

Clientelistic Politics and Economic Development

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Introduction

- ▶ Pervasiveness of vote-buying and clientelistic ‘machine politics’ in traditional societies
- ▶ Votes purchased:
 - ▶ either through upfront pre-election payments
 - ▶ or promises to deliver benefits (if elected) after the election to those that supported them
- ▶ Descriptive accounts, case-studies and political ethnographies:
 - ▶ from US, UK 19th-early 20th century, Italy in the mid-20th century (Kitchelt-Wilkinson (2007), Chubb (1982), Golden (2000))
 - ▶ contemporary practices in many middle income and LDCs (e.g., vote buying in Argentina (Stokes (2005)), ethnography of a Mumbai municipal ward election (Bjorkman (2013))

Definitions of Clientelistic Politics

- ▶ (Wikipedia) definition: "exchange systems where voters trade political support for various outputs of the public decision-making process"
- ▶ Hicken (2011) argues that the key element is the contingent and reciprocal nature of the exchange: benefits delivered selectively by election winner only to those who it believes voted for them
- ▶ However, this excludes vote purchases via upfront pre-election payments or past one-time benefits such as land registration or housing/water/road benefits (which may influence recipients' vote owing to induced gratitude/reciprocity norms)
- ▶ Expect latter benefits to have a smaller impact on votes cast

Contrast with Programmatic 'Pork-Barrel' Politics

- ▶ 'programmatic politics': where delivery of benefits is non-discretionary/formula-bound and **not conditioned on political support** (e.g., social security, CCTs, education or health entitlement programs, regulations enforced by non-partisan bureaucracy)
- ▶ we shall focus primarily on contrast of clientelistic politics with programmatic politics

Focus of Existing PE Literature: Programmatic Policy Distortions

- ▶ 'programmatic politics' can give rise to many distortions, focus of most existing formal political economy literature:
 - ▶ populism (a la Downs/Alesina-Rodrik)
 - ▶ limited commitment (a la Besley-Coate, Dixit-Londregan)
 - ▶ non-issue-based loyalties and swing voters (a la Dixit-Londregan)
 - ▶ elites or special interest capture (a la Acemoglu-Robinson, Grossman-Helpman)
 - ▶ unevenness of turnout/awareness (a la Benabou)
 - ▶ voter coordination problems (a la Myerson))

Relation between Clientelistic Politics and Programmatic Politics

- ▶ Relatively little attention devoted to clientelistic politics in formal 'rational choice' PE literature (in contrast to comparative politics)
- ▶ Partly because this is a phenomenon pertaining largely to developing countries
- ▶ PE literature on clientelism is just beginning to appear: formal models, econometric analyses
- ▶ Most tend to analyse features of clientelism by itself, many of which are shared by models of pork-barrel programmatic politics as well
- ▶ We shall focus on comparison between distortions generated by clientelistic and programmatic politics, and institutional dynamics between these two forms

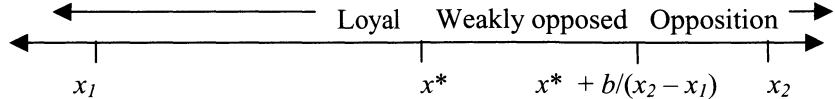
2. Enforcement Mechanisms

- ▶ How can party operatives verify how a client voted?
 - ▶ reciprocity norms: (Paraguay evidence: Finan and Schechter (2012))
 - ▶ (marked) ballots handed out by party operatives: still legal in some countries such as Argentina, Uruguay and Panama (Stokes (2006))
 - ▶ group sanctions (Chandra (2004))
 - ▶ public signals of political support (eg participation in election rallies) (Sarkar (2014))
 - ▶ local brokers/patrons that 'deliver' votes of their clients to parties (Stokes (2005), Bjorkman (2013), Larreguy (2013))

3. Theoretical Models

- ▶ Stokes (2005): model of upfront payments and repeated interaction between voters and a single party 'machine' which faces a single passive challenger, generates predictions for how vote-buying varies with household and community characteristics (e.g., targeting of poor swing voters in small communities)

