

POLITICAL SCIENCE

To conceal or confess?

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Security organizations and political departments have the ability to exercise great power on our behalves. It is in the public's interest to ensure that these bodies do not overreach their powers. However, when institutions have the option to conceal their actions, why would their leaders voluntarily submit to accountability and tough penalties?

In a new paper by William Spaniel and Michael Poznansky of the University of Pittsburgh, the authors model executives' incentives to impose voluntary regulation and sanctions. In the model, executives choose a regulatory regime (to conceal or be open) based on the potential cost of a successful investigation by a watchdog or whistleblower. If the 'natural' cost of being caught is low — reflected in public mood or the legal status quo — then the executive has little incentive to increase the cost of violations. However, if the potential repercussions are higher, executives benefit from setting high internal costs for violations and encouraging whistleblowing, because they disincentivize the costly wrong action in the first place and risk only minor reputational costs from an investigation. The authors illustrate their point with the US President Gerald Ford's dilemma in the 1970s, when public disapproval of covert government operations increased their political cost.

The work cautions us that changes in public mood can open the door to erode established regulatory structures and see a return to the use of covert actions.

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