

	Pakistan	
	Experienced	Inexperienced
Gains	48	24
Loss	56	35

SUB-GROUPS: PARLIAMENTARY & AUTOCRATIC EXPERIENCE

Office Experience:

"Have you held elected office before? At the national level?" - Yes (1), No (0).

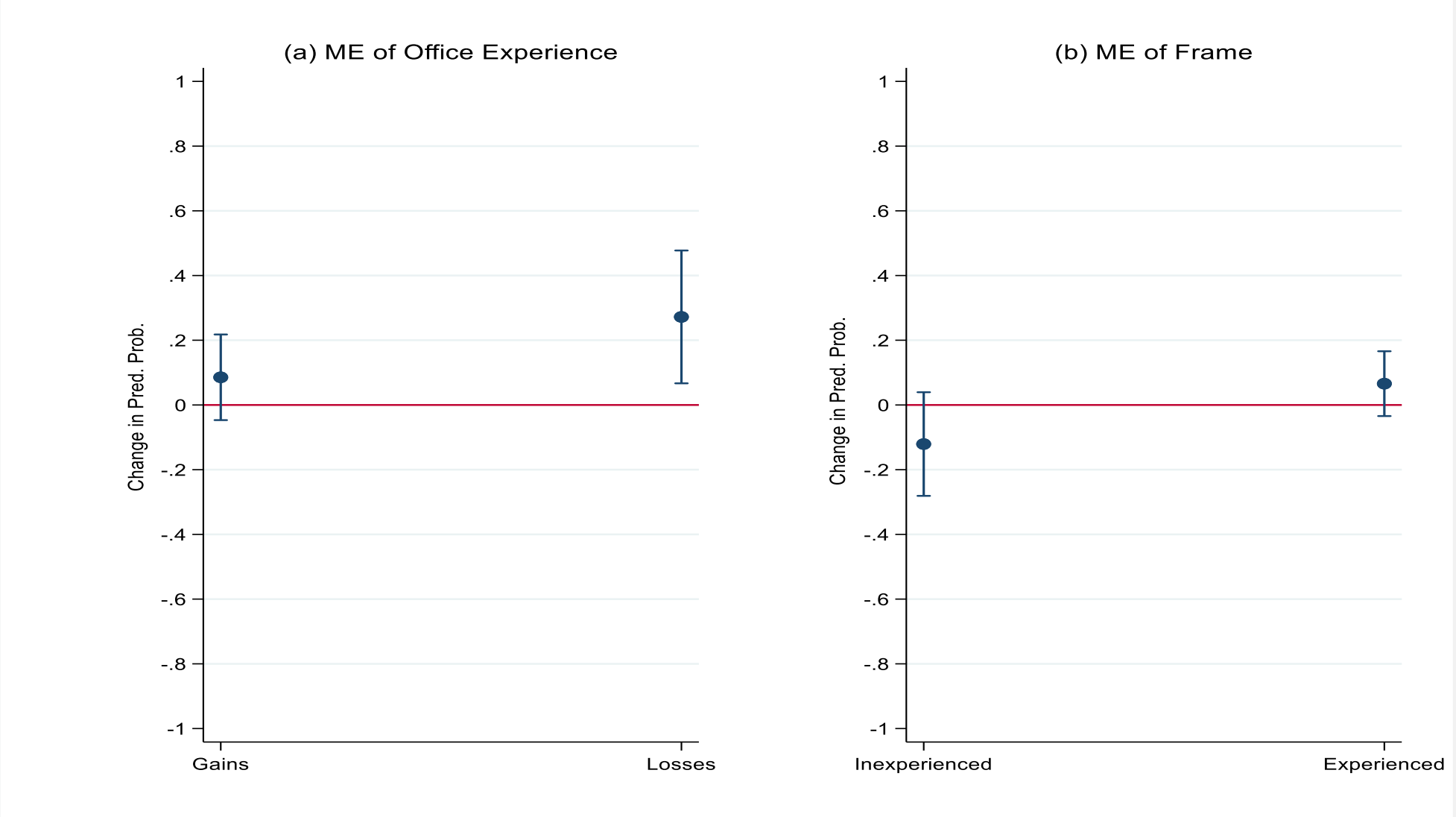
- Independently verified through parliamentary handbooks and Election Commission reports
- Sample with office experience: 60.6% in India, 42.5% in Pakistan

