

How Effective Are Monetary Incentives to Vote?

Evidence from a Nationwide Policy

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How do people respond to marginal monetary incentives to vote?

- Over 200 million people in 10 countries are legally required to vote
 - Argentina, Australia, Belgium, Brazil, Ecuador, Luxembourg, Nauru, Peru, Singapore and Uruguay
- Most of these countries enforce the mandate to vote through monetary sanctions (fines for not voting)
- Little is known about the effect of marginal changes to these monetary incentives on voters' behavior
- Important input for discussion on desirability/design of mandatory voting

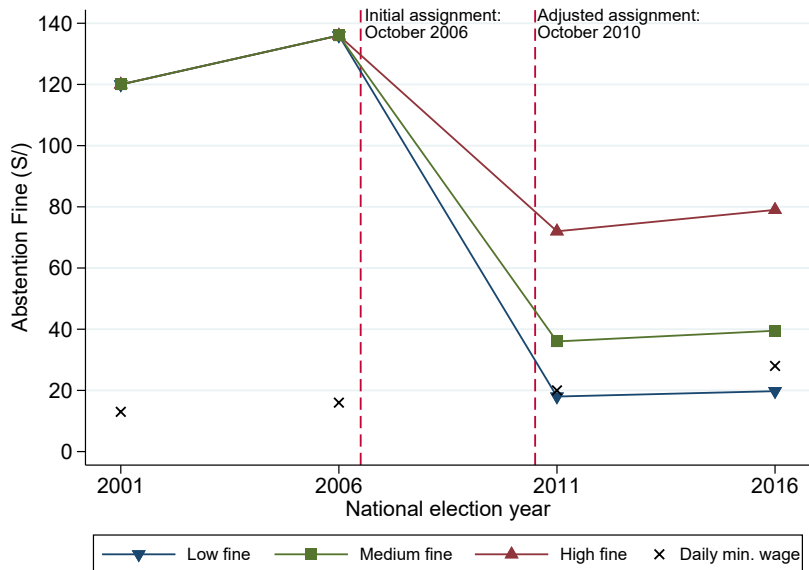
Voters' response is ex-ante unclear along several margins

- How responsive is voter turnout?
 - Extrinsic vs intrinsic incentives (Bénabou and Tirole, 2003, 2006)
 - Informational constraints and limited compliance 'in the wild'
- Does the fine affect electoral outcomes?
 - Rational abstention by the uninformed (Feddersen and Pesendorfer, 1996)
- Is the fine the main driver of the gains in turnout from CV?
 - Expressive value of the law (Funk, 2007)

We study changes to the value of the voter abstention fine in Peru

- A reform in 2006 differentially reduced the fine across districts, providing plausibly exogenous variation in the pecuniary incentive
- Using administrative data, we study voter turnout, registration and electoral outcomes (also fine payment)
- We use data on web searches to study the acquisition of information about the abstention fine
- We exploit the 70+ exemption from CV to estimate its aggregate effect and gauge the importance of the fine

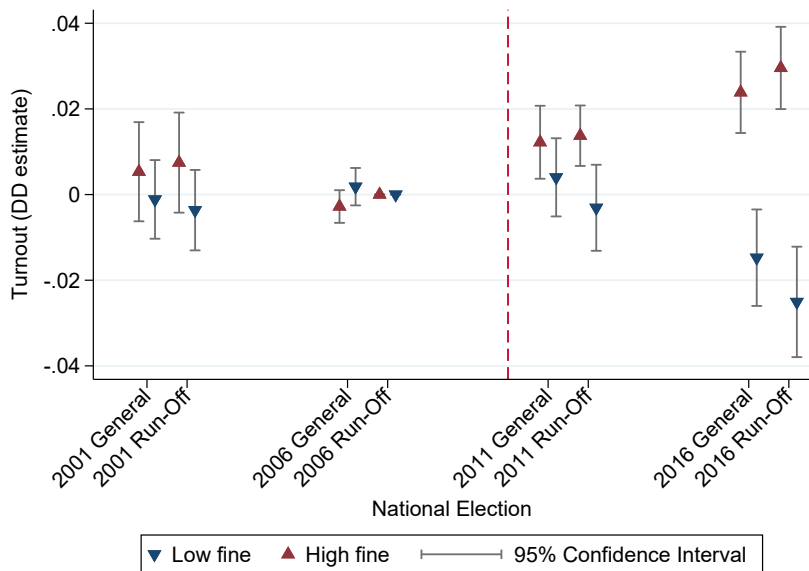
Our sample period covers four national election cycles



Monetary incentives matter, but mainly in unexpected ways

- Value of the abstention fine has a robust, positive effect on turnout
 - Differs by time horizon, election type and income

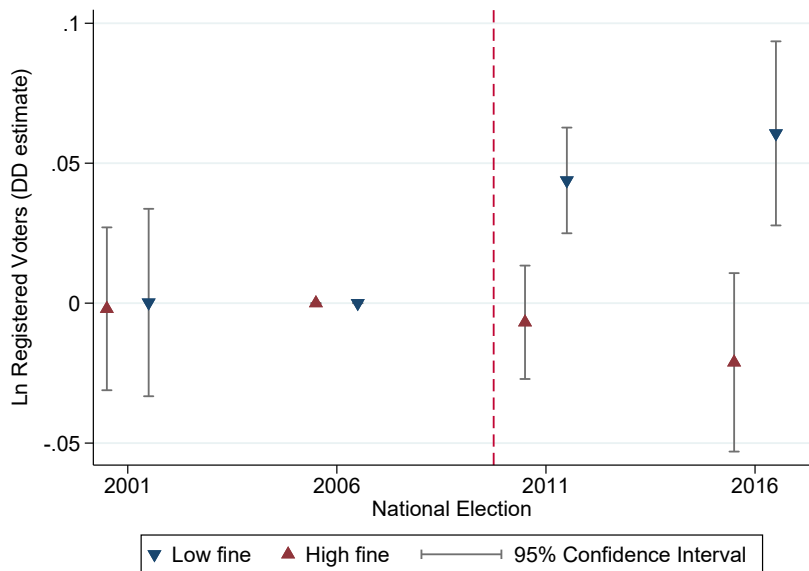
By 2016 run-off, 5 pp turnout gap between high- and low-fine districts



