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PRIVATE LEGITIMACY AND PUBLIC CAPACITY: THE ROLE OF MEETINGS BETWEEN REGULATORS AND THE PRIVATE SECTOR

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ABSTRACT. We analyze why countries where the public has a positive image of the private sector, are also countries where there are high-quality policies in place. In other words, why is private legitimacy correlated with state capacity? We show in a theoretical and experimental way that if the public distrusts businessmen, it will not allow meetings between businessmen and government officials to take place. These meetings are allowed in countries where businessmen are highly regarded among the people, and these meetings allow the exchange of information under which better policies can be achieved; this in turn leads to the promotion of higher-quality policies than in the absence of these meetings.

1. Introduction and motivation

Representative Marcy Kaptur: . . . you made about a hundred calls to Federal Chair Ben Bernanke, but then the next highest number of calls in that period, you made 103 to a man name Dan Jester... May I just ask, what firm did he worked for?

*Timothy Geithner: He worked for, as you know, he worked for Goldman Sachs.
(Congressional hearing about AIG, January 27, 2010)*

Interactions between government officials and businessmen are regarded as a key component of the US political system (Grossman and Helpman (2001), Blanes I Vidal, J. et al. (2012)) and also a complex component indeed. On one hand, politicians are well aware of the complexity of their relation with the private sector, and the challenges that lie ahead in this matter. As President Barack Obama pointed out after the British Petroleum Oil Spill:

“One place we’ve already begun to take action is at the agency in charge of regulating drilling, and issuing permits, known as the Minerals Management Service. Over the last decade, this agency has become emblematic of a failed philosophy that views all regulation with hostility—a philosophy that says corporations should be allowed to play by their own rules and police themselves. At this agency, industry insiders were put in charge of industry oversight. Oil companies showered regulators with gifts and favors, and were essentially allowed to conduct their own safety inspections and write their own regulations.”¹

On the other hand, businessmen are also well aware of the importance that these interactions may have. As it has been extensively documented (Kang (2012), Ansolabehere et al. (2003)), companies spend large amounts of resources in the lobbying process. Also, as documented in Acemoglu et al.

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¹Remarks by President Barack Obama to the Nation on the British Petroleum Oil Spill, June 15, 2010.

(2013), the market believes that the private sector has influence on the policymaking process, especially during crisis times.

However, an important player is missing in this picture: public opinion. The public has certain opinion about how should these interactions take place. Maybe its more salient and recent exponent is the movement Occupy Wall-Street, which started - among other reason - as a reaction to the perceived undue influence of corporations on governments (particularly banks and other members of the financial sector). Igan, Mishra, and Tressel (2011) present evidence consistent with the hypothesis that lobbying by financial institutions contributed to the 2008 financial crisis, so there are indeed reasons why people could pay attention and form an opinion regarding the meetings that take place between businessmen and government officials. People may have different beliefs regarding what goes on in these meetings between businessmen and government officials: Why do they meet? Does this help the country somehow? Does it help me somehow? Because people vote, if they have a negative view of these meetings, this could potentially affect the politicians prospects of being reelected, thus lack of public support for these meetings may prevent these meetings from occurring in the first place, as they are more costly - in political terms- for government officials to hold these meetings. This aspect is precisely the main subject of the paper: how people's beliefs regarding these meetings affect the possibility of businessmen and government officials to meet, and by assuming that in some areas it is useful to know what those affected think (source of information is the private sector), then this implies that lack of public support for these meetings could negatively affect the quality of regulations and policies enforced.

This study contributes mainly to two literatures. First, there is a vast literature that studies different aspects of the lobbying process. Among the works in this area -beside the ones mentioned before-, we could cite Salisbury et al. (1989), which analyzes how do lobbyists use their previous government experience in their advantage, or De Figueiredo and Kelleher (2014) that summarize several empirical facts about the lobbying process. One of the most salient works in this area is the one by Bertrand, Bombardini, and Trebbi (2014) that analyze the role of lobbyist in the lobbying process, and in particular how do they transmit information, or which type of information do they transmit. This constitutes one of the layers of this phenomena: how do lobbyists operate. What we propose to study is another layer of this process which consist on what are people beliefs regarding the lobbying process, and moreover how these beliefs could put a constraint on state capacity.

Second, our paper also contributes to the literature about state capacity. Among the causes of state capacity, wars and legal origins have been extensively studied. Besley and Persson (2009) provide a good overview of these drivers of state capacity and La Porta et al. (1999) emphasize how the country's legal system can act as a potential determinant of government performance. However, there is yet another determinant of state capacity which is Private Legitimacy (Akerlof & Romer (1993)). Information is a key resource for a government that wants to implement optimal policies, and meeting with the private sector may be a way to collect the information they need for this purpose. If a government is denied this possibility, its state capacity could be limited; this will be the focus of the paper.

The rest of the paper is organized in the following way: in section 2 we present the model and highlight its main outcomes; section 3 provides a detailed explanation of the main survey conducted and how its result align with the predictions of the model; section 4 deals with another (smaller) survey that was conducted which may shed light on whether the previous results can be generalized to other countries or if there are some features unique to Americans; section 5 presents the main conclusions; an appendix with the questionnaire of the surveys and variable definitions used for regression analysis can be found at the end of this document.

2. The Model

An individual can decide to invest in becoming a Trained businessman, or to remain Untrained. Simultaneously "the public" decides whether to Permit meetings of his delegate with the businessperson or to Forbid them.

If meetings are permitted, the businessman must decide whether to offer, to the delegate, Information or a Bribe.

In every case, whether meetings have been Permitted (and Information or a Bribe offered) or Forbidden, the delegate is the last player to move: if a Bribe has been offered, she chooses whether to Accept it or Reject it, and in every case she chooses a policy action $a \in \mathbf{R}$.

The exchange for the bribe is simple: the businessman offers an amount of money B to increase the action a by 1 unit (we will specify payoffs later, but for now it suffices to say that the business person likes large a ; say, a more favorable regulation).

After all actions have been taken (including the offer of the Bribe and the Acceptance or Rejection by the delegate), except the policy decision, the delegate receives a signal $s = \omega + \varepsilon$ about the true state of nature $\omega \sim N(0, 1)$ with $\varepsilon \sim N(0, \sigma)$; the signal is also known to the businessperson, but not to the public. The justification for this assumption is that the delegate receives information which the businessman and herself can interpret, but that is harder for the public to understand. The assumption that the businessperson can observe the signal is just for simplicity, to avoid an inference problem: when the delegate chooses a policy action a , the businessman must know what it would have been in the absence of a bribe.