Autocratic Experience:

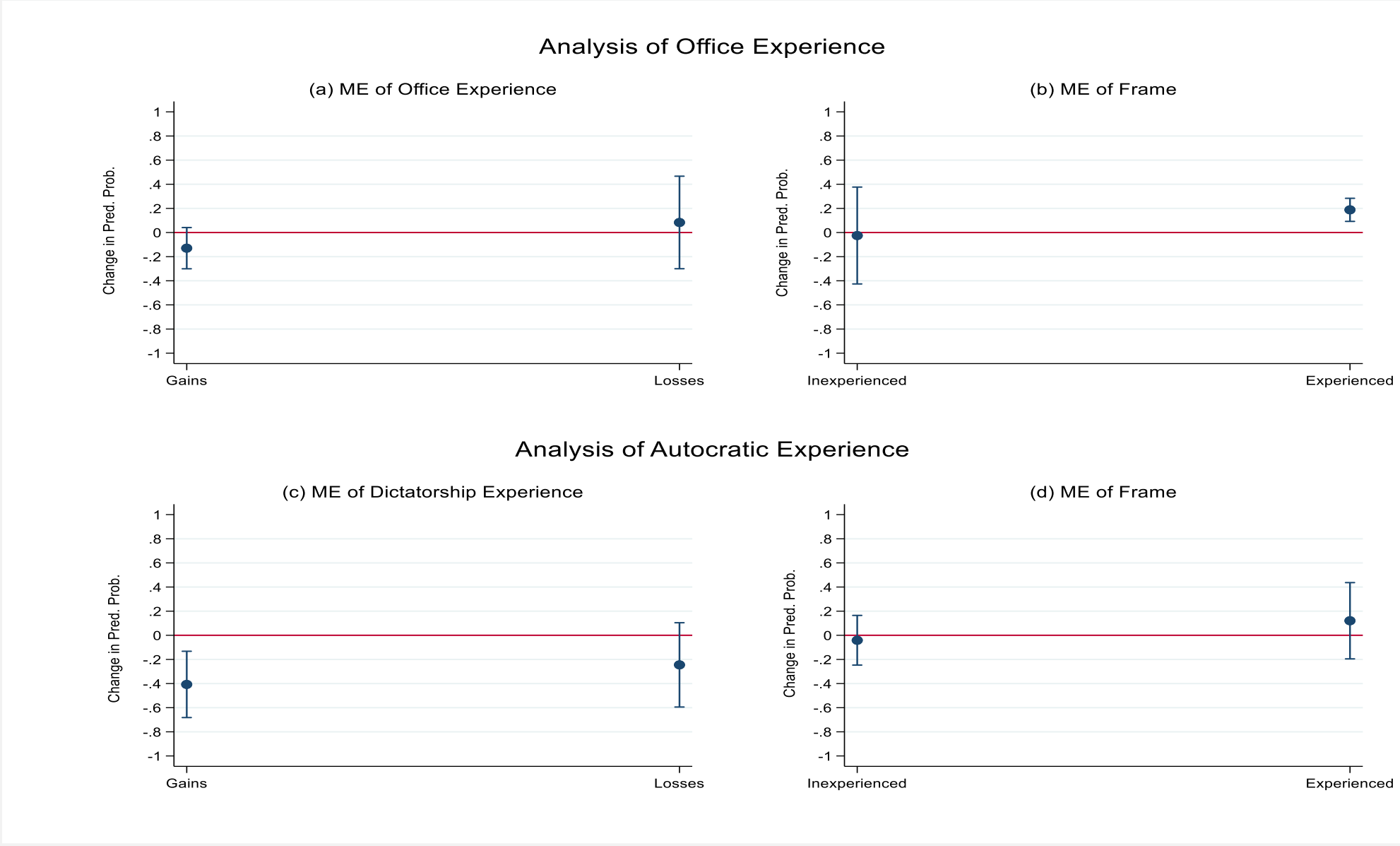
"How long have you been active in politics?"

