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Documentos de Trabajo

Does political gridlock undermine checks and balances? A Lab Experiment

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Documento No. 05/19
Noviembre 2019

ISSN 0797-7484

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November, 2019

Abstract

Strong checks on the executive are aimed at protecting citizens from the government abuse of power. However, citizens have supported the loosening of these checks in many countries and periods. We present a simple model where citizens may remove the controls on the executive even when this allows rent extraction. Citizens' decision is triggered by a political gridlock, that is, a situation where an executive proposing a reform is blocked by a conservative legislature. We test the main predictions of the model in a lab experiment. We find that political gridlocks raise the probability that subjects in the experiment choose to weaken checks and balances. This result is partially consistent with the predictions of our model: subjects weaken controls in response to a political gridlock not only when the reform is beneficial, which is the predicted result, but also when it is harmful, which rejects our model prediction. Consistent with the model predictions, we find that the probability that subjects weaken controls is lower when rents are high. Finally, we compare neutral and political framing —with rents identified as “costs” in the former and “corruption” in the latter—, and find that the probability that subjects choose to weaken checks and balances is lower in the political framing.

Keywords: Political agency, separation of powers, checks and balances, lab experiment.

JEL Codes: D72, E690, P160

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[§]We are grateful with Marina Agranov, Juan Camilo Cárdenas, Germán Feierherd, Leopoldo Fergusson, Santiago Lopez Cariboni, Daniel Monte, and Graciela Sanroman for their insightful comments and suggestions. We are also in debt with participants at Seminario Anual - dECON. Financial support from ANII, FCE.1.2017.1.135851, is gratefully acknowledged. This research was approved by the Ethics Committee of the Faculty of Medicine of Universidad de la República and the Ethics Committee of McMaster University (3699). Luciana Cantera, Manuel Adler and Romina Quagliotti provided excellent assistance in the experimental sessions. The usual disclaimer applies.

Resumen

Fuertes controles al poder ejecutivo tienen por objetivo proteger a los ciudadanos del abuso de poder. Sin embargo, los ciudadanos han apoyado el debilitamiento de estos controles en muchos países y períodos. En este artículo presentamos un modelo en el cual los ciudadanos pueden decidir remover los controles al poder ejecutivo aun cuando esto permita la extracción de rentas. Esta decisión se desencadena cuando hay una paralización política, esto es, cuando el poder ejecutivo propone una reforma que es bloqueada por un poder legislativo conservador. Testamos las principales predicciones del modelo en un experimento de laboratorio. Encontramos que la paralización política aumenta la probabilidad con la cual los sujetos eligen debilitar los controles. Este resultado es parcialmente consistente con las predicciones del modelo: los sujetos debilitan los controles en respuesta a una paralización política no sólo cuando la reforma es beneficiosa —el resultado que el modelo predice—, sino también cuando es perjudicial —lo que contradice la predicción del modelo. Consistente con el modelo encontramos que la probabilidad de que los sujetos debiliten los controles es más baja cuando las rentas son altas. Finalmente, comparamos dos marcos de presentación del problema, uno con un fraseo neutral y el otro político (con las rentas identificadas como costos en el primer caso y como corrupción en el segundo), y encontramos que la probabilidad con la cual los sujetos eligen el debilitamiento de controles es más baja en el marco de un fraseo político.

Palabras clave: Agencia política, separación de poderes, controles y contrapesos, experimento de laboratorio.

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1 Introduction

Episodes of weakening of checks and balances with citizens support represent a puzzle and a challenge for political economy. If checks and balances are aimed at protecting citizens from government’s abuse of power, why are they willing sometimes to remove them? Although the general trend in last decades has been an increase in checks and balances (Besley and Persson 2011), some developing democracies have experimented reverse trends (Besley and Persson 2011; Karakas 2016). This was the case of several Latin American countries during the 1990s and 2000s (Acemoglu et al. 2013; Forteza and Pereyra 2019), Recep Erdoğan in Turkey, Viktor Orbán in Hungary, and Vladimir Putin in Russia. Understanding these episodes is crucial because of the long-term effects they generally have. Many of these weakenings took place through constitutional reforms and even when from citizens perspective they may be justified under certain circumstances, their consequences remain for many periods. Moreover, experimental evidence shows that citizens may support policies that although producing direct benefits, ultimately hurt welfare (Dal Bó et al. 2017).

We are aware of only two theoretical papers proposing explanations for this phenomenon (Acemoglu et al. 2013; Forteza and Pereyra 2019). Acemoglu et al. (2013) argue that the poor majority supports the dismantling of checks and balances because politicians are less tempted to accept bribes from the rich elites if they can extract rents than if they cannot. That is, the dismantling of checks and balances makes politicians “expensive” to bribe. Forteza and Pereyra (2019) offer a complementary explanation: citizens sometimes support the weakening of checks and balances to facilitate reform. Checks and balances limit corruption but often lead to political gridlock. When the executive promotes and the legislature opposes reform voters may be willing to grant the executive special powers to advance reform even when they know that special powers facilitate rent extraction. Noteworthy, the existence of a political gridlock is a key condition for their argument.

Ryvkin and Semykina (2017) test experimentally the main predictions of Acemoglu et. al.’s model. They focus on the effect of inequality and productivity on the likelihood of democracy breakdown, that is, of a transition from democracy to autocracy. In this paper we present a lab experiment to test Forteza and Pereyra’s main predictions. In particular, **we investigate if voters do weaken checks and balances as a response to political gridlock.**

The **first part** of the paper presents a simplified version of Forteza and Pereyra’s model where voters are the only players, and have to choose the rule that maps policy proposals made by the executive and the legislature to effective policies. There are two possible policies: to keep the status quo, or to implement a reform. All voters have the same preferences over policies: they prefer the one that matches the state of nature. However, they do not observe the state of nature, they only know the probability with which a reform is beneficial. The executive and the legislature observe the state of nature, and then

propose and commit to a policy.¹ Each politician in office can be conservative, reformist, or unbiased. Conservatives always propose to keep the status quo, reformists to implement a reform, and unbiased propose the policy that matches the states of nature. Voters observe if each branch is conservative, reformist, or unbiased, and the policy proposals. After that, they have to vote on two possible rules: **checks and balances** (CB), and **special powers** (SP). Under the first rule, a reform is implemented if, and only if, both branches agree, otherwise the status quo remains. With special powers, the policy proposed by the executive is implemented. Additionally, with SP the executive extracts rents, which implies a cost for voters.

We focus the analysis on a situation of **political gridlock**, that is, when the executive proposes a reform and the legislature proposes to keep the status quo. Note that a political gridlock may come out in three (and only three) different situations. First, when the executive is reformist and the legislature is conservative. Second, when the executive is unbiased and proposes a reform and the legislature is conservative. Third, when the executive is reformist and the legislature is unbiased and proposes the status quo. In the first situation, the policy proposals do not reveal new information about the state of nature. However, in the last two, the state of nature is revealed (a reform is needed in the second situation, while the status quo is the best policy from citizens perspective in the last situation).

We study how the probability of SP changes with: the existence of a political gridlock, the probability with which a reform is beneficial, and the amount of rents. We have two complementary hypotheses regarding the impact of political gridlock. (H1a): a political gridlock (weakly) **raises** the probability of SP if (i) the executive is reformist, the legislature is conservative and the reform is ex ante beneficial, or (ii) the executive is unbiased and proposes reform, and the legislature is conservative, no matter whether the reform is ex ante beneficial or harmful. (H1b): a political gridlock (weakly) **reduces** the probability of SP if (i) the executive is reformist, the legislature is conservative and the reform is ex ante harmful, or (ii) the executive is reformist and the legislature is unbiased and proposes the status quo policy, no matter whether the reform is ex ante beneficial or harmful. Our hypothesis (H2) is that the probability that voters grant *SP* is not decreasing in the probability that the reform is beneficial. Finally, hypothesis (H3) is that the probability of *SP* is not increasing in the amount of rents.

The **second part** of the paper presents the design and results of a laboratory experiment. The experiment has two main stages.² In the first stage, subjects are trained and primed. We present the environment and 10 different situations where subjects have to (i) predict rulers proposals knowing politicians types (conservative, reformist, or unbiased), and the state of nature, (ii) tell whether there is

¹We assume politicians credibly propose policies before voters decide over special powers. This timing is meant to capture real life episodes in which rulers demanded special powers to advance a reform program. In these episodes there was little doubt that the announced policies would be implemented (references!), so there were no commitment issues. We represent this commitment ability assuming it stems from politicians types: some politicians prefer the status quo, some the reform and some the matching of the policy with the state of nature.

²Additionally, we investigate subjects' risk aversion, and gather information on socioeconomic characteristics, political affiliation and beliefs.

a political gridlock, (iii) predict policies with and without special powers, and (iv) choose between *CB* and *SP*.³ In the second part of the experiment, participants do **not** observe the state of nature, they only know the probability of each state. In this part, they take decisions for 14 periods. In each period, subjects are informed of the policy proposals and politicians' types, and have to answer: (i) whether or not there is a political gridlock, (ii) the policy implemented with each rule, and (iii) to choose between *CB* and *SP*.

Participants are assigned to one of seven treatments. In the first five, the framing is neutral: the executive and the legislature are introduced as two decision makers, *CB* as Rule 1, *SP* as Rule 2, and rents are explained as the cost of adopting Rule 2. In treatment six, the only difference with respect to the previous treatments is that the cost of Rule 2 is framed as the loss subject has from corruption (the rents stolen by X). Only in treatment seven we frame everything in terms of political decisions in a presidential system: decision makers are the executive and the legislature, subjects are citizens voting on checks on the executive, rules 1 and 2 are *CB* and *SP*, respectively, and the cost of special powers, is corruption. The cost of using Rule 2 (rents in terms of the model) is low in the first four treatments, and we vary the probability that the reform is beneficial (low and high) and the frequency of gridlock in the priming phase (high and low frequency). Treatment five has a high cost of implementing Rule 2.

We find evidence supporting many (but not all) of the hypotheses. First, citizens are more likely to support the weakening of *CB* with than without a political gridlock. This occurs, albeit with different intensity, in the three scenarios of political gridlock. The maximum increase occurs when a conservative legislature blocked a reform proposed by an unbiased executive. More modest increases in the frequency of *SP* take place when both politicians are biased, and an even smaller increase is associated to an unbiased legislature blocking a reform proposed by a reformist executive. Second, subjects also support the weakening of *CB* in some situations in which the model predicts the opposite. Indeed, there is an increase in the proportion of subjects voting against *CB* when the political gridlock is produced by a reformist executive and a conservative legislature with an ex-ante harmful reform. The same holds when the legislature is unbiased. Third, the probability that the reform is beneficial has little impact on the frequency of *SP*. As expected, with a reformist executive and a conservative legislature, the frequency of *SP* is lower when the probability that the reform is beneficial is lower. But the difference is not statistically significant. Fourth, in line with the predictions of the model, subjects choose *SP* to a lesser degree when rents are high than low. In summary, experimental results show that a political gridlock (of any kind) triggers citizens support for the weakening of *CB*. But, it seems that subjects focus on the existence of political gridlock and do not realize or do not care whether the reform was beneficial.

One might wonder why a laboratory experiment could be a relevant and valid tool to understand cit-

³Different treatments expose subjects with different scenarios that have varying states of nature and type of politicians, leading to different frequencies of political gridlocks.

izens’ decisions on the strengths of checks and balances. Given the difficulties in gathering observational data of countries experiencing situations where checks and balances are weakened (for example, Hugo Chavez in Venezuela, Rafael Correa in Ecuador, and Evo Morales in Bolivia), economic experiments are an alternative way to attempt to understand under which political conditions and which individual characteristics of citizens make it more likely for these situations to arise.⁴ While individuals come to the laboratory with their own personal baggage, experiments allow us to get rid of potential confounding factors by constructing an isolated, controlled and incentivized environment, designed to answer the specific questions of the experimenter (Agranov and Palfrey 2015; Palfrey 2016). They also offer a clean test of theoretical models in simple environments, allowing researchers to more clearly understand the role of incentives and trade-offs which could also play a role in decision-making outside the lab. In the case of political economy, laboratory experiments are also a valuable tool for understanding decision-making and how individual preferences could play a role on: weakening checks and balances, taxation, wage inequalities, democracy breakdown and voting among other topics, even when the consequences might be detrimental to individuals or countries as a whole (Agranov and Palfrey 2015; Esarey et al. 2012; Großer and Reuben 2013; Palfrey 2016; Putterman et al. 2011; Ryvkin and Semykina 2017).

