

1 Appendix: Selection Criteria

Google scholar searches revealed 229 papers using Henisz's measure POLCON and there were 47 hits using Beck et.al.'s CHECKS1. Among these, we selected papers that were formally published by a political science English language journal and, if published before 2015, had at least 10 citations. We reduced the required number of citations for papers published in the last two years and for papers using CHECK1, we cut the citation requirement in half, since there were fewer such papers. Implementing these criteria left us with 46 articles using POLCON and 12 articles using CHECKS1.

The selection criteria for inclusion in Table 1 can be summarized as follows:

1. published in a political science journal in English as stand alone article

For example, the following paper was not selected: Jang, Youngsun, Youngjoo Ko, and So Young Kim. "Cultural correlates of national innovative capacity: a cross-national analysis of national culture and innovation rates." *Journal of Open Innovation: Technology, Market, and Complexity* 2.1 (2016): 23. because although it was published in 2016 and uses PolconIII as one of its variables, the journal is not a political science journal. More specifically, we eliminated from consideration the following journals because they are business/management journals or trade/sector journals: *Competition and regulation in network industries*, *Management Science*, *Telecommunications Policy*, *Journal of Financial Economics*, *Organization Science*, *Journal of International Management*, *Strategic Management Journal*, *Journal of International Business Studies*, *Utilities Policy*, *Journal of Open Innovation: Technology, Market, and Complexity*, *Journal of Applied Business Research (JABR)*, *The Laws of Globalization and Business Applications*, *International Business Review*, *Journal of Management Studies*, *Research in International Business and Finance*, *Journal of Entrepreneurship and Public Policy*. However, the following paper, also published in 2016, was included, because it was published in a political science journal (*Peace and Conflict Studies*): CHE, AFA'ANWI. "Democratization, Parliamentary Power, and Belligerency: A Quantitative Analysis." *Peace and Conflict Studies* 23.2 (2016): 5.

2. has at least 10 citations (POLCONIII) or 5 citations (CHECKS1) if published before 2015; at least 5 in published in 2015 (POLCON) or 2 citations (CHECKS1); and at least 5 citations if published in 2016 (POLCONIII) or 2 citations (CHECKS1). All papers published in 2017 were included.

For example, Allen, Michael A., and Benjamin O. Fordham. "From Melos to Baghdad: Explaining resistance to militarized challenges from more powerful states." *International Studies Quarterly* 55.4 (2011): 1025-1045 was excluded, even though it appeared in a political science journal. Although it was published in 2011, it does not have the required for inclusion number of citations.

3. must be formally published in print version of journal

For instance, Gandhi, Jennifer, Jane Lawrence Sumner, and Christina Parowczenko. *Measuring Personalism and its Effects in Non-Democracies*. Working Paper. was not included because , because it is a working paper.

1.1 Search method

For POLCON, we searched in Google scholar using the keyword "POLCON". For CHECKS1, however, since the word "Checks" is too common, we first searched for citations to Beck et al.'s dataset article "New Tools in Comparative Political Economy: The Database of Political Institutions" in Google Scholar. Over 3000 papers cited this article. Next, within papers citing Beck et. al, (2001) we searched for "CHECKS1" and included in Table 2 all articles satisfying the selection criteria described above.

1.2 How we determined if Misunderstanding I or II were committed

The CHECKS1 measure includes a mechanical adjustment to the number of veto players measure. Specifically, in presidential systems, one is added for the president and for each chamber, except when the president's party is the largest legislative party in the closed list system. In parliamentary systems, one is added for each party in the governing coalition, including the prime minister's party, except for when the "prime minister's party is the largest in the legislature in a closed list system, in which case it is reduced by one."

Based on the structure of CHECKS1, we classified a paper as having committed Misunderstanding I, if it used CHECKS1, and satisfies all of the following:

1. CHECKS1 is used as a proxy for policy stability, flexibility or political constraints;
2. CHECKS1 turns out to be insignificant in empirical analysis;

- the author explicitly or implicitly points out that the insignificance of CHECKS1 implies that the outcome variable of interest is not sensitive to institutions responsible for policy stability.

A paper commits Misunderstanding II if it uses POLCON measures to conduct cross-sectional comparisons, which usually occurs when it uses panel data without including country fixed effects, or because it uses cross-sectional data.

In addition, papers that used CHECKS1 almost inevitably committed Misunderstanding II as well(not listed in the tables for simplicity).

2 Size of Pareto set as measure of policy stability

This subsection formally demonstrates that systems with greater Pareto set (or the "Core") will have greater policy stability. Although it is a commonly known fact that bigger Pareto set(Core) leads to more policy stability (Tsebelis et al. 2002), we sketch the proof here for reader's convenience.

Let $V = \{V_1, V_2, \dots, V_n\}$ be the set of veto players. Preferences of veto players are Euclidean, that is, a player prefers a policy closer to their ideal point than one that is further away from their ideal point.