- Coded 1 if reported years indicated respondent had been active in *professional* politics before 2008.
- Sample with autocratic experience in Pakistan: 68%
- Correlation between autocratic and office experience small and statistically insignificant

Marginal Effects of Experience Based on Probit Models (Appendix Table A5) -- **India**



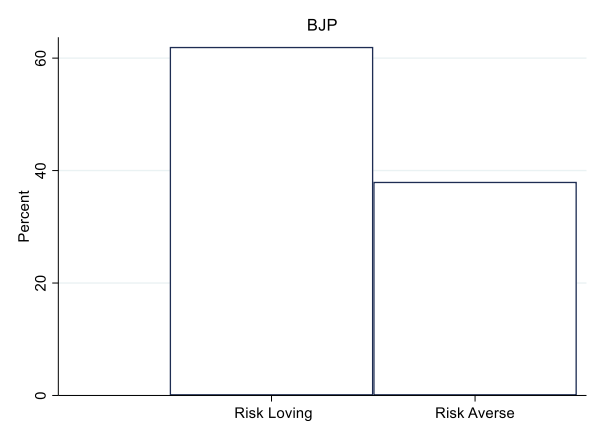
Marginal Effects of Experience Based on Probit Models (Appendix Table A6) -- **Pakistan**

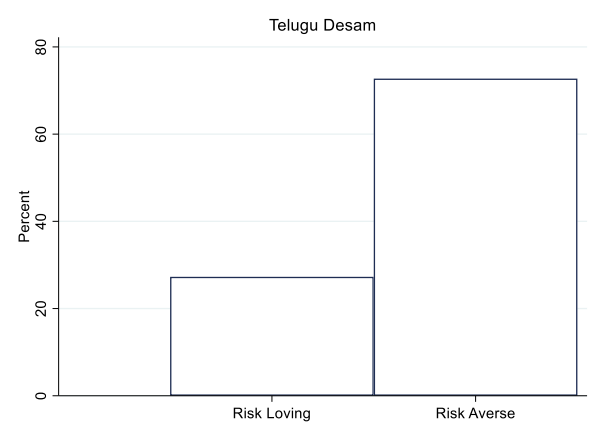


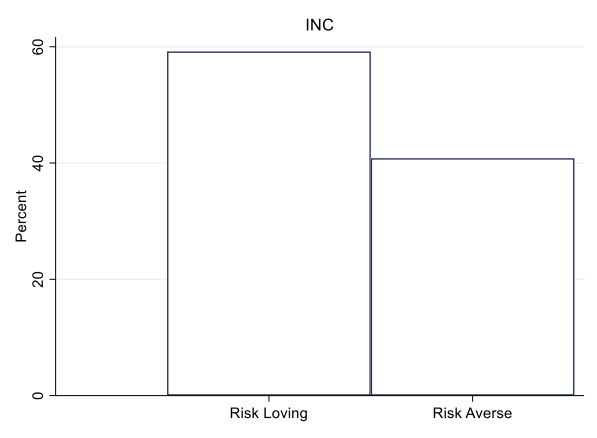
ADR 2021 Report on Party Switching

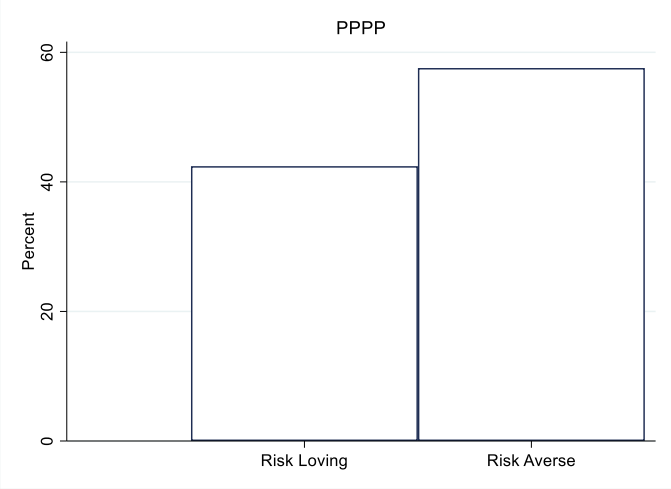
Party-wise share of MPs and MLAs who changed Political Parties