Simultaneously, the businessperson receives another signal $r = \omega + \varsigma$ about the true state of nature, with $\varsigma \sim N(0, \rho)$ (all three random variables ω, ε and ς are independent). If the businessperson had committed to revealing the Information, the signal r also becomes known to the delegate; if the businessperson had offered the Bribe, and the delegate Accepted, the signal r is unknown to the delegate. The assumption that if the bribe is rejected the signal is unknown is in line with the idea that if a businessperson meets with a regulator, either exchange of useful information takes place, or negotiations leading to the bribe take place, but not both. The meeting is used for one thing, or the other, but not both. This assumption - which is in line with the findings of Campos & Giovannoni (2007) that state lobbying and corruption are mostly substitutes- will also play an important role in driving the results.

Payoffs are as follows. For a businessperson with education e_i with cost c_i , for $i = h, l$, who pays a bribe b (the bribe will be either B or 0), his utility is

$$e_i \left(k - (\omega - a)^2 \right) + xa - b - c_i.$$

As described above, the businessperson likes larger a (the parameter x is the “intensity” of how much he likes a) and dislikes the cost of the bribe and of education. The term $(\omega - a)^2$ is the cost of being away from ω ; a good policy is one that is closer to ω , and Trained businessmen are more able to reap the benefits of good policy (the education e and the quality of the policy are multiplied, and are therefore complementary).

The public, however, only cares about how “efficient” the businessperson is:

$$e \left(k - (\omega - a)^2 \right)$$

while the delegate is paid (for some fixed parameter p representing the power of the contract)

$$pe \left(k - (\omega - a)^2 \right) + b$$

Theorem 1. *There is an open set of parameters for which there are only two subgame perfect equilibria. In one of them the businessperson is Trained (“productive”), the public allows or permits meetings, and in them the delegate and the businessman exchange information about the state of nature, leading to high quality policy. In the other, the businessperson is untrained, and meetings forbidden, leading to low quality policy; if meetings were allowed, a bribe would be offered and accepted.*

Proof. There are four possible outcomes in the first stage: $\{T, U\} \times \{P, F\}$. In each outcome where meetings are permitted, we must analyze the behavior of the delegate depending on whether a bribe or information are offered. We therefore have 6 cases.

1) Untrained; Forbidden meetings. For each signal $s = \omega + \varepsilon$ the delegate maximizes $pE \left[e_l \left(k - (\omega - a)^2 \right) \mid s \right]$, which yields

$$2e_l E(\omega - a^* \mid s) = 0 \iff a^* = E(\omega \mid s) = \frac{\sigma}{1+\sigma} 0 + \frac{1}{1+\sigma} s = \frac{s}{1+\sigma}$$

Since $E \left((\omega - a^*)^2 \mid s \right)$ is the conditional variance of ω , which is $\frac{\sigma}{1+\sigma}$, the expected utility of the delegate is, for each s ,

$$u_D = E \left(p e_l \left(k - (\omega - a)^2 \right) \mid s \right) = p e_l \left(k - E \left((\omega - a^*)^2 \mid s \right) \right) = p e_l \left(k - \frac{\sigma}{1+\sigma} \right)$$

The utility of the public and the businessperson are

$$(0.1) \quad u_P = e_l \left(k - \frac{\sigma}{1+\sigma} \right) \text{ and } u_B = e_l \left(k - \frac{\sigma}{1+\sigma} \right) + x E(a^*) = e_l \left(k - \frac{\sigma}{1+\sigma} \right)$$

2.a) Untrained, Permitted meetings, Bribe offered. If rejected, the payoffs are as in (0.1). If accepted, the delegate chooses $a_b^* = \frac{s}{1+\sigma} + 1$, so payoff are:

$$(0.2) \quad u_D = E \left(p e_l \left(k - (\omega - a_b^*)^2 \right) + b \right) = p e_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) + B$$

$$(0.3) \quad u_P = e_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) \text{ and } u_B = e_l \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B$$

2.b) Untrained, Permitted meetings, Information transmitted. Since the distribution of ω conditional on s is $N \left(\frac{1}{1+\sigma} s, \frac{\sigma}{1+\sigma} \right)$, the distribution of ω conditional on s and r is:

$$N \left(\frac{\rho}{\frac{\sigma}{1+\sigma} + \rho} \frac{1}{1+\sigma} s + \frac{\frac{\sigma}{1+\sigma}}{\frac{\sigma}{1+\sigma} + \rho} r, \frac{\frac{\sigma}{1+\sigma} \rho}{\frac{\sigma}{1+\sigma} + \rho} \right) = N \left(\frac{r\sigma + s\rho}{\sigma + \rho + \sigma\rho}, \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right)$$

Payoffs are

$$u_D = p e_l \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) \text{ and } u_P = e_l \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) = u_B$$

3) Trained, Forbidden meetings. Payoffs are

$$(0.4) \quad u_D = p e_h \left(k - \frac{\sigma}{1+\sigma} \right), u_P = e_h \left(k - \frac{\sigma}{1+\sigma} \right) \text{ and } u_B = e_h \left(k - \frac{\sigma}{1+\sigma} \right) - c_h$$

4.a) Trained, Permitted meetings, Bribe offered. If the offer is rejected, payoffs are as in (0.4). If it is accepted, the delegate chooses $a_b^* = \frac{1}{1+\sigma} s + 1$, and payoffs are as in (0.2) and (0.3), but the businessman has paid the cost of education

$$u_D = p e_h \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) + B, u_P = e_h \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) \text{ and}$$

$$u_B = e_h \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B - c_h.$$

4.b) Trained, Permitted meetings, Information transmitted. In this case, as before, the distribution of ω conditional on s and r is $N \left(\frac{r\sigma + s\rho}{\sigma + \rho + \sigma\rho}, \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right)$ and payoffs are

$$u_D = p e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right), u_P = e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) \text{ and } u_B = e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) - c_h$$

We now provide a numerical example where every player's incentives are strict, so that slight variations in parameters don't affect the equilibrium set. This completes the proof. \square

A NUMERICAL EXAMPLE

We start by analyzing the conditions that the parameters must satisfy in order to obtain the two equilibria. It should be noticed that assuming that meetings are used either for bribes or exchange of information, but not both, was key to reach this result. To understand why, notice that since more information will make the policy better, the businessman would always commit to revealing it, but in that case the incentives of the Trained businessman and the Untrained one would be the same in terms of offering the Bribe or not, and multiplicity would not arise.