Many experimental papers have investigated how inequality shapes subjects’ preferences for democratic redistribution mechanisms (Agranov and Palfrey 2015, 2018; Esarey et al. 2012; Großer and Reuben 2013). All of them assume a democratic environment. Closer to ours, Ryvkin and Semykina (2017)’s paper studies the weakening of democratic institutions in a lab environment. They study how the degree of inequality and economic productivity impact the likelihood of democratic breakdown, and in line with Acemoglu et. al.’s model, they find a large positive effect of inequality (but no effect of productivity). As in Ryvkin and Semykina (2017), democracy is endogenous in our paper as citizens vote for *CB* or *SP*. However, different from Ryvkin and Semykina (2017), our focus is not on inequality but on the existence of political gridlock.

After this introduction, the paper proceeds as follows. We present in Section 2 the model and the theoretical predictions. Section 3 describes the experimental design, while Section 4 has the results of the laboratory experiment. The paper ends with a few concluding remarks in Section 5.

2 The model and theoretical predictions

2.1 The model

In this section we introduce a simplified version of the model of Forteza and Pereyra (2019), where voters are the only active players.

⁴Even when some data on checks on the executive is available for a set of countries (see, for example, the Polity IV index of executive constraints), it is collected at an aggregate level, and very difficult to be linked to other sources on information.

States of Nature There are two possible states of nature: $s = 0$ and $s = 1$. The a priori probability of $s = 1$ is $q \in [0, 1]$.

Government. There is a government composed of two branches, the executive (X) and the legislature (L). X and L observe the state of nature $s \in \{0, 1\}$, and make policy proposals $p_X, p_L \in \{0, 1\}$. For concreteness, we assume that the status quo policy is $p_0 = 0$. There are three types of politicians: (i) “conservative” (X_C, L_C) who always proposes the status quo policy $p_i = 0, i \in \{X, L\}$, (ii) “reformist” (X_R, L_R) who always proposes the reform $p_i = 1, i \in \{X, L\}$, and (iii) “unbiased” (X_U, L_U) who matches the state of nature $p_i = s, i \in \{X, L\}$. Note that neither X nor L are strategic agents.

Voters. Voters know politicians’ type and their proposals. They **do not** observe the state of nature, they know q . Once they observe the type of each politician, and their proposals, voters choose one among two possible institutions that lead to different mappings from proposals to implemented policies: checks and balances (CB) and special powers (SP).

Institutional arrangements. With CB the implemented policy is equal to both branches proposals if there is agreement, and to the status quo policy otherwise. With SP , the will of the executive prevails. Equations (1) and Table 1 summarize how these two institutions work regarding policy p .

$$p(CB) = \begin{cases} p_X & \text{if } p_X = p_L \\ p_0 = 0 & \text{if } p_X \neq p_L \end{cases} \quad (1)$$

$$p(SP) = p_X$$

Table 1: From proposals to policies with CB and SP.

| p_X | p_L | $p(CB)$ | $p(SP)$ |
|-------|-------|---------|---------|
| 0 | 0 | 0 | 0 |
| 0 | 1 | 0 | 0 |
| 1 | 0 | 0 | 1 |
| 1 | 1 | 1 | 1 |

Rents. With CB , there is an effective control of the government and hence corruption does not arise ($r = 0$). With SP , the government extracts an amount of rents $r > 0$.

Preferences Citizens care about policies and rents. They prefer the policy that matches the state of nature, $p = s$, and no rent extraction. Their utility function is:

$$v(p, r) = -a\mathbb{E}_s [(p - s)^2] - r, \quad (2)$$

where the parameter $a \geq 0$ captures the relative weight citizens give to policy mismatch and rents.

We also assume that citizens have preferences over the institutions themselves. Let $\varepsilon_{it} \in [-\infty, +\infty]$ be the additive intrinsic utility of CB (net of SP) of voter i in period t .⁵ Then, voter i expected utility gain of voting for CB rather than SP in t is:⁶

$$v(CB) - v(SP) + \varepsilon_{it}$$

where $v(CB) = v(p(CB), r(CB))$ and $v(SP) = v(p(SP), r(SP))$. ε_{it} is a random variable with mean 0, and distribution function F .⁷

The timing is as follows. First, X and L propose policies p_X and p_L . Second, voters decide whether or not to give X special powers. At this time, voters observe (i) X and L types, (ii) policy proposals of X and L , and (iii) the realization of their preference shock ε_{it} , but (iii) they **do not observe the state of nature**.

2.2 Predictions to be tested

Using the policy rules (1) in the utility function (2) we get:

$$v(CB) = \begin{cases} -a\mathbb{E}_s [(p_X - s)^2] & \text{if } p_X = p_L, \\ -a\mathbb{E}_s [(p_0 - s)^2] & \text{otherwise} \end{cases} \quad (3)$$

$$v(SP) = -a\mathbb{E}_s [(p_X - s)^2] - r$$

Note that $v(SP) - v(CB) = -r$ if either $p_X = p_L$ or $p_X = 0$ and $p_L = 1$. The only remaining case is $p_X = 1$ and $p_L = 0$, that is, X proposes a policy change blocked by L , which we refer as a **political gridlock**. If neither X nor L is unbiased, then voters have to rely on the prior probability q to compute the expected utility in the above equations. In this case we have: $v(SP) - v(CB) = -a[\mathbb{E}_s(1 - s)^2 - \mathbb{E}_s(s^2)] - r = -a(1 - 2q) - r$. If at least one of the two rulers is unbiased, then voters can use Bayes rule to deduce the true state of nature from their policy proposals. Therefore, if X is unbiased $v(SP) - v(CB) = -r + a$, and if L is unbiased $v(SP) - v(CB) = -r - a$.

⁵The parameter ε captures the uncertainty that the analyst has about relevant citizens' information, such as their preferences, attitudes, etc. In particular, agents' behavior is likely to vary idiosyncratically. A similar assumption is used in the tradition of random utility (McFadden 1975) and probabilistic voting models (Lindbeck and Weibull 1987).

⁶Our model is static, but subjects in the experiment vote for CB or SP under different situations. We call period t each of these situations.

⁷Expected values $v(CB)$ and $v(SP)$ are conditional on the information observed by voters: politicians types and their policy proposals.

Using the previous observation and equations (3), voters net expected gain from supporting SP is:

$$v(SP) - v(CB) = \begin{cases} -r - a(1 - 2q) & \text{if } X_R, L_C, \\ -r - a & \text{if } X_R, L_U, p_L = 0, \\ -r + a & \text{if } X_U, L_C, p_X = 1, \\ -r & \text{otherwise.} \end{cases} \quad (4)$$

We expect that i vote for SP in t iff $v(CB) - v(SP) + \varepsilon_{it} < 0$.⁸ Thus, the probability that citizen i votes for SP is:

$$Pr(SP) = Pr(\varepsilon_{it} < v(SP) - v(CB)) = F(v(SP) - v(CB)) \quad (5)$$

We can now derive several predictions of the model to be tested in the experiment.

In Proposition 1, we analyze the impact of political gridlock on the probability of SP . We show that, depending on the prevailing circumstances, political gridlock may raise or reduce the probability of SP and provide precise characterizations of these circumstances. In order to test the impact of political gridlock on the probability of SP , we use the benchmark of no political gridlock.

Proposition 1. *H1: The effects of political gridlocks.*

1. *H1a: A political gridlock (weakly) **raises** the probability of SP iff the gridlock occurs with (i) biased X and L (X_R and L_C) and the reform is ex ante beneficial ($q > 1/2$), or (ii) unbiased X (X_U).*
2. *H1b: A political gridlock (weakly) **reduces** the probability of SP iff the gridlock occurs with (i) biased X and L (X_R and L_C) and the reform is ex ante harmful ($q \leq 1/2$), or (ii) unbiased L (L_U).⁹*

Proof of Proposition 1. A political gridlock may arise under three different configurations of politicians types, corresponding to the three first lines in equation (4). There is no gridlock under any other circumstances. Let $Pr(SP|gr)$ and $Pr(SP|No-gr)$ represent the probabilities of SP with and without political gridlock, respectively. Then, using equations (4) and (5) we have that:¹⁰

$$Pr(SP|gr) - Pr(SP|No-gr) = \begin{cases} F(-r - a(1 - 2q)) - F(-r) & \text{if } X_R, L_C, \\ F(-r - a) - F(-r) & \text{if } X_R, L_U, p_L = 0, \\ F(-r + a) - F(-r) & \text{if } X_U, L_C, p_X = 1. \end{cases} \quad (6)$$

⁸We assume voters prefer CB in case of indifference, so we use strict inequality.

⁹By “weakly raises” and “weakly reduces” we mean “does not reduce” and “does not raise”, respectively.

¹⁰As we mentioned before, when there is no political gridlock, $v(CB) - v(SP) = r$. Then voters support SP iff $\varepsilon_{it} < -r$.

If the gridlock occurs with X_R and L_C , then the probability of SP is greater with than without political gridlock iff $q > 1/2$ (first line in equation (6)). If the gridlock occurs with X_R , L_U and $p_L = 0$, then the probability of SP is lower with than without political gridlock (second line in equation (6)). If the gridlock occurs with X_U , L_C and $p_X = 1$, then the probability of SP is greater with than without political gridlock (third line in Equation (6)). \square

The next proposition studies the effect of q on the probability of SP .

Proposition 2. *H2: The effects of q .*

The probability that voters grant SP is a non decreasing function of the probability that the reform is beneficial for citizens iff the executive is reformist and the legislature is conservative. Otherwise, the probability of SP does not depend on the probability q .

Proof of proposition 2. Equation (4) implies that $v(SP) - v(CB)$ is an increasing function of q , if X_R, L_C , and does not depend on q otherwise. Equation (5) says that $Pr(SP)$ is a non decreasing function of $v(SP) - v(CB)$. \square

Proposition 3. *H3: The effects of rents.*

The probability that voters grant SP is not increasing in the amount of rents.

Proof of proposition 3. The hypothesis follows directly from equations (4) and (5). \square

We test two additional hypothesis.

Hypothesis H4. The framing of the problem does not matter for the decisions. In five of the seven treatments the framing is neutral, with X and L as two decision makers, and CB and SP as Rule 1 and Rule 2, respectively. The model predicts no impact of framing, but subjects might be less prone to granting SP if they were told that r are rents extracted by corrupt politicians rather than costs of the policy rule, even when their monetary gains were exactly the same with the corruption and neutral framings. Similarly, a political framing might have an impact on subjects willingness to grant SP .

Hypothesis H5: The history of political gridlock in the priming phase does not matter for the decisions. As we explain in detail in the next section, in the first part of the experiment where subjects are trained, they have to choose between CB and SP in ten different situations. Two treatments involve a low frequency of situations of political gridlocks, while the rest have a high frequency of political gridlock. The model predicts no impact of the history of political gridlock on subjects decisions. Indeed, if subjects understand the game perfectly and are totally rational, the history of stalemates in the priming phase should be irrelevant. However, subjects might behave differently depending on whether they were primed with frequent or infrequent stalemates. Using a rule of thumb, they might be more

prone to *SP* when they were primed with frequent gridlocks of beneficial reforms and less prone to *SP* when they were primed with frequent gridlocks of harmful reforms.

3 Experimental design

Our experimental design allows us to make comparisons both between and within-subjects. The within-subject component of our design is aimed at reducing the variance of unobserved effects, increasing the precision of the estimation of treatment effects (List et al. 2011). We have seven treatments, which vary based on the framing of the instructions and the combination of parameters in the model. Table 2 summarizes the conditions that define each treatment (as well as the number of sessions conducted and the number of participants in each treatment).