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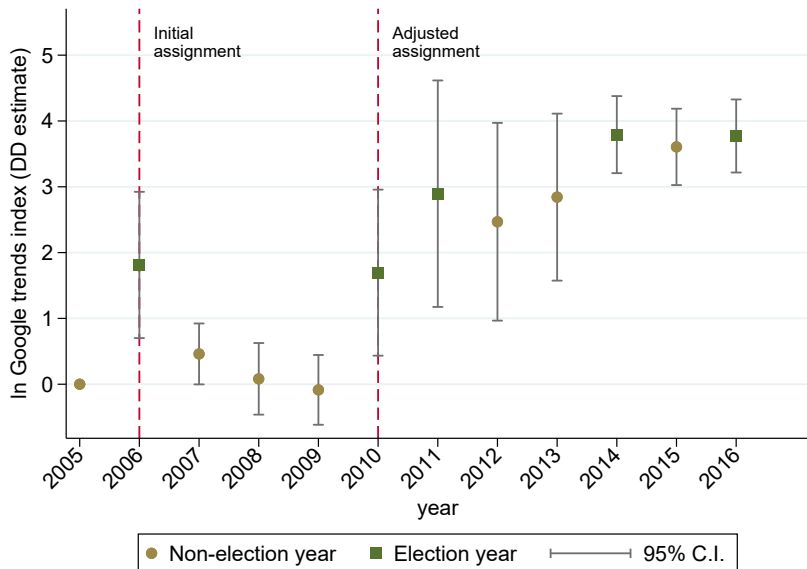
Voter registration rises disproportionately in low-fine districts



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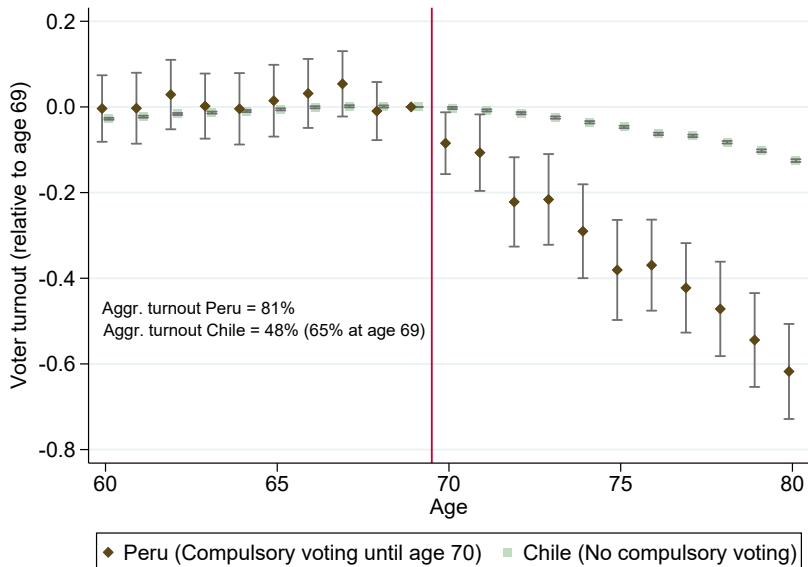
Fine-related web searches increase disproportionately after the reform



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Turnout falls 20 pp between ages 69 and 72 (< 2 pp in Chile)



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- For every 10 extra votes induced by a marginally larger fine, 8.6 are either blank or invalid

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Dependent variable:	Turnout $_{i,t}$		Blank votes $_{i,t}$		Invalid votes $_{i,t}$	
	(1)	(2)	(3)	(4)	(5)	(6)
Fine value $_{i,t}$ (S/ × 100) [a]	0.043*** [0.009]	0.017* [0.009]	0.027*** [0.005]	0.018*** [0.006]	0.010** [0.005]	0.004 [0.006]
Fine value $_{i,t}$ × $\mathbb{1}(2016)_t$ [b]		0.045*** [0.005]		0.016*** [0.004]		0.011** [0.005]
Observations	6,768	6,768	6,768	6,768	6,768	6,768
Districts	1692	1692	1692	1692	1692	1692
R-squared	0.015	0.024	0.011	0.013	0.002	0.003
Mean of dep. var	0.851	0.851	0.0890	0.0890	0.0334	0.0334
District FE	Yes	Yes	Yes	Yes	Yes	Yes
Election × Province × Category '06 FE	Yes	Yes	Yes	Yes	Yes	Yes
p-value $H_0: a+b=0$		0.000		0.000		0.006

Standard errors clustered by province (192 units). *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Conclusions and contribution to the literature

- Monetary incentives to vote have a positive, small and heterogeneous effect on turnout 'in the wild' (Panagopoulos, '12; León, '17; Carpio et al., '18)
- Small GOTV experiments fail to capture hetero. + info. frictions (Al-Ubaydli et al., '17, '19; Banerjee et al., '17; Muralidharan and Niehaus, '17;)
- Non-monetary incentives are main drivers of the effectiveness of CV (Funk, '07; Fowler, '13; Jaitman, '13; Cepaluni & Hidalgo, '16; Hoffman et al., '17; Bechtel et al., '18)
- Marginal changes to electoral participation do not affect representation (Miller, '08; Cascio and Washington, '13; Fujiwara, '15)