Here we focus on an equilibrium where the delegate always accepts the bribe: $pe_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) + B > pe_l \left(k - \frac{\sigma}{1+\sigma} \right) \Leftrightarrow B > pe_l$ and we also assume $B > pe_h$ so that the bribe is also accepted when the businessman is trained.

In period 0 in the equilibrium with high quality policy, we need the Trained businessman to offer Info, and the Untrained one to offer a Bribe:

$$\begin{aligned} e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) - c_h &> e_h \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B - c_h \Leftrightarrow \\ e_h \left(\frac{\sigma}{1+\sigma} + 1 - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) &> x - B. \end{aligned}$$

An analogous condition for the Untrained businessman together with the previous equation yield

$$e_h \left(\frac{\sigma}{1+\sigma} + 1 - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) > x - B > e_l \left(\frac{\sigma}{1+\sigma} + 1 - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right).$$

Then we need that:

- For an efficient equilibrium,
 - (1) for the educated businessman, the public wants to allow meetings (given that info will be provided), $e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) > e_h \left(k - \frac{\sigma}{1+\sigma} \right) \Leftrightarrow \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} < \frac{\sigma}{1+\sigma} \Leftrightarrow (1 + \sigma)\rho < \sigma + \rho + \sigma\rho$, which is always satisfied;
 - (2) if the public will allow meetings (and information will be provided), education must be better than not for the businessman, $e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) - c_h > e_l \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B$
- For the inefficient equilibrium,
 - (1) when the businessman is uneducated, the public wants to forbid meetings (given that bribes will be offered and accepted), $e_l \left(k - \frac{\sigma}{1+\sigma} \right) > e_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right)$, which is always satisfied.
 - (2) if the public will forbid meetings, the businessman must not want to get educated, so $e_h \left(k - \frac{\sigma}{1+\sigma} \right) - c_h < e_l \left(k - \frac{\sigma}{1+\sigma} \right)$

EXAMPLE

Set $e_h = 4$, $e_l = 2$, and $p = \frac{1}{4}$; with $x = 5$ and $B = 2$,

$$4 > \frac{3}{\left(\frac{\sigma}{1+\sigma} + 1 - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right)} > 2 \Leftrightarrow \frac{3}{2} > \frac{\sigma}{1+\sigma} + 1 - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} > \frac{3}{4} \text{ so let's make } \sigma = 2 \text{ and } \rho = \frac{1}{3}.$$

$$\text{Also } e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) - c_h > e_l \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B \Leftrightarrow 4 \left(k - \frac{2}{9} \right) - c_h > 2 \left(k - \frac{2}{3} - 1 \right) + 3 \Leftrightarrow k > \frac{1}{2}c_h + \frac{5}{18}$$

Since we also need $e_h \left(k - \frac{\sigma}{1+\sigma} \right) - c_h < e_l \left(k - \frac{\sigma}{1+\sigma} \right) \Leftrightarrow 4 \left(k - \frac{2}{3} \right) - c_h < 2 \left(k - \frac{2}{3} \right) \Leftrightarrow k < \frac{1}{2}c_h + \frac{2}{3}$, set $k = c_h = 1$.

1) Uneducated, meetings forbidden. The expected utilities are

$$(0.5) \quad (u_B, u_P, u_D) = \left(e_l \left(k - \frac{\sigma}{1+\sigma} \right), e_l \left(k - \frac{\sigma}{1+\sigma} \right), pe_l \left(k - \frac{\sigma}{1+\sigma} \right) \right) = \left(\frac{2}{3}, \frac{2}{3}, \frac{1}{6} \right)$$

2) Uneducated, meetings allowed, bribe offered. If rejected, the payoffs are as in (0.5). If accepted, payoffs are

$$\begin{aligned}(u_B, u_P, u_D) &= \left(e_l \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B, e_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right), pe_l \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) + B \right) \\ &= \left(\frac{5}{3}, -\frac{4}{3}, \frac{5}{3} \right)\end{aligned}$$

so in this node, the delegate takes the bribe.

3) Uneducated, meetings allowed, Information transmitted. Payoffs are

$$(u_B, u_P, u_D) = \left(e_l \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right), e_l \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right), pe_l \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) \right) = \left(\frac{14}{9}, \frac{14}{9}, \frac{7}{18} \right)$$

4) Educated, no meetings. Payoffs are

$$(0.6) \quad (u_B, u_P, u_D) = \left(e_h \left(k - \frac{\sigma}{1+\sigma} \right) - c_h, e_h \left(k - \frac{\sigma}{1+\sigma} \right), pe_h \left(k - \frac{\sigma}{1+\sigma} \right) \right) = \left(\frac{1}{3}, \frac{4}{3}, \frac{1}{3} \right)$$

5) Educated, meetings allowed, bribe offered. If the offer is rejected, payoffs are as in (0.6). If it is accepted, the delegate chooses $a_b^* = \frac{1}{1+\sigma}s + 1$, and payoffs are as in (0.2) and (0.3), but the businessman has paid the cost of education