Table 2: Treatments

| Treatment | Rents | Probability reform is beneficial | Frequency of gridlock | Framing | # Sessions | #Subjects |
|-----------|-----------|----------------------------------|-----------------------|------------|------------|-----------|
| 1 | $r_L < a$ | q_H | low | neutral | 2 | 26 |
| 2 | $r_L < a$ | q_L | low | neutral | 1 | 16 |
| 3 | $r_L < a$ | q_H | high | neutral | 4 | 40 |
| 4 | $r_L < a$ | q_L | high | neutral | 5 | 49 |
| 5 | $r_H > a$ | q_H | high | neutral | 7 | 46 |
| 6 | $r_L < a$ | q_H | high | corruption | 5 | 33 |
| 7 | $r_L < a$ | q_H | high | political | 6 | 33 |

Notes: r_H and r_L denote high and low rents, respectively. q_H , and q_L denote high and low probability of $s = 1$, respectively. In particular, we assume for the experiment the following values: $r_H = 96$, $r_L = 24$, $q_H = 0.9$, $q_L = 0.2$, and $a = 80$. For frequency we use, $\frac{6}{10}$ for high, and $\frac{2}{10}$ and $\frac{3}{10}$ for low.

In the first five treatments, the framing is neutral: the executive and the legislature are introduced as two decision makers (X and L), CB are referred as "Rule 1", SP as "Rule 2", and rents are explained as the cost of adopting Rule 2 (see Agranov and Palfrey 2015, 2018; Dal Bo et al. 2010; Ryvkin and Semykina 2017, for similar neutral wording). The cost of using Rule 2 is low in the first four treatments, and we vary the probability that the reform is beneficial (low and high) and the frequency of gridlock in the priming phase (high and low). Treatment five has a high cost of implementing Rule 2.

Treatment 6 has the same parameter combination as Treatment 3 with the difference that the cost of Rule 2 is framed as the loss subjects have from corruption (the rents stolen by X). Only in Treatment

7 we frame everything in terms of political decisions in a presidential system: decision makers are the executive and the legislature, the subjects are citizens voting on checks on the executive, rules 1 and 2 are *CB* and *SP*, respectively, and the cost of special powers, is corruption (see Leight et al. 2018, for a similar wording).

Each treatment is divided into three different stages plus a post-experimental socio-economic survey. Each stage is described in detail below.

An important feature of the design is that decision makers X and L are not “real” subjects. In fact, there is no decision made by X and L as conservative, reformist, and unbiased types always propose $p = 0$, $p = 1$, and $p = s$, respectively, and these types are observed by subjects. This contrasts with the original model of Forteza and Pereyra (2019), where decision makers observe the state of nature and decide the policy proposal based on their own preferences and citizens strategies. This simplifies the problem faced by citizens as the state of nature is the only source of uncertainty, and allows us to focus on how citizens handle the tradeoff between political reform and control of rents.

3.1 Stage 1: Training + priming

In stage 1 of the experiment, subjects go through a training stage, where the decision making is explained and they face a series of scenarios they have to understand and respond to. Subjects face 10 different scenarios, each one consisting of two parts.

In the the first part, subjects have (i) to predict rulers policy proposals knowing politicians types and the state of nature, (ii) to tell whether there is a political gridlock, and (iii) to predict policies with and without *SP*. The answers to these questions are either correct or incorrect. This part is also a priming phase, as different treatments expose subjects with different scenarios that have varying states of nature and types of politicians. For the purposes of both learning and incentivising subjects to correctly respond in each scenario, if subjects incorrectly answered the questions of a specific scenario (after four tries), the program automatically shows them the correct answers and allows them to move to the next part (and are penalized with a payment of 0 for that scenario instead of the actual payoffs of the scenario).

In the second part of each scenario, subjects have to choose between *CB* and *SP* (or rule 1 or 2 depending on the treatment). For the purposes of decision-making, the decision screen gives subjects the opportunity to consult the cost associated to each rule (remember that the cost associated to Rule 1 is 0 but for Rule 2 the cost is positive).

At the end of this stage, subjects where asked about the frequency of political gridlock. They are presented with a question that ranges from 0 to 100 percent (in brackets of 10).

3.2 Stage 2: Uncertainty about the state of nature

In the second stage, participants do not know the state of nature with certainty. However, they know about the probability of $s = 1$ (i.e. q) and have to choose a rule based on this information. Subjects make decisions for 14 scenarios and as in Stage 1, scenarios in Stage 2 consist of two parts.

In the first part of each scenario, subjects were informed of the policy proposals and types of politicians, but not of the state of nature. Subjects have to answer: (i) whether there is a political gridlock or not, and (ii) the policy implemented with each rule. The answers to these questions are either correct or incorrect. If subjects incorrectly answered the questions of a specific scenario (after four tries), the program automatically shows them the correct answers and allows them to move to the next part (and are penalized with a payment of 0 for that scenario instead of the actual payoffs of the scenario).

In the second part of each scenario, subjects have to choose between CB and SP (or Rule 1 or 2 depending on the treatment). For the purposes of decision-making, the decision screen gives subjects the opportunity to consult the cost associated to each rule (remember that the cost associated to Rule 1 is 0 but for Rule 2 the cost is positive). These 14 periods are all the possible consistent combinations of types and proposals, and are common for all treatments. In Table 3, we present each of these periods, and summarize the experimenter rational expectation of citizens expected gains from SP in each treatment, i.e. $\mathbb{E}[v(SP) - v(CB) + \varepsilon_{it}] = v(SP) - v(CB)$. Only the data gathered from Stage 2 is used in the analysis.

Table 3: Expected net gains from SP across treatments

| Scenarios in Stage 2 | Politicians types | | Proposals | | Expected net gains of SP in each treatment | | | | | | |
|-------------------------|-------------------|--------------|-----------|-------|--|------|------|------|------|------|------|
| | X | L | p_X | p_L | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | Conservative | Conservative | 0 | 0 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 2 | Conservative | Reformist | 0 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 3 | Conservative | Unbiased | 0 | 0 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 4 | Conservative | Unbiased | 0 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 5 | Reformist | Conservative | 1 | 0 | 40 | -72 | 40 | -72 | -32 | 40 | 40 |
| 6 | Reformist | Reformist | 1 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 7 | Reformist | Unbiased | 1 | 0 | -104 | -104 | -104 | -104 | -176 | -104 | -104 |
| 8 | Reformist | Unbiased | 1 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 9 | Unbiased | Conservative | 0 | 0 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 10 | Unbiased | Conservative | 1 | 0 | 56 | 56 | 56 | 56 | -16 | 56 | 56 |
| 11 | Unbiased | Reformist | 0 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 12 | Unbiased | Reformist | 1 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 13 | Unbiased | Unbiased | 0 | 0 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |
| 14 | Unbiased | Unbiased | 1 | 1 | -24 | -24 | -24 | -24 | -96 | -24 | -24 |

3.3 Stage 3: Risk aversion measurement

In the third stage of the experiment, we measure subjects' degree of risk aversion. To measure risk aversion, subjects are presented with a Multiple Price List (MPL), (Holt and Laury 2002). The MPL consists of 10 rows and in each row subjects have to choose between two options (A in the left and B in the right). Each option is a lottery, which has the same amounts along the list, but in which the probabilities associated with each amount change along the list. The logic behind this test for risk aversion, given the mixture between potential earnings and probabilities in each lottery and option, is that only risk-loving subjects would take lottery B in the first row, and only very-risk averse subjects would take lottery A in the second-to-last row (Andersen et al. 2008). We use the outcome of the individual MPL task as a measure (instrumental variable) of individual risk aversion. A screenshot of the risk aversion task can be found in the Appendix (Section 7).

3.4 Stage 4: Post-experimental questionnaire

After the experiment was finished, subjects responded to a questionnaire. The questionnaire captures not only socio-economic questions (age, education, gender, political affiliation) but also beliefs about different relevant topics, such as income distribution, competition, political leadership, and self-placement on an income scale. These variables are used as individual controls in our analysis, to account for the political and socio-economic baggage our subjects might come with into the lab. The questionnaire can be found in the Appendix (Section 8).

3.5 Experimental procedure

All experimental sessions were conducted at the Experimental Laboratory of the Faculty of Social Sciences at Universidad de la República, Uruguay. Participants were randomly assigned to one of seven treatments. Each session consists of the same treatment. Instructions included tables that explained how decision makers actions, proposals and the state of nature could be combined, as well as the payoffs for each combination. An example of those instructions can be found in the Appendix (Section 6).

We conducted 30 sessions, using a total of 243 subjects. No subject participated in more than one session. The experiments lasted, on average, 90 minutes, and subjects' maximum earnings were \$15.35, including the \$3.5 show-up fee.¹¹ Subjects were recruited using the online recruitment program ORSEE (Greiner 2015). We implemented the experiment using z-Tree (Fischbacher 2007). Upon arrival, participants were seated randomly. Questions before and during the experimental sessions were answered in private at the subject's workspace by the experimenters.

The final payment consists of one randomly selected decision for stage 1, one for stage 2 and one for Stage 3, plus a fee for filling out the post-experimental questionnaire and a reimbursement for transportation costs (the last two stages of the payment are in lieu of a show-up fee). The payments for stages 1 and 2 depend on the individual choices between Rule 1 and 2, while the payment for Stage 3 depends on the option chosen by the individual in the selected row (A or B) and a random draw based on the probabilities of each potential outcome in the chosen option. The decisions selected for payment in Stages 1, 2 and 3 and the outcome draws for Stage 3 were randomly done by the computer during the experiment. As cash payments are not allowed for experimental subjects in Uruguay, subjects were paid at the end of the experimental session, in private, with a gift card that could be used in one of the supermarkets in Uruguay with the largest number of branches.

¹¹These earnings correspond to 568 and 130 Uruguayan pesos, respectively. The minimum wage in Uruguay in 2019 is \$2 per hour.

3.6 Hypothesis tests

We observe subjects discrete binary choices over rules, so we are interested in differences of frequencies. We want to determine, for example, whether the proportion of individuals choosing SP was higher with than without a political gridlock. We used Fisher's exact test when we tested hypotheses comparing only two conditions in Table 3, and did not use information at the individual level from the risk aversion test (part 3 of the experiment) and the questionnaire (part 4).

We used logit models when we tested hypotheses combining several varying conditions. With this procedure, we use information from more subjects to test an hypothesis. To reduce the risk of potential confounding effects we control for the varying conditions that were not the object of the specific test and other individuals characteristics and views collected in parts 3 and 4 of the experiment.

4 Results

4.1 The effects of political gridlock

Table 4 reports the frequencies of SP with and without political gridlocks, with ex ante beneficial and harmful reforms. By the experiment design, we test H1 exploiting within-subjects variation, comparing subjects choices when faced with two conservatives, and hence no gridlock arises, versus the same subjects choice when faced with each of the three type of gridlock.

Table 4: Frequency of special powers with ex-ante beneficial and harmful reforms.

| Political gridlock status | Reform is ex ante... | | |
|--------------------------------|----------------------|-----------------|---------|
| | Beneficial | Harmful | |
| No gridlock | 0,08 | 0,12 | (0,376) |
| Gridlock with ... | | | |
| reformist X and conservative L | 0,50 (0,004) | 0,33 (0,066) | (0,897) |
| unbiased X and conservative L | 0,77 (0,000) | 0,73 (0,000) | (0,685) |
| reformist X and unbiased L | 0,20 (0,176) | 0,27 (0,140) | (0,366) |
| Number of subjects | 40 | 49 | |
| Number of observations | 80 | 98 | |

Notes: Data from treatments 3 and 4, corresponding to ex ante beneficial and harmful reforms, respectively. Under the heading “No gridlock”, we report results obtained with conservative X and L. The heading “Gridlock with reformist X and conservative L” is self explanatory. Under the heading “Gridlock with unbiased X and conservative L”, we report results with a unbiased X proposing reform and a conservative L. Under the heading “Gridlock with reformist X and unbiased L”, we report results with a reformist X and a unbiased L proposing the status quo policy. Below each frequency with political gridlock, we report the one-sided p-value of a Fisher test of difference in proportions in which the null is that the observed frequency is equal to the baseline presented in the no gridlock case and the alternative is that the frequency with gridlock is higher or lower than the baseline, depending on the model’s prediction in each condition. In the third column, we report the one-sided p-values of Fisher tests of differences of proportions in which the null is that the probability of SP is lower than or equal to in the ex ante harmful than in the beneficial reform environment and the alternative is that it is higher in the ex ante harmful reform environment. Source: Own computations based on experimental data.

In all cases, political gridlock raises the frequency of SP . The maximum increase occurred when a conservative legislature blocked a reform proposed by an unbiased executive. More modest increases in the frequency of SP took place when both politicians were biased, and an even smaller increase was associated to an unbiased legislature blocking a reform proposed by a reformist executive. Some but not all of these effects are statistically significant.

