



universität
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MAGISTERARBEIT

Titel der Magisterarbeit

The reason why Merkel never says what she thinks

An experimental study of a decision-making process

Verfasst von

Jacob Daniel Alexander Donath

angestrebter akademischer Grad

Magister der Sozial- und Wirtschaftswissenschaften
(Mag.rer.soc.oec.)

Wien, 10.10.2015

Studienkennzahl lt. Studienblatt:
Studienrichtung lt. Studienblatt:
Betreuerin / Betreuer

A 066 913
Magisterstudium Volkswirtschaftslehre
Univ.-Prof. Dr. Jean-Robert Tyran

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1. Methodology

For this master thesis I implemented the model of Schuett and Wagner (2011) into an experimental environment and tested the robustness of this standard dynamic agency model in political economics.

Therefore, I conducted extensive literature research and designed a computer-based experiment. For programming I used 'zTree'.

The experiment was conducted in a laboratory environment with 'zLeaf' using 24 randomly chosen students from the University of Vienna.

I evaluated the obtained results with the econometric software 'Stata'.

This master thesis explains in detail the conduction, implementation, results and theory behind this project.

2. Introduction

Decisions are self-evident and omnipresent in our every day life. In this master thesis I analyze the behavior of people in a decision process based on a given or developed signal that is in all cases informative. Therefore, I use a principal-agent model in a political framework and implement this into a laboratory experiment. My model agents differ in their competence, which is defined as information concerning the optimal policies. When this information was not accurate or complete, some low-competence agents did try to mimic high-competence ones by choosing the action that went against the public information. This was in order to have better information and therefore raise their reelection probability. Nevertheless, the model shows that agents have the tendency to rather choose their policy according to the public forecast. Principles reward this behavior. Even for the same payoff, the reelection probability is much higher if the agent chooses their policy in accordance with the public information than if they do not. The present experiment provides a starting point for further research. The project could be extended by heightening the incentives of both, principal and agent, and therewith been tested for significance in the findings.

The 21st century has brought many rapid changes upon the different disciplines. We have experienced economical ups and downs in form of the financial crisis and subsequent recovery, and also lived through numerous global political developments. But, we did not only experience these changes; we formed and influenced them in the world around us. Every human voice plays a role in political outcomes and influences the changes we experience, whether it is deliberate or not.

A vote symbolizes the connection between an individual and the state. A vote can be submitted in many different forms but should communicate ones opinion, choice and freedom. Choosing and making a decision does not automatically

determine the best possible outcome and correct choice. Learning from mistakes helps to achieve the highest possible outcome.

Not every person has the chance to live in a democratic state that accepts the freedom of voting. Not every state believes that a collective and fair voting process accomplishes the best outcome.

Even if the voter is privileged to live in a state that hears their voice and gives the freedom of voting, they may not receive all the information necessary to know the whole truth and elect the politician that truly achieves the maximization of welfare. In a democratic system a subject votes for political representation to achieve their best welfare outcome. The most fitting politician is in the majority of cases the most competent one, defined by their reputation and accountability. The knowledge, that the voter made the right choice and truly achieves a higher 'payoff' or better 'welfare outcome' by giving the correct vote is only shown by time.

A vote demonstrates the voter's selfish hopes and wishes, but it cannot be forgotten that the politician receiving the vote is also human and therefore wants to maximize their welfare as well. A politician wants to be elected into office and reelected again in following terms. This gives them the power to execute their image of a successful and rewarding overall policy.

In reality a politician is defined by his actions and the remembrance of the citizen they represent. If the voter is satisfied with the politician, the politician will be content as well. But how does the politician ensure the voters welfare?

The voter has to believe that the politician mirrors their own opinion and acts in their best interest. A voter needs to relate to the politician's actions.

The politician has to be agile and adapt to the different states of the world. The state of the world is the current economic situation. By choosing the corresponding policy, the politician can accomplish the Pareto-optimum.

A politician is incentivized by his policy-motivation, his motivation to choose the right policy, his office-motivation, and his own motivation to get reelected and stay in office. The merging of these motivations adds up to the politician's state of welfare.

Presently, politicians differ by their competence level. They range between high- and low-competence levels. High-competence politicians have a greater chance to

stay in office by being reelected. High-competence shows itself through the politician's reactions to the state of the world. By being the most competent, and therefore the best informed, politician and choosing the right policy, the best outcome can almost be guaranteed. But, the public opinion, or rather the voter's opinion, is also defined by their feeling represented by a high-competence politician. Irrespective of if the choice may be the right or wrong one, the public forecast can determine and influence the reputation of the politician as well. As a result the politician has to include the public forecast in their decision-making-process.

To motivate my analysis, I will briefly consider two very different politicians from recent German history.

The current German chancellor Angela Merkel is well-esteemed for taking the public opinion into account before she forms an individual position. She is one of the most popular German politicians, although it is often not observable where she stands. It can be said that Merkel is a politician who rather panders towards the public opinion. Her predecessor Gerhard Schröder exerted his chancellorship in a completely different way. He was a politician who had a strong opinion on every political topic and did not hesitate to speak his mind. Schröder's most memorable policy was the "Agenda2010", a reformation of the working sector. Even though the public did not support his opinion, he enforced the reform. Schröder was a politician who clearly went against the public forecast.

Various behavioral economists have already addressed the voting process in depth in the last few years. Jonathan Woon (2012) for example, tested whether a voter votes retrospectively or forward looking. He analyzed if the voting process was based on the behavior of the politician in the past or concentrating on the politician's characteristics.¹ Justin Fox and Kenneth W. Shotts (2009) analyzed the voting behavior of voters and how the voting process is defined and developed. Their main research question focused on the trade off between the competence and the ideological congruence of the politician.² Nick Feltovich and Francesco Giovannoni (2013) investigated the influence of campaign promises, in the form of

¹ See Woon, J. (2012), "Democratic Accountability and Retrospective Voting: A Laboratory Experiment".

² See Fox, J. and Shotts, K. (2009), "Delegates or Trustees? A Theory of Political Accountability".

‘cheap talk’, on the election process. They ascertain a positive effect of campaign promises on the chances to get elected, but also a negative effect on the reputation if the promises were not fulfilled.³ ‘Noble Memorial Prize in Economic Science’ winner of 2014, Jean Tirole and Eric Maskin (2004) took a more universal view on this topic and discussed the positive and negative effects of a society where politicians are subjected to reelection. Therefore, they designed a framework to discuss the effects of politician’s accountability. With their model, Maskin and Tirole discovered that accountability can give the voters a control element, but could lead to a situation where the politician panders to the public opinion and neglects the interests of the minority.⁴

This master thesis discusses the development of the political decision-making- and voting-process, resulting in this research question:

“Based on what parameters does a politician decide what policy they will adapt, and how do voters decide whom they are voting for?”

To test and investigate this research question I developed an experimental framework. A politician, who is either of high or of low competence, is confronted with a voter. The politician has to choose a policy based on an informative but imperfect public forecast. If the politician is of high competence, they will receive superior information. Afterwards, the politician is subjected to reelections where they are confronted with a challenger.

The main part of this master thesis is organized as follows.

Section 3 gives an overview of the structure of the game, by explaining the timing of the experiment and the incentives of the politician and the voter. **Section 4** introduces the model and unveils the experimental implementation. **Section 5** shows how the equilibrium hypotheses are developed and formulated. **Section 6** discusses the results individually for low-informed politician, high-informed politician and voters and **Section 7** concludes.

³ See Feltovich, N. and Giovannoni, F. (2013), “Selection vs. accountability: an experimental investigation of campaign promises in a retrospective-voting environment”

⁴ See Maskin, E. and Tirole, J. (2004), “The Politician and the Judge: Accountability in Government”.

3. Structure of the game

3.1 Timing of the experiment

With the help of an experimental framework, I tried to identify parameters that influence and affect the voting process.

The experiment is a binary signaling game, separated in two parts in the framework of a political agency model. It is based on the model developed by Schuett and Wagner (2011).

Schuett and Wagner (SW2011) faced a politician towards a group of voters (who are represented by the median voter) and had them decide between two policies, policy a_1 and policy a_0 . In a political framework this can be understood as forcing a reform (a_1) or not forcing reform (a_0). It is important for the politician to choose the correct corresponding policy according to the state of the world (ω). There are two different states of the world; the economy can either be in a recession ($\omega=1$) or in a boom ($\omega=0$).

The correct policy for a politician facing an economy in a boom is to not choose a reform. Choosing a reform in a boom could deteriorate the situation. In times of a recession, the politician should choose a reform since a need for change exists.

In my model, one politician is matched with one voter that symbolizes the median voter. There are two kinds of politicians. The politician can either be highly qualified and perfectly informed about the state of the world and the corresponding policy (with a probability of λ) or lowly qualified and only in possession of the same information as the voter (with a probability of $1 - \lambda$). The politician always knows whether he is of high competence (θ_H) or not (θ_L), while the voter does not have this knowledge.

At the beginning the politician and the voter receive an imperfect signal $\sigma \in (\sigma_0, \sigma_1)$ about whether the economy is in a boom or in a recession. Let $v \in (v_0, v_1)$ be the probability that the economy is in a recession, conditional on the signal σ . That is, $v_0 \equiv \Pr[\omega=1|\sigma_0]$ and $v_1 \equiv \Pr[\omega=1|\sigma_1]$.⁵

⁵ See Schuett and Wagner “Hindsight-biased evaluation of political decision makers”, published in ‘Journal of Public Economics 95 (2011)’ (SW 2011), p. 1623.

We assume the public signal is always informative about the state of the world and therefore correct in more than 50 out of 100 times:

$$\textbf{Assumption 1}^6. 0 < v_0 < \frac{1}{2} < v_1 < 1$$

If the politician is of high competence he or she additionally receives perfect information about the actual state of the world. The type of the politician (θ) is determined at the beginning by a nature draw.

In the next step the politician chooses one action (a_1, a_0) based on the information he received. If the politician is highly informed he certainly knows the perfect policy for the maximization of welfare. The results and the outcomes of the chosen policy are observed afterwards.

If the politician chose to state a reform he generates an outcome of π_{max} , if the economy was in a recession and π_{min} , if the economy was in a boom ($\pi_{max} > \pi_{min}$). If the politician decides to not place a reform the payoff is only informative about the state of the world with a probability of p . Then he generates an outcome of π_{max} in times of an economic boom and an outcome of π_{min} if the economy is in a recession.

With a probability of $1-p$ he generates an outcome of π_{κ} , irrespective of the state of the world ($\pi_{max} > \pi_{\kappa} > \pi_{min}$). Table 1 summarizes the possible outcomes.

Outcome	Action = <i>Reform</i>		Action = <i>No Reform</i>	
			p	1-p
State of the world = <i>Recession</i>	π_{max}	π_{min}	π_{κ}	
State of the world = <i>Boom</i>	π_{min}	π_{max}	π_{κ}	

Table 1: Outcome table

After the politician decides about the corresponding policy the outcome is observed by both, the politician and the voter. In the next step the voter has to decide whether he wants to reelect the incumbent or if he wants to exchange him with a challenger. Therefore the voter also learns which policy (*Reform* or *No Reform*) the politician chose and knows the public signal (σ) and

⁶ SW 2011, p. 1623.

its precision (v). The probability that the challenger is highly informed is λ_c ($0 < \lambda_c < 1$) and the voter knows the expected competence level of the challenger beforehand as well as the expected competence level of the incumbent (λ).

In the second part a new state of the world (ω) and a new public signal (σ) is determined by a nature draw. The elected politician (incumbent or challenger) and the voter learn the public signal (σ). A high-informed politician learns the state of the world (ω), too. Based on this information the politician chooses a policy action (*Reform* or *No Reform*). The payoff of the second part is observed and the experiment ends.

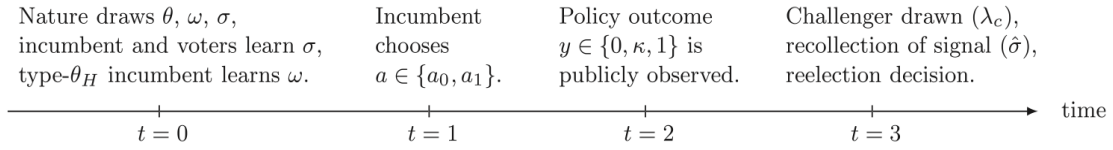


Figure 1: Timing of the experiment

Figure 1 summarizes the timing of the experiment from the beginning until the voting decision.

3.2 Incentives

Both the politician and the voter want to earn the maximum outcome. Therefore, the voter needs to figure out prior to his voting decision whether the politician he is facing is of high competence or not. Or more precisely: Whether the probability that the incumbent is of high competence is higher than the expected competence level of the challenger. Based on this assumption the voter makes their voting decision.

The incentives of the politician are more complex. In the first part of the experiment⁸ politicians are both policy-motivated and office-motivated. That means that they are on the one hand motivated to choose the correct policy to maximize the social outcome, but on the other hand the politician also wants to be reelected. Therefore a low-informed politician could probably, based on the

⁸ From the beginning until the voting decision.

incentives of the voter, try to signal to the voter that he is of high-competence even though he is not. That means that a crucial point about the incentives of the politician is how big their office motivation is compared to their policy motivation. In the second part of the experiment the politician has no incentive to deviate from the welfare maximizing strategy. The politician does not have to face a voting decision and can maximize their own outcome by choosing a policy according to the information received. As a result the politician is fully motivated by policy.