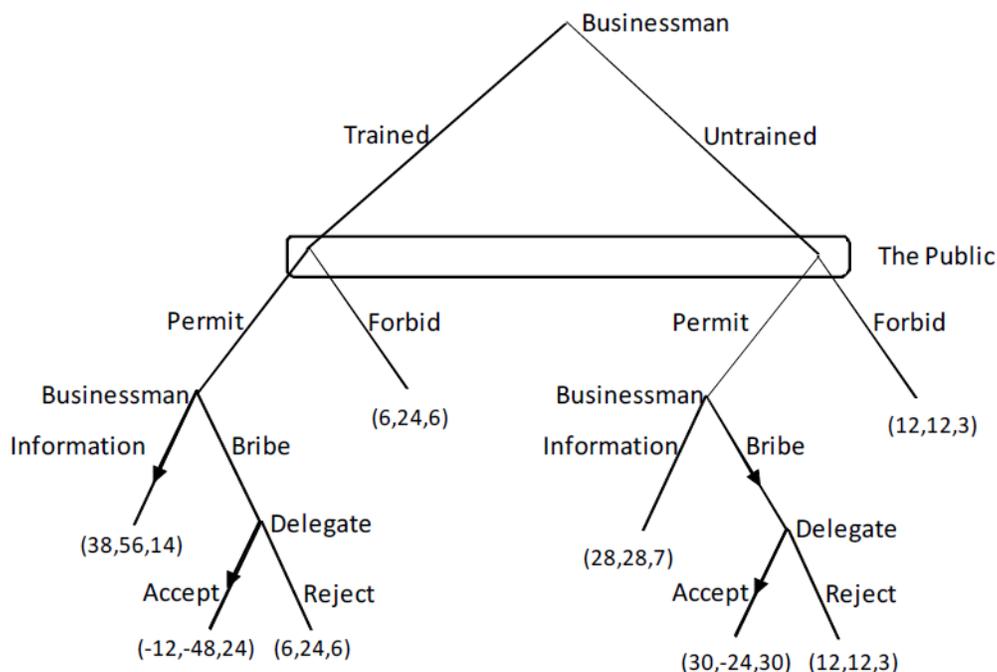
$$\begin{aligned}(u_B, u_P, u_D) &= \left(e_h \left(k - \frac{\sigma}{1+\sigma} - 1 \right) + x - B - c_h, e_h \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right), pe_h \left(k - \left(\frac{\sigma}{1+\sigma} + 1 \right) \right) + B \right) \\ &= \left(-\frac{2}{3}, -\frac{8}{3}, \frac{4}{3} \right)\end{aligned}$$

so the delegate takes the bribe.

6) Educated, meetings allowed, information provided. Payoffs are

$$(u_B, u_P, u_D) = \left(e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) - c_h, e_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right), pe_h \left(k - \frac{\sigma\rho}{\sigma + \rho + \sigma\rho} \right) \right) = \left(\frac{19}{9}, \frac{28}{9}, \frac{7}{9} \right).$$

With utilities multiplied by 18, the following game depicts the payoffs.



The arrows indicate how the delegate chooses in the last nodes, and then how the businessman chooses in the previous node. In the first stage, then, the simultaneous move game between the businessman and the public becomes

		Public	
		Permit	Forbid
Businessman	Trained	38, 56	6, 24
	Untrained	30, -24	12, 12

3. MTurk Survey

In the previous section we described a simple model where businesspeople simultaneously “get training” and the public decides on allowing meetings between business and government officials. The main force behind the model is that if the public believes businesspeople are: Capable (of using good policy), they will allow meetings because they presume that mostly exchange of information will take place; Incapable, they won’t allow meetings because they presume that mostly exchange of bribes for favors will take place. We test whether this mechanism is present in people’s mind: We “prime” subjects with either: businesspeople are efficient/honest; or they are willing to commit economic crimes (we don’t specify whether that is because they are unable to make an honest dollar, or because they are immoral). We tell them about meetings between businesspeople and regulators and ask: What goes on these meetings? Bribes or exchange of information? Also, as a proxy of whether these meetings should be allowed, or not, we ask them: should these meetings be regulated?

3.1. DATA DESCRIPTION

As was mentioned before, the survey was designed to explore the effect of opinions about business on people’s views on private/public meetings. Specifically, the survey explored the effect of making salient the perception that business is inefficient/dishonest on respondents’ opinions regarding what goes on in business-government meetings (two extremes are suggested: exchange of bribes vs exchange of information) and their support for regulating these meetings. Correspondingly, two measures are created: *Meetings Good* and *Deregulate Meetings*. The survey was implemented through Amazon’s Mechanical Turk, an internet-based market for tasks. The case for online experimentation is strong, as there is no need to physically aggregate subjects and compensate them for their travel (this and other aspects of online labor markets are reviewed in Horton et al., 2011). They have been used to study several questions in economics, including the effect of peers’ wages on job satisfaction (Card et al., 2012), the effect of inequality on preferences for redistribution (Kuziemko, et al., 2013) or views about social preferences (Weinzierl, 2012 and Saez and Stancheva, 2013). Several papers have studied the characteristics of M-Turk respondents and their usefulness for political research (see, Berinsky et al., 2012, Mason and Suri, 2012 and Huff and Tingley, 2014).

In our case, M-Turk was used to attract subjects by offering a small reward (50 cents) for taking a brief survey (approximately 5 minutes) to “help learn more about the relationship between politics and government”. We explained participation was voluntary and could be stopped at any time and that it was anonymous (with several steps to ensure anonymity). Payment was chosen at a relatively high rate so that the session was closed (the target was reached) only a few hours after the survey opening.

In the following table we present the main summary statistics. A complete list of variable definitions can be found in the appendix (as well as the complete questionnaire). However, for ease of exposition we explain the main variables that can be found in this table and that will also appear in subsequent tables.

PoorNoEffort is a dummy variable taking value 1 if individual thinks people are poor mainly because they didn’t make an effort and *RichEffort* is a dummy variable taking 1 if the individual thinks people are rich mainly because they made an effort. The reason we consider these variables is that we want to control for attitudes towards the rich and the poor when assessing whether “priming” the individuals with business is inefficient/dishonest has an impact on their willingness to allow meetings between businessmen and government officials.

As stated before, the two questions we will be looking at are *Meetings Good* and *Deregulate Meetings*. These questions are the following (answers are on a scale from 0 to 100):

Meetings Good: Government officials regularly have private meetings with businesspeople to discuss matters of mutual interest. Some argue that such meetings are helpful because they allow the exchange of information between government and business and the design of more efficient regulation for complex areas (one example is Banking). Critics, on the other hand, argue that these meetings are harmful because they create the opportunity for undue influence, lobbying and the exchange of bribes. Where do you stand on these matters?

- Mainly exchange of bribes for favors (0)
- Mainly exchange of useful information (100)

Deregulate Meetings: In some countries such meetings are regulated. For example, a record of the meetings has to be kept, sometimes these records have to be made public, government officials cannot meet alone with businesspeople (more than one official has to be present) and, in some extreme cases, the contents of the meetings have to be taped. In the US there are only a few such regulations, but there are some recent proposals to increase them. Where do you stand on this issue?