The picture that emerges from Table 4 is only partially consistent with the predictions of our model. We consider in what follows a formal testing of our first set of hypotheses and discuss deviations.

4.1.1 Hypothesis H1a (i)

H1a, (i): A political gridlock caused by biased politicians raises (or, more precisely, does not decrease) the probability of SP if the reform is ex ante beneficial.¹²

¹²In this part of the analysis we focus on the sufficient conditions for the increase of the probability of SP .

Our first test of this hypothesis consists in a Fisher test of difference of proportions. We compared the proportion of subjects who chose *SP* when both *X* and *L* are conservative, and when *X* is reformist and *L* is conservative, in a treatment in which the reform was ex ante beneficial. To keep all else equal, in this first approach we focused on one treatment (Treatment 3).

The frequencies of *SP* in these two conditions are 8 and 50 percent, respectively. The null hypothesis is that the frequency of *SP* was the same and the alternative is that the probability of *SP* is higher in the latter case. We reject the null hypothesis at the usual significance levels (p-value = 0.004).

We also test this hypothesis using information from all treatments in which the reform was beneficial. We continue exploiting the within-subject variation, but now because we combine data from different treatments —i.e. different between-subject conditions— we controlled for other effects different from the political gridlock. To this end, we run logit models controlling for treatments where, as before, we fix a situation where both politicians are conservative as the no gridlock scenario. We report in Table 5 the marginal effects of the three type of political gridlock with ex ante beneficial and harmful reforms.

Table 5: Marginal effects of political gridlock on the probability of *SP*

| Type of political gridlock | Reform is ex ante. . . | |
|--------------------------------|------------------------|-----------------|
| | Beneficial | Harmful |
| Reformist X and conservative L | 0,36 (0,001) | 0,20 (0,000) |
| Moderate X and conservative L | 0,43 (0,000) | 0,46 (0,002) |
| Reformist X and unbiased L | 0,14 (0,000) | 0,12 (0,027) |
| Number of subjects | 178 | 65 |
| Number of observations | 356 | 130 |

Notes: Marginal effects computed running logit models with controls for between-subjects conditions. P-values reported between parentheses below the marginal effects.

Source: Own computations based on experimental data.

We found that a political gridlock with biased politicians caused a 36 percentage point rise in the probability of *SP* on average across treatments in which the reform was ex ante beneficial (p-value=0.001).

4.1.2 Hypothesis H1a (ii)

H1a, (ii): A political gridlock caused by an unbiased X proposing a reform that a conservative L wants to block also raises (more precisely, does not decrease) the probability of SP , *even if the reform is ex ante harmful*.

To test this hypothesis, we compared the frequency of SP when both X and L are conservative, and when X is unbiased and proposes reform and L is conservative. In Treatment 3, with a beneficial reform, the frequencies of SP were 8 and 77 percent in these two conditions, respectively (Table 4). In treatment 4, with an ex ante harmful reform, the frequencies were 12 and 73 percent, respectively. In both treatments we could reject the null hypothesis that the two frequencies were equal with high significance levels (p-value = 0.000, in both treatments).

We also run logit models using all treatments and found that a political gridlock raised the frequency of SP by 43 and 46 percentage points with ex ante beneficial and harmful reforms, respectively (p-value=0.000 and p-value=0.002, respectively; see table 5).

4.1.3 Hypothesis H1b (i)

H1b, (i): A political gridlock caused by biased X and L reduces (more precisely, does not increase) the probability of SP if the reform is ex ante harmful.

To test this hypothesis we compared participants choices when both X and L are conservative, and when X is reformist and L is conservative, in a treatment in which the reform was ex ante harmful (Treatment 4). The frequencies in these two conditions were 12 and 33 percent, respectively (Table 4). The null hypothesis is that the frequency of SP was the same and, according to H1b(i), the alternative is that the probability of SP is *greater* with than without a political gridlock. We reject the null with a p-value of 0.066.

We also run a logit model in the treatments in which the reform is ex ante harmful and found that the political gridlock with biased politicians caused a 20 percentage points *rise* in the frequency of SP (p-value= 0.000, Table 5).

All these results reject H1b(i).

4.1.4 Hypothesis H1b (ii)

H1b, (ii): A gridlock caused by a reformist executive and an unbiased legislature proposing the status quo policy reduces (more precisely, does not increase) the probability of SP .

We compared participants choices when X and L were conservative, and when a gridlock occurred because a biased X proposed a reform and an unbiased L proposed the status quo. The frequencies are 8 and 20 percent in Treatment 3, and 12 and 27 percent in Treatment 4, respectively (Table 4). Taken at face value, these point estimates reject H1b(ii): a political gridlock caused by an unbiased legislature

trying to block an inconvenient reform proposed by a biased executive *raised* the proportion of subjects choosing *SP*. However, we fail to reject the null hypothesis that the two frequencies were equal against the alternative that they were *greater* in the presence of political gridlock (p-value=0.176 and =0.140, with ex ante beneficial and harmful reforms, respectively). These results should be taken with caution, though, because of lack of power of these tests with our sample size.¹³

We present in Table 5 the results of running logit models using all treatments, controlling for treatments (between-subjects conditions). We found that a political gridlock with unbiased legislature caused a 14 and 12 percentage point *rise* in the frequency of *SP* on average across the seven treatments (p-value=0.000 and =0.027), with beneficial and harmful reforms, respectively. This result rejects H1b(ii).

4.1.5 The effects of political gridlock, summing up

Subjects seem to have focused (as expected) on political gridlock to decide whether *SP* should be granted: the existence of a political gridlock (no matter of which type) increased the probability of *SP* (Table 5). In several cases, some individuals did not realize that the reform was harmful (or did not care). Even with an ex ante harmful reform, they chose *SP* more frequently when there was a gridlock and no information could be elicited from politicians proposals (rejecting H1b(i)). Also participants did not choose *SP* less frequently with gridlocks in which an unbiased truth-telling legislature proposed the status quo policy (rejecting H1b(ii)). In both cases, by this choice, participants facilitated the implementation of harmful reforms and the extraction of rents.

Subjects seem to have been able to decode the information conveyed in proposals of unbiased politicians but only partially and asymmetrically. Our fictitious unbiased politicians managed to “convince” subjects to a larger degree than biased politicians. But legislatures were not able to convince enough subjects that the reform was not actually beneficial—or subjects did not care—and the frequency of *SP* turned out to be higher with than without a political gridlock, even when the legislature opposing reform was unbiased and warned that the reform was not beneficial.

4.2 The effect of the probability that the reform benefits citizens

H2: The probability that voters grant *SP* is a non decreasing function of the probability that the reform is beneficial for citizens iff the executive is reformist and the legislature is conservative. Otherwise, the probability of *SP* does not depend on the probability q .

On average, subjects chose *SP* more rather than less frequently when the reform was ex ante harmful. This result seems to reject H2, but the difference is very small —1.5 percentage points— and not statistically significant (p-value=0.439).¹⁴

¹³We need in the order of 800 observations to detect differences of this size with a type I error of 5 percent and a power of 80 percent. We do not have so many subjects in our experiment.

¹⁴We run a logit model of the choice of *SP* on a dummy variable that takes value 1 when the probability that the reform

We also studied the impact of the probability that the reform is beneficial on SP in different gridlock conditions. We present in column 3 of Table 4 the p-values associated to several Fisher tests of difference of proportions without and with different type of gridlock. In no case could we reject the null hypothesis that the probability of SP is lower than or equal to with harmful than beneficial reforms.

4.3 The effects of the amount of rents

H3: The probability that voters grant SP is not increasing in the amount of rents.

As expected, subjects chose SP to a lesser degree when rents were high than low. On average, high rents caused a 9 percentage points drop in the probability of SP (p-value=0.000).¹⁵

In Table 6, we differentiate the impact of rents on the frequency of SP according to the political gridlock condition. Only in the presence of gridlock with biased X and L or with unbiased X and conservative L do we find significantly lower frequencies in the high than low rent treatments. The difference is not statistically significant if there is no gridlock or if the gridlock is caused by an unbiased legislature trying to block a reform proposed by a biased executive.¹⁶

benefits citizens is high ($q = 0.9$) and 0 otherwise ($q = 0.2$). We use data from treatments 3 and 4, which only differ in q . We include dummies for 13 of the 14 decisions individuals were asked to make.

¹⁵We run a logit model on a dummy variable that takes value 1 when the rents are high and 0 otherwise. We included treatments 3 and 5, which only differ in the amount of rents. We included dummies for 13 of the 14 decisions individuals were asked to make.

¹⁶For brevity, we present in Table 6 results for only one type of configuration with no gridlock —the case of conservatives X and L —, but the results are the same with the other ten possible cases. The p-values of the tests not reported in Table 6 are 0.90, 0.83, 0.45, 0.55, 0.45, 0.69, 0.57, 0.60, 0.87 and 0.75 for the within-subjects conditions 2, 3, 4, 6, 8, 9, 11, 12, 13 and 14, respectively. See Table 2 for a characterization of these conditions. It should be mentioned, however, that the estimated differences in proportions are within the minimum detectable effect with the number of subjects we have at the usual error and power levels, so we cannot rule out the possibility that there is a difference that we could not detect.

Table 6: Frequency of special powers with low and high rents

| Political gridlock status | Rents are ... | | |
|----------------------------------|----------------------|------|---------|
| | Low | High | p-value |
| No gridlock | 0,08 | 0,09 | 0,681 |
| Gridlock with ... | | | |
| reformist X and conservative L | 0,50 | 0,13 | 0,006 |
| unbiased X and conservative L | 0,77 | 0,24 | 0,000 |
| reformist X and unbiased L | 0,20 | 0,09 | 0,212 |
| Number of subjects | 40 | 46 | |

Notes: Data from treatments 3 and 5, corresponding to low and high rents, respectively. Under the heading “No gridlock”, we report results obtained with conservative X and L. The heading “Gridlock with reformist X and conservative L” is self explanatory. Under the heading “Gridlock with unbiased X and conservative L”, we report results with a unbiased X proposing reform and a conservative L. Under the heading “Gridlock with reformist X and unbiased L”, we report results with a reformist X and a unbiased L proposing the status quo policy. In the third column we report the one-sided p-value of a Fisher test of difference in proportions in which the null is that the observed frequency is the same regardless of rents and the alternative is that the frequency is lower with high than low rents.

Source: Own computations based on experimental data.

In summary, it seems that subjects consider the amount of rents when they have to decide whether or not to give *SP*. Moreover, they only consider it when it is relevant for the decision, that is, when there is a political gridlock of the first two types.

4.4 The effects of political framing

Subjects choose *SP* to a lesser degree in the political framing. On average, the political framing reduced the frequency of *SP* in 6.8 percentage points (p-value=0.001).¹⁷ The differences between the frequencies of *SP* with neutral and political framing are not statistically significant though when the comparison is done considering each decision (within-subject condition) separately. In particular, there are no statistically significant differences associated to framing in the political gridlock cases (see Table 7).

¹⁷We run a logit model on a dummy variable that takes value 1 when the framing was political and 0 when it was neutral. We included treatments 3 and 7, which only differ in the framing. We included dummies for 13 of the 14 decisions individuals were asked to make.

Table 7: Frequency of special powers: the impact of framing

| | Framing is ... | | | | |
|--------------------------------|----------------|-------------------|----------------|------------------|----------------|
| | Neutral (1) | Corruption (2) | p-value (3) | Political (4) | p-value (5) |
| | H0: (1) = (2) | | | H0: (2) = (4) | |
| No gridlock | 0,08 | 0,00 | 0,637 | 0,03 | 0,42 |
| Gridlock with ... | | | | | |
| reformist X and conservative L | 0,50 | 0,48 | 1,000 | 0,48 | 1,00 |
| unbiased X and conservative L | 0,77 | 0,45 | 0,799 | 0,55 | 0,73 |
| reformist X and unbiased L | 0,20 | 0,30 | 0,396 | 0,15 | 0,41 |
| Number of subjects | 40 | 33 | | 33 | |

Notes: Data from treatments 3, 6 and 7, corresponding to neutral, corruption (i.e. neutral plus cost of rule 2 identified as corruption) and political framing, respectively. Under the heading “No gridlock”, we report results obtained with conservative X and L. The heading “Gridlock with reformist X and conservative L” is self explanatory. Under the heading “Gridlock with unbiased X and conservative L”, we report results with a unbiased X proposing reform and a conservative L. Under the heading “Gridlock with reformist X and unbiased L”, we report results with a reformist X and a unbiased L proposing the status quo policy. In columns (3) and (5) we report the two-sided p-value of a Fisher test of difference in proportions in which the null is that the observed frequency is the same regardless of framing and the alternative is that the frequency is different. Source: Own computations based on experimental data.