FIGURE 2. Types of Voters by Their Location on a One-Dimensional Policy Space



The Model

I begin with a one-shot game in which a person's vote is assumed to be perfectly observable by political parties. Let the ideological position of the machine in a one-dimensional policy space be represented by x_1 , the ideological position of the opposition by x_2 , and $x_1 < x_2$. Let $x^* \equiv (x_1 + x_2)/2$ be the midpoint between the two parties (see Figure 1). Let the voters' preferences be given by

$$u_i = -\frac{1}{2}(v_i - x_i)^2 + b_i,$$

where $v_i = \{x_1, x_2\}$ represents a vote for either the machine or the opposition, x_i represents voter i 's position on the ideological spectrum, and $b_i = \{0, b\}$ represents the value to the voter of the reward offered by the machine in exchange for votes, relative to the value of voting according to the voter's preferences. Thus $-(1/2)(v_i - x_i)^2$ represents the expressive value of voting for one of the two parties. If the machine does not offer a gift, then $b_i = 0$ and the voter votes for the machine if $-(x_i - x_1)^2 \geq -(x_i - x_2)^2$, or if $x_i \geq x^*$. That is, if there is no gift the voter supports the party that falls closest to the voter on the ideological or programmatic dimension. If the machine offers a gift of $b > 0$, the voter will vote for it if

$$-1/2(x_i - x_1)^2 + b \geq -1/2(x_i - x_2)^2,$$

or

$$b \geq \frac{1}{2}[(x_i - x_1)^2 - (x_i - x_2)^2] = (x_2 - x_1)(x_i - x^*),$$

or

$$x_i \leq x^* + (b/(x_2 - x_1)).$$

reward and votes for the machine, supported by a grim trigger strategy should the voter be observed to renege, is

$$\begin{aligned}
 & 1/(1 - \beta)[b - (x_i - x_1)^2/2] \\
 & \geq [b - (x_i - x_2)^2/2] + [\beta/(1 - \beta)]\{(1 - p) \\
 & \times [b - (x_i - x_1)^2/2] - p(x_i - x_2)^2/2\}. \quad (1)
 \end{aligned}$$

In other words, to sustain cooperation, the value to the voter in the current and all subsequent periods of voting for the machine and receiving a reward must equal or exceed the sum of the payoff from defecting in the current period plus (1) avoiding detection and returning to cooperation in the next and subsequent periods (with probability p), or (2) being caught and, in all subsequent periods, voting against the machine but foregoing rewards (with probability $1 - p$).

Inequality [1] simplifies to

$$x_i \leq x^* + \lambda(b/x_2 - x_1),$$

where

$$\lambda = p\beta/(1 - \beta + p\beta).$$

Hence, the set of voters who would sell their votes in exchange for a private benefit is the set whose ideal point, x_i , satisfies

$$x^* \leq x_i \leq x^* + \lambda(b/x_2 - x_1). \quad (2)$$

- As the ideological distance between the two parties ($x_2 - x_1$) shrinks, the potential for vote buying grows. Intuitively, when the two parties are ideologically or programmatically close, there is less at stake for the voter in the decision of which to vote for, and the value of the private reward becomes more salient.
- As the value of the private reward (b) relative to the value of voting in accordance to one's policy or ideological preference increases, the potential for vote buying increases. The reward must be worth a lot to the voter. But its value to the machine must be less than the value of a single vote—not very much. This suggests that, given decreasing marginal utility from income, machines will target poor voters.
- The more accurately the machine can monitor voters, the greater the potential for vote buying (λ is an increasing function of p). This accuracy is a function of the technology for monitoring voters' actions and of the machine's organizational structure.
- Among its core constituents—those whom it can observe well—the machine is most effective when it targets Weakly opposed voters (for whom $x^* \leq x_i \leq x^* + \lambda(b/x_2 - x_1)$), rather than Loyal ($x_i < x^*$) or Opposition voters ($x_i > x^* + b/(x_2 - x_1)$) voters.

TABLE 3. Model Estimations of Vote Buying

	(1)	(2)	(3)	(4)
Dependent Variable	Patron	Job	Reward	Influence
Model Estimated	Logit	Logit	Logit	Ordered Logit
Income	- 0.126 (0.058)	-0.054 (0.037)	- 0.195 (0.074)	- 0.194 (0.070)
Education	-0.005 (0.058)	- 0.197 (0.035)	- 0.212 (0.079)	- 0.223 (0.073)
Housing quality	-0.215 (0.114)	- 0.133 (0.073)	-0.212 (0.131)	- 0.310 (0.022)
Log population	- 0.361 (0.044)	-0.035 (0.029)	- 0.135 (0.050)	- 0.139 (0.045)
Ballot			0.578 (0.225)	0.572 (0.211)
Peronist sympathizer	0.594 (0.192)	0.735 (0.119)	0.550 (0.220)	0.549 (0.207)
Age	-0.005 (0.006)	- 0.022 (0.003)	- 0.016 (0.007)	- 0.017 (0.006)
Gender	-0.178 (0.166)	0.208 (0.103)	-0.158 (0.195)	0.092 (0.180)
Radical sympathizer	0.357 (0.243)	0.146 (0.158)	-0.455 (0.371)	0.026 (0.299)
Constant	3.254 (0.643)	1.879 (0.397)	1.580 (0.746)	
N observations	1114	1920	1618	1619