- I support increasing the regulations of these meetings (0)
- I do not support more regulations of these meetings (100)

TABLE 1. MTurk Survey: Summary Statistics

Variable	BadFirms		p-value
	0	1	
Age	31.90 <i>11.20</i>	32.26 <i>11.65</i>	0.51
Male	0.53 <i>0.50</i>	0.54 <i>0.50</i>	0.44
US	1.00 <i>0.05</i>	1.00 <i>0.03</i>	0.57
PoorNoEffort	0.19 <i>0.39</i>	0.21 <i>0.41</i>	0.22
RichEffort	0.33 <i>0.47</i>	0.32 <i>0.47</i>	0.59
Meetings_Good	39.00 <i>24.62</i>	34.72 <i>23.50</i>	0.00
Deregulate_Meetings	28.95 <i>27.12</i>	27.61 <i>28.22</i>	0.31
Democrat	0.74 <i>0.44</i>	0.70 <i>0.46</i>	0.11

Number of observations in first group (BadFirms=0) is 891; 887 in second. In first two columns we show mean and st.deviation (italic) of variables conditional on the treatment. p-value corresponds to t-test with $H_0: \text{mean}(0) - \text{mean}(1) = 0$ and $H_a: \text{mean}(0) - \text{mean}(1) \neq 0$.

Note that there are no significant differences in the mean of any of the control variables across the group of people “primed” with business is inefficient/dishonest and business is efficient/honest. With respect to the main characteristics of the respondents, it could be mentioned that the age mean is around 30 years, practically all of the respondents reside in the US, approximately 70% are more Democrat than Republican, and the proportion of male and female is roughly the same.

Also, and as will be discussed more extensively in the next section, when respondents where “primed” with business is inefficient/dishonest ($BadFirms=1$), they responded that Meetings consist mostly on bribes when compared to what people “primed” with business is efficient/honest responded ($Meetings_Good$ mean is 39 in the group with $BadFirms=0$ and 34.72 in the group “primed” with business is inefficient/dishonest). Although the differences in these means are statistically significant for the question $Meetings_Good$, it is not the case for $Deregulate_Meetings$, a result which will be discussed in the next section.

3.2. RESULTS

As stated before, the main purpose of this survey is to test the model’s prediction that people will not allow meetings if they believe that business is inefficient/dishonest. In order to successfully test this hypothesis, after the respondents are “primed” with either business is inefficient/dishonest or business is efficient/honest, we ask them if they believe that meetings between businessmen and government officials consist mostly of bribes or exchange of information. In the following table, we run several regressions, with different control variables, and in all of them we get the expected negative and significant coefficient on the variable $BadFirms$. This indicates that when individuals are “primed” with business is inefficient/dishonest, they believe more strongly that meetings consist mostly of bribes for favors.

In addition to the main result just mentioned, other interesting results emerge from these regressions. First, being a Democrat (or “more” Democrat than Republican) is correlated with a stronger belief that these meetings consist mostly on exchanges of bribes and favors.² Second, beliefs regarding the reasons behind poverty are correlated with the belief of what happens in meetings. The significance of this correlation disappears once individuals’ views about why people are rich are included in the regression.

TABLE 2. MTurk Survey: Exchange of information or bribes during meetings

Variables	Meetings_Good	Meetings_Good	Meetings_Good	Meetings_Good	Meetings_Good
BadFirms	-4.31*** [1.14]	-4.47*** [1.14]	-4.53*** [1.14]	-4.27*** [1.12]	-4.31*** [1.12]
Male	0.56 [1.16]	0.20 [1.16]	0.10 [1.15]	0.06 [1.14]	0.02 [1.14]
Age	0.06 [0.05]	0.03 [0.05]	0.04 [0.05]	0.01 [0.05]	0.01 [0.05]
Democrat		-5.37*** [1.28]	-4.00*** [1.35]	-2.75** [1.32]	-2.21 [1.37]
PoorNoEffort			4.57*** [1.51]		2.27 [1.54]
RichEffort				8.56*** [1.27]	8.10*** [1.30]
Constant	36.73*** [1.98]	41.79*** [2.31]	39.67*** [2.41]	38.01*** [2.35]	37.16*** [2.42]
Observations	1,778	1,778	1,778	1,778	1,778
R-squared	0.01	0.02	0.02	0.04	0.04

Std. Err. in brackets. *** p<0.01, ** p<0.05, * p<0.1

Now, we consider a second question: *Deregulate Meetings*. By looking at the table we see that the sign of the coefficient is negative (as expected, thus indicating that people want to regulate these meetings when “primed” with business is inefficient/dishonest) but not statistically significant. There are many potential explanations that could explain this non-significance. First, it should be ruled out that respondents didn’t understand the question, as there are covariates that are strongly significant and with expected signs (negative sign on *Democrat* indicates Democrats want more regulation on the meetings; positive sign on *RichEffort* indicates that people that have a positive attitude towards the rich want to deregulate the meetings). One potential explanation has to do with the complexity of the causality that runs from corruption to regulation, as stated in Di Tella and Macculloch (2009). Also, as can be seen in Djankov et al. (2002), countries with more regulations (regulation of entry in their paper) have higher corruption but not better quality of public or private goods, so it is not clear that people will associate more regulation with better policies. Besides these explanations of why the treatment is not statistically significant when running regressions with the *Deregulate Meetings* as dependent variable, we will briefly examine an additional one in the next section that has to do with American Exceptionalism.

²A precise definition of this variable can be found in the appendix.

TABLE 3. MTurk Survey: Deregulate meetings

Variables	Deregulate Meetings				
BadFirms	-1.37 [1.31]	-1.68 [1.30]	-1.73 [1.30]	-1.50 [1.30]	-1.55 [1.29]
Male	1.25 [1.33]	0.60 [1.32]	0.51 [1.32]	0.48 [1.31]	0.44 [1.31]
Age	0.02 [0.06]	-0.03 [0.06]	-0.02 [0.06]	-0.06 [0.06]	-0.05 [0.06]
Democrat		-9.81*** [1.46]	-8.50*** [1.55]	-7.61*** [1.52]	-7.03*** [1.57]
PoorNoEffort			4.37** [1.73]		2.47 [1.77]
RichEffort				7.18*** [1.45]	6.68*** [1.50]
Constant	27.62*** [2.28]	36.87*** [2.64]	34.84*** [2.76]	33.70*** [2.70]	32.77*** [2.78]
Observations	1,778	1,778	1,778	1,778	1,778
R-squared	0.00	0.03	0.03	0.04	0.04

Std. Err. in brackets. *** p<0.01, ** p<0.05, * p<0.1

4. American Exceptionalism

4.1. DATA DESCRIPTION

An analog survey was administered to a group of MBA students at Harvard University during the second semester of the academic year 2014-2015, in order to check the previous results and to exploit the heterogeneity in responses across US and non-US respondents. The students were required to complete the survey online, and on their own. Students were randomized in two groups: half of them were “primed” with business is inefficient/dishonest and the other half with business is efficient/honest. The response rate was of 128 students out of 135.³

It should be noticed that in four cases, an individual mentioned US and another country, with respect to the country where he grew up, studied, or worked. We coded these cases as if he had replied only US (results don’t change if we take the opposite stance, and consider them as non-US).