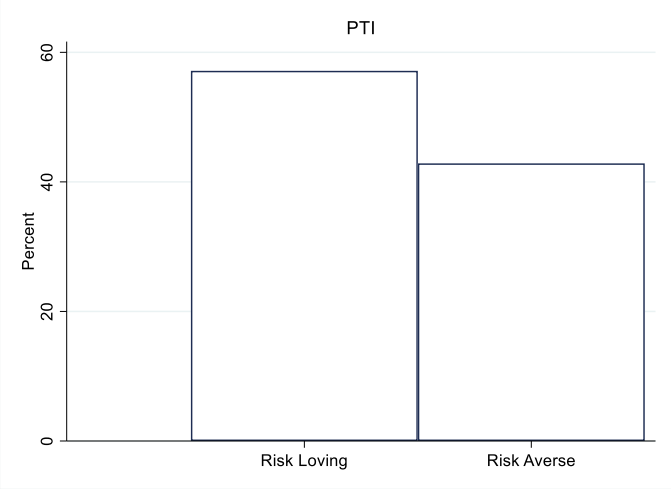
- **170(42%)** MLAs left INC to join another party during the elections held between 2016-2020. While only **18 (4.4%)** MLAs left BJP to join a different party to contest elections during this period.
- Between 2016-2020, **182 (44.9%)** out of 405 recontesting MLAs who switched political parties joined the BJP followed by **38 (9.4%)** MLAs who joined INC and **25 (6.2%)** MLAs who joined TRS.
- **5(41.7%)** Lok Sabha MPs left BJP to join another party during the Lok Sabha elections 2019. While **7 (43.8%)** Rajya Sabha MPs left INC to join a different party to contest elections during the elections held between 2016-2020.
- Between 2016-2020, **10 (62.5%)** out of 16 recontesting Rajya Sabha MPs who switched political parties joined the BJP and **5 (41.7%)** out of 12 Lok Sabha MPs who changed parties joined INC in the Lok Sabha Election 2019.
- It is to be noted that the recent fall of governments in Madhya Pradesh, Manipur, Goa, Arunachal Pradesh and Karnataka State Assemblies were due to defections of their MLAs.

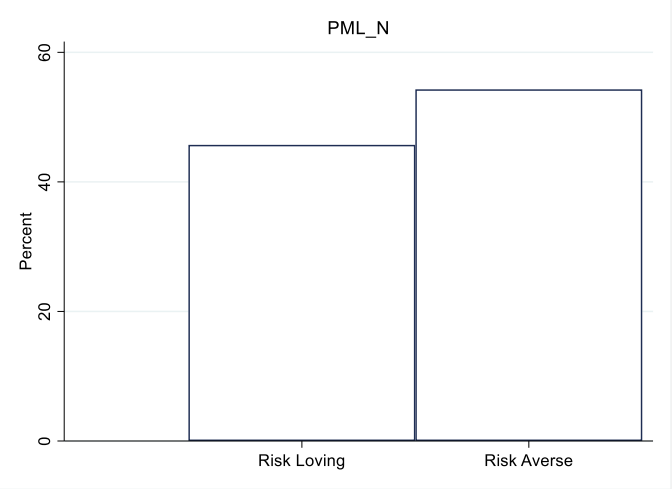

BJP
Percent
0
20
40
60
Risk Loving
Risk Averse


Telugu Desam
Percent
0
20
40
60
80
Risk Loving
Risk Averse


INC
Percent
0
20
40
60
Risk Loving
Risk Averse


PPPP
Percent
0
20
40
60
Risk Loving
Risk Averse


PTI
Percent
0
20
40
60
Risk Loving
Risk Averse


PML_N
Percent
0
20
40
60
Risk Loving
Risk Averse

PARTY SWITCHING

- **Dependent Variable:**
  - ***Party Switcher:*** Has respondent ever switched parties Yes (1) / No (0)