4.5 The effects of the history of political gridlock

We find little non robust evidence that the frequency of political gridlock in the priming phase have an effect on the probability of *SP*. The frequency of *SP* is 23 and 18 percent in the low and high frequency of gridlock treatments (treatments 1 and 3, respectively), with p-value=0.043. Nevertheless, there are no significant differences in the comparison at each decision level (Table 8).

Table 8: Frequency of special powers with neutral and political framing

| Political gridlock status | Frequency of gridlock in priming phase ... | | |
|--------------------------------|--|------|---------|
| | Low | High | p-value |
| No gridlock | 0,12 | 0,08 | 0,793 |
| Gridlock with ... | | | |
| reformist X and conservative L | 0,69 | 0,50 | 0,922 |
| unbiased X and conservative L | 0,77 | 0,77 | 0,559 |
| reformist X and unbiased L | 0,31 | 0,20 | 0,843 |
| Number of subjects | 26 | 40 | |

Notes: Data from treatments 1 and 3, corresponding to low and high frequency of political gridlock in the priming phase, respectively. Under the heading “No gridlock”, we report results obtained with conservative X and L. The heading “Gridlock with reformist X and conservative L” is self explanatory. Under the heading “Gridlock with unbiased X and conservative L”, we report results with a unbiased X proposing reform and a conservative L. Under the heading “Gridlock with reformist X and unbiased L”, we report results with a reformist X and a unbiased L proposing the status quo policy. In the third column we report the one-sided p-value of a Fisher test of difference in proportions in which the null is that the observed frequency of *SP* is the same regardless of priming and the alternative is that the frequency of *SP* is lower when political gridlock was less frequent in the priming phase.

Source: Own computations based on experimental data.

5 Concluding remarks

In this paper we present the results of a lab experiment in which subjects were asked to choose between two rules that resemble checks and balances and executive special powers. Under checks and balances, the legislature can block a reform proposed by the executive. Under special powers, the will of the executive prevails, so there is no political gridlock.

As expected, political gridlock emerged as an important driver of special powers. Subjects in the experiment were very willing to grant special powers in the presence of political gridlock, and they did it not only when the reform was beneficial but also when it was harmful. In this sense, there was “too much” special powers caused by political gridlock in our experiment.

The excess of special powers arose in two cases. First, when both politicians are biased —so no information can be elicited from their proposals— and the reform is ex ante harmful. Second, when an unbiased legislature proposes the status quo policy and a biased executive proposes reform.

In the first case, the probability that the reform matched the state of nature was only 20 percent and politicians proposals were not informative, so there should have been little doubt that granting special powers would most likely bring bad outcomes. And yet, many subjects voted for it. In the second case, subjects may have failed to realize that the legislature was revealing the true state of nature. However, in the symmetric case in which the executive was unbiased, subjects seem to have responded voting for special powers in higher proportions. So it does not seem to be the case that subjects totally failed to

realize that unbiased politicians proposals conveyed valuable information.

The excess of special powers may have been driven by design: we asked subjects to answer in each case whether there was a political gridlock. So in a sense we induced subjects to focus on it. However, we think this is not at odds with what happens in the real world: executives suffering the blocking of their program by a legislature typically forcefully argue that the opposition does not allow them to do what it has to be done (see Acemoglu et al. 2013; Forteza and Pereyra 2019, for some vivid narratives of this type of claims in the case of several strongman in Latin America). Our experiment shows how easy is to convince subjects to support the dismantling of checks and balances with the argument that this facilitates reform even when reforms are not beneficial.

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ONLINE APPENDIX (NOT FOR PUBLICATION)

6 Instructions of treatments 1 and 7.

General Instructions

Welcome to this experiment in decision making.

Please read the consent form you were handed when you arrived to the experiment. If you want to participate in the experiment, please sign the form. Remember that your participation is voluntary. If you wish to leave the experiment before the session is over, you will forfeit any money you may have earned so far. You need to be at least 18 years to participate in this session.

The experiment will take around an hour and a half, and during this time you will make a series of decisions. At the end of the experiment we will pay you in cash and in private, based on the instructions we will explain to you in a moment.

We kindly ask you to not talk with anyone else but the experimentalists. If you have a question, please raise your hand and someone will be with you to answer your question shortly

Please turn off your cell phones.

During this experiment, we will refer to pesos uruguayos when we talk about benefits and payments.

Any questions?

Please turn to the next page.

This experiment is composed to three main parts and a questionnaire.

In parts 1 and 2 of this experiment, two individuals, which we will identify as X and L, propose actions that affect you. You must choose one of two possible rules that determine how the actions that these two individuals propose combine and the effect they have. We describe next who these individuals are and how their proposals relate to the decisions you will make.

Current state of affairs. There are two possible states of affairs, **BLUE** and **GREEN**. Individuals X and L always know the current state of affairs when they make their proposals.

Actions. There are two possible actions, **BLUE** and **GREEN**. The action which will be followed in the current period depends on the action proposals of X and L and a rule which you will choose (and which we will explain to you next).

Possible identities of X and L. The proposals chosen by individuals X and L depend on their identity. There are three possible identities: blue, green and blue-green (or mixed). The blue identity individuals always propose the **BLUE** action, the green identity always propose the **GREEN** action, and the blue-green identity (or mixed) propose the **BLUE** action when they observe that the current state of affairs is **BLUE** and **GREEN** when they observe which is **GREEN**.

The following table summarizes the previous information (Table 1).

Table 1: Proposals of X and L according to their identity and current state of affairs.

| | <i>Individual's identity</i> | | |
|---------------------------------|------------------------------|--------------|-----------------------|
| <i>Current state of affairs</i> | Blue | Green | Blue-Green (or mixed) |
| BLUE | BLUE | GREEN | BLUE |
| GREEN | BLUE | GREEN | GREEN |

Rules. In this experiment, there are only two possible rules:

Rule 1. X proposes an action. If X proposes **BLUE**, **BLUE** is implemented. If X proposes **GREEN**, L has the capacity to block or accept X's proposal: L blocks X by proposing **BLUE** and enables X by proposing **GREEN**.

Rule 2. X's proposal is adopted (regardless of what L proposes). The use of this rule has an associated cost which we will detail below.

Table 2 summarizes these rules.

Table 2: Action proposals and implemented actions under Rules 1 and 2

| Action proposals | | Implemented actions | |
|------------------|-------|---------------------|--------|
| X | L | Rule 1 | Rule 2 |
| BLUE | BLUE | BLUE | BLUE |
| BLUE | GREEN | BLUE | BLUE |
| GREEN | BLUE | BLUE | GREEN |
| GREEN | GREEN | GREEN | GREEN |

Payments. Each rule has a payment associated with it, which depends on the proposals and the current state of affairs. This payment is 200 pesos when the implemented action matches the current state of affairs (BLUE-BLUE or GREEN- GREEN) and 120 when it does not (BLUE- GREEN or GREEN -BLUE). However, the use of Rule 2 entails an associated cost of 24 pesos. This means that your payoff with Rule 2 is 176 when the implemented action and the current state of affairs match and 96 when they do not. **Table 3** summarizes the payments that would correspond to you under each rule. We will give you a few minutes to read the table and familiarize yourself with it.

Table 3: Payments according to action proposals, current state of affairs and decision rules.

| Current state of affairs | Action proposals | | Payments | |
|--------------------------|------------------|-------|------------|------------|
| | X | L | Rule 1 | Rule 2 |
| BLUE | BLUE | BLUE | 200 | 176 |
| BLUE | BLUE | GREEN | 200 | 176 |
| BLUE | GREEN | BLUE | 200 | 96 |
| BLUE | GREEN | GREEN | 120 | 96 |
| GREEN | BLUE | BLUE | 120 | 96 |
| GREEN | BLUE | GREEN | 120 | 96 |
| GREEN | GREEN | BLUE | 120 | 176 |
| GREEN | GREEN | GREEN | 200 | 176 |

Do you have any questions?

Part 1 Instructions

In this part of the experiment, you will have five tasks:

- Determine what are the expected action proposals of X and L.
- Determine if there is a gridlock, meaning, if X proposes **GREEN** and L proposes **BLUE** at the same time
- Determine what is the action that will be implemented with each rule.
- You will tell us which is the rule that you prefer.
- Determine the frequency of gridlocks, that is, the proportion of cases in which X proposes **GREEN** and L proposes **BLUE** at the same time.

You will complete a table like the following:

| Current state of affairs | Identities of X and L | | Action proposals | | Is there a gridlock? | Implemented action | | I choose rule | Cost associated to chosen rule | |
|--------------------------|-----------------------|-------|---|---|---|---|---|--|--------------------------------|--|
| | X | L | X | L | | Rule 1 | Rule 2 | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | |
| GREEN | Blue-Green | Blue | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> 1 <input type="checkbox"/> 2 | <input type="checkbox"/> Cost | <input type="button" value="Send response"/> |
| BLUE | Blue-Green | Green | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> 1 <input type="checkbox"/> 2 | <input type="checkbox"/> Cost | <input type="button" value="Send response"/> |
| ... | | | | | | | | | <input type="checkbox"/> Cost | <input type="button" value="Send response"/> |

The steps to complete the table are the following:

1. In columns (4) and (5) you will record the action proposals that you think individuals X and L would propose after observing the current state of affairs and knowing the identity of each individual.
2. In column (6), you will record whether there is a gridlock or not. Remember that there is a gridlock if X proposes **GREEN** and L proposes **BLUE**.
3. In columns (7) and (8) you will record the actions that you think will be implemented under rules 1 and 2.
4. To the right of column (8) you will see a button labeled “Verify”. You will click the button to verify if the responses you entered are correct. If your responses are correct, you will automatically see column (9), “I choose rule”. If any of the responses is incorrect, you will not be able to move on and you can correct your responses. You can correct your responses up to four times. If after the fourth verification your responses are not correct, then the program will correct your responses automatically and column (9) will appear. At this point you will not be able to modify your responses.
5. In column (9) you will record your choice, whether it is for Rule 1 or Rule 2. To help you in your decision, column (10) indicates what is the cost associated to the rule you chose. For this, you will have to click the button labeled “Cost”. When you choose the one you want,

click on the button “Send response”. After that, the next decision row will appear, and you will not be able to make changes on your responses.

6. At the end of this part, we will ask you what the frequency of gridlocks is.

You will make decisions for **ten (10) periods**. To make these decisions you will use **Tables 1, 2 and 3** together.

In this part of the experiment, we will pay you for the benefits you get in one of these periods. The payment will be determined as follows. If the responses in columns (4) to (8) are not correct after four tries, you will have a payment of zero. If in any of the four tries you entered the correct answers your payment will be calculated based on the rule you chose in column (9). For this reason, we ask you to make your decisions bearing in mind that any of them can be chosen to determine your payment. The computer will randomly choose a decision to be paid at the end of the experiment.

So that you do not have to look for them in the instructions, we gave you **Tables 1, 2 and 3** separately. If you do not have them raise your hand and we will give them to you.

So you clearly understand what your decisions would be like, together we will go over the following examples of how to use these tables and how you would decide.

Part 1 Examples

Please make sure you have tables 1, 2 and 3 on hand to understand how you would make your decisions.

