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### **Identity and Corruption: A Laboratory Experiment**

**Abstract:**

This paper explores the role of identity in voters' decision to retain corrupt politicians. We build up a model of electoral accountability with pure moral hazard and bring it to the lab. Politicians must decide whether to invest in a public project with uncertain returns or to keep the funds for themselves. Voters observe the outcome of the project but not the action of the politician; if the project is unsuccessful, they do not know whether it was because of bad luck or because the politician embezzled the funds. We run two treatments; a control treatment and a treatment where subjects are assigned an identity using the minimal group paradigm. Our main result is that, upon observing a failed project, voters approve politicians of their same identity group significantly more often than in the control and compared to politicians of a different group. This is partially driven by an increased belief on the honesty of same-identity politicians. We also observe that subjects acting as politicians are much more honest than expected by the equilibrium prediction.