Note: Cell entries are coefficients, and standard errors are in parentheses. Boldface indicates significance at the $p=0.05$

ses with evidence from one developing democracy, Argentina.¹⁸ The evidence I present comes mainly from a survey of 1,920 voters, conducted in December 2001 and January 2002 in three Argentine provinces.¹⁹ The survey allows us to explore the strategies of clientelist parties indirectly, by revealing what kinds of voters these parties target and who among the voters are responsive to private rewards.²⁰ Respondents were asked whether they had received any goods from a political party during the election campaign that had taken place two months earlier (variable name, *Reward*). Of low-income respondents in the sample, 12% (89 out of 734) reported having received goods. Most of them said that they had received food; other items mentioned frequently were building materials, mattresses, and clothing. In an open-ended question about whether receiving goods influenced their vote (*Influence*), about one in five of the low-income voters, and one-quarter of low-income Peronist voters, said it did. We asked other questions meant to detect clientelism, such as whether the person had turned to a locally important political actor for help during the past year (*Patron*) and whether, if the head of their household lost his or her job, the family would turn to a party operative for help (*Job*).

A Model Comparing Clientelist Distortions with Pork Barrel Politics

- ▶ The following model explicitly compares distortions in 'pork-barrel' programmatic politics a la Dixit-Londregan (1996) with two-party competition models with clientelistic politics a la Bardhan-Mookherjee (2012), Sarkar (2014)
- ▶ Start with Dixit-Londregan model, then show effects of replacing program politics by clientelist politics
- ▶ Model formalizes intuitive verbal arguments frequently made in the comparative politics literature

Dixit-Londregan (1996) 'Swing Politics' Model

- ▶ Voter group $i (= 1, \dots, n)$, with given income y_i with $y_i < y_{i+1}$ and proportion $\alpha_i \in (0, 1)$
- ▶ utility $u(y_i + t_i) + v(g)$ where u, v are strictly increasing, concave and Inada, $g \geq 0$ is public good, $t_i \geq 0$ is entitlement of private good transfer to each voter in group i
- ▶ Two parties $k = L, R$ each interested in maximizing probability of winning, a monotonically increasing function of its vote share
- ▶ Party k commits to policy $g^k, t_i^k, i = 1, \dots, n$ satisfying budget constraint $\sum_i \alpha_i (1 + \lambda_i) t_i^k + c g^k \leq R$ where revenue R is given, and λ_i is a given delivery leakage rate (assumed same for both parties)

Dixit-Londregan 'Swing Voter' Model of Pork-Barrel Program Politics

- ▶ Voters of type i loyalty to party L ϵ_i distributed uniformly with zero mean and density (*swing*) s_i , where every s_i is small enough to ensure interior vote shares
- ▶ Voter of type i with loyalty ϵ_i votes for L party iff

$$u(y_i + t_i^L) + v(g^L) + \epsilon_i > u(y_i + t_i^R) + v(g^R)$$

- ▶ Unique equilibrium in dominant strategies: both parties converge to the same policy which maximizes

$$\sum_i \alpha_i s_i [u(y_i + t_i) + v(g)]$$

subject to the budget constraint, and each party wins with probability $\frac{1}{2}$ (*contested elections*)

Dixit-Londregan Pork-Barrel Model: Key Prediction

Proposition

An increase in s_i the swing propensity of group i voters results in an increase in t_i the transfer directed to group i voters. The effect on public good provision g is ambiguous; with Cobb-Douglas utility functions, the effects are purely redistributive: g is unaffected and transfers to all other groups decline.