We can define a Pareto set(core) for any unidimensional policy space, $S \subset \mathbb{R}$ as an area such that if a status quo policy falls in that area there is no new policy proposal that all veto players would prefer to the status quo:

$$S \equiv \{p : p \in S \implies \exists V_i \in V \text{ such that } p P_i x \forall x \in Re\}$$

The greater the of area S , the greater the policy stability.

A Pareto set is defined here as the policy space covered by two veto players whose ideal points are furthest away from one another. Informally, it is the area between ideal points of veto players with the two most extreme preferences. A Pareto set can only be defined for a set of at least 2 veto players.

We will now show that, regardless of the number of veto players there are in a system, the Pareto set is what determines policy stability. This is because the addition of veto players whose ideal points fall in Pareto set are inconsequential for policy stability and do not affect the size of the Pareto set. Second, we propose that a better empirical measure of policy stability would be a measure of the size of the Pareto set relative to the entire policy space. The "entire policy space" could be operationalized for instance with the spread of ideal points of actors who are not veto players.

For the sake of the rest of this analysis, we normalize the entire political issue space to the $[0, 1]$ interval. Consider n veto players with ideal points $v_1, v_2, \dots, v_i, \dots, v_n$ labeled so that $0 < v_1 < v_2 < \dots < v_i < \dots < v_n < 1$. Thus, the ideal point of V_1, v_1 , is located at the extreme left, while the ideal point of V_n, v_n , is located at the extreme right. Ideal points of the remaining $n - 2$ veto players are located between v_1 and v_n .

Now consider any status quo policy p that falls somewhere between v_1 and v_n , so that $v_1 < p < v_n$. If $v_1 < p < v_n$, no alternative proposal x can be agreed upon by all the veto players. To see this, note that since p is located to the right of v_1 and left of v_n , any alternative x is further away from x_1 than p . Therefore, veto player V_1 would not agree to the change. Likewise, any attempt to change policy p to some $x < v_1$ moves policy away from v_n . Therefore, veto player V_n will veto the change. As a result, a status quo policy p is stable once it falls within the Pareto set $[v_1, v_n]$

At the same time, for every policy x , that is located to the left of v_1 , or the right of v_n , there exist a policy p , such that all veto players would prefer p to x . In other words, when $x < v_1$ or $x > v_n$, status quo x can be changed to a new policy, p .

Here is why this is the case: consider a policy x_1 where $0 < x_1 < v_1$. Any policy proposal p_1 where $x_1 < p_1 < v_1$ will move the policy closer to v_1 . This means that veto player V_1 , whose ideal point is located to the extreme left, will prefer p_1 to x_1 . Likewise, since the ideal points of all other veto players are located to the right of v_1 , p_1 is also closer to their ideal points than x_1 . Since $0 < x_1 < p_1 < v_1 < v_2 < \dots < v_n < 1$, all the veto players will agree to the new policy p_1 .

Similarly, if a status quo x_n is such that $x_n < v_n < 1$, any new policy proposal p_n that is located between x_n and v_n is preferable to x_n for all the veto players. Since $v_1 < v_2 < \dots < v_n < p_n < x_n$, it is clear that p_n is closer to the ideal points of all veto players than x_n .

Of course, the range between (x_1, v_1) or (v_n, x_n) is not the only range where the new policy proposal will be agreed upon by all veto players. But the above analysis shows that status quo that falls within $(0, v_1)$ or $(v_n, 1)$ can be changed to a new policy, while status quo that falls within (v_1, v_n) cannot.

The above analysis shows that any status quo that falls within the range $[v_1, v_n]$ is stable, while all the other status quo in the overall policy space that falls outside the range can be overturned. Thus $[v_1, v_n]$ is the Pareto set. Note here that except for the ideal points of the two veto players who occupy the most extreme left and most extreme right positions, v_1 and v_n , the ideal points of all other veto players, and the total number of other veto players, do not affect policy stability.

Based on the above analysis, policy stability can be measured as the ratio between $v_n - v_1$ and the entire policy space, which here, has been normalized to $1 - 0 = 1$. Thus $v_n - v_1$ can be offered as a measure of policy stability.

In light of empirical advances in ideal point estimation, which allow scholars to estimate ideal points of actors in almost any assembly with a voting record, there is no reason why this corrected measure of policy stability should not be used.