4. Model and experimental implementation

The experiment contained 36 rounds, each divided in two parts as described in section 3 “Structure of the game”. 24 subjects participated in the experiment, 12 were given the role of the politician and 12 were given the role of the median voter. These roles did not change within the experiment. One politician was matched pseudo randomly with a new voter in each round.

The second part of the experiment, meaning the policy decision after the voting, was simulated by the computer. This part was simulated because the politician had no incentive to deviate from the given information. In the same manner the challenger was simulated.

For the experimental implementation of the model I chose the following parameter:

<i>Probability that a politician is highly informed</i>	λ	0.3
<i>Probability that the challenger is highly informed</i>	λ_c	0.3
<i>Probability that the outcome of a_0 is informative</i>	p	0.5
<i>Probability that $\omega=1$</i>	α	0.5
<i>Payoff multiplier if the outcome is not informative</i>	κ	0.5
<i>Policy motivation of the politician</i>	ϕ	0.6
<i>Probability that $\omega=1$ conditional on σ</i>	v	0.25, 0.35, 0.45, 0.55, 0.65 or 0.75
<i>Probability that $\omega=1$ if $\sigma = 1$</i>	v_1	0.55, 0.65 or 0.75
<i>Probability that $\omega=1$ if $\sigma = 0$</i>	v_0	0.25, 0.35 or 0.45

Table 2: Implemented values

These values are based on the model of Schuett and Wagner (SW 2011).

Assumption 2⁹:

$$\frac{1 - \phi}{\phi} < \min \left[1; \frac{p + (1 - p)\kappa}{\lambda}; \frac{1 - (1 - p)\kappa}{\lambda} \right]$$

With this assumption SW 2011 ensures that an upper bound on the strength of the reelection concern exists.

⁹ SW 2011, p. 1624.

If we now implement our chosen values into Assumption 2, we get:

$$\frac{1 - \phi}{\phi} < \min[1; 2.5; 2.5]$$

That means that $\frac{1 - \phi}{\phi} < 1$ and after solving this equation: $\phi > 0.5$. That means that the policy motivation needs to be bigger than the office motivation. To satisfy Assumption 2 we chose the policy motivation to be 0.6 and the office motivation therefore to be 0.4. We implemented this by giving a fifty per cent higher payoff in the first part for each outcome.

Outcome	Action = <i>Reform</i>	Action = <i>No Reform</i>	
		50 %	50 %
State of the world = <i>Recession</i>	15	3	9
State of the world = <i>Boom</i>	3	15	9

Table 3: Outcome table of part 1

Outcome	Action = <i>Reform</i>	Action = <i>No Reform</i>	
		50 %	50 %
State of the world = <i>Recession</i>	10	2	6
State of the world = <i>Boom</i>	2	10	6

Table 4: Outcome table of part 2

Table 3 and 4 show the possible payoff for each outcome in both parts.

5. Theoretical predictions and hypotheses

5.1 The high-ability politician

Because of **Assumption 2** the high-ability politician always follows the state of the world in equilibrium. There cannot be an equilibrium in which they deviate from the welfare maximizing policy (**Lemma 1**)¹⁰.

Hypothesis 1: The high type politician plays *Reform* if ω is *Recession* and chooses *No Reform* if ω is *Boom* (**Lemma 2**).

¹⁰ SW 2011, p. 1625.

5.2 The low-ability politician

The strategy of the low informed politician depends strongly on the signal precision (v). If the signal precision is relatively high, a rational low-informed politician will trust the public forecast more frequently than if the signal precision is relatively low. This can also lead to inefficiency in the behavior of the low informed politician for some range of the signal precision. This is explained by Proposition 1 and is only valid if $\lambda < \bar{\lambda}$:

$$\bar{\lambda} = \frac{1 - v^*(1 - v^*) - \sqrt{\left((1 - v^*(1 - v^*))\right)^2 - 4(v^*)^2(1 - v^*)p}}{2v^*(1 - v^*)p}$$

Proposition 1¹¹

Based on Proposition 1 we can point out that there is always a range of the signal precision (v) where the politician chooses ‘No Reform’ too often and (if the share of high informed politician is not too large) a range where the politician chooses ‘Reform’ too often.

SW 2011 define v^* to be a threshold value of v ¹², that is given by:

$$v^* = \frac{p + (1 - p)\kappa}{1 + p}$$

Based on this we can compute $\bar{\lambda}$ to be approximately 0.76 which is actually larger than the share of high informed politicians ($\lambda=0.3$). So Proposition 1 in our setup is valid and an inefficient range of signal precision exists.

The idea behind this is that a politician who chooses a policy standing in contrast to the public signal and therefore in contrast to the policy, the voter beliefs to be superior, connotes competence even if the politician is low informed. The voter could think that the politician has additional information concerning the state of the economy, beside the public forecast.

The only case when a politician has more information is if they are highly informed and should be reelected by the voter. A rational high-informed politician

¹¹ SW 2011, p. 1625f.

¹² SW 2011, p. 1625.

guarantees a Pareto-superior outcome in the second part, in comparison to a low-informed politician.

For a low-informed politician it is risky to choose a policy, which is not in line with the public forecast, to signal competence by hoping that the more unlikely case, that the politician chooses correctly, occurs. A failure that leads to a bad reputation is more likely to happen due to the fact that the public signal is always informative (correct in more than 50 out of 100 cases) and will lead to a bad reputation. In case of a success, the politician gains asymmetrically more, because a rational voter believes that the politician has an advance in knowledge and therefore is more likely highly competent. Based on those results this strategy is called ‘gambling’.

The next assumption defines the voters’ beliefs and shows how the reputation of a low informed politician is affected if gambling pays off and how it is influenced if it does not. The voters’ beliefs explain how likely a rational politician in equilibrium is highly informed based on their actions, the public signal and the outcome. This is given by **Assumption 3**¹³:

$$(i) \quad \mu(\sigma, a, 3) = 0$$

$$(ii) \quad \mu(\sigma, a_0, 9) = \frac{\lambda(1-v)}{\lambda(1-v)+(1-\lambda)(1-s(\sigma))} = \frac{0.3(1-v)}{0.3(1-v)+0.7(1-s(\sigma))}$$

$$(iii) \quad \mu(\sigma, a_0, 15) = \frac{\lambda}{\lambda+(1-\lambda)(1-s(\sigma))} = \frac{0.3}{0.3+0.7(1-s(\sigma))}$$

$$(iv) \quad \mu(\sigma, a_1, 15) = \frac{\lambda}{\lambda+(1-\lambda)s(\sigma)} = \frac{0.3}{0.3+0.7s(\sigma)}$$

The probability of a successful ‘gamble’ and the connected increase in reputation depends on how informative the public forecast is.

If the signal precision has been low ($v = 0.55$) then the reputation of the politician according to *Assumption 3* would be around 0.44 if they are successful (and reach the maximum payoff of 15) and chose their policy according to the public forecast. But it would be 0 if ceteris paribus they just reach the minimum payoff of 3. A politician who ‘gamble’ will also have a reputation of 0 if he fails, like in all cases when a politician reaches the minimum payoff of 3. But if they are successful then the politician’s reputation turns out higher, in this case around 0.49.

¹³ SW 2011, p. 1625.

The difference in reputation is even bigger if the signal precision is larger. The reputation of a politician who ‘gambles’ successfully is nearly 1 if the signal precision was high ($v=0.75$). Whereas the reputation in the same case is just 0.3 - what is equal to the share of highly informed politicians - if a politician reaches a payoff of 15 after following the public forecast. These results are summarized in *table 5*. In section 5.3 I will go more in detail into these cases by explaining the equilibrium hypothesis of the voter.

The equilibrium strategy of a low informed politician is based on two factors. On the one hand there is the office motivation of the politician that is determined by the expected reputation, as explained before, and on the other hand there is the policy motivation described throughout the expected payoff from the policy.

That means that in the case where the policy motivation is 1, the low-informed politician would always follow the public forecast because the expected payoff is higher. In the other extreme case where the policy motivation is 0 and the office motivation is 1 the low-informed politician would choose the policy that maximizes the expected reputation.

In our framework the policy motivation is 0.6, the equilibrium strategy is therefore based on both, the office and the policy motivation:

$$\begin{aligned}\pi_1 &= \phi v + (1 - \phi) \frac{v\lambda}{\lambda + (1 - \lambda)s(\sigma)} \\ &= 0.6v + 0.4 \frac{0.3v}{0.3 + 0.7s(\sigma)}\end{aligned}$$

(1) Expected payoff for action ‘Reform’

$$\begin{aligned}\pi_0 &= \phi[(1 - p)\kappa + p(1 - v)] \\ &+ (1 - \phi) \left[\frac{(1 - p)\lambda(1 - v)}{\lambda(1 - v) + (1 - \lambda)(1 - s(\sigma))} + \frac{p(1 - v)\lambda}{\lambda + (1 - \lambda)(1 - s(\sigma))} \right] \\ &= 0.45 - 0.3v + 0.4 \left[\frac{0.15 - 0.15v}{1 - 0.3v - 0.7s(\sigma)} + \frac{0.15 - 0.15v}{1 - 0.7s(\sigma)} \right]\end{aligned}$$

(2) Expected payoff for action ‘No Reform’

To point out the equilibrium strategy of the low informed politician we equate the expected payoff for the cases the politician chose ‘Reform’ with the expected payoff

of the cases the politician chose ‘No Reform’ for each pure strategy. Let $s(\sigma)$ be the equilibrium strategy of a politician conditional on the public forecast. With pure strategies the equilibrium strategy can either be $s(\sigma) = 0$, what corresponds to a pure strategy of choosing ‘No Reform’ or $s(\sigma) = 1$ what corresponds to a pure strategy of choosing ‘Reform’.

Wagner and Schuett (2011) describe in **Lemma 2** that, based on this, if voters can be supposed to be rational, a unique equilibrium, that is characterized by thresholds $\underline{v}$ and $\bar{v}$ exists, such that the low-informed politician chooses ‘No Reform’ ($s(\sigma) = 0$) when $v \leq \underline{v}$ and ‘Reform’ ($s(\sigma) = 1$) when $v \geq \bar{v}$.

If $\underline{v} < v < \bar{v}$ the politician randomizes between ‘No Reform’ and ‘Reform’.

$s(\sigma) = S(v)$ where $S(v) \in (0,1)$ is increasing in v .¹⁴

To compute the described thresholds for our framework I implemented the parameters of section C2 into the equations (1) and (2), that describe the expected payoffs for each action and equate them with each other. To determine the lower threshold ($\underline{v}$), $s(\sigma)$ is defined to be 0 what gives us a value of $\underline{v} \approx \mathbf{0.405}$. Equally the upper threshold ($\bar{v}$) is computed by setting $s(\sigma) = 1$ and is about $\bar{v} \approx \mathbf{0.696}$.

That means that in our implementation a rational low informed politician will always choose ‘No Reform’ if $v < \underline{v} \approx 0.405$ and will always choose ‘Reform’ if $v > \bar{v} \approx 0.696$. If the signal precision is in between ~ 0.405 and ~ 0.696 a rational low-informed politician will choose randomly between ‘Reform’ and ‘No Reform’.

Figure 2 illustrates the described equilibrium strategy of a rational low-informed politician.

¹⁴ SW 2011, p. 1625.