Example 1

In this example, the current state of affairs is **GREEN**. X observes the current state of affairs and as he is of the Blue-green type, proposes the **GREEN** action. L observes the same state of affairs but as he is of the Blue type, proposes the **BLUE** action. You can figure this out by looking at **Table 1**. **In this example, there is gridlock.**

If we look at **Table 2**, this implies that the resulting action depends on the rule chosen: the action is **BLUE** with Rule 1 and **GREEN** with Rule 2. The proposed actions of X and L, if there is gridlock or not and the actions under both Rules will be the first thing that you will fill in the box. These are the cells of columns (4) to (8) which in this example, we filled out for you. **We recommend you pay attention to the table on the screen to see how it would look like when you make your decisions.**

| Current state of affairs | Identities of X and L | | Action proposals | | Is there a gridlock? | Implemented action | | I choose rule | Cost associated to chosen rule |
|--------------------------|-----------------------|------|--|--|--|--|--|---|--------------------------------|
| | X | L | X | L | | Rule 1 | Rule 2 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| GREEN | Blue-Green | Blue | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> YES <input type="radio"/> NO | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> 1 <input checked="" type="radio"/> 2 | <input type="text"/> |

To determine your choice, you can use **Table 3**. In that table you will find the line corresponding to the current state of affairs **GREEN**, the **GREEN** action proposal for X and **BLUE** for L. You will see that the payment associated with Rule 1 is **120** and that of Rule 2 is **176**. You will next indicate the rule you chose in the empty cell of column (9). To help you in your decision, column (10) indicates what is the cost associated to the rule you chose.

If this period was chosen to determine the payment at the end of the experiment, your payment for Part 1 would be **120** if you chose Rule 1 and **176** if you chose Rule 2.

Example 2

In this example, the current state of affairs is **BLUE**. X observes the current state of affairs and, since it is of the Green type, proposes the **GREEN** action. L observes the same current state of affairs, but since it is of the Blue type, it proposes the **BLUE** action. You can figure this out by looking at **Table 1**. **In this example, there is gridlock.**

If we look at **Table 2**, this implies that the resulting action depends on the Rule chosen: the action is **BLUE** with Rule 1 and **GREEN** with Rule 2. The proposed actions of X and L, if there is gridlock or not and the actions under both Rules will be the first thing that you will fill in the box. These are the cells of columns (4) to (9) which in this example, we filled out for you. **We recommend you pay attention to the table on the screen to see how it would look like when you make your decisions.**

| Current state of affairs | Identities of X and L | | Action proposals | | Is there a gridlock? | Implemented action | | I choose rule | Cost associated to chosen rule |
|--------------------------|-----------------------|------|--|--|--|--|--|--|--------------------------------|
| | X | L | X | L | | Rule 1 | Rule 2 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| BLUE | Green | Blue | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> YES <input type="radio"/> NO | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> 1 <input type="radio"/> 2 | |

To determine your choice, you **will use Table 3**. **In Table 3** you will find the line corresponding to the current state of affairs **BLUE**, the **GREEN** action proposal for X and **BLUE** for L. You will see that the payment associated with Rule 1 is **200** and that of Rule 2 is **96**. You will next indicate the rule you chose in the empty cell of column (9). To help you in your decision, column (10) indicates what is the cost associated to the rule you chose.

If this period was chosen to determine the payment at the end of the experiment, your payment for Part 1 would be **200** if you chose Rule 1 and **96** if you chose Rule 2.

You will see the box to be completed next. Remember that you will have to determine:

- The proposals that you expect from X and L
- If there is gridlock or not
- The actions that will result under each rule, given the proposals of X and L
- Your choice by rule 1 or 2
- The frequency of gridlocks

Do you have any questions?

Everyone will begin making decisions at the same time in a minute.

Part 2 Instructions

In this part you will make decisions similar to those of the previous part, but with three differences:

- Now you will not observe the current state of affairs in each period. You only know that the frequency with which the current state of affairs **GREEN** occurs is 0.9. That means that in each row of the table in Part 2, there is a 9 in 10 chance that the state of affairs is **GREEN**.
- You will have information about the action proposals of X and L. Remember that X and L know the current state of affairs before choosing their proposals, but you do not.

Your task is to:

- Determine if there is gridlock or not in each decision row. Remember that there is a gridlock if X proposes **GREEN** and L proposes **BLUE** at the same time.
- Determine the resulting action under each rule
- Choose a rule.

You will make decisions for **fourteen (14) periods**. To make these decisions you will use **Tables 1, 2 and 3** together.

You will record your decisions in a table like the following one:

| Identities of X and L | | Action proposals | | Is there a gridlock? | Implemented action | |
|-----------------------|------|------------------|------|---|---|---|
| X | L | X | L | | Rule 1 | Rule 2 |
| Blue | Blue | BLUE | BLUE | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE | <input type="checkbox"/> GREEN <input type="checkbox"/> BLUE |

| I choose rule | Cost associated to chosen rule |
|----------------------------|--------------------------------|
| <input type="checkbox"/> 1 | |
| <input type="checkbox"/> 2 | |

The way the payment for this part is determined is as follows:

1. You will first enter if there is gridlock or not and the action which would be implemented with each rule.
2. On the right of column “Implemented action” you will see a button labeled “Verify”. You will click on the button to verify if the responses you entered are correct. If the responses you entered are correct, you will see a new cell under “I choose rule” appear automatically. If any of the responses is incorrect, you can correct them and press the button “Verify”. You can verify up to four times. If by the fourth time your responses are incorrect, the program will correct your mistakes and the cell under “I choose rule” will appear automatically. At this point, you will not be able to modify your prior responses.
3. Under the column “I choose rule” you will enter your decision for either Rule 1 or Rule 2. To help you with your decision, we indicate in the last column of the table which is the associated cost based on the rule you chose. For that you will click on the

button labeled “Cost”. When your responses are definitive, click on the button labeled “Send response”. After that, the next decision row will appear, and you will not be able to make changes on your responses.

In this part of the experiment, we will pay you for the benefits you get in one of these periods. The payment will be determined as follows. If the responses in the first three columns are not correct after four tries, you will have a payment of zero. If in any of the four tries you entered the correct answers your payment will be calculated based on the rule you chose in column “I choose rule”. For this reason, we ask you to make your decisions bearing in mind that any of them can be chosen to determine your payment. At the end of this part you will know what the true current state of affairs is for each decision and the payment associated with the rule that you chose in each one. The computer will randomly choose a decision to be paid at the end of the experiment.

So that you understand clearly what your decisions would be, please read carefully the following examples of how to use these tables and how you would decide.

Part 2 Examples

Please make sure you have tables 1, 2 and 3 on hand to understand how you would make your decisions.

Example 3

In this example, X and L are of the Green type. Both propose the **GREEN** action and therefore, **there is no gridlock**.

If you look at **Table 2**, you will conclude that the resulting action will be **GREEN** with either of the two rules.

To determine your vote, you will compare the payments with both rules, but as you do not know the current state of affairs you have to decide which Rule to vote for without that information. For this you will look at **Table 3**. You will have two state of affairs to analyze, **GREEN** and **BLUE**.

If you are sure that the current state of affairs is **GREEN**, in **Table 3** you will find the current state of affairs **GREEN**, the action proposal of X **GREEN** and of L **GREEN**. In the table, you will see that the payment associated with Rule 1 is **200** and that of Rule 2 is **176**.

If you are sure that the current state of affairs is **BLUE**, in **Table 3** you will find the current state of affairs **BLUE**, the action of X **GREEN** and L **GREEN**. In the table, you will see that the payment associated with Rule 1 is **120** and that of Rule 2 is **96**.

If you are not sure what the current state of affairs is, consider the frequency of the **GREEN** state of affairs and the associated payments for each decision you will make.

Suppose that this period was chosen to determine your payment in Part 2. In this example, there is no gridlock. Suppose as well that at the end of the experiment it is revealed that the current state of affairs is **BLUE**. If you incorrectly answered any of the three first questions (existence of gridlock and implemented actions under rules 1 and 2), you will not get payment for this part. If you correctly answered these questions, your payment for Part 2 will be **120** if you chose Rule 1 and **96** if you chose Rule 2. Remember that the cost associated to using Rule 2 was considered already to calculate these payments.

Example 4

In this example, X proposes the **GREEN** action and L proposes the **BLUE** action. Therefore, **there is gridlock**.

According to **Table 2**, that X and L have proposed the **GREEN** and **BLUE** actions, respectively, implies that the resulting action with Rule 1 is **BLUE** and with Rule 2 is **GREEN**.

To determine your vote, you will compare the payments with both rules, but as you do not know the current state of affairs you have to decide which Rule to vote for without that information. For this you will look at **Table 3**. You will have two state of affairs to analyze, **GREEN** and **BLUE**.

If you are sure that the current state of affairs is **GREEN**, in **Table 3** you will find the current state of affairs **GREEN**, the proposed action of X **GREEN** and L **BLUE**. In the table, you will see that the payment associated with Rule 1 is **120** and that of Rule 2 is **176**.

If you are sure that the current state of affairs is **BLUE**, in Table 3 you will find the current state of affairs **BLUE**, the action of X **GREEN** and of **BLUE**. In the chart, you will see that the payment associated with Rule 1 is **200** and that of Rule 2 is **96**.

If you are not sure what the current state of affairs is, consider the frequency of the **GREEN** state of affairs and the associated payments for each decision you will make.

Suppose that this period was chosen to determine your payment in Part 2. In this example, there is gridlock. Suppose as well that at the end of the experiment it is revealed that the current state of affairs is **GREEN**. If you incorrectly answered any of the three first questions (existence of gridlock and implemented actions under rules 1 and 2), you will not get payment for this part. If you correctly answered these questions, your payment for Part 2 will be **120**, if you chose Rule 1, and **176**, if you chose Rule 2. Remember that the cost associated to using Rule 2 was considered already to calculate these payments.

Next, you will see a table with 14 periods. It is expected that you determine:

- If there is gridlock
- The action that will result in each period.
- The rule you prefer.

Do you have questions?

Everyone will begin making decisions at the same time in a minute.

Part 3 Instructions

Your decisions. In this part of the experiment, you will have to make ten (10) decisions between two lotteries, like the ones you see in the table below. The two lotteries are represented by two options, "Option A" to the left of the table and "Option B" to the right of the table. You will see the decisions presented in a table and you have to choose one of the two options in each decision. Each decision is a row of the table.

Take a minute to read the structure of the table.

| Decision | Option A | A or B | Option B |
|----------|---|---|--|
| 1 | \$20 with probability 1/10, \$16 with probability 9/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 1/10, \$1 with probability 9/10 |
| 2 | \$20 with probability 2/10, \$16 with probability 8/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 2/10, \$1 with probability 8/10 |
| ... | ... | ... | ... |
| 10 | \$20 with probability 10/10, \$16 with probability 0/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 10/10, \$1 with probability 0/10 |

To give you an idea of how lotteries work in this part of the experiment, we describe some of the decisions below. In Decision 1, Option A, there is a one in ten chance to win \$ 20 and a nine in ten chance to win \$ 16. In Option B, there is a one in ten chance to win \$ 39 and a nine in ten chance to win \$ 1. In contrast, in Decision 10, Option A, there is a ten in ten chance to win \$ 20 and a zero in ten chance to win \$ 16. In Option B, there is a ten in ten chance to win \$ 39 and a zero in ten chance to win \$ 1

The relevant decision. At the end of the experiment, one of the ten decisions will be chosen by the computer as the relevant decision. That is why we ask you to make your decisions with care, as if any of them could be chosen to be paid with the same probability.

Determining your Part 3 payment. Once the decision is chosen, we will pay you based on your chosen option. For that the computer will also determine in a random way which of the two payments of the option that you chose is the one that corresponds to you.

Do you have any questions?

Please press the "Continue" button to make your decisions.

Part 4: Questionnaire

We ask you to fill out the questionnaire which will now show up in your screen. We will pay you an extra \$50 for filling it out completely. Thank you!

General Instructions

Welcome to this experiment in decision making.

Please read the consent form you were handed when you arrived to the experiment. If you want to participate in the experiment, please sign the form. Remember that your participation is voluntary. If you wish to leave the experiment before the session is over, you will forfeit any money you may have earned so far. You need to be at least 18 years to participate in this session.

The experiment will take around an hour and a half, and during this time you will make a series of decisions. At the end of the experiment we will pay you in cash and in private, based on the instructions we will explain to you in a moment.

We kindly ask you to not talk with anyone else but the experimentalists. If you have a question, please raise your hand and someone will be with you to answer your question shortly

Please turn off your cell phones.

During this experiment, we will refer to pesos uruguayos when we talk about benefits and payments.

Any questions?

Please turn to the next page.

This experiment is composed to three main parts and a questionnaire.

In parts 1 and 2 of this experiment, two individuals, which we will identify as P, the president and L, the legislator, propose policies that affect you. You must choose one of two possible institutions that determine how the policies that these two individuals propose combine and the effect they have. We describe next who these individuals are and how their proposals relate to the decisions you will make.

