Reputation Spillovers

Michael Tomz
Stanford University

Spillovers could arise:

- Across issues

- Across countries

- Across leaders

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- Across leaders

Under what conditions does behavior on one issue affect reputation on other issues?

The existing literature

- ## Incompatible hypotheses

  Some suspect spillovers across issues (e.g., Cole and Kehoe 1998), but others say spillovers are probably rare and weak (e.g., Downs and Jones 2002).

- ## Limited data

  Existing evidence is mostly anecdotal and plagued by problems of strategic selection/endogeneity.

An experimental approach

- Design

    Randomize the behavior of countries/leaders on multiple issues; observe how behavior on one issue affects expectations about others.

- Advantages

    Allows individual-level estimates of spillover effects, while avoiding bias caused by nonrandom selection.

Experiment 1: economic-military spillovers

- I randomized info about military and economic treaties.

- I presented additional facts, which were not randomized.

  The additional facts concerned the country's regional situation, stated intentions, uranium enrichment, and economic conditions.

- I measured expectations about nuclear proliferation.

The key experimental conditions were:

- The country [**has OR has not**] signed the Nuclear Non-Proliferation Treaty. (Countries that do sign the Nuclear Non-Proliferation Treaty pledge "not to receive, manufacture, or otherwise acquire nuclear weapons.")

- The country has [**never OR often**] violated the treaties it has signed about trade, foreign investment, and the environment.

I piloted the experiment on Amazon MTurk.

- Respondents differed somewhat from the adult population (younger, better educated, whiter, more females).

- But they are far more diverse than college students, and they take the questions seriously.

- They are available 24/7 in many countries and are willing to participate at low cost.

Findings

| Signed | Violated economic treaties | |
the NPT	Never	Often
Yes	25.9	56.2
No	39.4	63.6

Note: The table shows the percentage of people who thought the country was pursuing nuclear weapons. There were approximately 105 respondents per cell.

Findings

Signed the NPT	Violated economic treaties		Spillover effect	
	Never	Often		
Yes	25.9	56.2	30.3	(17.9 to 42.8)
No	39.4	63.6	24.2	(10.9 to 37.5)

vs.

NPT effect	-13.5	-7.4
	(-26.0 to -1.0)	(-20.6 to 5.8)

This is strong micro-level evidence of spillovers.

Experiment 2: moral-economic spillovers

- I randomized what a candidate said about abortion and taxes at two points in time.

- I measured expectations about what the candidate would do if elected.

Administered to a representative sample of 5,322 U.S. adults.

For example:

Here is what candidate C said about both abortion and taxes.

Abortion:

Two years ago, he said he wanted to decrease restrictions on abortion.

This year, he said he wanted to increase restrictions on abortion.

Taxes:

Two years ago, he said he wanted to increase taxes on wealthy Americans.

This year, he said he wanted to increase taxes on wealthy Americans.

What do you think candidate C would try to do about
[restrictions on abortion/taxes on wealthy Americans] if elected?

Findings

Tax positions	Abortion positions		Spillover from abortion to tax
	Consistent	Inconsistent	
Consistent	26.7	37.1	10.5 (7.0 to 13.9)
Inconsistent	59.7	62.3	2.6 (-1.1 to 6.3)

Abortion positions	Tax positions		Spillover from tax to abortion
	Consistent	Inconsistent	
Consistent	28.7	35.0	6.3 (2.8 to 9.9)
Inconsistent	61.9	62.0	0.1 (-3.6 to 3.8)

Note: Tables show the percentage of people who did not believe what the candidate said this year.

Findings

1. Large spillovers if you were consistent on the target issue.

2. Only small spillovers if you were inconsistent on the target issue.

3. Moral-to-economic spillovers exceed economic-to-moral ones.

Tax positions	Abortion positions		*Spillover from abortion to tax*
	Consistent	Inconsistent	
Consistent	26.7	37.1	10.5 (7.0 to 13.9) ← **1, 3**
Inconsistent	59.7	62.3	**2** → 2.6 (-1.1 to 6.3)

Abortion positions	Tax positions		*Spillover from tax to abortion*
	Consistent	Inconsistent	
Consistent	28.7	35.0	6.3 (2.8 to 9.9) ←
Inconsistent	61.9	62.0	→ 0.1 (-3.6 to 3.8)

Mechanism: behavior → general inferences about character.

Trait	Taxes	Abortion
Honest		
Baseline rating when stood firm	3.1 (3.0 to 3.2)	3.3 (3.2 to 3.4)
Effect of changing positions	-1.3 (-1.4 to -1.1)	-1.4 (-1.6 to -1.3)
Strong leader		
Baseline rating when stood firm	2.9 (2.8 to 3.0)	3.1 (3.0 to 3.2)
Effect of changing positions	-0.9 (-1.1 to -0.7)	-1.3 (-1.5 to -1.1)

Note: On each issue, candidates who changed positions received lower ratings for honesty and leadership (1-5 scale) than candidates who stood firm.

Next steps

- Test more detailed hypotheses.

  Spillovers should be largest in information-poor environments, and should be stronger within issue areas than across issue areas.

- Analyze other sources of data.

  Conduct elite interviews, run incentivized laboratory experiments, and analyze market data (e.g., FDI $\leftrightarrow$ Debt).

What would you like to see?