

# The Making of Policy Formal or Informal Arenas?

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## ABSTRACT

Formal studies of the effects of political institutions (such as electoral rules, forms of government, and the like) on policies abound. These studies take for granted that these institutions, as written in the Constitution, are indeed respected, and that decisions are taken within those formal rules. Policymaking in many developing countries today, and even in developed countries at some points, are quite far from that assumption. This paper is an attempt to build a bridge between the literature that studies *institutions as rules* and concentrates on its effects, and the literature that treats the respect for institutions as endogenous, seeing *institutions as equilibria*. We focus on the question of when do actors choose to use or ignore formal decision making institutions.

We develop a simple model as an example to study these interactions. In the model agents can choose to participate in formal decision making arenas (such as Congress) respecting the written rules, or to use alternative political technologies (such as violence) to get something out of society. The model delivers the potential for multiple equilibria, but some parameters make some equilibria more or less likely. One important result is that the more unequal the allocation of decision rights within formal institutions, the more likely it is that actors will use alternative means.

We provide some preliminary evidence from cross national data and from individual survey data to support our claims.