Table 1: CHECKS1 and Misunderstanding I

Name (Year)	Represents stability/constraint	Significant	Misunderstanding I ¹
Bates(2006)	Yes(checks and balances)	Yes	Yes
Crespo-Tenorio et al.(2014)	No(Clarify of Responsibility)	No	No
Falascetti(2005)	Yes(protection from expropriation risk)	Yes	Yes
Hausken et al. (2004)	Yes (votinge trading)	Yes	Yes
Hessami et al. (2013)	Yes(government fragmentation)	No	Yes
Hicken et al.(2005)	Yes(obstacles to policy change)	Yes(in some models)	Yes
Jones et al. (2016)	Yes(government quality)	Yes	Yes
Klašnja (2008)	Yes(checks and balances)	Yes	Yes
Lafontaine et al. (2017)	Yes(strength of institution)	Yes	Yes
Leibrecht et al. (2015)	Yes(checks and balances)	Yes	Yes
Ricciuti(2003)	Yes(institutional fragmentation)	No	Yes
Young et al. (2014)	Yes(checks and balances)	Yes	Yes

¹“Yes” means the article suffers from Misunderstanding I or II while “No” means the article does not.

Table 2: POLCON and Misunderstanding II

Name (Year)	Data Structure	TS length	DV scale	Mistake II
Afanwi(2017)	cross-section	10 years(1989-1999)	dichotomous	Yes
Albertus(2017)	panel data	80 years(1930-2010)	continuous	No
Allee et al.(2010)	dyadic	N/A	categorical (0,1,2)	Yes
Azemer et al.(2009)	panel data	19 years(1985-2004)	continuous	No
Butoro et al.(2009)	panel data	15 years(1990-2005)	dichotomous	Yes
Bernauer et al.(2013)	panel data	33 years (1973â–2006)	like continuous	Yes
Biglaiser et al.(2017)	panel data	45 years (1961â–2006)	like continuous	No
Bj–rnskov et al. (2010)	cross-section	N/A	like continuous	Yes
Bodea et al. (2014)	panel data	34 years (1973-2007)	continuous	No
Bodea et al. (2017)	panel data	37 years (1970-2007)	continuous	Yes
B–hmelt et al 2012	panel data	N/A	Categorical(0,1,2,3)	No
Budde et al. (2017)	panel data	N/A	like continuous	No
Cavallo et al. (2010)	panel data	34 years (1970-2004)	continuous	Yes
Cortez et al. (2017)	panel data	35 years (1975-2010)	like continuous	Yes
Dahl (2014)	panel data	48 years (1960-2008)	continuous	No
Desbordes et al.(2017)	panel data	5 years (98, 00, 02, 04, 06)	continuous	No
Fabrizio et al. (2010)	panel data	around 10 years	Categorical (4 values)	No
Fagerberg et al. (2008)	panel data	12 years (1992-2004)	continuous	Yes
Fink (2011)	panel data	30 years (1978-2008)	dichotomous	Yes
Freeman (2013)	panel data	20 year (1987-2007)	dichotomous	Yes
Gibler (2010)	cross-sectional	N/A	Categorical (0,1,2)	Yes
Hall (2008) (V)	panel data	22 years (1973-1995)	categorical(1,2,3,4)	Yes
Hallerberg et al. (2017)	panel data	27 years (1973-2010)	dichotomous	No
Hill (2016)	cross-sectional	N/A	dichotomous and like continuous	Yes
Jordana et al. (2011)	panel data	41 years (1966-2007)	dichotomous	No
Justesen (2014)	panel data	30 years (1970-2000)	continuous	No
Justesen et al. (2013)	panel data	40 years (1970-2010)	continuous	No
Kerner(2009)	dyadic	19 years(1982â–2001)	continuous	No
Kim (2017)	panel data	30 years (1981-2011)	like continuous	Yes
Koehler et al. (2015)	panel data	30 years (1980-2010)	continuous	Yes
Kohlscheen (2009)	panel data	N/A	dichotomous	Yes
Lim et al.(2017)	panel data	30 years (1975-2005)	like continuous	No
Lupu (2015)	panel data	N/A	Categorical (0,1,2)	Yes
Maggetti (2014)	panel data	10 years (2001-2011)	dichotomous(1 of 2 DV)	No
M–on et al. (2012)	panel data	29 years (1975-2004)	continuous	No
M–on et al. (2009)	panel data	28 years (1970-1997)	continuous	No
Mosley et al. (2008)	panel data	19 years (985-2004)	continuous	No
Obinger et al. (2011)	panel data	27 years (1961-1989)	continuous	Yes
Pinto et al. (2010)	panel data	29 years (1975-2004)	continuous	No
Reischmann (2016)	panel data	41 years (1970-2011)	continuous	No
Satyanath et al. (2007)	cross-sectional	N/A	continuous	Yes
Streb et al. (2009)	panel data	25 years (1980-2005)	continuous	No
Streb et al. (2012)	panel data	25 years (1980-2005)	continuous	No
Urpelainen et al. (2017)	panel data	28 years (1982-2008)	dichotomous and continuous	No
Van Rijckeghem et al. (2009)	panel data	26 years (1974-2000)	continuous	Yes
Zheng(2011)	panel data	28 years (1980-2008)	continuous	Yes

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