- **Independent Variable:**
  - ***Risk Loving*** – coded 1 if respondent selected Lottery (Program B) in African Disease question, 0 otherwise

- **Controls:**
  - ***Demographic*** – age, education, income, gender, authoritarian personality
  - ***Political*** – dynastic, party position holder, vote share difference in previous elections

OUTCOME 1-OBSERVED BEHAVIOR: PARTY SWITCHING

- **Extant theories:** party switching motivated by office, ideology, pork, rents
- Switching is risky => Not everyone switches
- **India:** 433 politicians switched parties prior to elections (2016-2019) (ADR 2021)
- **Pakistan:** 19% (500-800) of candidates per election between 1990-2008, switched (Qadri 2017)

So, who switches?

Table A7: Probit Models for Dependent Variable - Party Switcher

	India	Pakistan
Risk Loving	**0.308***	**1.154***
	(0.125)	**(0.754)**
Age	**0.023****	0.006
	(0.008)	(0.019)
Education	0.037	-0.184
	(0.085)	(0.225)
Male	0.189	-0.228
	(0.123)	(0.828)
Authoritarian Personality	**0.035*****	**-0.037*****
	(0.010)	**(0.010)**
Party Position Holder	0.040	-0.363
	(0.281)	(0.779)
Dynastic Politician	0.131	**0.711***
	(0.264)	**(0.324)**
BJP/PTI Member	**-0.450***	0.617
	(0.178)	(0.540)
Constant	-4.027*****	0.864
	(0.848)	(2.440)
Observations	165	148
AIC	209.609	144.331
BIC	237.562	171.306

Errors are bootstrapped and clustered at party level.
Standard Errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

OUTCOME II-INSTITUTIONAL PREFERENCE: SUPPORT FOR EMPOWERED, INDEPENDENT COURTS

Insurance Theory:

- ***Risk averse*** individuals support judicial review & judicial independence in victory and loss *iff* elections are competitive enough (Ginsburg 2003; Finkel 2008)
- Election competitiveness evaluated at party level
- Assumes party risk motivates politicians => homogenous reactions to party-level risk
- Empirical tests of judicial review & judicial independence -- only at country level

