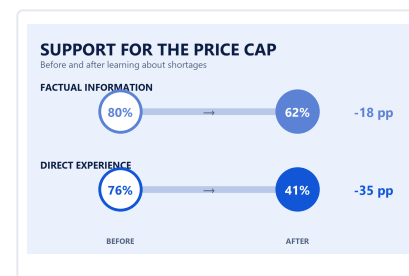


RESEARCH INSIGHT

Why do citizens support price controls? The role of motivated beliefs



THE MAIN TAKEAWAY

Support for price caps is not sustained by misinformation alone. Experiencing shortages reduced support by 35 percentage points—about twice the decline produced by factual information—but 41% still favored the cap. When choices were consequential, participants updated more and were less likely to retain optimistic beliefs.

WHY THIS STUDY MATTERS

Price caps remain politically popular even though economists broadly agree that binding caps can create shortages, rationing, and welfare losses. This study asks why citizens continue to favor them. The authors propose that support reflects more than a lack of information: people who favor government intervention may derive psychological value from believing that price caps improve welfare. Such motivated beliefs should be harder to sustain when people directly experience the policy's costs or become responsible for the consequences of choosing it.

HOW THE STUDY WAS CONDUCTED

A total of 821 university students participated in 45 laboratory sessions in Bogotá. Groups of four buyers shopped for a fictitious product under monetary incentives. In the free market, every buyer purchased; under a binding price cap, only half could buy. The main comparison randomly assigned participants to learn about this shortage through equivalent factual information or through direct market experience. Independently, one person in each group made a consequential regime choice, while the others made hypothetical choices. Beliefs and support for the price cap were measured before and after participants learned about its consequences.

Project snapshot

KEYWORDS

Price caps, motivated beliefs, experience, agency

BEHAVIORAL THEMES

Belief updating, motivated reasoning, accountability

RESEARCH DESIGN

Randomized laboratory market with information-source and decision-agency treatments

STUDY PERIOD

Start: October 2022
End: March 2023
821 participants; 45 sessions

LOCATION

Bogotá, Colombia

PARTNERS

REBEL, Universidad del Rosario; Inter-American Development Bank

ETHICS AND PREREGISTRATION

Universidad del Rosario (625-CS391); preregistered as AEARCTR-0010626

READ THE FULL STUDY

BEER-LAB.ORG

Working paper available from the authors and the BEER Lab.

Key findings

Four results that explain how information, experience, and responsibility shape policy support.

01

Support started high.

Before learning about the cap’s consequences, only 46% believed it would reduce their chance of buying, while 78% chose the price-cap regime.

02

Experience changed minds more than facts.

Factual information reduced support by 18 percentage points, from 80% to 62%. Direct experience reduced it by 35 points, from 76% to 41%.

03

Motivated beliefs persisted.

Even after personally experiencing that the price cap cut the probability of purchasing from 100% to 50%, 41% of participants still selected it.

04

Responsibility disciplined beliefs and choices.

Among initially optimistic participants, consequential decision-makers were 18 points more likely to recognize the shortage effect and 17 points less likely to support the cap.

EVIDENCE AT A GLANCE

35 pp

Drop in support after direct experience

41%

Still chose the cap after experiencing shortages

821

Participants across 45 laboratory sessions

From evidence to action

FOR POLICYMAKERS

Information campaigns can correct some misconceptions, but facts alone may leave self-serving beliefs intact. Policy communication should make trade-offs concrete and connect stated preferences to observable consequences.

FOR IMPLEMENTERS

Simulations, pilots, and transparent performance feedback can make implementation costs visible before policies are scaled. Designs that give participants a meaningful stake in the outcome may generate more careful belief updating than passive information provision.

FOR RESEARCHERS

The laboratory setting isolates the mechanisms but abstracts from fairness concerns, partisan cues, and repeated real-world exposure. Field studies should test whether feedback and accountability similarly change policy preferences in naturally occurring political settings.

QUESTIONS FOR THE NEXT STUDY

Can participatory budgeting, citizen assemblies, or transparent reporting of policy outcomes reduce motivated support for inefficient policies? How do fairness concerns, social narratives, and partisan identities interact with experience and personal responsibility?

STUDY TEAM

The study was led by researchers at Tecnológico de Monterrey and implemented at the Rosario Experimental and Behavioral Economics Laboratory, with financial support from the Inter-American Development Bank.

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SUGGESTED CITATION

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