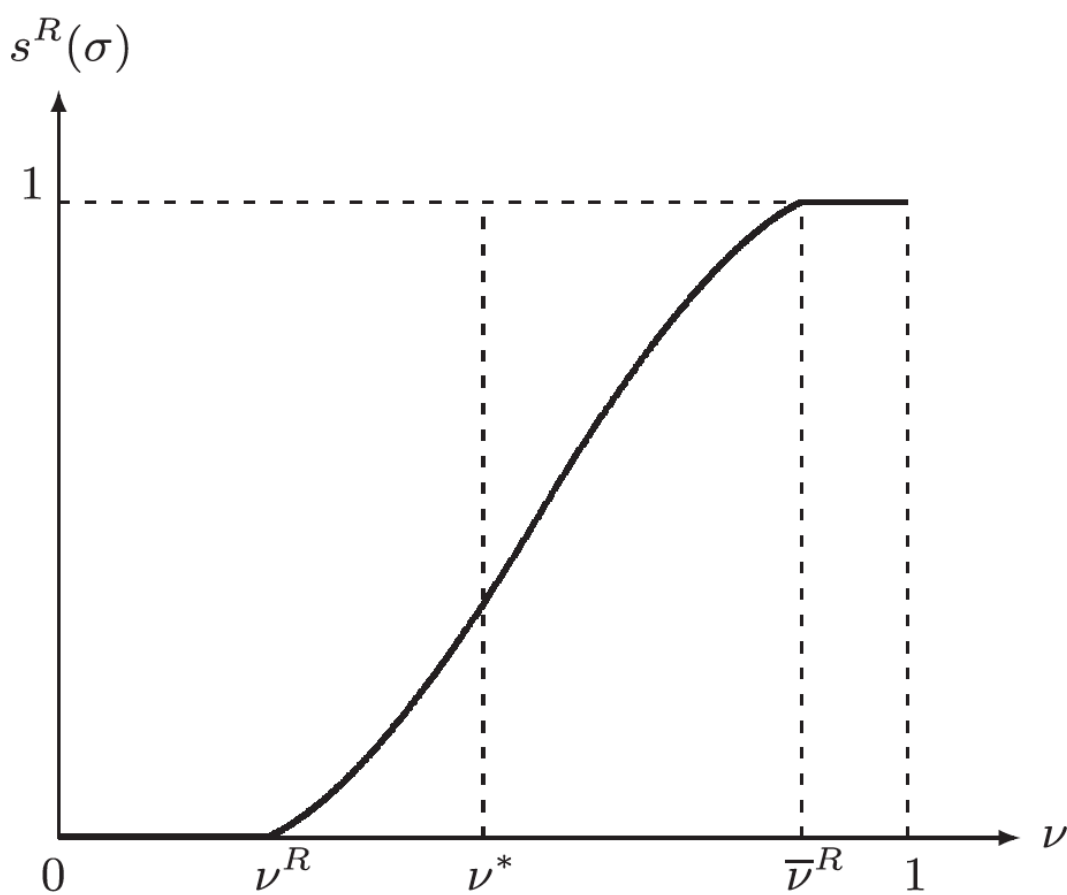


Figure 2: Equilibrium hypothesis of the low-informed politician¹⁵

In my implementation I chose three different stages for the signal precision. The quality of the public forecast could either be high, medium or low. If the signal precision was high, then the public forecast was correct in 75 out of 100 cases. A medium signal precision denotes that the signal was correct in 65 out of 100 cases and if the signal precision was low the public forecast was correct in 55 out of 100 cases.

I chose these values with the purpose to test all different parts of the mixed strategy of the rational low-informed politician. On the assumption that the signal precision was high the equilibrium hypothesis predicts a pure strategy depending on the public forecast. A low signal precision indicates that the politician chooses randomly between 'Reform' and 'No Reform'. The most interesting case is the instance when the signal precision is medium. In this case it is crucial whether the public forecast is 'Boom' or 'Recession' for the answer whether the politician has a

¹⁵ SW 2011, p. 1626.

pure strategy or whether they choose randomly between 'Reform' and 'No Reform'. For the case that the public forecast is 'Recession' then the signal precision is $v = 0.65 < \bar{v}$. That means that a low informed rational politician has in equilibrium no pure strategy. This does not count if the public forecast was 'Boom'. In this case the signal precision is $1 - v = 0.35 < \underline{v}$. That indicates a pure strategy of always choosing 'No Reform'.

Hypothesis 2: The low type politician plays *Reform* if σ is *Recession* and $v > \bar{v} \approx 0.696$ and chooses *No Reform* if σ is *Boom* and $v < \underline{v} \approx 0.405$. In all other cases the low informed politician chooses randomly between 'Reform' and 'No Reform'.

Transferred to my framework this means that a rational low informed politician chooses 'Reform' if σ is *Recession* at a high signal precision and chooses 'No Reform' if σ is *Boom* and the signal precision is high or medium. For all other cases a rational low informed politician will choose randomly one of the two possible policies.

5.3 The voter

In equilibrium, a rational voter will reelect a politician if they believe that the probability that the politician is highly informed is larger than the probability that the challenger is high informed (λ_c). Based on our implemented values with $\lambda_c = 0.3$ that means that a voter, who is rational, reelects an incumbent in equilibrium if they believe that the politician is high informed with a probability that is bigger than 0.3. In the same way they elect the challenger, if their belief is smaller than 0.3 and if the voter beliefs that the probability is equal to 0.3 then they are indifferent as to whether they reelect the incumbent or not.

The belief of a voter on the presumption that a politician is high informed depends on the outcome, whether the signal was 'Recession' or 'Boom', whether the action was 'Reform' or 'No Reform' and how informative the signal was. Therefore we distinguish between 21 different cases based on the four basic approaches of *Assumption 3*. There are two possible ways of approaching this. The first way is based on the assumption that the voter beliefs that the low-informed politician is rational and will choose their strategy according to *Hypothesis 2*. In these cases the strategy of the low informed politician is defined as $s(\sigma) = v$ for all v if $0.5 < v < \bar{v}$ and $s(\sigma) = 1 - v$ for all v if $\underline{v} < v < 0.5$. That means that the belief of the voters is in this part that the strategy of the low informed politician is analog to the signal precision if the signal precision does not allow a pure strategy according to *Hypothesis 2*. That means that the voter beliefs that a low informed politician will e.g. choose 'Reform' in 55 out of 100 cases if the public forecast is 'Recession' and the signal precision is medium ($=0.55$) and c. p. choose Reform in 45 out of 100 cases if the public forecast was 'Boom'. Section 5.3.1 is based on this hypothesis.

The second way which is approached in section 5.3.2 is based on the voters' belief that a low informed politician will choose 'No Reform' if the public forecast is 'Boom' and 'Reform' if the public forecast is 'recession' and therefore will always pander towards the public forecast. In this case the signal precision does not play a role. It is only important, if it was bigger than 0.5 or not.

5.3.1 For a rational low informed politician

If a politician generates the minimum payoff of 3 in the first part, the probability of this politician to be high informed is in equilibrium 0, based on Lemma 1 under the assumption that the politician is rational. So in no case will a rational voter reelect the incumbent.

Therefore the first approach is:

$$App. 1: \mu(\sigma, a_i, 3) = 0$$

In case that the payoff after the first round was 9, and therefore not informative about whether the policy choice of the politician was correct, the voter's belief depends strongly on whether the signal was 1 or 0 and how informative it was:

$$App. 2: \mu(\sigma, No Reform, 9) = \frac{\lambda(1-\nu)}{\lambda(1-\nu) + (1-\lambda)(1-s(\sigma))}$$

Based on our implemented values the belief of a rational voter that the competence of the politician is high, will increase with the signal precision if the public forecast is recession and will decrease with the signal precision if the public forecast is boom. The difference between these two possibilities is the fact that the only possible action to gain an outcome of 9 is when the politician chooses 'No Reform'. That means that if the public forecast was 'Boom' and the outcome was 9, the politician chooses their action according to the forecast and in the case the public forecast was 'Recession' they chose it against the forecast.

A rational voter will reelect under Approach 2 an incumbent if the public forecast was 'Recession' and the signal precision was high ($\nu = 0.75$) and will elect the challenger in this case if the public forecast was 'Boom' for all different signal precisions. If the public forecast is 'Recession' and the signal precision is medium ($\nu = 0.65$) or low ($\nu = 0.55$) the rational voter is indifferent between the two options.

The last two approaches deal with the cases that the politician gained an the maximum outcome of 15:

$$App. 3: \mu(\sigma, No Reform, 15) = \frac{\lambda}{\lambda + (1-\lambda)(1-s(\sigma))}$$

$$App. 4: \mu(\sigma, Reform, 15) = \frac{\lambda}{\lambda + (1-\lambda)s(\sigma)}$$

In most cases the voter's belief about the competence of the politician is bigger than 0.3 and therefore a rational voter will in equilibrium reelect the incumbent in these situations. The only exceptions are if the politician 'follows' the public forecast and the signal precision is either large ($v = 0.75$) and, if and only if the public forecast was 'Boom', also medium ($v = 0.65$). In these cases the voter is indifferent between the incumbent and the challenger. These are also the situations where according to the equilibrium hypothesis of the low informed politician, they have beforehand a pure strategy to 'follow' the public forecast because $v > \bar{v}$ or $v < \underline{v}$. Based on the equilibrium hypothesis of the rational voter, they will always reelect a politician who gained the maximum outcome of 15 and did not 'follow' the public forecast. This is consistent to our hypothesis that a politician who "surprisingly" gained the maximum payoff of 15 by choosing a policy that stays in contrast to the public forecast has an asymmetrical significant increase in reputation.

Table 5 summarizes all results of this section. The attached excel sheet gives a detailed view on the calculation and formulas of these results.

	$v = 0.55$	$v = 0.65$	$v = 0.75$
$\mu(\sigma_i, a_i, 3)$	0	0	0
$\mu(\text{Recession, No Reform, 9})$	0.3	0.3	1
$\mu(\text{Recession, No Reform, 15})$	0.488	0.550	1
$\mu(\text{Recession, Reform, 15})$	0.438	0.397	0.3
$\mu(\text{Boom, No Reform, 9})$	0.260	0.130	0.097
$\mu(\text{Boom, No Reform, 15})$	0.438	0.3	0.3
$\mu(\text{Boom, Reform, 15})$	0.488	1	1

Table 5: Voter's belief for rational politicians

Hypothesis 3: In equilibrium, a rational voter will reelect a politician if they believe that the probability that the politician is high informed (μ) is bigger than 0.3 (green marked part in Table 5), will elect the challenger if they believe that the probability that the politician is high informed is smaller than 0.3 (red marked part

in Table 5) and will be indifferent between the challenger and the incumbent if they believe that the probability that the politician is high informed is equal to 0.3 (yellow marked part in Table 5).

5.3.2 For a pandering low informed politician

A crucial point to derive the voters' belief is the voter's impression about the politician's strategy. The action of the high-informed politician is defined in *Hypothesis 1*. The strategy of the low-informed politician is more complex. A rational low-informed politician will choose their action according to *Hypothesis 2*. The behavior of the voter for the case that they believe that the low informed politician is rational is described in section 5.3.1 and summarized in *Hypothesis 3*.

This section describes the behavior of a voter who assumes that the politician has nothing but two pure strategies: Playing 'Reform' if the public forecast predicts a 'Recession' and choosing 'No Reform' if the public forecast predicts a 'Boom'.

In this case a rational voter will reelect an incumbent if he does not follow the public forecast and generates a payoff of 9 or 15 for all implemented signal precisions. The challenger will be elected if the public forecast is 'Boom', the politician chooses 'No Reform' and the payoff is 9 and therewith not informative about the real state of the economy. If the politician chooses his policy according to the state of the economy (what the voter beliefs the low-informed politician would do) and receives the maximum payoff of 15 then a rational voter is indifferent between electing the challenger and reelecting the incumbent.

	$v = 0.55$	$v = 0.65$	$v = 0.75$
$\mu(\sigma_i, a_i, 3)$	0	0	0
$\mu(\text{Recession, No Reform, 9})$	1	1	1
$\mu(\text{Recession, No Reform, 15})$	1	1	1
$\mu(\text{Recession, Reform, 15})$	0.3	0.3	0.3
$\mu(\text{Boom, No Reform, 9})$	0.162	0.130	0.097
$\mu(\text{Boom, No Reform, 15})$	0.3	0.3	0.3
$\mu(\text{Boom, Reform, 15})$	1	1	1

Table 6: Voters' belief for pure strategies

These results, which are summed up in Table 6, demonstrate the gain in reputation of successful ‘gambling’ in a certain setup.

Hypothesis 4: A rational voter in equilibrium will reelect a politician if they believe that the probability that the politician is highly informed (μ) is bigger than 0.3 (green marked part in Table 6), will elect the challenger if they believe that the probability that the politician is high informed is smaller than 0.3 (red marked part in Table 6) and will be indifferent between the challenger and the incumbent if they believe that the probability that the politician is high informed is equal to 0.3 (yellow marked part in Table 6).

6. Experimental Results

6.1 The high-informed politician

Based on *Hypothesis 1* we expected all politicians of high competence to choose their policy according to the state of the world. As explained before there is no incentive for a rational high informed politician to deviate from his knowledge based on Assumption 2 and Lemma 1. In the conducted experiment 132 out of 137 high-informed politicians followed the state of the world. The results can be interpreted to be according to the theory.

In case of a ‘Recession’ as the state of the world, only 1 out of 67 politicians chose ‘No Reform’, even though they knew that this was not correct. If the state of the world was ‘Boom’ a high-competence politician deviated in 4 out of 70 cases.

This result is contradictory and can be seen as a paradox since the expected outcome is opposed. If a high informed politician knows that the state of the world is ‘Recession’ and deviates from the right solution and chooses ‘No Reform’, there is a chance that he gains the non-informative outcome of 9, and thereby, depending on the public forecast, tries to connote to the voter that he was highly informed. But, if the state of the world is ‘Boom’ and a high-informed politician deviates from the corresponding policy, he will for sure gain the minimum payoff of 3 and has to know that a rational voter will elect them out of office.

As this affects only five cases, one can classify these to be mistakes and therefore irrelevant for further interpretation. This argument is underlined by the fact that three out of the five mistakes were made by the same subject.

Table 7 summarizes the action of the high-informed politician, based on the state of the world and shows that one can verify *Hypothesis 1* with this:

	$a_i = \omega$	$a_i \neq \omega$
$\omega = 1$	66	1
$\omega = 0$	66	4
Total	132	5

Table 7: Action of the high-informed politician

In the next step I investigated the payoff generated by highly informed politicians and the different reelection rates, based on the outcome. Table 8 shows that the

reelection rate of the highly informed politician depends on the payoff. The fact that two politicians who generated the minimum payoff of 3 were reelected is negligible since the number of cases is low and it can be seen as mistakes.