OUTCOME II--INSTITUTIONAL PREFERENCE: SUPPORT FOR JUDICIAL REVIEW

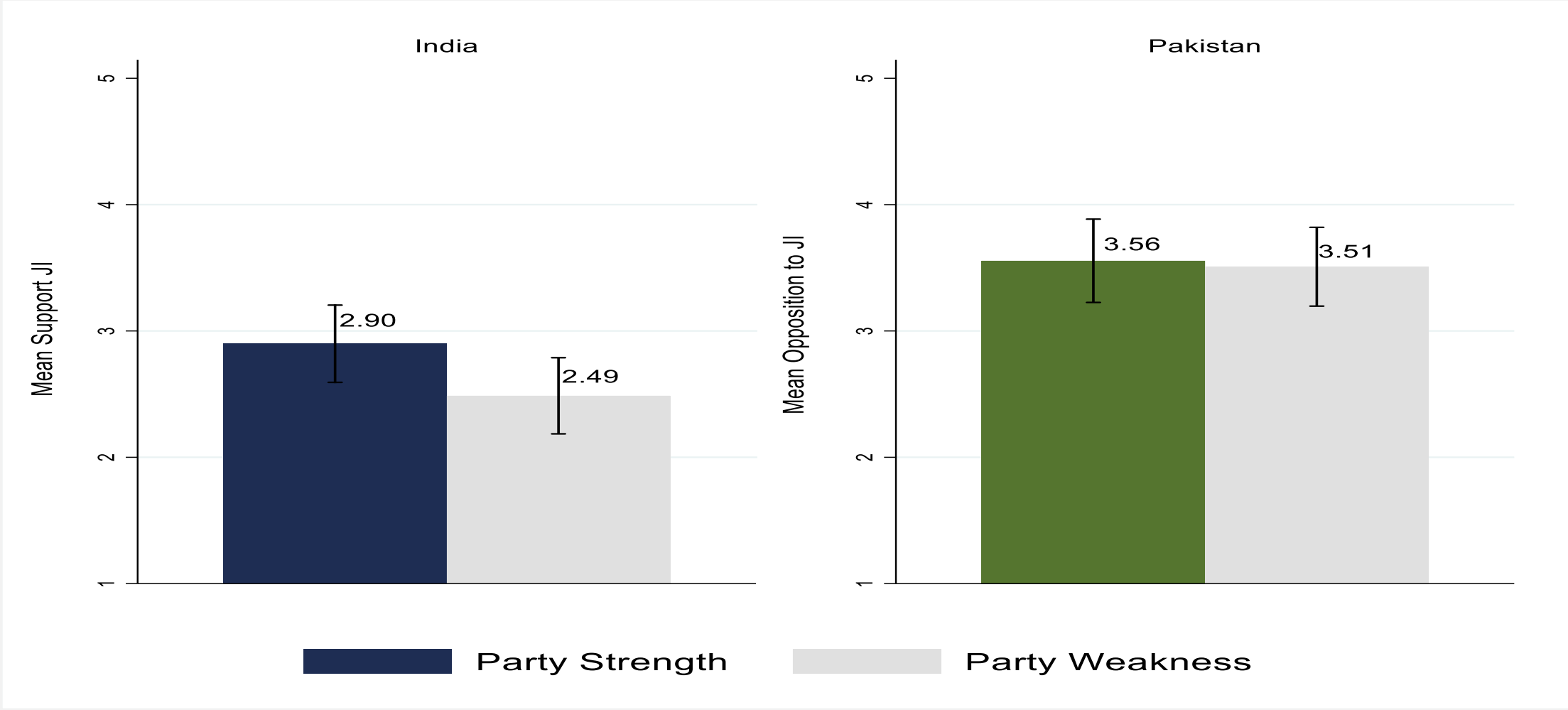
Treatment Party Gains: Suppose that 5 years ago you joined a highly regarded political party. That same year the party experienced a massive surge in popularity due to great management by party leaders and you personally won your seat in those elections by a margin that was very big even given your personal popularity. The party's popularity since then has risen even more under the same leadership and it is expected to win another big victory during the current elections.

Treatment Party Losses: Suppose that 5 years ago you joined a highly regarded political party. That same year the party experienced a massive decline in popularity due to poor management by party leaders and you won your seat in those elections by a margin that was very close even given your personal popularity. The party's popularity since then has declined even more under the same leadership and it is expected to experience another big loss during the current elections.