Replace Programmatic Politics by Clientelist Politics

- ▶ Key difference in Clientelism: elected officials have discretionary power to withhold delivery of private transfers to specific citizens
- ▶ Allows them to increase their vote share by threatening to withhold transfers to those that they believe did not vote for them
- ▶ Hence private transfers are delivered *conditionally* to citizens, only to those that officials believe supported them in the previous elections
- ▶ How can officials figure out who voted for them?
- ▶ The following mechanism can elicit this information in an incentive compatible manner

Clientelist Politics: A Mechanism for Eliciting Voter Support Information

- ▶ Modify pre-election game to one where each party holds a public rally, and each voter decides at most one rally to attend (at zero cost)
- ▶ Party k commits to policy $g^k, t_i^k, i = 1, \dots, n$ conditional on being elected, where private transfers will be delivered **only** to voters that attend its rally
- ▶ Then it will be optimal for every voter to select one rally to attend, and subsequently vote for that party

Clientelist Politics: How Do Voters Decide Who to Support?

- ▶ How does the voter select between the two parties?
- ▶ A fundamental difference in how voters decide, compared with programmatic politics: the decision instrumentally affects the voters access to private transfers
- ▶ Voter type i will attend party L's rally and then vote for L iff

$$p^L[u(y_i + t_i^L) + v(g^L)] + (1 - p^L)[u(y_i) + v(g^R)] + \epsilon_i > p^L[u(y_i) + v(g^L)] + (1 - p^L)[u(y_i + t_i^R) + v(g^R)]$$

where p^L is voter's prior that L will win the election

Clientelistic Politics: How Do Voters Decide?

- ▶ Observe that *voting decisions are independent of public goods provided by either party!*
- ▶ Because votes are now cast on instrumental/personal motivation grounds (rather than moral, judgmental or chances of being pivotal): likely to increase election turnout
- ▶ Parties will then be motivated to not provide any public goods at all
- ▶ Modify model to include θ proportion of voters in each group in the **formal sector**, with secure property rights over direct transfer entitlement
- ▶ Formal sector citizens will then vote as in the Dixit-Londregan model; clientelist model reduces to programmatic model if $\theta = 1$

Clientelistic Politics: How Do Voters Decide?

Vote Share of L equals

$$\frac{1}{2} + \sum_i \alpha_i s_i \{ \theta [u(y_i + t_i^L) + v(g^L)] + (1 - \theta) p^L [u(y_i + t_i^L) - u(y_i)] - \theta [u(y_i + t_i^R) + v(g^R)] - (1 - \theta)(1 - p^L) [u(y_i + t_i^R) - u(y_i)] \}$$

where $\pi^k \equiv (\{t_i^k\}_i, g^k)$ denotes the platform of party k , and p^L the voters expectation concerning party L's winning probability.

Party $k = L, R$ will select its policy platform to maximize

$$\sum_i \alpha_i s_i \{ \theta [u(y_i + t_i^k) + v(g^k)] + (1 - \theta) p^k [u(y_i + t_i^k) - u(y_i)] \} \quad (1)$$

subject to the budget constraint $\sum_i \alpha_i (1 + \lambda_i) t_i^k + c g^k \leq B$,
where $p^R \equiv 1 - p^L$.

Clientelistic Equilibrium

- ▶ Each party takes voter assessments of their respective electoral prospects $p^L, 1 - p^L$ as given
- ▶ $\pi^k(p^L)$ denotes best response of party k to voter expectation p^L be denoted $\pi^k(p^L)$
- ▶ Equilibrium condition:

$$p^L = \psi(p^L) \equiv \phi(V^L(\pi^L(p^L), \pi^R(p^L)); p^L)$$

- ▶ $\psi(\cdot)$ is strictly increasing and continuous. Hence an equilibrium exists.

Clientelistic versus Programmatic Politics: Result 1

Proposition

In any equilibrium of the clientelist politics game, party k will select a policy which maximizes

$$\sum_i \alpha_i s_i \left[\left\{ 1 + p^k \frac{1 - \theta}{\theta} \right\} u(y_i + t_i) + v(g) \right]$$

subject to the budget constraint, where p^k is the equilibrium probability of party k winning. A fall in θ (rise in size of informal sector) lowers the supply of the public good, and increases private transfers unambiguously.

- ▶ Clientelism raises private good transfers and lowers supply of the public good, so it can lower efficiency/growth
- ▶ This effect is larger, the greater the proportion of voters in the informal sector

Clientelistic versus Program Politics, Result 2

Proposition

(a) *There is an equilibrium with $p^L = \frac{1}{2}$ and policy convergence.*

(b) *This equilibrium is locally unstable if*

$$\phi'\left(\frac{1}{2}\right) > \phi^* \equiv \frac{1}{2(1-\theta) \sum_i \alpha_i s_i [u(y_i + t_i^*) - u(y_i)]}$$

and locally stable if the direction of the inequality is reversed (where t_i^ denotes symm equi policy).*

Clientelistic versus Program Politics, Result 2, contd.