	Reelected	Not reelected	Total
Payoff = 3	2	3	5
Payoff = 9	22	13	35
Payoff =15	84	13	97
Total	108	29	137

Table 8: Payoff of the high-informed politician and reelection rate

More interesting is the question of which factors were most crucial for the reelection decision if the case applies that the politician gains either the not informative payoff of 9 or the maximum payoff of 15.

On the one hand I investigated if the actions of the politician were in accordance with the public forecast or not. According to *Hypothesis 3* and *4* the reelection probability by a rational voter should be higher in the case that a politician chose a policy not in accordance to the public forecast but generates a payoff of 9 or 15:

	Reelected	Not reelected	Total
$a_i = \sigma$	16	7	23
$a_i \neq \sigma$	6	6	12
Total	22	13	35

Table 9: Reelection rate for high-informed politician if Payoff=9

	Reelected	Not reelected	Total
$a_i = \sigma$	68	3	71
$a_i \neq \sigma$	16	10	26
Total	84	13	97

Table 10: Reelection rate for high-informed politician if Payoff=15

By analyzing table 9 and 10 it can be seen that these hypotheses cannot be verified for the high-competence politician. The reelection rate is higher in cases where the chosen policy was in accordance with the public forecast for each payoff.

6.2 The low-informed politician

To test whether the equilibrium hypothesis for the low-informed politician holds in my experimental setup I took a deeper view whether the low-competence politician did follow the public forecast w.r.t. the informativeness of the public forecast.

	$a_i = \sigma$	$a_i \neq \sigma$	Total
$\nu = 0.55$	67	32	99
$\nu = 0.65$	92	7	99
$\nu = 0.75$	93	4	97
Total	252	43	295

Table 11: Results of the low-informed politician - Followed the forecast or not

Table 11 shows how often a low-informed politician chose his policy in accordance to the public forecast, depending on each implemented level of signal precision.

The results show that a threshold exists that influences the strategy of the policy making process of the politician. A low informed politician changes the strategy when the quality of the public forecast differs.

It can be seen that the willingness to deviate from the public forecast is higher when the signal precision is low ($\nu=0.55$). This is consistent with *Hypothesis 2*, which predicts that a low informed politician always follows the public forecast in a pure strategy if the informativeness level is high ($\nu=0.75$) and that he or she chooses his or her strategy randomly for an informativeness level of 0.55. *Hypothesis 2* also predicts that, when the signal precision is medium ($\nu = 0.65$), a politician has only a pure strategy to follow the forecast if the public forecast predicts that the economy is in a ‘Boom’ situation. If the public forecast predicts a ‘Recession’, *Hypothesis 2* predicts that a rational low-informed politician will choose randomly between the two possible actions and policies.

With an overall view of table 11 it cannot be seen if the experimental setup is consistent with the medium signal prediction.

For this reason, I will focus on each of the possible public forecasts separately and analyze this results. Table 12 summarizes the results for the case that the public forecast predicts a ‘Recession’, whereas Table 13 contains the actions according to a public forecast that predicts a ‘Boom’.

	$a_i = \sigma$	$a_i \neq \sigma$	Total
$\nu = 0.55$	31	14	45
$\nu = 0.65$	44	2	46
$\nu = 0.75$	44	2	46
Total	119	18	137

Table 12: Results of the low-informed politician for $\sigma = \text{Recession}$

	$a_i = \sigma$	$a_i \neq \sigma$	Total
$\nu = 0.55$	36	18	54
$\nu = 0.65$	48	5	53
$\nu = 0.75$	49	2	51
Total	133	25	158

Table 13: Results for the low-informed politician for $\sigma = \text{Boom}$

By analyzing the results, the difference between the strategy of the low informed politician in two differentiating public forecasts with a medium ($\nu = 0.65$) signal precision cannot be witnessed.

The behavior of the low informed politicians in this case is rather similar to the behavior in case that the signal precision is high ($\nu = 0.75$) for both public forecasts. That is to say, that the results of the experimental implementation partly verify *Hypothesis 2* if the signal precision is medium.

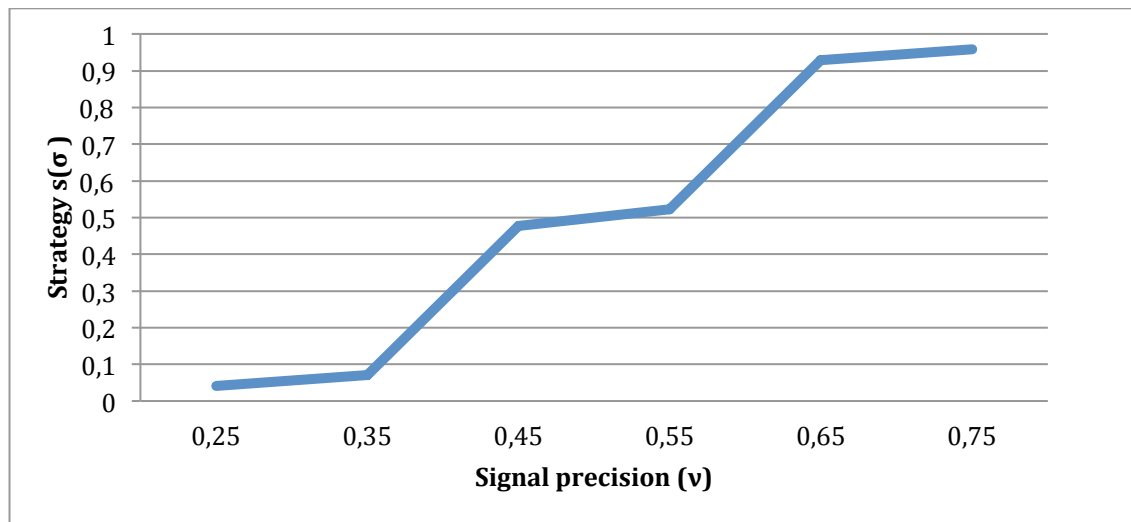


Figure 3: Strategy of the low informed politician

Based on those results it is possible to conclude that a threshold does exist. In my setup the values of the upper and lower bound slightly differ from the equilibrium hypothesis for a rational low-informed politician (*Hypothesis 2*). Figure 3 illustrates those results.

In the following step, I researched whether the trend of ‘gambling’ is consistent over time.

For this reason I divided the whole experiment into three parts with 12 rounds each and analyzed which signal precision influences the low-informed politicians gambling quantity.

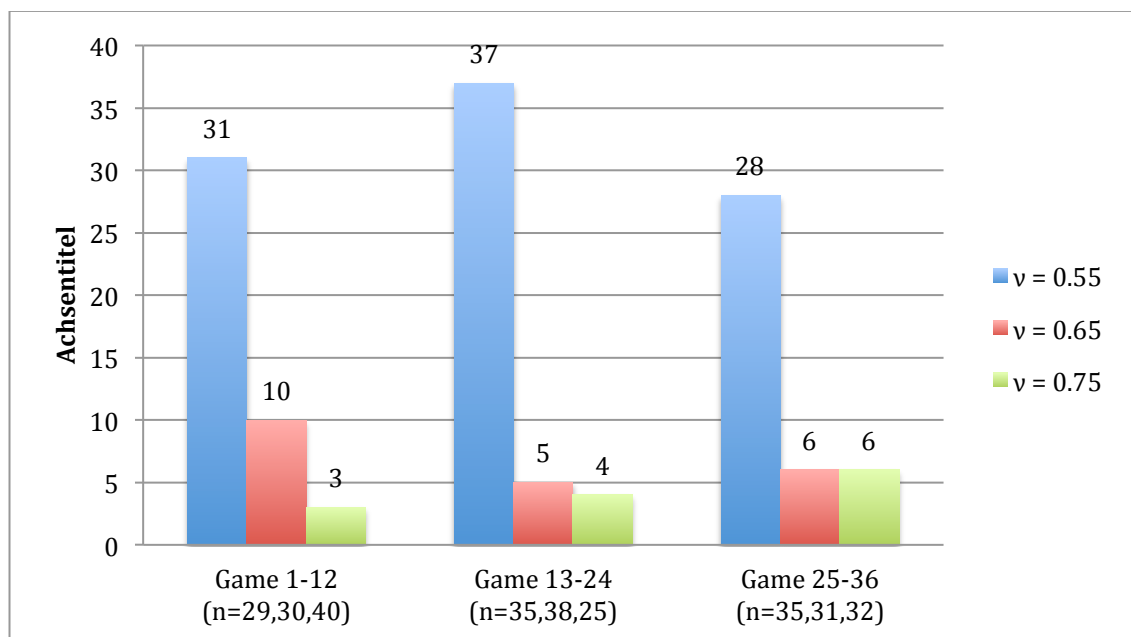


Figure 4: Gambling over time

Figure 4 shows that the ‘gambling-rate’ stays constant during the whole experiment for each signal precision with some deviation in both directions. But at the same moment it detects that the number of ‘gambling’, is relatively low and that low-informed politician tend to follow the public forecast.

6.3 The voter

As described before, the behavior of a rational voter in equilibrium depends on a few different factors¹⁶ that lead to 21 different scenarios. The following Table 14 sums up how the voter behaved in each of the different 21 cases.

		Reelected incumbent	Elected Challenger
v = 0.55	$\mu(\sigma_i, a_i, 3)$	7	37
	$\mu(\text{Recession, No Reform, 9})$	3	8
	$\mu(\text{Recession, No Reform, 15})$	6	3
	$\mu(\text{Recession, Reform, 15})$	25	2
	$\mu(\text{Boom, No Reform, 9})$	17	6
	$\mu(\text{Boom, No Reform, 15})$	19	0
	$\mu(\text{Boom, Reform, 15})$	12	2
v = 0.65	$\mu(\sigma_i, a_i, 3)$	7	20
	$\mu(\text{Recession, No Reform, 9})$	4	0
	$\mu(\text{Recession, No Reform, 15})$	2	2
	$\mu(\text{Recession, Reform, 15})$	45	2
	$\mu(\text{Boom, No Reform, 9})$	25	7
	$\mu(\text{Boom, No Reform, 15})$	21	0
	$\mu(\text{Boom, Reform, 15})$	3	5
v = 0.75	$\mu(\sigma_i, a_i, 3)$	6	13
	$\mu(\text{Recession, No Reform, 9})$	1	4
	$\mu(\text{Recession, No Reform, 15})$	0	1
	$\mu(\text{Recession, Reform, 15})$	51	3
	$\mu(\text{Boom, No Reform, 9})$	26	6
	$\mu(\text{Boom, No Reform, 15})$	23	2
	$\mu(\text{Boom, Reform, 15})$	5	1

Table 14: Detailed voting results

¹⁶ The generated outcome, the action of the politician, the public forecast and the level of informativeness of the forecast.

The highlighted numbers in bold symbolizes the strategy of a rational voter in equilibrium according to Hypothesis 3. If no number is highlighted a rational voter is indifferent.

To simplify and focus the analysis of these results I concentrated on the three general different behavior possibilities the voter has. These options are to either reelect the incumbent, elect a challenger or to be indifferent between the first two choices.

To compare the theory predictions of *Hypothesis 3* for the voter with the outcome of the experimental setup, I generated two variables. The variable ‘theoryprediction’ is defined to be 1 if, based on the outcome, the action, the public forecast and the informativeness level, a rational voter has the strategy to reelect the incumbent. If the strategy was to elect the challenger then ‘theoryprediction’ is 0 and if the voter is indifferent it is 0.5.

Furthermore I generated another variable. ‘followedtheory’ is defined to be 1 if the behavior of the politician is equal to the equilibrium hypothesis and 0 if it is not. If the voter was indifferent, ‘followedtheory’ is 0.5.

		<i>followedtheory</i>			
		<i>0</i>	<i>0.5</i>	<i>1</i>	
<i>theoryprediction</i>	<i>0</i>	88		89	177
	<i>0.5</i>		115		115
	<i>1</i>	22		118	140
		110	115	207	432

Table 15: Comparison of the theoretical equilibrium voting decision to the experimental setup

It can be observed from table 15 that the number of cases with a voting decision standing in accordance to the prediction of the theory is higher, with a voter following an equilibrium strategy to reelect the politician.

In 118 out of 140 cases the voter chose his voting decision to reelect the incumbent according to *Hypothesis 3*, whereas they only followed *Hypothesis 3* in 89 out of 177 cases if it suggested to replace the incumbent with a challenger.

Altogether the results show a clear tendency to rather reelect a politician. Based on *Hypothesis 3* there are 140 cases where the equilibrium strategy recommends a reelection and 177 with an equilibrium strategy that promotes to elect a

challenger. Nevertheless, Table 14 shows that in the experimental setup 308 politicians were reelected and only 124 were elected out of office.

An assumption is that the results of the experimental setup suggest that with a real incumbent subject and a computer based challenger, the behavior is influenced by a certain reciprocity motivation of the voter.