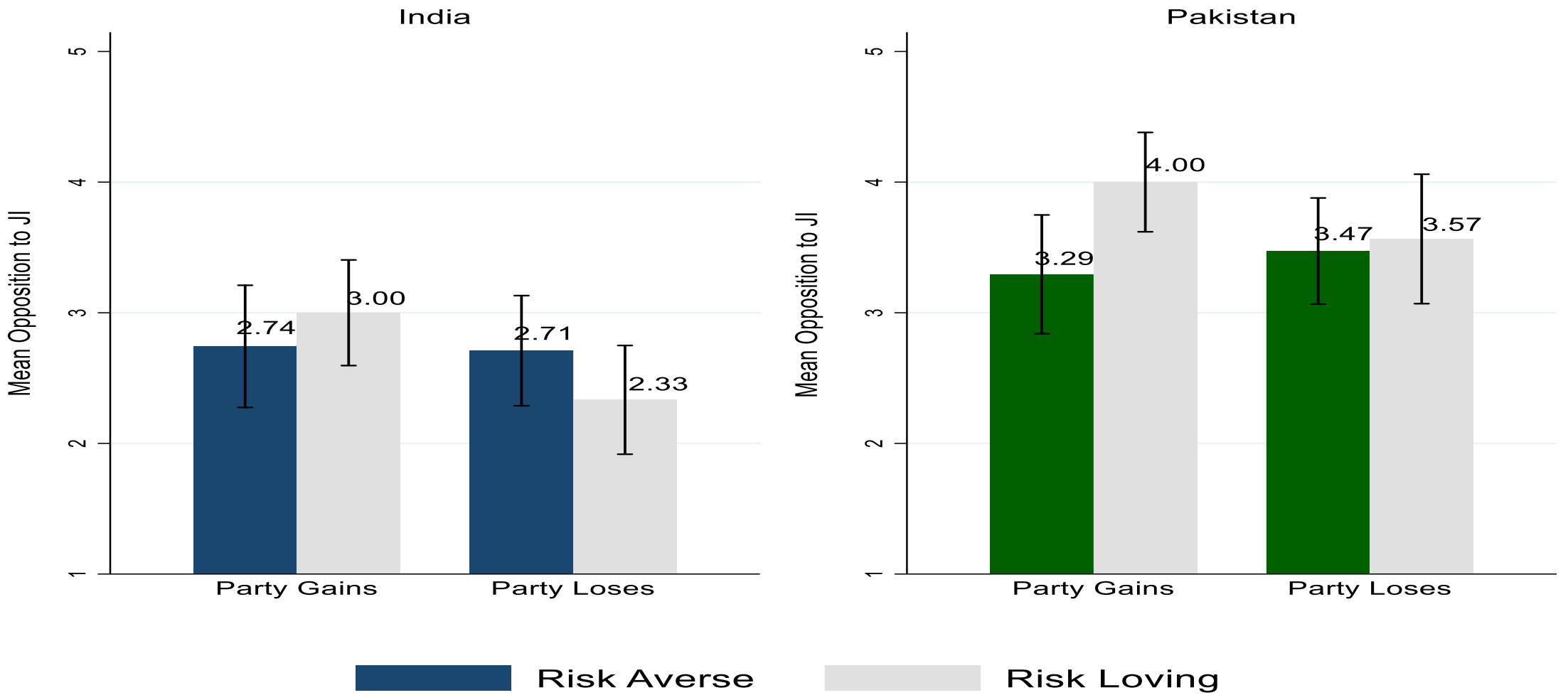
After these elections, your party plans on supporting the passage of several important bills. Would you vote with your party on these bills -- **Limit the ability of courts to challenge or overturn government policies.**

1. **Definitely not** 2 Probably not 3 Not sure 4 Probably 5 Definitely

OPPOSITION TO JUDICIAL REVIEW: PARTY WIN/LOSS



HETEROGENOUS RESPONSES TO PARTY RISK: **BY INDIVIDUAL RISK ATTITUDE**



Ordered Probit Models: controlling for demographic and political characteristics, confirm results

Table A8: Ordered Probit Models – Dependent Variable -- Opposition to Empowered, Independent Courts

	India.	Pakistan
Risk Loving	**0.393*** **	**0.384***
	(0.098)	**(0.153)**
Party Risk Treatment	0.140	**0.248***
	(0.136)	**(0.121)**
Age	0.008	-0.007
	(0.007)	(0.010)
Education	0.128	0.263
	(0.098)	(0.177)
Male	0.309	**2.090*** **
	(0.262)	**(0.483)**
Religiosity	-0.191	-0.120
	(0.160)	(0.195)
BJP/PTI Member	**0.173***	**0.300***
	(0.081)	**(0.119)**
Party Position Holder	**-0.256****	**0.386***
	(0.079)	**(0.169)**
Personal Risk Treatment	-0.182	-0.058
	(0.149)	(0.214)
Threshold Parameter 1	-0.522	0.352
	(0.613)	(0.522)
Threshold Parameter 2	0.072	0.769
	(0.667)	(0.442)
Threshold Parameter 3	0.768	1.686**
	(0.705)	(0.546)
Threshold Parameter 4	1.438*	2.542***
	(0.673)	(0.481)
Observations	165	152
AIC	502.905	439.062
BIC	533.965	451.158

Standard Errors in parentheses * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

WVS - 2014: Indians MORE Risk Averse than Pakistanis

```
. ttest risk, by(V2) unequal

Two-sample t test with unequal variances
```