Proposition

If

$$\phi'\left(\frac{1}{2}\right) > \frac{1}{2 \sum_i \alpha_i s_i [u(y_i + t_i^*) - u(y_i)]}$$

there exists $\theta^ \in (0, 1)$ such that the symmetric equilibrium is locally unstable and there exist multiple asymmetric locally stable equilibria where p^L is different from $\frac{1}{2}$, if and only if $\theta < \theta^*$.*

Implications for Political Competition

- ▶ Implications of Clientelism:
 - ▶ (*Private Recurring Benefits and Redistributive Bias*): Bias in favor of private recurring benefits against public goods or private one-time benefits; in favor of transfers to poor voters (contrast to elite capture distortion)
 - ▶ (*Contagion/Strategic Voting*): informal sector voters' response to directed benefits depends on their assessment of party's 'credibility' (likelihood of winning)
 - ▶ (*Multiple Equi/Lopsided Competition/Incumbency Advantage*): If size of informal sector is large enough, there will be an unstable symmetric equilibrium, and multiple asymmetric (stable) equilibria where one of the two parties wins with probability greater than $\frac{1}{2}$; otherwise equilibrium is unique where each party is equally likely to win

4. Empirical Evidence

- ▶ Most studies examine correlations between supply of targeted versus non-targeted goods, with measured proxies (indirect correlates) of clientelism
- ▶ Standard econometric concerns of measurement, endogeneity and omitted variables
- ▶ Additional problem with most of these studies: the observed correlations could also be consistent with programmatic politics

Evidence: Examples

- ▶ Wantchekon (2003): Benin RCT study of effect of targeted versus non-targeted campaign promises on votes
- ▶ Stokes (2005): Argentina cross-sectional variation of targeted benefits with household and village characteristics
- ▶ Bardhan et al (2009, 2015a): West Bengal household panel data shows high positive correlation between party supported by a household in opinion poll, and receipt of recurring benefits (food-for-work employment, subsidized loans, agri. inputs); but no such correlation with one-time/local public benefits (roads, water, housing) received
- ▶ supply-side endogeneity problems addressed in Bardhan et al (2015b)

Evidence: contd.

Khemani (2015):

- ▶ uses direct measure of vote-buying, reported by households
- ▶ in sample of 60 Philippine villages, 38% households reported awareness of vote-buying in their viillage
- ▶ positive cross-sectional correlation of non-targeted benefits (health services provision, child health measures) with household reports of vote-buying
- ▶ Similar results in cross-section of 43 African countries using Afrobarometer data

Evidence, contd.

Larreguy (2013):

- ▶ argues plausible exogenous determinant of vote-buying effectiveness in rural Mexican municipalities is geographical match (*FIT*) between electoral boundaries and rural communal lands (*ejidos*) managed by political incumbents
- ▶ Because this enables parties to more precisely gauge effort of local brokers in delivering votes
- ▶ FIT interacted with PRI incumbency at state level is positively correlated with PRI votes at municipality level, and negatively correlated with per capita teachers and schools
- ▶ Leaves open question of what determined drawing of electoral boundaries; however, FIT by itself is uncorrelated with PRI votes at municipality level

5. DEVELOPMENT AND INSTITUTIONAL DYNAMICS

- ▶ Historically, clientelistic political practices tend to decline as countries develop
- ▶ 19th-early 20th century experience of UK, US (Cox (1987), Mitgang (2000), Lizzeri and Persico (2004), Kitchelt and Wilkinson (2007))
- ▶ Clientelistic politics tends to be replaced by programmatic politics and rule of law
- ▶ A fundamental institutional transformation
- ▶ Cause or effect of development?

Why Development Can Undermine Clientelist Politics

- ▶ as voter incomes rise, vote price goes up, rendering vote-buying more expensive for parties
- ▶ rising connectivity and mobility weaken social networks in traditional rural societies, lowering the ability of brokers to monitor voters and mediate clientelist transactions
- ▶ increasing migration opportunities and growth of formal sector lowers dependence of voters on local leaders for their livelihoods
- ▶ rising citizen demand for public, non-targeted benefits (such as public health, education, low corruption, better governance quality) relative to targeted benefits

Historical Role of Changes in Political Institutions

- ▶ *Extension of the franchise* (Cox (1987), Lizzeri and Persico (2004)): increased number of votes that would have to be purchased to win elections
- ▶ *Secret ballots*: made it harder for party operatives to monitor/manipulate votes
- ▶ *Rising power of executive branch relative to legislatures*
Cox (1987) argues this was critical in 19th century UK in controlling individual legislators and enforcing party discipline
- ▶ *Anti-bribery legislation* (Camp, Dixit and Stokes (2014)): 1883 Act in UK outlawing hiring of electioneering agents by political candidates, following bipartisan consensus

What Motivated The Change in Political Institutions?