The observation of *Hypothesis 4* delivers us different results. *Hypothesis 4* was build on the theory that voters belief that a politician will follow every public forecast if it has a signal precision that is bigger than 0.5. To compare this hypothesis with the experiment, I designed two more variables. The variable 'hypothesis4' is defined to be 1 if a voter should, according to Hypothesis 4, reelect the politician, it is 0 if he/she should elect the challenger and 0.5 if indifferent. These results are summarized in table 16.

		<i>followedhypothesis4</i>			
		<i>0</i>	<i>0.5</i>	<i>1</i>	
<i>Hypothesis4</i>	<i>0</i>	88		89	177
	<i>0.5</i>		193		193
	<i>1</i>	26		36	62
		114	193	125	432

Table 16: Comparison of the experimental results to Hypothesis 4

It can be seen that the results are comparable to table 15 for the case that the theoretical hypothesis predicts an election of the challenger. On the other hand, 36 out of 62 cases where the theoretical hypothesis predicts a reelection have been implemented accordingly by the voter. As one can see from table 16 it has to be taken into account that the number of cases where *Hypothesis 4* predicts a reelection of the incumbent is relatively small and in the same moment the number of cases where the voter is, according to the theory, indifferent is relatively high. This aggravates the analysis.

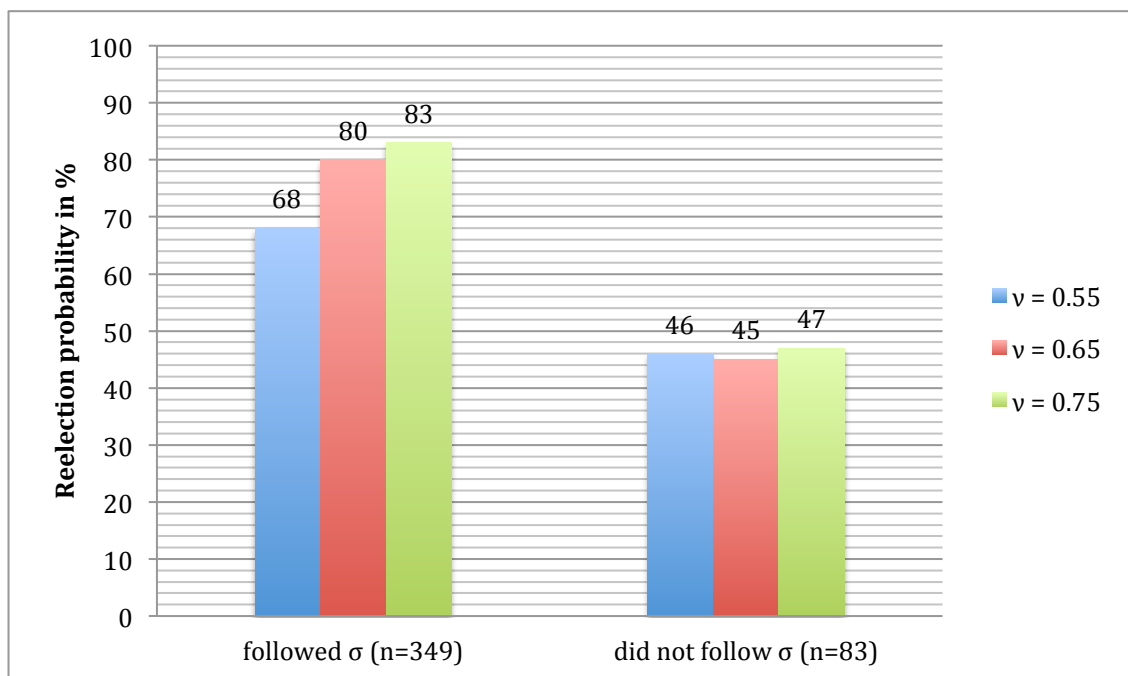


Figure 5: Following the public forecast vs. 'gambling'

An influential component of the voting decision was the politician's willingness to follow the public forecast. Figure 5 compares these two cases. It is essential to notice that all politicians are included in all paragraphs of this analysis. Even though a high-informed politician will base his policy decision rather on the known state of the world than on the unsecure public forecast, the voter does not know whether they are confronted with a high- or a low-competence politician and has to take his decision on the basis of the knowledge that they have.

It is observable that the reelection probability is higher for the case that a politician chose his policy according to the public forecast. This hypothesis even holds if the generated payoff from the action is implemented into the analysis. This finding is illustrated in figure 6.

The result contradicts Hypothesis 3 and the prediction of a boost in reputation for the case that 'gambling' pays off. In the experimental environment the reelection probability, and subsequently their reputation, is higher if the politician followed the public forecast for all possible payoffs.

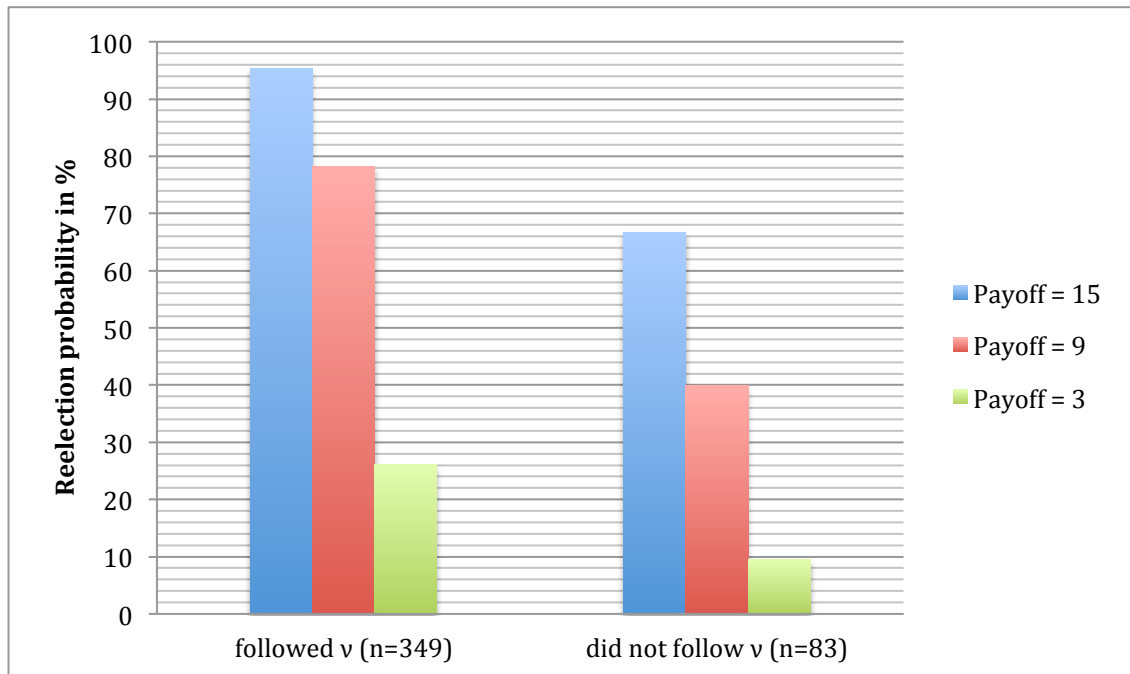


Figure 6: Reelection probability conditional on the payoff

By analyzing the development of the reelection probability after ‘gambling’ over time in Figure 7, it can be observed that voters learn that the competence of the politician can be revealed through the outcome. The development of the reelection probability after the politician’s decision to ‘follow’ the public forecast is shown in Figure 8. It shows the ability of the voters to learn that failure reveals the low-type politicians.

Summarized it can be said that voters learn more about policies against the public signal than about policies in accordance to the public signal, over time.

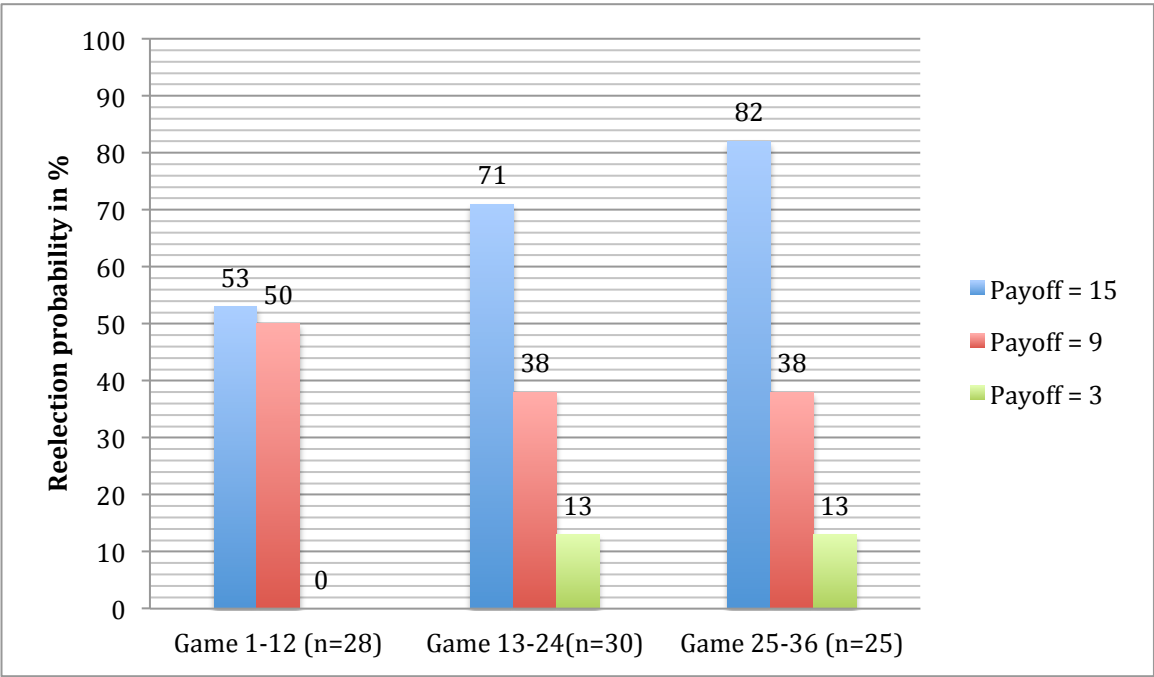


Figure 7: Reelection probability over time if the politician did not follow the forecast

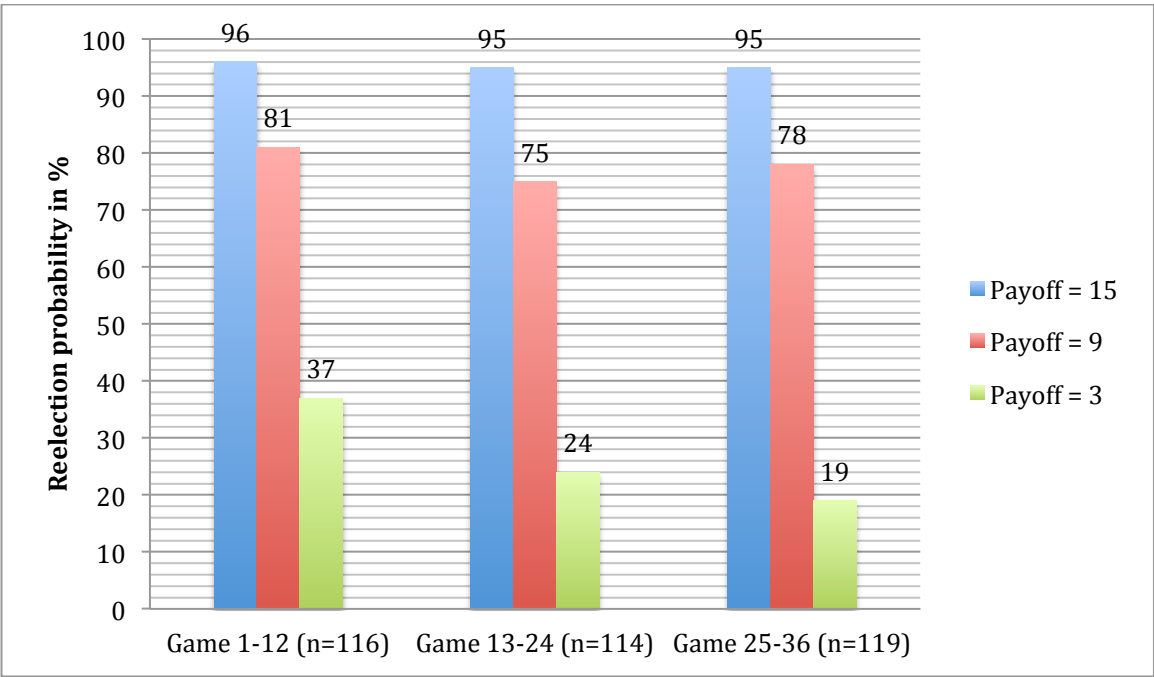


Figure 8: Reelection probability over time if the politician did follow the forecast

7. Conclusion

As this experiment is only conducted with 24 participants, it does not give any reliable or statistically significant results. Everything that is discussed here can only give a tendency for interpretation and will be the basis for future research in this field.