In the following table we present the main summary statistics. First, it should be pointed out that sample seems to be balanced with respect to every control variable, with the exception of *RichEffort*, so it should be important to control for this variable in the regression analysis. Second, roughly half of the sample is US which is a positive feature in small samples surveys if we want to be able to detect differences across groups US vs non-US.

TABLE 4. International Survey: Summary Statistics

Variable	BadFirms		p-value
	0	1	
Age	28.33 <i>2.09</i>	28.29 <i>2.07</i>	0.91
Male	0.64 <i>0.48</i>	0.59 <i>0.50</i>	0.54
USAny	0.55 <i>0.50</i>	0.46 <i>0.50</i>	0.33
PoorNoEffort	0.16 <i>0.37</i>	0.21 <i>0.41</i>	0.47
RichEffort	0.53 <i>0.50</i>	0.37 <i>0.49</i>	0.06
Meetings_Good	61.31 <i>22.17</i>	49.08 <i>25.57</i>	0.00
Deregulate_Meetings	39.16 <i>32.81</i>	34.37 <i>31.89</i>	0.41
Democrat	0.64 <i>0.48</i>	0.68 <i>0.47</i>	0.62

Note: Number of observations in first group (BadFirms=0) is 64; 63 in second. In first two columns we show mean and st.deviation (italic) of variables conditional on the treatment. p-value corresponds to t-test with $H_0: \text{mean}(0) - \text{mean}(1) = 0$ and $H_a: \text{mean}(0) - \text{mean}(1) \neq 0$.

³One of them didn’t give permission to use his data so the final sample consists of 127 respondents.

4.2. RESULTS

First, we run the same regressions as in section 3 but with data from this survey to check if the same conclusions from the previous section hold.

As can be seen from both tables, the same conclusions hold. Basically, in the first table it can be appreciated that being “primed” with business is inefficient/dishonest is correlated with a stronger belief that meetings consist mainly of exchange of bribes for favors. Same conclusions with respect to *Democrat* and *RichEffort* hold. With respect to the second table, where we have *Deregulate Meetings* as dependent variable, once again we have the expected negative sign in the coefficient of *BadFirms* but it is not significant (as before).

TABLE 5. International Survey: Exchange of information or bribes during meetings

Variables	Meetings_Good	Meetings_Good	Meetings_Good	Meetings_Good	Meetings_Good
BadFirms	-11.12*** [4.11]	-10.87*** [4.06]	-10.65** [4.10]	-9.73** [4.08]	-9.45** [4.11]
USAny	4.04 [4.23]	3.61 [4.18]	3.98 [4.26]	3.09 [4.15]	3.53 [4.23]
Male	13.46*** [4.24]	12.15*** [4.24]	11.98*** [4.27]	10.98** [4.25]	10.75** [4.28]
Age	1.02 [1.02]	1.13 [1.01]	1.13 [1.02]	1.35 [1.01]	1.36 [1.01]
Democrat		-8.50* [4.34]	-9.48** [4.76]	-5.46 [4.62]	-6.56 [4.97]
PoorNoEffort			-2.98 [5.87]		-3.57 [5.82]
RichEffort				8.22* [4.53]	8.37* [4.55]
Constant	21.48 [29.57]	25.00 [29.29]	25.92 [29.44]	13.53 [29.70]	14.41 [29.81]
Observations	127	127	127	127	127
R-squared	0.15	0.18	0.18	0.20	0.20

Std. Err. in brackets. *** p<0.01, ** p<0.05, * p<0.1

TABLE 6. International Survey: Deregulate meetings

Variables	Deregulate Meetings				
BadFirms	-4.15	-4.07	-4.62	-2.48	-3.02
	[5.82]	[5.84]	[5.87]	[5.86]	[5.90]
USAny	5.22	5.07	4.10	4.35	3.49
	[5.98]	[6.01]	[6.11]	[5.97]	[6.07]
Male	3.20	2.75	3.20	1.12	1.56
	[6.00]	[6.10]	[6.12]	[6.12]	[6.15]
Age	0.38	0.42	0.41	0.72	0.71
	[1.45]	[1.46]	[1.46]	[1.45]	[1.46]
Democrat		-2.93	-0.40	1.32	3.48
		[6.24]	[6.82]	[6.64]	[7.14]
PoorNoEffort			7.73		6.95
			[8.41]		[8.35]
RichEffort				11.44*	11.15*
				[6.51]	[6.53]
Constant	23.47	24.69	22.32	8.71	6.99
	[41.87]	[42.08]	[42.18]	[42.70]	[42.81]
Observations	127	127	127	127	127
R-squared	0.02	0.02	0.02	0.04	0.05

Std. Err. in brackets. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Even though a thorough examination of why US may have different attitudes towards regulation than non-US is out of the scope of this study, there is ample evidence of cross-country differences in attitudes towards regulation and redistribution (Corneo, G., Grüner, H. (2002), Giuliano and Spilmergo (2014)). In particular, Alesina, Glaeser and Sacerdote (2001) note the presence of a certain form of American Exceptionalism, in the sense that Americans tend to believe that the poor are poor mainly because of laziness, while this is not the case in many European countries. Also, Bénabou and Tirole (2006) discuss how Americans are different from Europeans by constructing a model where two equilibriums coexist: one called American equilibrium where laissez faire public policy is in place, and an European equilibrium where more welfare state is in place.

In the following table we run two regressions, one with *Meetings_Good* as dependent variable and the other with *Deregulate_Meetings* as dependent variable with full controls. However, we now split the treatment in two: *BadFirms_nonUS* is a dummy that takes 1 if individual is treated with business is inefficient/dishonest and is not from the US; *BadFirms_US* is a dummy that takes 1 if the individual is treated with business is inefficient/dishonest and is from the US. By doing this, in the first regression we see that no matter if the individual is from the US or not, being “primed” with business is inefficient/dishonest is correlated with stronger beliefs that meetings are mainly exchange of bribes for favors. However, this is not the case with *Deregulate_Meetings*. When “primed” with business is inefficient/dishonest, non-US individuals demand more regulation, while US respondents demand less regulation. This dichotomy in the demand for regulation when people perceive business as inefficient/dishonest could be a feature of American Exceptionalism, and could partially explain why the coefficient of the treatment in the regressions with *Deregulate_Meetings* is statistically not significant, although further research should be conducted to fully assess this result.