- ▶ Deeper question
- ▶ Lizzeri-Persico (2004): franchise extension was a response to rising concern with public health issues in urban areas which affected elites and non-elites alike; alternative explanations provided by Acemoglu-Robinson (2001) based on threat of revolution
- ▶ Camp-Dixit-Stokes (2014): decline in effectiveness of election agents resulted from rising incomes, education of masses etc., so hiring them became less profitable for political candidates
- ▶ Suggests economic development drove change in political institutions

Role of Rise in Programmatic Politics

- ▶ Factors undermining decline of clientelism in US experience during late 19th-early 20th century:
 - ▶ adoption of Australian ballot in many states
 - ▶ bureaucratic (Progressive Era) reforms
 - ▶ social security and New Deal
- ▶ Latter two factors highlight how rise in programmatic politics can crowd out clientelist politics
- ▶ Related phenomenon in some middle income countries (Brazil, Mexico) implementing nation-wide entitlement and land titling programs

Brazil: Bolsa Familia

- ▶ Bolsa Familia (BF): large CCT program covering 12 million household, designed to be a nation-wide formula-driven entitlement program administered by the Federal government, with cash transfers deposited directly into beneficiary bank accounts
- ▶ Fried (2011) provides evidence that BF delivery was politically neutral:
- ▶ BF program coverage deviations from planned targets exhibited quantitatively small correlations of the 'wrong' sign with various political criteria (e.g., local vote share of the federal incumbent party PT, measures of local political competition and swing characteristics)

Bolsa Familia Effects

- ▶ Frey (2015) estimates impact of BF coverage using an instrumental variable regression discontinuity design: 10% increase in BF coverage
 - ▶ reduced incumbency advantage of local mayors by 8%
 - ▶ increased political competition (lowering victory margins by 6%, raising the number of candidates by 0.6, and educational qualifications of candidates)
 - ▶ lowered private campaign contributions to incumbents by 40%
 - ▶ increased health care and education spending shares by between 2-3%

Land Titling in Mexico

- ▶ PROCEDE: Rural land titling program creating and distributing individual property rights over rural communal lands (ejidos) enacted between 1993-2010
- ▶ de Janvry et al (2014), Dower and Pfutze (2015) provide evidence using DID design that these reduced votes of political incumbents
- ▶ Consistent with decline in local clientelism based on political management of ejidos

Political Motivation for Creation of Entitlement Programs?

Key Question: Why do political incumbents that benefit from clientelistic practices create entitlement programs that undermine such practices?

Lessons from case studies:

- ▶ PROCEDE: technocrat economists within PRI administration wanted to pass land reforms to raise competitiveness of Mexican agriculture when NAFTA was being implemented
- ▶ Federal gains versus local losses: FDR's anti-corruption investigation of NYC Mayor Jimmy Walker (Mitgang (2000)), CORETT in Mexico (Larreguy et al (2015))

Summary

- ▶ Focused on comparison of two kinds of political institutions: clientelistic and programmatic
- ▶ Large comparative politics literature on clientelistic politics in developing and middle income countries, primarily descriptive; formal models/econometric analyses have just begun to emerge
- ▶ Theoretical predictions: clientelism enhances over-allocation towards directed private transfers at expense of public goods; public sector employment and short-term recurring benefits; selective law enforcement, insecure property rights and large informal sector
- ▶ Welfare consequences: likely to generate static redistribution in favor of the poor, at the expense of growth and long-term poverty reduction; effects on political competition are ambiguous (Vicente (2014) RCT for Sao Tome-Principe)

Summary, contd.

- ▶ Difficulties in empirical measurement and identification (as in most research on corruption) esp. of conditional delivery of directed transfers to political supporters
- ▶ Mostly indirect evidence, seems to confirm predictions concerning resource allocation biases
- ▶ Institutional dynamics: evidence confirms expectations that rise in programmatic politics (at the federal level) in the form of nationwide entitlement programs and property right reforms will cause clientelistic practices (at the local level) to erode