The results of this study show that *Hypothesis 1* is not rejected. Meaning that a high-informed politician has no incentive to deviate from the public forecast. There were a few negligible exceptions, which can be seen as mistakes.

Secondly, the strategy of the low-informed politicians is in line with the theoretical prediction, with some deviations. It is observable that a low-informed politician tends to choose a policy that stands in accordance with the public forecast more often than predicted. It is also observable that a low-informed politician acts more often in accordance to the public forecast than predicted and therefore rarely 'gambles'. An explanatory reason is that 'gambling' is less rewarded than the equilibrium hypothesis predicts.

Despite those results, low-informed politicians 'gambled' over the whole period of the experiment and the rewards grew higher over time. Whereas in the first 12 games almost every second politician who chose a policy contrary to the public forecast was elected out of office even though he generated the maximum payoff. This number decreased significantly during the experiment. For the last 12 games more than 4 out of 5 politicians were reelected into office.

In this master thesis I argued that a politician is reelected if they choose their policy according to the opinion of the voting citizens. Even if the politician is able to maximize the welfare for the community they will be reelected less often if the chosen policy is not in accordance to the public forecast. This is contradictory to the prediction of the theory that explains the voting decision of rational voters. The theory predicts that if a politician chooses the correct policy, even though it was not in accordance to the public forecast, it will give their reputation a boost. This is explainable through the belief of the voters that the politician had superior private information and is therefore of high-competence.

An explanatory approach could be that people do not want to be taught. The voters want to identify with the politician. They should be somebody from the

center of the society who does not stand above the voters and behaves in a 'down-to-earth' manner. Out of this reason, it is comprehensible that voters do not want to elect a 'know-it-all' even if these politicians could guarantee a higher welfare.

A related approach could be the human fault of voters. People do not want to acknowledge that they were 'wrong' and would have chosen the 'wrong' policy. By reelecting the politician that chooses the correct policy against the voter's will, the voter has to admit their mistake.

Additionally, a voter feels flattered and honored by the feeling that the leading politicians agreed and executed policies in accordance with their opinions. This helps the voter to identify with the politician. This resulting effect helped politicians gain a better reputation and gives a boost that could be considered more crucial in elections than the competence based reputation.

This brings us back to the introduction and the comparison between the former German chancellor Schröder and Merkel. Schröder was famous for his politics of "The Basta". If he believed in a specific policy, he tried to spread his opinion and convince the public. For him, it was important to try to use all available options and to enforce the policy he believed is the best. He was a strident politician and most citizens had a strong opinion about his character – positive or negative. After seven years he was voted out of office for a political agenda, which is nowadays seen as one of the fundamental reasons for the positive economical development in Germany in the last decade. By the time he implemented it, the political agenda made him an unpopular politician, since most people did not share his vision. The current German chancellor, Angela Merkel, is contrarily a moderating politician. She is famous for listening to all the different opinions before revealing her position. She is not the typical leader because she rather tries to find a compromise without pointing out her own opinion. For a lot of important questions, Merkel has actually never stated her opinion. By using this strategy, she won the last election with an almost absolute majority after already spending eight years in office. Translated into the context of the used framework, Schröder would be the politician choosing a policy against the public forecast. His chosen policy turns out to be the right one, but he still gets voted out of office. This is contradictory to the theory that states that the politician gains in reputation, but affirmative of the results of the executed laboratory experiment. Those findings and results show

evidence that not speaking one's own mind beforehand, and instead adapting to the public forecast, could prove successful in practical politics and boost the reelection probability.

These findings are confirmative for the result of the executed experiment and verify the chosen title of this master thesis "The reason why Merkel never says, what she thinks."

An important research question that is connected to the constructed theoretical framework and could be further developed in the future is: "How do the results change if the experiment is transferred into a non-European culture, where the majority of the society prefer a different kind of political leadership?"

Before doing this it is crucial to verify whether the results of this experiment can be proved significant. Therefore future research could focus on the voter's decision by reinforcing incentives of the voter to choose the correct candidate. This could be done by increasing the expected outcome of the voter from the second period for the case that the voter chose the right candidate and decreasing the expected outcome from the second period for the case that the voter chose the wrong candidate. Another variation could be to unveil the correctness of a decision of a politician more often by increasing the value of p and therewith increasing the number of cases that the action of a politician is informative about the actual state of the world.

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German Abstract

Entscheidungsprozesse sind selbstverständlich und allgegenwärtig in unserem täglichen Leben und reichen von der einfachen Alltagsentscheidung über das gewählte Frühstückscafé bis hin zur komplexen politischen Wahlentscheidung.

In dieser Masterthesis wird versucht, sich an die Analyse eines Entscheidungsfindungsprozesses anzunähern, bei der eine Option die eindeutig Richtige ist und ein informatives Signal auf diese hinweist. Dafür nutze ich ein einfaches Prinzipal-Agent-Modell, dass ich in einem politischen Rahmen implementiere. Es gibt hierbei zwei Arten von Agenten, die sich in Ihrer Kompetenz unterscheiden. Der kompetente Agent erhält eine perfekte Information über die zu wählende Politik, wohingegen der weniger kompetente Agent ein öffentliches, zwar immer informatives, aber keinesfalls perfektes Signal darüber erhält. Der Wissensstand von letzterem entspricht dabei dem des Prinzipals und übersteigt ihn nicht.

Es kam vor, dass weniger kompetente Agenten eine Entscheidung trafen, die dem Signal entgegenstand, um, falls diese Entscheidung trotzdem korrekt war, dem Prinzipal gegenüber Kompetenz zu suggerieren. Der Prinzipal könnte in diesem Zusammenhang glauben, dass der Agent weiterführende Informationen hatte. Trotzdem zeigt die Implementierung, dass der Agent in der Regel auch dem imperfekten Signal vertraute und der Prinzipal dies meistens honorierte. Entgegen der vorherigen Annahme, war die Wiederwahlwahrscheinlichkeit deutlich höher, wenn der Agent seine Entscheidung analog zum Signal traf. Dies galt für jedes einzelne Ergebnis auch individuell.

Weitere Forschung und Variationen in einzelnen Teilen des Experiments sind vonnöten, um die Signifikanz der Ergebnisse zu überprüfen. Dabei kann überprüft werden, wie sich die Ergebnisse verändern, wenn häufiger erkennbar gemacht wird, ob die Entscheidung des Agenten richtig gewesen ist bzw. die Motivation des Prinzipals stärker von der Entscheidung für die Wahl des richtigen Kandidaten abhängt.

Appendix

1. Reelection probability for pandering and gambling

1.1 Notation:

- Signalgefolgt = 1 → pandering
- Signalgefolgt = 0 → gambling
- IndiVotePolitician = 1 → reelected
- IndiVotePolitician = 0 → elected out of office

1.2 In general

. tabulate Signalgefolgt IndiVotePolitician if (role==1)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	45	38	83
1	79	270	349
Total	124	308	432

- pandering: 77.36 %
- gambling: 45.78 %

1.2.1 for $v = 0.55$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Signalstrike==0.55)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	26	22	48
1	32	67	99
Total	58	89	147

- pandering: 67.67 %
- gambling: 45.83 %

1.2.2 for $v = 0.65$ **. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Signalstrke==0.65)**

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	11	9	20
1	25	98	123
Total	36	107	143

- pandering: 79.67 %
- gambling: 45 %

1.2.3 for $v = 0.75$ **. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Signalstrke==0.75)**

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	8	7	15
1	22	105	127
Total	30	112	142

- pandering: 82.68 %
- gambling: 46.67 %

1.3 Payoff in part 1 = 15

1.3.1 In general

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==15)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	14	28	42
1	9	184	193
Total	23	212	235

- pandering: 95.34 %
- gambling: 66.67 %

1.3.2 for $v = 0.55$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==15 & Signalstrke==0.55)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	5	18	23
1	2	44	46
Total	7	62	69

- pandering: 95.65 %
- gambling: 78.26 %

1.3.3 for $v = 0.65$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==15 & Signalstrke==0.65)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	7	5	12
1	2	66	68
Total	9	71	80

- pandering: 97.06 %
- gambling: 41.67 %

1.3.4 for $v = 0.75$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==15 & Signalstrike==0.75)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	2	5	7
1	5	74	79
Total	7	79	86

- pandering: 93.67 %
- gambling: 71.43 %

1.4 Payoff in part 1 = 9**1.4.1 In general**

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==9)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	12	8	20
1	19	68	87
Total	31	76	107

- pandering: 78.16 %
- gambling: 40 %

1.4.2 for $v=0.55$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==9 & Signalstrke==0.55)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	8	3	11
1	6	17	23
Total	14	20	34

- pandering: 73.91 %
- gambling: 27.27 %

1.4.3 for $v=0.65$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==9 & Signalstrke==0.65)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	0	4	4
1	7	25	32
Total	7	29	36

- pandering: 78.125 %
- gambling: 100 %

1.4.4 for $v=0.75$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==9 & Signalstrke==0.75)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	4	1	5
1	6	26	32
Total	10	27	37

- pandering: 81.25 %
- gambling: 20 %

1.5 Payoff in part 1 = 3

1.5.1 In general

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==3)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	19	2	21
1	51	18	69
Total	70	20	90

- pandering: 26.09
- gambling: 9.52 %

1.5.2 for $v = 0.55$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==3 & Signalstrke==0.55)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	13	1	14
1	24	6	30
Total	37	7	44

- pandering: 20 %
- gambling: 7.14%

1.5.3 for $v=0.65$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==3 & Signalstrike==0.65)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	4	0	4
1	16	7	23
Total	20	7	27

- pandering: 30.43 %
- gambling: 0 %

1.5.4 for $v=0.75$

. tabulate Signalgefolgt IndiVotePolitician if (role==1 & Payoff1==3 & Signalstrike==0.75)

Signal gefolgt	IndiVotePolitician		Total
	0	1	
0	2	1	3
1	11	5	16
Total	13	6	19

- pandering: 31.25 %
- gambling: 33.33 %

2. Reelection probability per subject

2.1 In general

2.1.1 Pandering

```
. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==1)
```

Subject	IndiVotePolitician		Total
	0	1	
13	6	25	31
14	2	29	31
15	12	16	28
16	5	23	28
17	4	25	29
18	13	13	26
19	0	30	30
20	2	27	29
21	4	26	30
22	10	18	28
23	15	15	30
24	6	23	29
Total	79	270	349

2.1.2 Gambling

```
. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==0)
```

Subject	IndiVotePolitician		Total
	0	1	
13	1	4	5
14	1	4	5
15	4	4	8
16	1	7	8
17	2	5	7
18	3	7	10
19	5	1	6
20	6	1	7
21	5	1	6
22	7	1	8
23	5	1	6
24	5	2	7
Total	45	38	83

2.2 If Payoff1= 15

2.2.1 Pandering

. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==1 & Payoff1==15)

Subject	IndiVotePolitician		Total
	0	1	
13	1	13	14
14	0	18	18
15	2	13	15
16	0	17	17
17	0	20	20
18	0	13	13
19	0	20	20
20	0	11	11
21	0	18	18
22	0	14	14
23	6	10	16
24	0	17	17
Total	9	184	193

2.2.2 Gambling

. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==0 & Payoff1==15)

Subject	IndiVotePolitician		Total
	0	1	
13	0	4	4
14	0	2	2
15	1	3	4
16	0	4	4
17	1	5	6
18	0	7	7
19	1	1	2
20	3	0	3
21	3	0	3
22	4	1	5
23	1	0	1
24	0	1	1
Total	14	28	42

2.3 If Payoff1= 9

2.3.1 Pandering

. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==1 & Payoff1==9)

Subject	IndiVotePolitician		Total
	0	1	
13	1	12	13
14	1	8	9
15	4	2	6
16	0	6	6
17	0	5	5
18	5	0	5
19	0	7	7
20	1	11	12
21	0	6	6
22	0	4	4
23	7	1	8
24	0	6	6
Total	19	68	87

2.3.2 Gambling

. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==0 & Payoff1==9)

Subject	IndiVotePolitician		Total
	0	1	
14	0	1	1
15	1	1	2
16	0	3	3
18	1	0	1
19	2	0	2
20	3	1	4
21	1	1	2
22	1	0	1
23	3	0	3
24	0	1	1
Total	12	8	20

2.4 If Payoff1= 3

2.4.1 Pandering

```
. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==1 & Payoff1==3)
```

Subject	IndiVotePolitician		Total
	0	1	
13	4	0	4
14	1	3	4
15	6	1	7
16	5	0	5
17	4	0	4
18	8	0	8
19	0	3	3
20	1	5	6
21	4	2	6
22	10	0	10
23	2	4	6
24	6	0	6
Total	51	18	69

2.4.2 Gambling

```
. tabulate Subject IndiVotePolitician if (role==2 & Signalgefolgt==0 & Payoff1==3)
```

Subject	IndiVotePolitician		Total
	0	1	
13	1	0	1
14	1	1	2
15	2	0	2
16	1	0	1
17	1	0	1
18	2	0	2
19	2	0	2
21	1	0	1
22	2	0	2
23	1	1	2
24	5	0	5
Total	19	2	21