Current state of affairs. There are two possible states of affairs, **BLUE** and **GREEN**. The president and the legislator always know the current state of affairs when they make their proposals.

Policies. There are two possible policies, **BLUE** and **GREEN**. The policy which will be followed in the current period depends on the policy proposals of P and L and an institution which you will choose (and which we will explain to you next).

Possible identities of the president and the legislator. The policy proposals chosen by the president and the legislator depend on their identity. There are three possible identities: blue, green and blue-green (or mixed). The blue identity government officials always propose the **BLUE** policy, the green identity always propose the **GREEN** policy, and the blue-green identity (or mixed) propose the **BLUE** policy when they observe that the current state of affairs is **BLUE** and **GREEN** when they observe which is **GREEN**.

The following table summarizes the previous information (Table 1).

Table 1: Proposals of P and L according to their identity and current state of affairs.

| | <i>Individual's identity</i> | | |
|---------------------------------|------------------------------|--------------|-----------------------|
| <i>Current state of affairs</i> | Blue | Green | Blue-Green (or mixed) |
| BLUE | BLUE | GREEN | BLUE |
| GREEN | BLUE | GREEN | GREEN |

Institutions. In this experiment, there are only two possible and mutually exclusive institutions:

Institution 1 (checks and balances). The president proposes a policy. If they propose **BLUE**, **BLUE** is implemented. If the president proposes **GREEN**, the legislator has the capacity to block or accept the president's proposal, blocking the president by proposing **BLUE** and enabling them by proposing **GREEN**.

Institution 2 (strong president). The president's proposal is adopted (regardless of what the legislator proposes). With this institution, the president appropriates some of

your resources for themselves, meaning there is corruption. This has an associated cost which we will detail below.

Table 2 summarizes these institutions.

Table 2: Policy proposals and implemented policies under Institutions 1 and 2

| Policy proposals | | Implemented policies | |
|------------------|-------|--|-------------------------------------|
| P | L | Checks and balances (Institution 1) | Strong president (Institution 2) |
| BLUE | BLUE | BLUE | BLUE |
| BLUE | GREEN | BLUE | BLUE |
| GREEN | BLUE | BLUE | GREEN |
| GREEN | GREEN | GREEN | GREEN |

Payments. Each institution has a payment associated to it, which depends on the proposals and the current state of affairs. This payment is composed of two parts. The first part measures the payoffs based on the proposed policies and the state of affairs. This payment is 200 pesos when the implemented policy matches the current state of affairs (**BLUE-BLUE** or **GREEN- GREEN**) and 120 when it does not (**BLUE- GREEN** or **GREEN -BLUE**). The second part measures the loss you would have from corruption, which happens under institution 2 and it is 24 pesos. **Table 3** summarizes the payments that would correspond to you under each institution. We will give you a few minutes to read the table and familiarize yourself with it.

Table 3: Payments according to policy proposals, current state of affairs and decision institutions.

| Current state of affairs | Policy proposals | | Payments | |
|--------------------------|------------------|-------|-------------------------------------|----------------------------------|
| | P | L | Checks and balances (Institution 1) | Strong president (Institution 2) |
| BLUE | BLUE | BLUE | 200 | 104 |
| BLUE | BLUE | GREEN | 200 | 104 |
| BLUE | GREEN | BLUE | 200 | 24 |
| BLUE | GREEN | GREEN | 120 | 24 |
| GREEN | BLUE | BLUE | 120 | 24 |
| GREEN | BLUE | GREEN | 120 | 24 |
| GREEN | GREEN | BLUE | 120 | 104 |
| GREEN | GREEN | GREEN | 200 | 104 |

Any questions?

Part 1 Instructions

In this part of the experiment, you will have five tasks:

- Determine what are the expected policy proposals of the president and the legislator
- Determine if there is a gridlock, meaning, if the president proposes **GREEN** and the legislator proposes **BLUE** at the same time
- Determine what is the policy that will be implemented with each institution.
- You will tell us which is the institution that you prefer.
- Determine the frequency of gridlocks, that is, the proportion of cases in which the president proposes **GREEN** and the legislator proposes **BLUE** at the same time.

You will complete a table like the following:

| Current state of affairs | Identities of the president and the legislator | | Policy proposals | | Is there gridlock? | Implemented policy | | | I choose institution | Amount stolen by the president | | |
|--------------------------|--|-------|-------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--------|--|--------------------------------|------|---------------|
| | P | L | P | L | | Checks and balances (Inst. 1) | Strong president (Inst. 2) | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | | (9) | (10) | | |
| GREEN | Blue-Green | Blue | <input type="checkbox"/> GREEN BLUE | <input type="checkbox"/> GREEN BLUE | <input type="checkbox"/> YES NO | <input type="checkbox"/> GREEN BLUE | <input type="checkbox"/> GREEN BLUE | Verify | <input type="checkbox"/> 1 <input type="checkbox"/> 2 | | Cost | Send response |
| AZUL | Azul-Verde | Verde | <input type="checkbox"/> VERDE AZUL | <input type="checkbox"/> VERDE AZUL | <input type="checkbox"/> SI NO | <input type="checkbox"/> VERDE AZUL | <input type="checkbox"/> VERDE AZUL | Verify | <input type="checkbox"/> 1 <input type="checkbox"/> 2 | | Cost | Send response |
| ... | | | | | | | | Verify | | | Cost | Send response |

The steps to complete the table are the following:

1. In columns (4) and (5) you will record the policy proposals that you think the president and the legislator would propose after observing the current state of affairs and knowing the identity of each individual.
2. In column (6), you will record whether there is a gridlock or not. Remember that there is a gridlock if the president proposes **GREEN** and the legislator proposes **BLUE**.
3. In columns (7) and (8) you will record the policies that you think will be implemented under institutions 1 (checks and balances) and 2 (strong president).
4. To the right of column (8) you will see a button labelled “Verify”. You will click the button to verify if the responses you entered are correct. If your responses are correct, you will automatically see column (9), “I choose institution”. If any of the responses is incorrect, you will not be able to move on and you can correct your responses. You can correct your responses up to four times. If after the fourth verification your responses are not correct, then the program will correct your responses automatically and column (9) will appear. At this point you will not be able to modify your responses.

5. In column (9) you will record your choice, whether it is for Institution 1 or Institution 2. To help you in your decision, column (10) indicates what is the amount stolen by the president. For this, you will have to click the button labeled “Cost”. When you choose the one you want, click on the button “Send response”. After that, the next decision row will appear, and you will not be able to make changes on your responses.

6. At the end of this part, we will ask you what the frequency of gridlocks is.

You will make decisions for **ten (10) periods**. To make these decisions you will use **Tables 1, 2 and 3** together.

In this part of the experiment, we will pay you for the benefits you get in one of these periods. The payment will be determined as follows. If the responses in columns (4) to (8) are not correct after four tries, you will have a payment of zero. If in any of the four tries you entered the correct answers your payment will be calculated based on the institution you chose in column (9). For this reason, we ask you to make your decisions bearing in mind that any of them can be chosen to determine your payment. The computer will randomly choose a decision to be paid at the end of the experiment.

So that you do not have to look for them in the instructions, we gave you **Tables 1, 2 and 3** separately. If you do not have them raise your hand and we will give them to you.

So you clearly understand what your decisions would be like, together we will go over the following examples of how to use these tables and how you would decide.

Part 1 Examples

Please make sure you have tables 1, 2 and 3 on hand to understand how you would make your decisions.

Example 1

In this example, the current state of affairs is **GREEN**. The president observes the current state of affairs and as they are of the Blue-green type, proposes the **GREEN** policy. The legislator observes the same state of affairs but as they are of the Blue type, proposes the **BLUE** policy. You can figure this out by looking at **Table 1**. **In this example, there is gridlock.**

If we look at **Table 2**, this implies that the resulting policy depends on the institution chosen: the policy is **BLUE** with Institution 1 and **GREEN** with Institution 2. The proposed policies of P and L, if there is gridlock or not and the policies under both Institutions will be the first thing that you will fill in the box. These are the cells of columns (4) to (8) which in this example, we filled out for you. **We recommend you pay attention to the table on the screen to see how it would look like when you make your decisions.**

| Current state of affairs | Identities of the president and the legislator | | Policy proposals | | Is there gridlock? | Implemented policy | | I choose institution | Amount stolen by the president |
|--------------------------|--|------|--|--|--|--|--|---|--------------------------------|
| | P | L | P | L | | Checks and balances (Inst. 1) | Strong president (Inst. 2) | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| GREEN | Blue-Green | Blue | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input type="radio"/> YES <input checked="" type="radio"/> NO | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input type="radio"/> 1 <input checked="" type="radio"/> 2 | |

To determine your choice, you can use **Table 3**. In that table you will find the line corresponding to the current state of affairs **GREEN**, the **GREEN** policy proposal for P and **BLUE** for L. You will see that the payment associated with Institution 1 is **120** and that of Institution 2 is **176**. You will next indicate the institution you chose in the empty cell of column (9). To help you in your decision, column (10) indicates what is the amount of money stolen by the president, associated to the institution you chose.

If this period was chosen to determine the payment at the end of the experiment, your payment for Part 1 would be **120** if you chose Institution 1 and **176** if you chose Institution 2.

Example 2

In this example, the current state of affairs is **BLUE**. The president observes the current state of affairs and, since they are of the Green type, proposes the **GREEN** policy. The legislator observes the same current state of affairs, but since they are of the Blue type, they propose the **BLUE** policy. You can figure this out by looking at **Table 1**. **In this example, there is gridlock.**

If we look at **Table 2**, this implies that the resulting policy depends on the Institution chosen: the policy is **BLUE** with Institution 1 and **GREEN** with Institution 2. The proposed policies of P and L, if there is gridlock or not and the policies under both Institutions will be the first thing that you will fill in the box. These are the cells of columns (4) to (9) which in this example, we filled out for you. **We recommend you pay attention to the table on the screen to see how it would look like when you make your decisions.**

| Current state of affairs | Identities of the president and the legislator | | Policy proposals | | Is there gridlock? | Implemented policy | | I choose institution | Amount stolen by the president |
|--------------------------|--|------|--|--|--|--|--|---|--------------------------------|
| | P | L | P | L | | Checks and balances (Inst. 1) | Strong president (Inst. 2) | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| BLUE | Green | Blue | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> YES <input type="radio"/> NO | <input type="radio"/> GREEN <input checked="" type="radio"/> BLUE | <input checked="" type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> 1 <input checked="" type="radio"/> 2 | |

To determine your choice, you **will use Table 3**. **In Table 3** you will find the line corresponding to the current state of affairs **BLUE**, the **GREEN** policy proposal for P and **BLUE** for L. You will see that the payment associated with Institution 1 is **200** and that of Institution 2 is **96**. You will next indicate the institution you chose in the empty cell of column (9). To help you in your decision, column (10) indicates what is the amount of money stolen by the president, associated to the institution you chose.

If this period was chosen to determine the payment at the end of the experiment, your payment for Part 1 would be **200** if you chose Institution 1 and **96** if you chose Institution 2.

You will see the box to be completed next. Remember that you will have to determine:

- The proposals that you expect from P and L
- If there is gridlock or not
- The policies that will result under each institution, given the proposals of P and L
- Your choice for institution 1 or 2
- The frequency of gridlocks

Do you have any questions?

Everyone will begin making decisions at the same time in a minute.

Part 2 Instructions

In this part you will make decisions similar to those of the previous part, but with three differences:

- Now you will not observe the current state of affairs in each period. You only know that the frequency with which the current state of affairs **GREEN** occurs is 0.9. That means that in each row of the table in Part 2, there is a 9 in 10 chance that the state of affairs is **GREEN**.
- You will have information about the policy proposals of the president and the legislator. Remember that the president and the legislator know the current state of affairs before choosing their proposals, but you do not.

Your task is to:

- Determine if there is gridlock or not in each decision row. Remember that there is a gridlock if the president proposes **GREEN** and the legislator proposes **BLUE** at the same time.
- Determine the resulting policy under each institution
- Choose an institution.

You will make decisions for **fourteen (14) periods**. To make these decisions you will use **Tables 1, 2 and 3** together.