TABLE 7. International Survey: American Exceptionalism

Variables	Meetings_Good	Deregulate_Meetings
BadFirms_nonUS	-11.93** [5.85]	-15.92* [8.25]
BadFirms_US	-7.05 [5.76]	9.50 [8.12]
USAny	1.16 [5.81]	-8.84 [8.18]
Male	10.94** [4.30]	2.54 [6.06]
Age	1.38 [1.02]	0.82 [1.43]
Democrat	-6.33 [5.00]	4.71 [7.05]
PoorNoEffort	-3.61 [5.83]	6.74 [8.22]
RichEffort	8.19* [4.57]	10.22 [6.44]
Constant	14.93 [29.90]	9.69 [42.14]
Observations	127	127
R-squared	0.20	0.08

5. Conclusions

We began our analysis under the assumption that in certain areas, it is useful to know what those affected think (source of information is the private sector) and thus meetings between businessmen and government officials could potentially enhance the policy-making process. Our main hypothesis is that the public’s tolerance for these exchanges of information is affected by their views of the beneficiaries, in a way that private legitimacy determines state capacity. In order to test this hypothesis, we first develop a model that makes salient the main channels through which this process operates. After that, we conduct two surveys that test the model’s predictions and find evidence that suggest that when people believe that business is inefficient/dishonest, their beliefs that meetings consist mainly of bribes for favors are stronger than when they believe that business is efficient/honest.

These conclusions are also in line with Harstad & Svensson (2011) that show that when the level of development is low, firms are more inclined to bribe and when the level of development is high, firms are more inclined to shift to lobbying. In the survey, we considered two possible questions when testing the hypothesis, one of them consisted on asking whether it would be desirable to increase regulations of these meetings. Results for this question indicate that when “primed” with business is inefficient/dishonest, respondents demand more regulation of the meetings (thus supporting the main hypothesis). However, this effect was statistically not significant in both surveys, considering regressions with multiple subsets of covariates. It is possible that certain American Exceptionalism phenomena underlies this result, in the sense that non-US demand more regulation when “primed” with business is inefficient/dishonest, but this is not the case with US respondents; although further research should be conducted to understand in-depth the underpinnings of this result.

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Appendix

MTurk Survey. You are being asked to take part in a research survey being done by Rafael Di Tella from Harvard University that will help us learn more about the relationship between politics and government. The survey will take you about 5 minutes. Participation is voluntary and you are free to stop participating at any time. If you have any questions, please contact me at rditella@hbs.edu. The survey is anonymous, and no one will be able to link your answers back to you. Please do not include your name or other information that could be used to identify you. Please make sure to mark your Amazon Profile as private if you do not want it to be found from your Mechanical Turk Worker ID. If you want to participate in this study, click the Start button to start the survey

1. Gender
 - a. Male
 - b. Female

2. Age

3. Please think about poor people in the US: Do you think they are poor mainly because (choose the most important)

- a. they did not make an effort
- b. they lacked opportunities
- c. they were unlucky

4. Please think about rich people in the US: Do you think they are rich mainly because (please choose the most important reason)

- a. they were born into rich families
- b. they had good luck
- c. they stole money
- d. they made an effort

5 (Good). American entrepreneurs are some of the most successful in the world. Some of the most famous include Bill Gates, Mark Zuckerberg and Steve Jobs who have revolutionized the technology industry. In several other areas, such as biotechnology, entertainment, medical devices, and high-end machinery, US businesspeople have also been at the forefront of innovation. Why do you think that is?

- a. because economic incentives are aligned between the private and public good
- b. because of luck: exceptional individuals pioneered these industries at a time when the country was expanding

6 (Good). More specifically, the three options most often cited are listed below. Which comes closest to your own views?

- a. American business have access to a large pool of talent, in part because the US is more open to immigration than other countries
- b. American business have easy and cheap access to capital
- c. American business have a clear legal system where to operate

5 (Bad) American businesspeople have been involved in some major scandals over the years. Some of the most famous include Bernie Madoff, a Wall Street financier who was convicted of running a Ponzi scheme that lasted nearly 20 years and Ken Lay, the former CEO of energy giant Enron who was convicted of accounting fraud. In many other examples, both from the energy and banking sectors and also from the construction, medical supplies and aviation sectors, significant wrongdoing was uncovered (although it has often ended up in large fines rather than criminal prosecution). Why do you think so much wrongdoing takes place in American business?

- a. It is part of the system: economic incentives are not aligned between the private and public good
- b. It is exceptional: some individuals were able to take shortcuts at a time when the country was expanding and there was little oversight

6 (Bad) More specifically, the three options most often cited are listed below. Which comes closest to your own views?

- a. American business recruit very ambitious individuals, and in many cases ambition and lack of scruples go together
- b. American business have such easy and cheap access to capital that it is easy to disguise wrongdoing for very long time
- c. American business operate in a legal system that seldom punishes the powerful, in part because the legal system allows the rich to defend themselves in very effective ways.

7. Government officials regularly have private meetings with businesspeople to discuss matters of mutual interest. Some argue that such meetings are helpful because they allow the exchange of information between government and business and the design of more efficient regulation for complex areas (one example is Banking). Critics, on the other hand, argue that these meetings are harmful

because they create the opportunity for undue influence, lobbying and the exchange of bribes. Where do you stand on these matters?

- a. mainly exchange of useful information
- b. mainly exchange of bribes for favors

8. In some countries such meetings are regulated. For example, a record of the meetings has to be kept, sometimes these records have to be made public, government officials cannot meet alone with businesspeople (more than one official has to be present) and, in some extreme cases, the contents of the meetings have to be taped. In the US there are only a few such regulations, but there are some recent proposals to increase them. Where do you stand on this issue?

- a. I support increasing the regulations of these meetings
- b. I do not support more regulations of these meetings

9. The top income tax bracket in 2014 (for single people on income of U\$406,751 or higher) is 39.6%. Some people have argued for increasing it. What do you think?