3. Policy choice based on the public forecast per subject

3.1 In general

3.1.1 Public forecast: 1 (=recession)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==1 & HPOLITICIAN==12)
```

Subject	Policyvoteboth		Total
	1	2	
1	6	4	10
2	10	0	10
3	15	0	15
4	7	0	7
5	9	0	9
6	11	0	11
7	11	1	12
8	5	3	8
9	13	3	16
10	12	2	14
11	11	1	12
12	9	4	13
Total	119	18	137

3.1.2 Public forecast: 2 (=boom)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==2 & HPOLITICIAN==12)
```

Subject	Policyvoteboth		Total
	1	2	
1	5	9	14
2	3	12	15
3	0	11	11
4	3	19	22
5	0	10	10
6	0	9	9
7	0	12	12
8	7	10	17
9	0	11	11
10	0	9	9
11	2	13	15
12	5	8	13
Total	25	133	158

3.2 v= 0.55

3.2.1 Public forecast: 1 (=recession)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==1 & HPOLITICIAN==12 & Signalstrke==0.55)
```

Subject	Policyvoteboth		Total
	1	2	
1	0	3	3
2	2	0	2
3	4	0	4
4	1	0	1
5	3	0	3
6	4	0	4
7	2	1	3
8	2	3	5
9	3	2	5
10	4	1	5
11	2	1	3
12	4	3	7
Total	31	14	45

3.2.2 Public forecast: 2 (=boom)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==2 & HPOLITICIAN==12 & Signalstrke==0.55)
```

Subject	Policyvoteboth		Total
	1	2	
1	5	0	5
2	1	2	3
3	0	5	5
4	3	8	11
5	0	4	4
6	0	3	3
7	0	2	2
8	6	1	7
9	0	3	3
10	0	4	4
11	1	3	4
12	2	1	3
Total	18	36	54

3.3 v= 0.65

3.3.1 Public forecast: 1 (=recession)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==1 & HPOLITICIAN==12 & Signalstrke==0.65)
```

Subject	Policyvoteboth		Total
	1	2	
1	3	1	4
2	3	0	3
3	3	0	3
4	4	0	4
5	3	0	3
6	5	0	5
7	5	0	5
8	1	0	1
9	7	1	8
10	4	0	4
11	4	0	4
12	2	0	2
Total	44	2	46

3.3.2 Public forecast: 2 (=boom)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==2 & HPOLITICIAN==12 & Signalstrke==0.65)
```

Subject	Policyvoteboth		Total
	1	2	
1	0	7	7
2	2	6	8
3	0	3	3
4	0	3	3
5	0	4	4
6	0	3	3
7	0	3	3
8	1	3	4
9	0	6	6
10	0	2	2
11	1	7	8
12	1	1	2
Total	5	48	53

3.4 $v=0.75$

3.4.1 Public forecast: 1 (=recession)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==1 & HPOLITICIAN==12 & Signalstrike==0.75)
```

Subject	Policyvoteboth		Total
	1	2	
1	3	0	3
2	5	0	5
3	8	0	8
4	2	0	2
5	3	0	3
6	2	0	2
7	4	0	4
8	2	0	2
9	3	0	3
10	4	1	5
11	5	0	5
12	3	1	4
Total	44	2	46

3.4.2 Public forecast: 2 (=boom)

```
. tabulate Subject Policyvoteboth if(role==1 & LInfoAlternative==2 & HPOLITICIAN==12 & Signalstrike==0.75)
```

Subject	Policyvoteboth		Total
	1	2	
1	0	2	2
2	0	4	4
3	0	3	3
4	0	8	8
5	0	2	2
6	0	3	3
7	0	7	7
8	0	6	6
9	0	2	2
10	0	3	3
11	0	3	3
12	2	6	8
Total	2	49	51

4. Results High Informed Politician

4.1 Dependend on the state of the world

```
. tabulate StateOfTheWorld Policyvoteboth if (role==1 & HPOLITICIAN==11)
```

StateOfThe World	Policyvoteboth		Total
	1	2	
1	66	1	67
2	4	66	70
Total	70	67	137

4.2 Per Subject