You will record your decisions in a table like the following one:

| Identities of the president and the legislator | | Policy proposals | | Is there gridlock? | Implemented policy | | I choose institution | Amount stolen by the president | Cost | Send response |
|--|------|------------------|------|---|---|---|--|--------------------------------|------|---------------|
| P | L | P | L | | Checks and balances (Inst. 1) | Strong president (Inst. 2) | | | | |
| Blue | Blue | BLUE | BLUE | <input type="radio"/> YES <input type="radio"/> NO | <input type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> GREEN <input type="radio"/> BLUE | <input type="radio"/> 1 <input type="radio"/> 2 | | | |

The way the payment for this part is determined is as follows:

1. You will first enter if there is gridlock or not and the policy which would be implemented under each institution.
2. On the right of column “Implemented policy” you will see a button labeled “Verify”. You will click on the button to verify if the responses you entered are correct. If the responses you entered are correct, you will see a new cell under “I choose institution” appear automatically. If any of the responses is incorrect, you can correct them and press the button “Verify”. You can verify up to four times. If by the fourth time your responses are incorrect, the program will correct your mistakes and the cell under “I

choose institution” will appear automatically. At this point, you will not be able to modify your prior responses.

3. Under column “I choose institution” you will enter your decision for either Institution 1 or Institution 2. To help you in your decision, column (10) indicates what is the amount stolen by the president. For this, you will have to click the button labeled “Cost”. When you choose the one you want, click on the button “Send response”. After that, the next decision row will appear, and you will not be able to make changes on your responses.

In this part of the experiment, we will pay you for the benefits you get in one of these periods. The payment will be determined as follows. If the responses in the first three columns are not correct after four tries, you will have a payment of zero. If in any of the four tries you entered the correct answers your payment will be calculated based on the institution you chose in column “I choose institution”. For this reason, we ask you to make your decisions bearing in mind that any of them can be chosen to determine your payment. At the end of this part you will know what the true current state of affairs is for each decision and the payment associated with the institution that you chose in each one. The computer will randomly choose a decision to be paid at the end of the experiment.

So that you understand clearly what your decisions would be, please read carefully the following examples of how to use these tables and how you would decide.

Part 2 Examples

Please make sure you have tables 1, 2 and 3 on hand to understand how you would make your decisions.

Example 3

In this example, the president and the legislator are of the Green type. Both propose the **GREEN** policy and therefore, **there is no gridlock**.

If you look at **Table 2**, you will conclude that the resulting policy will be **GREEN** with either of the two institutions.

To determine your vote, you will compare the payments with both institutions, but as you do not know the current state of affairs you have to decide which Institution to vote for without that information. For this you will look at **Table 3**. You will have two state of affairs to analyze, **GREEN** and **BLUE**.

If you are sure that the current state of affairs is **GREEN**, in **Table 3** you will find the current state of affairs **GREEN**, the policy proposal of P **GREEN** and of L **GREEN**. In the table, you will see that the payment associated with Institution 1 is **200** and that of Institution 2 is **176**.

If you are sure that the current state of affairs is **BLUE**, in **Table 3** you will find the current state of affairs **BLUE**, the policy of P **GREEN** and L **GREEN**. In the table, you will see that the payment associated with Institution 1 is **120** and that of Institution 2 is **96**.

If you are not sure what the current state of affairs is, consider the frequency of the **GREEN** state of affairs and the associated payments for each decision you will make.

Suppose that this period was chosen to determine your payment in Part 2. In this example, there is no gridlock. Suppose as well that at the end of the experiment it is revealed that the current state of affairs is **BLUE**. If you incorrectly answered any of the three first questions (existence of gridlock and implemented policies under institutions 1 and 2), you will not get payment for this part. If you correctly answered these questions, your payment for Part 2 will be **120** if you chose Institution 1 and **96** if you chose Institution 2. Remember that the cost associated to using Institution 2 was considered already to calculate these payments.

Example 4

In this example, the president proposes the **GREEN** policy and the legislator proposes the **BLUE** policy. Therefore, **there is gridlock**.

According to **Table 2**, that the president and the legislator proposed the **GREEN** and **BLUE** policies, respectively, implies that the resulting policy with Institution 1 is **BLUE** and with Institution 2 is **GREEN**.

To determine your vote, you will compare the payments with both institutions, but as you do not know the current state of affairs you have to decide which Institution to vote for without that information. For this you will look at **Table 3**. You will have two state of affairs to analyze, **GREEN** and **BLUE**.

If you are sure that the current state of affairs is **GREEN**, in **Table 3** you will find the current state of affairs **GREEN**, the proposed policy of P **GREEN** and L **BLUE**. In the table, you will see that the payment associated with Institution 1 is **120** and that of Institution 2 is **176**.

If you are sure that the current state of affairs is **BLUE**, in Table 3 you will find the current state of affairs **BLUE**, the policy of P **GREEN** and of **BLUE**. In the chart, you will see that the payment associated with Institution 1 is **200** and that of Institution 2 is **96**.

If you are not sure what the current state of affairs is, consider the frequency of the **GREEN** state of affairs and the associated payments for each decision you will make.

Suppose that this period was chosen to determine your payment in Part 2. In this example, there is gridlock. Suppose as well that at the end of the experiment it is revealed that the current state of affairs is **GREEN**. If you incorrectly answered any of the three first questions (existence of gridlock and implemented policies under institutions 1 and 2), you will not get payment for this part. If you correctly answered these questions, your payment for Part 2 will be **120**, if you chose Institution 1, and **104**, if you chose Institution 2. Remember that the cost associated to using Institution 2 was considered already to calculate these payments.

Next, you will see a table with 14 periods. It is expected that you determine:

- If there is gridlock
- The policy that will result in each period.
- The institution you prefer.

Do you have questions?

Everyone will begin making decisions at the same time in a minute.

Part 3 Instructions

Your decisions. In this part of the experiment, you will have to make ten (10) decisions between two lotteries, like the ones you see in the table below. The two lotteries are represented by two options, "Option A" to the left of the table and "Option B" to the right of the table. You will see the decisions presented in a table and you have to choose one of the two options in each decision. Each decision is a row of the table.

Take a minute to read the structure of the table.

| Decision | Option A | A or B | Option B |
|----------|---|---|--|
| 1 | \$20 with probability 1/10, \$16 with probability 9/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 1/10, \$1 with probability 9/10 |
| 2 | \$20 with probability 2/10, \$16 with probability 8/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 2/10, \$1 with probability 8/10 |
| ... | ... | ... | ... |
| 10 | \$20 with probability 10/10, \$16 with probability 0/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 10/10, \$1 with probability 0/10 |

To give you an idea of how lotteries work in this part of the experiment, we describe some of the decisions below. In Decision 1, Option A, there is a one in ten chance to win \$ 20 and a nine in ten chance to win \$ 16. In Option B, there is a one in ten chance to win \$ 39 and a nine in ten chance to win \$ 1. In contrast, in Decision 10, Option A, there is a ten in ten chance to win \$ 20 and a zero in ten chance to win \$ 16. In Option B, there is a ten in ten chance to win \$ 39 and a zero in ten chance to win \$ 1

The relevant decision. At the end of the experiment, one of the ten decisions will be chosen by the computer as the relevant decision. That is why we ask you to make your decisions with care, as if any of them could be chosen to be paid with the same probability.

Determining your Part 3 payment. Once the decision is chosen, we will pay you based on your chosen option. For that the computer will also determine in a random way which of the two payments of the option that you chose is the one that corresponds to you.

Do you have any questions?

Please press the "Continue" button to make your decisions.

Part 4: Questionnaire

We ask you to fill out the questionnaire which will now show up in your screen. We will pay you an extra \$50 for filling it out completely. Thank you!

7 Risk aversion measurement.

Part 3

| Decision | Option A | A o B | Option B |
|-----------------|---|---|--|
| 1 | \$20 with probability 1/10, \$16 with probability 9/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 1/10, \$1 with probability 9/10 |
| 2 | \$20 with probability 2/10, \$16 with probability 8/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 2/10, \$1 with probability 8/10 |
| 3 | \$20 with probability 3/10, \$16 with probability 7/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 3/10, \$1 with probability 7/10 |
| 4 | \$20 with probability 4/10, \$16 with probability 6/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 4/10, \$1 with probability 6/10 |
| 5 | \$20 with probability 5/10, \$16 with probability 5/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 5/10, \$1 with probability 5/10 |
| 6 | \$20 with probability 6/10, \$16 with probability 4/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 6/10, \$1 with probability 4/10 |
| 7 | \$20 with probability 7/10, \$16 with probability 3/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 7/10, \$1 with probability 3/10 |
| 8 | \$20 with probability 8/10, \$16 with probability 2/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 8/10, \$1 with probability 2/10 |
| 9 | \$20 with probability 9/10, \$16 with probability 1/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 9/10, \$1 with probability 1/10 |
| 10 | \$20 with probability 10/10, \$16 with probability 0/10 | <input type="radio"/> <input type="radio"/> | \$39 with probability 10/10, \$1 with probability 0/10 |

8 Post-experimental questionnaire

POST-EXPERIMENTAL QUESTIONNAIRE

1. What is the gender that was assigned to you at birth, which is in your birth certificate?
 - Male
 - Female
 - Other
 - I prefer not to answer

2. What is the gender you associate the most with today?
 - Male
 - Female
 - Transgender
 - Other: _____
 - I prefer not to answer

3. In which year were you born? 19__

4. What is your nationality?

5. If you are Uruguayan, where were you living when you were 10 years old?

6. In which department do you currently live most of the year?

7. If you live in Montevideo, in which neighborhood or town do you live?

8. What is the highest educational level of your father?
9. What is the highest educational level of your mother?

| | Father | Mother |
|----------------------|--------|--------|
| Incomplete primary | | |
| Complete primary | | |
| Incomplete secondary | | |
| Complete secondary | | |

| | | |
|---------------------|--|--|
| Incomplete tertiary | | |
| Complete tertiary | | |
| I don't know | | |

10. Your primary education was? Public/private

11. Your secondary education was mainly? Public / private

12. How interested would you say you are in politics? Are you:

1 Very interested

2 Somewhat interested

3 Not very interested

4 Not at all interested

13. In political matters, people talk of "the left" and "the right." How would you place your views on this scale, generally speaking?

| | | | | | | | | | |
|------|---|---|---|---|---|---|-------|---|----|
| Left | | | | | | | Right | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

14. Now I'd like you to tell me your views on various issues. How would you place your views on this scale? If you choose the option on the far left, it means you agree completely with the statement on the left; If you choose the option on the far right, it means you agree completely with the statement on the right; and if your views fall somewhere in between, you can choose any number in between.:

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|----|
| 14.1. Incomes should be made more equal | | | | | | | We need larger income differences as incentives for individual effort | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|----|
| 14.2. Private ownership of business and industry should be increased | | | | | | | Government ownership of business and industry should be increased | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|--|---|----|
| 14.3 Government should take more responsibility to ensure that everyone is provided for | | | | | | | People should take more responsibility to provide for themselves | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

| | | | | | | | | | |
|--|---|---|---|---|---|---|--|---|----|
| 14.4 Competition is good. It stimulates people to work hard and develop new ideas. | | | | | | | Competition is harmful. It brings out the worst in people. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|----|
| 14.5 In the long run, hard work usually brings a better life. | | | | | | | Hard work doesn't generally bring success – it's more a matter of luck and connections. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|----|
| 14.6 People can only get rich at the expense of others. | | | | | | | Wealth can grow so there's enough for everyone. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

15. If there were a national election tomorrow, for which party on this list would you vote? If you don't know, think about which party appeals to you the most nowadays:

1. Frente Amplio

- 2. Partido Nacional
- 3. Partido Colorado
- 4. Partido Independiente
- 5. Asamblea Popular
- 6. Other: _____

16. Would you say that the following ways of governing this country are very good, fairly good, fairly bad or very bad way?

| | Very Good | Fairly Good | Fairly Bad | Very Bad |
|---|-----------|-------------|------------|----------|
| Having a strong leader who does not have to bother with parliament and elections | | | | |
| Having experts, not government, make decisions according to what they think is best for the country | | | | |
| Having the army rule | | | | |
| Having a democratic political system | | | | |

17. In which place of the scale is does your household fit in (accounting for wages, salaries, pensions and other incomes that come in)?

| | | | | | | | | | |
|---------------|---|---|---|---|---|---|----------------|---|----|
| Lowest income | | | | | | | Highest income | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |