

# Does Sentencing Disparity Cause Institutional (Dis)Trust?:

## Evidence from Survey Experiment

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*TF RRC Proposal*

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## **Abstract**

I propose a survey experiment to answer whether (information about) sentencing disparity among judges affects public trust in institutions. In particular, I will provide citizens with statistics about sentencing decisions, and in doing so, I will exogenously vary the presenting court and, thus, the level of the observed sentencing disparity. The source of variation comes from the fact that sentencing disparity among judges within a court differs across courts, i.e., while at some courts, there is significant sentencing disparity; at others, there is no sentencing disparity observed. The intended outcomes include a mix of self-reported and behavioral measures that focus on institutional trust (towards legal systems and other institutions) and other economic outcomes that are likely affected by the institutional trust: willingness to appeal to the court, demand for alternative dispute resolution, and policy preferences. This project thus addresses an important topic of causes of institutional (dis)trust and aims to contribute to the discussion that has recently become of high relevance for policymakers. For example, for the OECD, the topic of public trust has become a primary agenda, as it is considered needed for good governance.

# Research Proposal

## Introduction

Public trust in institutions lays foundations of modern democracy. For democracy to be working, citizens must trust government at least to the extent they participate in election, they must trust judiciary to apply the law fairly, to the police that will guarantee safety. From the economic perspective, public trust in institutions is necessary for effectiveness of governance, as the distrust leads to ineffective behavior. Without a trusted legal system, contracts are less of a commitment and thus do not enhance economic activity. Individuals may over-invest into a substitution of public goods, if they do not trust the authorized institution to deliver on its obligation, e.g. safety, flood control, healthcare, source of news. The concept of fiat money is built purely on individuals' trust in state authority.

Most of the scholars studying trust focus on interpersonal trust rather than institutional trust. That is likely because the *trust game* - a popular economics game - allows scholars to elicit and measure interpersonal trust. Unfortunately, the same approach is not easily applicable to elicit and measure institutional trust. As a result, the literature on institutional trust is rather limited. Furthermore, there are no evidence that properties of the interpersonal trust are transferable into different domains. In fact, for example, Carlsson et al. [2018] and Alesina and La Ferrara [2002] found a low correlation between generalized trust and trust in different institutions (government, police, judicial system). Additionally, there is no generally accepted definition of institutional trust that represents an additional challenge for studying an institutional trust. However, the dominant notion is that trust is a belief or confidence that the institution will do what it is right and perceived fair.<sup>1</sup> The

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<sup>1</sup>One commonly used definition of institutional trust is the one proposed by Easton (1965): *Confidence in the actions of these institutions to do what is right and perceived to be fair*. Alternatively, for OECD the institutional trust ... requires that institutions are **competent and effective** in delivering on their goals,

perceived quality of an institution and thus confidence that the institution is able to do what considered right and fair shapes individuals' trust in that institution. Arguably, the higher the perceived quality of the institution, the higher the trust is.

This project contribute to two other streams of literature. First, survey experiments have become a popular research design to study beliefs about important social issues. Alesina et al. [2018] run a large scale experiment on attitudes of native citizens towards immigration and their support for redistribution. Grigorieff et al. [2016] also study the impact of information treatment on attitude to immigrants. Haaland and Roth [2018] study beliefs about racial discrimination and provide evidence that information provision leads to belief updating. Haaland and Roth [2018] found that labor market concern drives support for immigration. Cappelen et al. [2019] study beliefs about behavioural responses to taxation. This stream of literature demonstrates a common pattern in design. A representative sample of subjects is found misinformed about an important social issues with potentially relevant implications for economic outcomes (e.g. labor market outcomes) and for policy preferences (e.g., for taxation and redistribution). Subsequently, treated subjects are provided with correct information about the social issue and then researchers elicit subjects' (updated) beliefs and policy preferences. Since institutional trust can be thought of as a belief, this experimental design is well suited for the research question.

Second, this project also add to a broad stream of literature that uses variation in different practice (leniency) of authorized decision makers, e.g. judges deciding about sentencing, police officers about speeding tickets, and reviewers assessing grant proposal to study social issues. For example, Dahl et al. [2014] investigated a heredity of welfare program participation, Aizer and Doyle [2015] studied consequences of incarceration of juvenile on completion

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*and that they operate consistently with a set of values that reflects **integrity and fairness**.*

of high-school and future criminal behaviour, Bhuller et al. [2016] estimated a causal effect of incarceration on recidivism and labor market outcome, Dobbie et al. [2018] studied the effect of pretrial detention on probability of conviction, and Norris et al. [2018] documented how incarceration of parents and siblings affects one’s criminal involvement. Very recently, Arteaga [2019] provided evidence on how parental incarceration increases children’s educational attainment. This experiment can also be viewed as early steps in studying what are the consequences of sentencing disparity among judges, and thus this project extends the literature.

## Experimental Design

The proposed survey experiment will be run on representative sample of internet users and consists of three phases. In each of the phase, experimental subjects will be asked a few questions. The first phase aims to collect information about subjects’ prior beliefs about sentencing disparity, experience with juridical system, and whether they approve how the juridical system works. Additionally, I will collect their demographic characteristics.

The core of the experimental design, the second phase, is variation in provided information about sentence disparity. Subjects will be randomly split into two different groups: (i) a treated group (henceforth group A); and (ii) a control group (henceforth group B). Both groups will be incentivised to answer the following question. *In what percentage of criminal cases of not paying alimony<sup>2</sup> are criminals, on average, sentenced by community work?* Once they answer the question, they will be informed about the correct number and provided with additional information about situation in one of the regional courts. The additional information differs for subjects in group A and subjects in group B. Subjects assigned to

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<sup>2</sup>Not paying alimony is a convenient crime for the number of cases (more than 13,000 in the Czech Republic in last 3 years) and high level of similarity among cases.

the group A will be informed about a court that exhibits a rather large sentencing disparity, while subjects in group B will be presented with a court that exhibit rather homogeneous sentencing patten in terms of share of community work for this particular crime. The source of variation comes from the fact that sentencing disparity among judges within a court differs across courts, i.e., while at some courts, there is significant sentencing disparity; at others, there is no sentencing disparity observed. Similar empirical strategy was applied by Bérgholo et al. [2019], who inform firms about probability of being audited by Uruguay’s Internal Revenue Service. In doing so, they calculate the probability of being audited from different samples of historical data and thus exogenously vary the provided information, i.e. the probability of being audited.

The third phase serves to collect outcomes of interest. Subjects from both groups A and B will be asked to complete the same tasks which are designed to identify the causal effect of trust updating. The list of task consists of a mix of self-reported answers and costly behavioral actions. First, I collect a self-reported trust in different institutions, such as police, politicians, and legal system. This measure provides the first sign of the effect. The advantage of this measure of self-reported trust is that the question (including exact Czech wording) can be adopted from Eurostat survey and is thus comparable with some established figures in the literature. Second, subjects will be provided with a hypothetical situation, which describes a questionable practice of a juridical system and then will be asked if they consider it possible. Third, I elicit subjects demand for alternative dispute resolution by asking them to choose one of three different booklets, from which one is devoted to alternative dispute resolutions. Fourth, subjects will be presented with a real story about a single mother who is desperate and in need. In this story, a father of her child does not pay alimony and she questions whether to appeal to the court or not. Subjects will be informed that their answer may serve as a material for clients of NGO vasevyzivne.cz. Fifth, to identify the effect of

sentencing disparity on policy preferences, subjects will be informed that there is a petition that invites politicians (members of the Committee on Constitutional and Legal Affairs, Chamber of Deputies, Parliament of the Czech Republic) to suggest particularizing sentencing principles for judges. Such a manual would help judges in their sentencing decisions, but could not undermine their independence. Similar supporting manuals exist elsewhere, e.g. in the Netherlands.

The expected outcomes depend on the updated level of trust. Providing information about sentencing disparity will likely lead to updating the trust. As we vary the signal about sentencing disparity, subjects from group A are likely to update towards lower level of trust, while subjects from group B are likely to trust more, *ex post*. Consequently, the groups should differ in the average trust and thus differ in their choices and answers in the tasks. In particular, I hypothesis that the average self-reported trust will be lower in group A. Similarly, subjects in group A will consider the questionable situation in juridical system as more likely to happen; will exhibit higher demand for information about alternative dispute resolutions, as it can serve as substitution to the public juridical system; will be more reserved in recommending to the single mother to appeal to the court; and finally, will be more likely to read and sign the petition.

## **Concluding remark**

The contribution of this project is twofold. First, to the best of my knowledge, this project is the first to work with a design that can identify whether sentencing disparity, which arguably serves as a perceived quality of institutions, causally affect institutional trust. Importantly, the design allows us to identify consequences of (dis)trust. Second, this has import policy implications. Understanding what causes the public (dis)trust provides guideline of how to governments can rebuild the public trust, which has been argued to be important for better

governance.

At the end of the experiment, subjects will be informed about the practice at different courts.



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Conviction, Future Crime, and Employment: Evidence from Randomly Assigned Judges. *American Economic Review*, 108(2):201–240.

Grigorieff, A., Roth, C., and Ubfal, D. (2016). Does Information Change Attitudes Towards Immigrants? Representative Evidence from Survey Experiments.

Haaland, I. and Roth, C. (2018). Beliefs about Racial Discrimination: Representative Evidence.

Norris, S., Pecenco, M., and Weaver, J. (2018). The Effects of Parental and Sibling Incarceration: Evidence from Ohio. *Working Paper*.

# Michal Šoltés

## Curriculum Vitae

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### Education

- 2017–(2021) **Ph.D. in Economics**, *Center for Economic Research and Graduate Education - Economics Institute (CERGE-EI)*, Prague.
- 2015–2017 **M.A. in Economics**, *Center for Economic Research and Graduate Education - Economics Institute (CERGE-EI)*, Prague.
- 2014–2016 **Mgr. in Economics**, *Institute of Economic Studies at Charles University*, Prague.
- 2011–2014 **Bc. of Economic Theories**, *Institute of Economic Studies at Charles University*, Prague.

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### Exchange Programme

- 2019 **Visiting Student Researcher**, *UC Berkeley, Department of Economics*, Berkeley, CA - USA.
- 2016 **Erasmus+ - Economics**, *Universidad Autonoma de Madrid*, Madrid.
- 2015–2016 **Exchange program - Economics**, *Peking University HSBC Business School*, Shenzhen - China.
- 2013–2014 **Erasmus - Economics**, *Maastricht University- School of Business and Economics*, Maastricht.

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### Experience

- 2018–present **Researcher**, *IDEA, think tank of the Economic Institute of the Czech Academy of Sciences*, Prague.
- 2016–present **Economist**, *ROKLEN HOLDING A.S.*, Prague.
- 2016–present **External Examiner**, *SCIO s.r.o.*, Prague.
- 2016–present **Supervisor & Tutor**, *Projects in Applied Economics*, Prague.  
project for talented students in Applied Economics
- 2017–2019 **Student Representative**, *CERGE-EI*, Prague.
- 2017–2018 **Research Assistant**, *CERGE-EI*, Prague.
- August 2014–2016 **Research Assistant**, *CHARLES UNIVERSITY*, Prague.

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### Teaching

- Fall 2018, 2019 **Lecturer**, *Applied Economics for High school Students*, CERGE-EI.
- Fall 2018, 2019 **Teaching Assistant**, *Theory of National Economy (Econ 101)*, Faculty of Law, Charles University.
- Summer 2017 **Teaching Assistant**, *Microeconomics 0 (intermediate level)*, CERGE-EI.

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### Awards

- 2017 - 2019 **Performance Stipend** at CERGE-EI
- 2019 **Karel Engliš Award (Czech Economic Society)** the best paper on Czech economic policy
- 2016 **Young Economist Award (Czech Economic Society)** 3rd place among economists under 30 years of age
- 2016 **New Economic Talent - CERGE-EI** 2nd place in worldwide competition for Master students
- 2015 **Performance Stipend** at Charles University
- 2014 **Dean Award** for outstanding Bachelor's thesis

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## Grants

|               |   |                                    |
|---------------|---|------------------------------------|
| 2018, 2019    | <b>Teaching Fellow</b><br>Faculty of Law, Charles University  | CERGE Foundation                   |
| 2018 - (2020) | <b>Research Grant</b><br>Information Acquisition in Economics: An Experiment                          | Grant Agency of Charles University |
| 2016 - 2017   | <b>Research Grant</b><br>Endogenous Growth Model, Distance to Frontier, and Labor Market Institutions | Grant Agency of Charles University |

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## Publications

- o **Working Papers**
  - Šoltés M. (2017). "Does Unemployment Insurance Affect Productivity?" *IES Working Paper 23/2017*.
- o **Policy-oriented Publications**
  - Novák Vladimír, Šoltés M. (2019). "The consumption tax as a dichotomy: Source of public budgets and instrument of harm reduction" *IDEA study 13/2019*
  - Kalíšková Klára, Šoltés M. (2018). "The consequences of the postponed abolishment of super gross wages" *IDEA study 12/2018*.
- o **Chapter in Textbook**
  - Šoltés, M., "Několik příkladů ze současné ekonomie aneb jak ekonomové přemýšlejí." In *Cvičebnice ZSV*, edited by Tomáš Habermann, Prague: SCIO, 2018.
- o **Other Projects**
  - [www.jaktrestame.cz](http://www.jaktrestame.cz) - web application about sentencing in the Czech Republic

## Budget

The most expensive part of this project is to conduct the survey experiment. At this moment, I am finishing the implementation of the experimental design for the pilot run. The pilot run of the experiment has been paid from my GA UK and should be conducted by the end of January 2020. The expected price of the data collection for the main experiment is about USD 10,000, while roughly half of the expenditures will be covered by next year's resources of the GA UK. Therefore, I apply for **USD 5,000** that will be fully used to finance the data collection.