```
. tabulate Subject Payoff1 if (role==1 & HPOLITICIAN==11)
```

Subject	Payoff1			Total
	3	9	15	
1	0	5	7	12
2	1	2	8	11
3	0	4	6	10
4	0	1	6	7
5	0	2	15	17
6	1	2	13	16
7	0	4	8	12
8	0	2	9	11
9	0	3	6	9
10	3	3	7	13
11	0	4	5	9
12	0	3	7	10
Total	5	35	97	137

5. Reelection probability for pandering and gambling

	<i>Payoff 1</i>	Pandering	Gambling
v=0.55	15	95.65 % (n=46)	78.26 % (n=23)
	9	73.91 % (n=23)	27.27 % (n=11)
	3	20% (n=30)	7.14 % (n=14)
	Σ	67.67 % (n=99)	45.83 % (n=48)
v=0.65	15	97.06 % (n=68)	41.67 % (n=12)
	9	78.125 % (n=32)	100 % (n=4)
	3	30.43 % (n=23)	0 % (n=4)
	Σ	79.67 % (n=123)	45 % (n=20)
v=0.75	15	93.67 % (n=79)	71.43 % (n=7)
	9	81.25 % (n=32)	20 % (n=5)
	3	31.25 % (n=16)	33.33 % (n=3)
	Σ	82.68 % (n=127)	46.67 % (n=15)
Σ	15	95.34 % (n=193)	66.67 % (n=42)
	9	78.16 % (n=87)	40 % (n=20)
	3	26.09 % (n=69)	9.52 % (n=21)
	Σ	77.36 % (n=349)	45.78 % (n=83)

6. Followed the theory – Average of the averages

6.1 In general

	Prediction (= voter's belief)	
	<i>Reelect Incumbent</i>	<i>Elect Challenger</i>
In general	82 %	52 %

6.2 W.r.t. to the policy decision

Policy choice		Prediction (=voter's belief)	
		<i>Reelect Incumbent</i>	<i>Elect Challenger</i>
Reform	<i>Period 1-12</i>	83 %	69 % (n=8)
	<i>Period 13-24</i>	80 %	85 % (n=11)
	<i>Period 25-36</i>	94 %	70 % (n=10)
	<i>Average</i>	86 %	73 %
No Reform	<i>Period 1-12</i>	59 % (n=11)	34 %
	<i>Period 13-24</i>	69 % (n=8)	49 % (n=11)
	<i>Period 25-36</i>	90 % (n=10)	48 %
	<i>Average</i>	73 %	40 %

6.3 W.r.t. whether the policy of the politician was equal to the public forecast

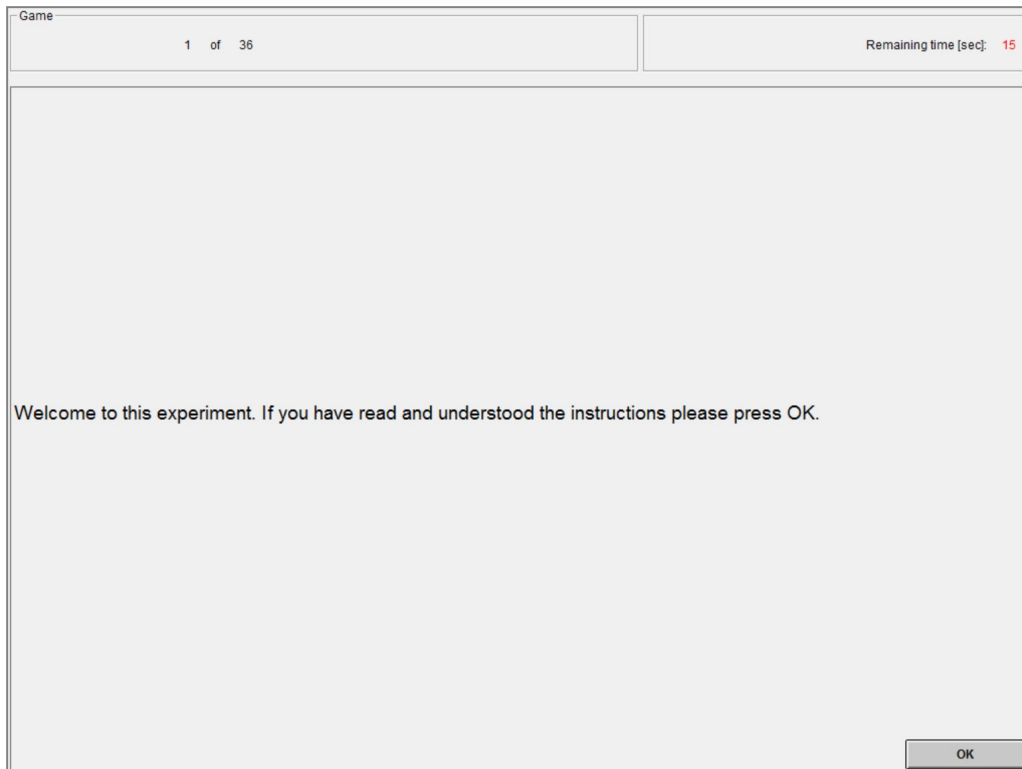
Followed the signal?		Prediction (=voter's belief)	
		<i>Reelect Incumbent</i>	<i>Elect Challenger</i>
Yes	<i>Period 1-12</i>	94 %	38 %
	<i>Period 13-24</i>	96 % (n=10)	58 % (n=11)
	<i>Period 25-36</i>	100 %	49 %
	<i>Average</i>	97 %	46 %
No	<i>Period 1-12</i>	55 % (n=10)	83 % (n=6)
	<i>Period 13-24</i>	55 % (n=10)	78 % (n=9)
	<i>Period 25-36</i>	76 % (n=7)	77 % (n=10)
	<i>Average</i>	60 %	80 %

6.4 W.r.t the informativeness of the public forecast

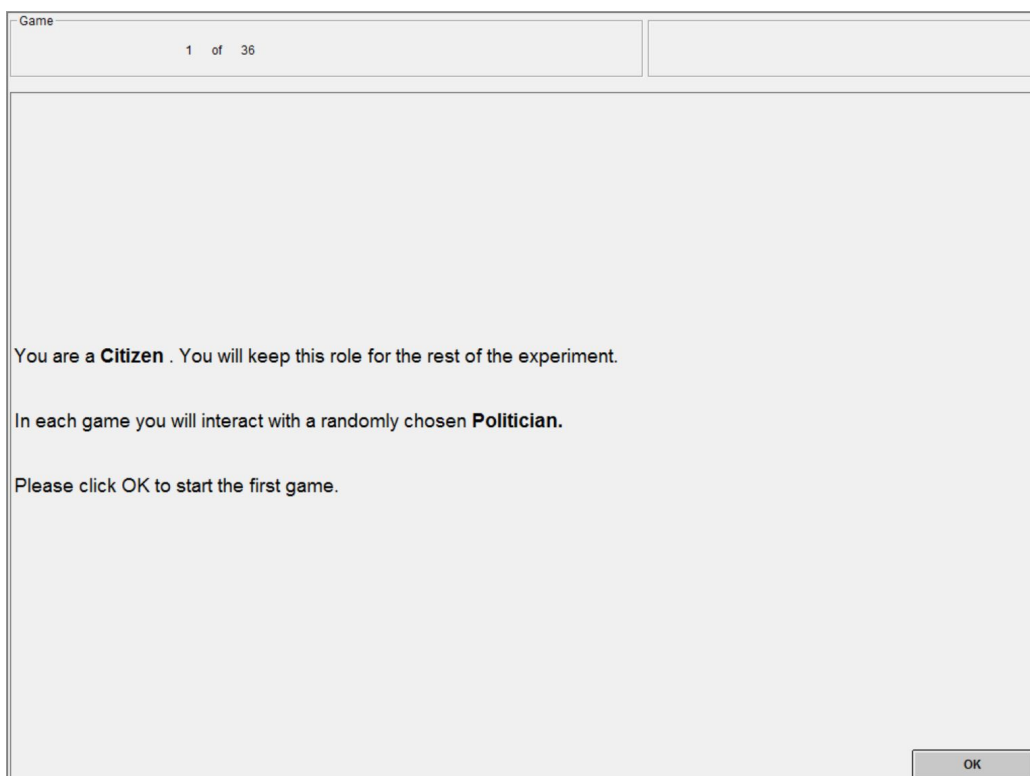
Informativeness		Prediction (=voter's belief)	
		<i>Reelect Incumbent</i>	<i>Elect Challenger</i>
<i>v=0.55</i>	<i>Period 1-12</i>	70 % (n=10)	72 % (n=9)
	<i>Period 13-24</i>	97 %	81 % (n=10)
	<i>Period 25-36</i>	97 % (n=10)	92 % (n=10)
	<i>Average</i>	90 %	81 %
<i>v=0.65</i>	<i>Period 1-12</i>	86 % (n=11)	23 % (n=11)
	<i>Period 13-24</i>	67 % (n=9)	67 % (n=11)
	<i>Period 25-36</i>	94 % (n=8)	33 % (n=9)
	<i>Average</i>	82 %	46 %
<i>v=0.75</i>	<i>Period 1-12</i>	50 % (n=4)	38 % (n=10)
	<i>Period 13-24</i>	0 % (n=2)	35 % (n=10)
	<i>Period 25-36</i>	75 % (n=2)	23 % (n=7)
	<i>Average</i>	47 % (n=5)	27 %

7. Screenshots

7.1 Welcome Stage



7.2 Nature draw – Citizen



7.3 Nature draw – Politician

Game	
1 of 36	

You are a **Politician**. You will keep this role for the rest of the experiment.

In each game you will interact with a randomly chosen **Citizen**

Please click OK to start the first game.

OK

7.4 First part – High informed politician

Round	
1 of 36	

Now the **1st** game starts

The public forecast of the state of the economy is: **Recession**

The precision of the forecast is **high (75 %)**.

You are a high-competence politician and you know the state of the economy with certitude. The state of the economy is: **Recession**.

OK

7.5 First part – Low informed politician

Round

1 of 36

Now the 1st game starts

The public forecast of the state of the economy is: **Boom**

The precision of the forecast is **medium (65 %)**.

You are a low-competence politician. You do not know the state of the economy with certitude.

OK

7.6 First part - citizen

Round

1 of 36

Now the 1st game starts

The public forecast of the state of the economy is: **Boom**

The precision of the forecast is **medium (65 %)**.

.

OK

7.7 Policy decision – High informed politician

Game

1 of 36

Summary

The public forecast is: Boom

The precision of the forecast is medium (65 %) .

The state of the economy is: Boom

Please choose a policy.

No Reform

Reform

7.8 Policy decision – Low informed politician

Game

1 of 36

Summary

The public forecast is: Boom

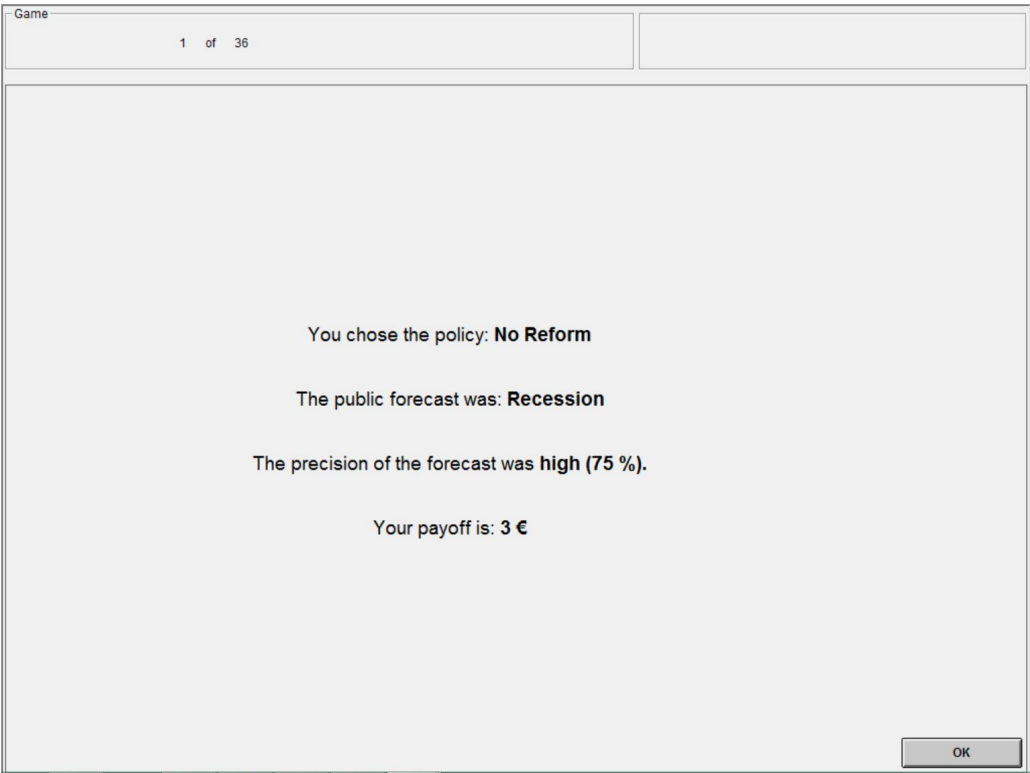
The precision of the forecast is high (75 %) .

Please choose a policy.

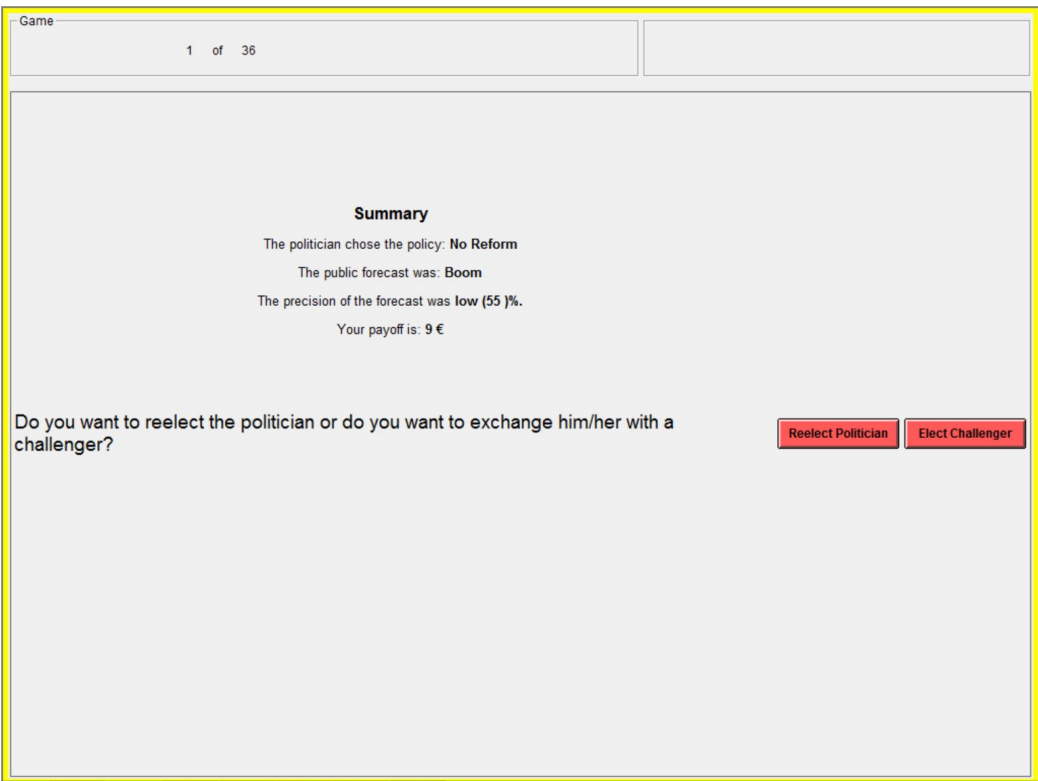
No Reform

Reform

7.9 Outcome of the first part



7.10 Voting stage



7.11 Politician is voted out of office

Game	1 of 36
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You have been voted out of office. You will not participate in part 2 of this game.

OK

7.12 Second part

Game	1 of 36
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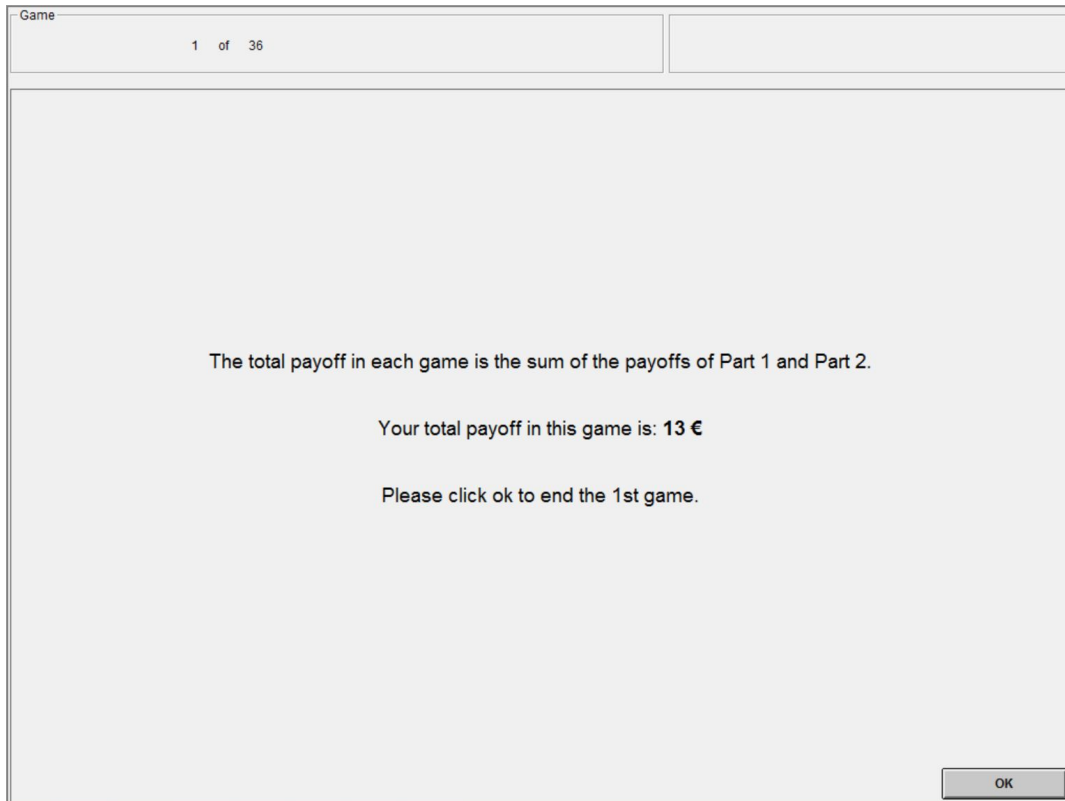
In Part 2, the elected politician and the citizen do not make an active decision, but both receive a payoff what represents the long-term benefits.

This payoff depends on the competence of the elected politician.

Your payoff in the second part is: 6 €

OK

7.13 Total payoff



8. USB Flash drive

The attached USB flash drive provides a more detailed appendix including a commented version of the zTree program.

Curriculum Vitae

Personal Data

<i>Name</i>	Donath
<i>First Names</i>	Jacob Daniel Alexander
<i>Date of birth</i>	08.04.1988
<i>Place of birth</i>	Frankfurt am Main
<i>Nationality</i>	German

Education

- Universität Wien, Austria. 2013 - 2015
Major subject: Economics
- Justus Liebig Universität Gießen, Germany. 2007 - 2011
Major subject: Economics
Final degree: Bachelor of Arts in Economics (BA)
Bachelor Thesis: „6 Jahre ‚Flat Tax‘ in der Slowakei – Eine Erfolgsgeschichte?“
 („6 years of ‚flat tax‘ in Slovakia – A story of success?“)
- Kaiserin-Friedrich-Gymnasium, Bad Homburg, Germany 1998 - 2007
Final degree: Abitur
- Ketteler-Francke-Schule, Bad Homburg, Germany 1994 - 1998

Work Experience

- Chief representative, Allianz AG, Bad Homburg, Germany Since 2015
- Account management and customer care, Allianz AG, Bad Homburg, Germany 2011 - 2013
- Allianz Sales Apprenticeship, Allianz-Außendienst-Akademie 2011 - 2013
- Youth leader in the youth centre of the Jewish Community Frankfurt/Main, Amichai 2006 - 2008
- Public relations office of the municipal of Bad Homburg v.d.Höhe, Internship 2003

Volunteer Work

- Managing committee SPD Hochtaunus 2011 - 2013
- City Council Member of the municipal of Bad Homburg v.d.Höhe 2011 - 2013
- Vice chairman of the committee on finance of the municipal of Bad Homburg v.d.Höhe 2011 - 2013
- Vice parliamentary party leader of the SPD fraction in the city council assembly of Bad Homburg 2011 - 2013
- Managing committee TuS Makkabi Frankfurt 2011 - 2013
- Managing committee SPD Bad Homburg 2008 - 2013
- Vice chairman SPD Bad Homburg 2010 - 2013
- Managing committee Junge Europäische Föderalisten (JEF) Hochtaunus 2010 - 2012
- Chairman Jusos Hochtaunus 2008 - 2013
- Chairman Jusos Bad Homburg 2007 - 2011

Languages

- German Mother tongue
- English Excellent command
- Latin Latinum
- Spanish Good command
- Polish Good command
- Hebrew Good command
- French Basic communication skills

Declaration of Authorship

I hereby declare that the thesis submitted is my own unaided work. All direct or indirect sources used are acknowledged as references.

I am aware that the thesis in digital form can be examined for the use of unauthorized aid and in order to determine whether the thesis as a whole or parts incorporated in it may be deemed as plagiarism. For the comparison of my work with existing sources I agree that it shall be entered in a database where it shall also remain after examination, to enable comparison with future theses submitted. Further rights of reproduction and usage, however, are not granted here.

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A handwritten signature in black ink, reading 'Jacob Donath', with a stylized flourish at the end.

Wien, am 10. Oktober 2015