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
India	5,065	3.301481	.0247728	1.763049	3.252915	3.350046
Pakistan	1,176	2.940476	.0432424	1.482905	2.855635	3.025317
combined	6,241	3.233456	.0217653	1.719461	3.190789	3.276124
diff		.3610046	.0498357		.2632699	.4587392

```
    diff = mean(India) - mean(Pakistan)                           t =   7.2439
Ho: diff = 0                     Satterthwaite's degrees of freedom =  2022.27

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
```

Group 2 Option 2: Now I am going to read you 5 things that describe many people in India. After I read all five, just tell me. of these things are true about you. I don't want to know which ones, just

Option_2

1. **I would NOT consider myself to be a sports fan.**
2. **I speak more than one language reasonably well**
3. **I could name all the teams in the Vivo Pro Kabaddi League**
4. ***I am not very religious personally**
5. **I have two brothers**

Number of items that apply to you:

T-test across treatments: Δ = -.055, p-value =.809

BIDR Regression Models

	Rel. Importance	Revelation	Diet	Inter-Religious Marriage	Observing Caste	Rel. Importance	Revelation	Diet	Inter-Religious Marriage	Observing Caste
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
Image Management Ind.	0.077	0.093	-0.129	-0.057	-0.021	0.085	0.090	-0.151	-0.064	-0.028
	(0.058)	(0.060)	(0.070)	(0.055)	(0.055)	(0.058)	(0.060)	(0.091)	(0.055)	(0.055)
Self-Deception Index	-0.045	-0.063	0.106	-0.069	-0.111	-0.039	-0.067	0.088	-0.080	-0.117
	(0.062)	(0.066)	(0.077)	(0.059)	(0.060)	(0.062)	(0.066)	(0.078)	(0.059)	(0.060)
BJP Member	-0.525**	0.687**	0.315	0.411*	-0.078	-0.551**	0.703**	0.326	0.445*	-0.065
	(0.203)	(0.216)	(0.240)	(0.196)	(0.191)	(0.204)	(0.217)	(0.242)	(0.197)	(0.192)
Party Position						0.424*	-0.286	-0.658**	-0.502**	-0.379*
						(0.198)	(0.203)	(0.230)	(0.190)	(0.191)
Observations	157	154	147	165	154	157	154	147	165	154
AIC	346.817	335.819	280.575	425.399	424.297	344.248	335.829	274.406	420.392	422.367
BIC	374.323	363.151	307.489	453.352	451.630	374.810	366.199	304.310	451.451	452.737
Chi-squared	9.903	15.968	7.878	11.306	6.411	14.472	17.957	16.048	18.313	10.341

Note: Controls for age, education, gender not significant.

15. When you think of the word “risk” which of the following words comes to mind first?	1	Loss
	2	Uncertainty
	3	Opportunity
	4	Thrill

```
. ttesti 165 2.024 1.137 142 1.620 .987

Two-sample t test with equal variances
```

	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
x	165	2.024	.0885153	1.137	1.849223	2.198777
y	142	1.62	.0828272	.987	1.456256	1.783744
combined	307	1.837134	.0620614	1.087403	1.715012	1.959255
diff		.404	.1225116		.1629251	.6450749

```
    diff = mean(x) - mean(y)                                      t =   3.2976
Ho: diff = 0                     degrees of freedom =      305

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9995         Pr(|T| > |t|) = 0.0011          Pr(T > t) = 0.0005
```

```
. ttesti 165 2.4 .936 152 2.046 .965

Two-sample t test with equal variances
```

	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Interval]
x	165	2.4	.0728675	.936	2.256121	2.543879
y	152	2.046	.0782718	.965	1.891351	2.200649
combined	317	2.230259	.0541945	.9649052	2.123631	2.336886
diff		.354	.1068058		.143857	.564143

```
    diff = mean(x) - mean(y)                                      t =   3.3144
Ho: diff = 0                                     degrees of freedom =      315

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9995         Pr(|T| > |t|) = 0.0010          Pr(T > t) = 0.0005
```