



Research Paper

Choosing a public-spirited leader: An experimental investigation of political selection[☆]



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ABSTRACT

In this experiment, voters select a leader who can either act in the public interest, i.e. make efficient and equitable policy choices, or act in a corrupt way, i.e. use public funds for private gain. Voters can observe candidates' pro-social behavior and their score in a cognitive ability test prior to the election, and this fact is known to candidates. Therefore, self-interested candidates have incentives to act in a pro-social manner, i.e. to pretend to be public-spirited leaders. We find that both truly pro-social and egoistic leaders co-exist, but that political selection is ineffective in choosing public-spirited leaders. The main reason is that egoistic candidates strategically pretend to be pro-social to increase their chances of winning the election.

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Acting is all about honesty. If you can fake that, you've got it made.

George Burns

1. Introduction

How do voters select political leaders? Under what conditions does this selection process result in “good” politicians being in charge? These questions are of obvious practical relevance for the functioning of democracy but they have only recently received the attention they deserve by academic (political) economists (e.g. Besley, 2006; Caselli and Morelli, 2004; Messner and Polborn, 2004; Diermeier et al., 2005; Dal Bo et al., 2007; Matozzi and Merlo, 2007; Acemoglu et al., 2010; Ferraz and Finan, 2009; Galasso and Nannicini 2011; Brollo et al., 2013). Studies of political selection typically investigate

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the determinants of the “quality” of elected politicians where quality is measured, for example, in terms of competence or honesty. Selection may take place either at the stage of entry into the political arena or the stage of actual selection for office, for example through an election (see [Besley, 2005](#)). While a number of empirical studies of political selection exist, only few have used experimental methods, which allow researchers to precisely pin down determinants in stylized environments (e.g. [Dasgupta and Williams, 2002](#); [Houser et al., 2009](#); [Hamman et al., 2011](#); [Corazzini et al., 2014](#); [Galeotti and Zizzo, 2015](#); see our [Section 2](#) for a discussion).

This paper focuses on selection of public-spirited versus corrupt leaders at the election stage. In our setting, all voters prefer public-spirited leaders and all politicians have incentives to be corrupt: leaders are in control of public funds and can use those either in the public interest – by providing a public good which is both efficient and fair – or for their exclusive private gain. It is a fairly common view that all candidates for political office are corrupt “rascals”. However, this view is not plausible in theory ([Bernheim and Kartik, 2014](#)), nor is it supported in experimental research (e.g. [Drazen and Ozbay, 2016](#)). We therefore assume (and we confirm this assumption in our results) that voters indeed have the choice between candidates who are public-spirited and purely self-interested. The voters’ problem is that they cannot directly observe the candidates’ “types”. Instead, candidates can signal their type to voters through their reputations, i.e. their observable behavior before the election. This creates an incentive for self-interested candidates to pretend to be public-spirited in the pre-election period in order to improve their electoral prospects. Strategic pretending, in turn, hampers voters’ ability to select truly public-spirited leaders.

We design an experiment to investigate whether such strategic pretending takes place, and how it affects the quality of political selection. The experimental method is well suited for this type of investigation. In the field, it is hard to adequately measure the pro-social behavior of political candidates and to determine whether, once elected, their policies serve the public interest or not. In particular, it is difficult to know the counterfactual policies that candidates *not* elected would have chosen, had they been elected. Without this information, it is hard to judge the quality of political selection, i.e. whether voters in fact succeed in choosing the most public-spirited leaders. In contrast, our experiment measures social behavior that is unobserved by voters as a proxy for pro-social orientation. In our setting it is easy to determine whether policies serve the public interest, and we learn the policy choices of both winners and losers in an election. Our experimental design also allows us to gauge whether candidates engage in strategic pretending in the pre-election period, and how this behavior affects the political selection process.

In essence, our experimental design consists of a vote which takes place between two public goods (PG) games. First, subjects play a standard PG game in which each group member is in control of his or her endowment and can allocate it to a private good or the PG. Choices in this game are observed by voters, and all participants are aware of this fact from the beginning of the game. Voters then elect one subject as the leader who controls all endowments in the group. In the second (“centralized”) PG game, the leader decides how much of the total endowments to allocate to the PG and how much to keep for himself. Hence, strictly self-interested participants may have an incentive to strategically contribute in the standard PG game to improve their chances of winning the election.

Candidates are required to commit to their behavior as leaders before knowing whether they in fact won the election (that is, we use the “strategy method”). The advantage of this procedure is that the policies of winners as well as losers in the election are known to the experimenter. This allows us to analyze whether voters are successful in picking the most public-spirited candidates. In control treatments, leaders are randomly appointed. This benchmark allows us to investigate whether efficiency is higher with elected leaders than with randomly appointed ones. In addition, we let subjects play several rounds of the public goods game knowing that they are unobserved by others, and not knowing that a voting game follows, before the game described above begins. This unobserved part provides information about participants’ pro-social behavior that is free of strategic incentives as a benchmark.

Our main findings are that political selection is potentially important, in the sense that there is high and partly predictable variation in the behavior of leaders. The modal leader is corrupt and simply pockets the entire endowment, but about 18 percent of leaders are public-spirited in that they allocate the entire endowment to the public good. It therefore matters a great deal who gets elected. Voters are to a large extent able to use the information they are provided rationally. They tend to base their voting decisions on the observed contributions to public good (but not on a score for cognitive reflection, which is also provided). Yet, the political selection process in the experiment turns out to be ineffective. We find that the chosen leaders are not significantly more pro-social than the non-chosen, or than leaders selected at random. We argue that the key explanation for this result is strategic contribution behavior by self-interested candidates in the pre-election period. Strategic pretending hampers voters’ ability to select the most public-spirited types.

To cleanly isolate issues of political selection and strategic behavior, we control for a number of aspects of politics which are likely to matter much in the field, such as incumbency and re-election incentives. The literature section below references papers that did address these issues, and we discuss potential extensions of our set-up in the conclusion.

The paper proceeds as follows. [Section 2](#) discusses related literature and [Section 3](#) presents the experimental design. [Section 4](#) derives theoretical predictions and [Section 5](#) presents results. [Section 6](#) concludes.

2. Related studies

This study is related to a group of theoretical papers analyzing signaling games between politicians and voters (e.g. [Austen-Smith and Banks, 1993](#); [Banks and Sundaram, 1993](#); [Coate and Morris, 1995](#); [Fearon, 1999](#); [Besley, 2006](#); [Besley and](#)

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