- a. It should be increased.
- b. It is ok as it is
- c. It should be decreased

10. In which state do you currently reside?

11. In the last election, where did you stand politically?

- a. Supported Obama
- b. Close to Obama
- c. Center (but leaning Obama)
- d. Center (but leaning Romney)
- e. Close to Romney
- f. Supported Romney

International Survey. Your answers to this poll will be anonymous This poll's results will not be available to respondents online Hi. Please answer the following set of questions. Please take some time to focus solely on this survey. It should not take more than 5-10 minutes to finish the survey Consent to use data for research: You are being asked to take part in a research survey being done by Rafael Di Tella from Harvard University that will help us learn more about the relationship between politics and government. Your participation in this research (by allowing us to keep records of your de-identified data) is completely voluntary. Prof. Rafael Di Tella will not be able to determine whether you have consented to allowing the researchers to use your data, and your decision will have no consequences on any grade or course at HBS. Your data will be kept anonymous, and all data used for future publication, presentation, and research purposes will be de-individualized and presented in aggregate form. Whom to contact about your rights in this research: Toni Wegner, Harvard Business School, 617-496-9952, or twegner@hbs.edu.

1. Do we have permission to use your data?

- a. Yes
- b. No

2. Gender

- a. Male
- b. Female

3. Age

4. Are you married?

- a. Yes
- b. Never Married, Separated, Divorced, Widowed

5. What is the name of the country where you grew up?

-
6. What is the name of the country where you got most of your academic education?
7. What is the name of the country where you acquired most of your business experience?
8. Please think about poor people in the US: Do you think they are poor mainly because (choose the most important reason)
- they did not make an effort
 - they lacked opportunities
 - they were unlucky

9. Please think about rich people in the US: Do you think they are rich mainly because (please choose the most important reason)
- they were born into rich families
 - they had good luck
 - they stole money
 - they made an effort

10 (Good). American entrepreneurs are some of the most successful in the world. Some of the most famous include Bill Gates, Mark Zuckerberg and Steve Jobs who have revolutionized the technology industry. In several other areas, such as biotechnology, entertainment, medical devices, and high-end machinery, US businesspeople have also been at the forefront of innovation. Why do you think that is?

- because economic incentives are aligned between the private and public good
- because of luck: exceptional individuals pioneered these industries at a time when the country was expanding

11 (Good). More specifically, the three options most often cited are listed below. Which comes closest to your own views?

- American business have access to a large pool of talent, in part because the US is more open to immigration than other countries
- American business have easy and cheap access to capital
- American business have a clear legal system where to operate

10 (Bad). American businesspeople have been involved in some major scandals over the years. Some of the most famous include Bernie Madoff, a Wall Street financier who was convicted of running a Ponzi scheme that lasted nearly 20 years and Ken Lay, the former CEO of energy giant Enron who was convicted of accounting fraud. In many other examples, both from the energy and banking sectors and also from the construction, medical supplies and aviation sectors, significant wrongdoing was uncovered (although it has often ended up in large fines rather than criminal prosecution). Why do you think so much wrongdoing takes place in American business?

- It is part of the system: economic incentives are not aligned between the private and public good
- It is exceptional: some individuals were able to take shortcuts at a time when the country was expanding and there was little oversight

11 (Bad). More specifically, the three options most often cited are listed below. Which comes closest to your own views?

- American business recruit very ambitious individuals, and in many cases ambition and lack of scruples go together
- American business have such easy and cheap access to capital that it is easy to disguise wrongdoing for very long time
- American business operate in a legal system that seldom punishes the powerful, in part because the legal system allows the rich to defend themselves in very effective ways.

12. Government officials regularly have private meetings with businesspeople to discuss matters of mutual interest. Some argue that such meetings are helpful because they allow the exchange of information between government and business and the design of more efficient regulation for complex areas (one example is Banking). Critics, on the other hand, argue that these meetings are harmful

because they create the opportunity for undue influence, lobbying and the exchange of bribes. Where do you stand on these matters?

- a. mainly exchange of useful information
- b. mainly exchange of bribes for favors

13. In some countries such meetings are regulated. For example, a record of the meetings has to be kept, sometimes these records have to be made public, government officials cannot meet alone with businesspeople (more than one official has to be present) and, in some extreme cases, the contents of the meetings have to be taped. In the US there are only a few such regulations, but there are some recent proposals to increase them. Where do you stand on this issue?

- a. I support increasing the regulations of these meetings
- b. I do not support more regulations of these meetings

14. The top income tax bracket in 2014 (for single people on income of U\$406,751 or higher) was 39.6%. Some people have argued for increasing it. What do you think?

- a. It should be increased.
- b. It is ok as it is
- c. It should be decreased

15. In the last election, where did you stand politically?

- a. Supported Obama
- b. Close to Obama
- c. Center (but leaning Obama)
- d. Center (but leaning Romney)
- e. Close to Romney
- f. Supported Romney

Thank you for participating!

TABLE 8. Variable definitions

Variable name	Definitions/description
<i>Meetings Good</i>	Question is “Government officials regularly have private meetings with businesspeople to discuss matters of mutual. . .”; response 0 is “mainly exchange of bribes for favors” and 100 is “mainly exchange of useful information”
<i>Deregulate Meetings</i>	Question is “In some countries such meetings are regulated. For example, a record of the meetings. . .”; response 0 is “I support increasing the regulations of these meetings” and 100 is “I do not support more regulations of these meetings”
<i>BadFirms</i>	Dummy taking 1 if individual was treated with “companies are bad/non-productive”
<i>BadFirms_nonUS</i>	Dummy taking 1 if individual was treated with “companies are bad/non-productive” and USAny=0
<i>BadFirms_US</i>	Dummy taking 1 if individual was treated with “companies are bad/non-productive” and was born, studied and/or worked in the US (USAny=1)
<i>USAny</i>	Dummy variable taking 1 if the individual grew up, got most of his academic education, and/or acquired most of his business experience in the US (0 otherwise).
<i>Male</i>	Dummy that takes 1 if individual is male
<i>Age</i>	Age in years
<i>Democrat</i>	Dummy variable taking value 1 if the individual is more pro Obama rather than Romney
<i>PoorNoEffort</i>	Dummy variable taking 1 if individual thinks people are poor mainly because they did not make an effort
<i>RichEffort</i>	Dummy variable taking 1 if individual thinks people are rich mainly because they made an effort