

To: Governor of Gujarat
From: Fanni Varhelyi
Subject: Addressing the issues of patronage and particularization
Date: 09/15/2022

Recommendation on patronage issue: conditional healthcare reimbursement program

Solution: Political mediation negatively affects public service delivery through patronage¹, where local politicians allocate resources how they see fit. One area where this manifests is healthcare, as politicians negotiate discounted bills or pay them entirely using state resources. A solution to this issue is direct cash payouts to poor citizens that can subsidize medical spending. This can potentially formalize the process of resource allocation and eliminate the need for discretionary funds and individual-level negotiations. The program could be linked to a) overall income levels and b) medical needs, to target health expenditures. Program participants would receive partial or full reimbursement of medical bills. International examples, such as Brazil's Bolsa Familia program, suggest that direct cash payout programs can decrease patronage, if implemented correctly.² The early development of the Kerala region in India suggests social welfare policies can reduce poverty through better healthcare access.³ Thus, covering medical expenses for those in need has the potential in Gujarat to reduce both poverty and patronage at the same time.

In order to execute the program well, strong communication and independent administrators are crucial. Communication can help link the program to the state, not the 'favor' of individual politicians, while independent administrators, directly reporting to the Governor's office, provide oversight.⁴ One more aspect specific to Gujarat is addressing the current embeddedness of local political players, and the lack of access to reliable information by citizens. To overcome this, local politicians should become a formal part of the process of application. Upon successful application, they could receive a fee for their services, thus rendering this a service, not a 'favor', as currently perceived. After that, the politician would not play a role in cash payouts or state-citizen communications; instead, the high cell phone coverage of the region could be utilized to directly reach citizens.⁵

Potential roadblocks: The proposed solution will likely incur resistance. Local politicians might resist losing power on this issue, especially if their respective funding is also cut. They could vote it down or rally their constituents against it. Alternatively, they might refuse to carry out their part of the application, without which the state cannot obtain valid information about its citizens. Bureaucrats might not cooperate in implementing the process due to fear of retribution.

Potential risks: The successful implementation of the program might still incur negative consequences. Should the politicians keep their current budget, the mediation process could adapt and continue mostly as-is, with politicians providing further aid on top of the state aid. Hospitals might react by raising prices, which would disadvantage everyone outside of the program. Local politicians could also position this as a new benefit provided by them, worsening the patronage issue. They will likely be selective in who they support with their application, which will lead to increased particularization. Independent bureaucrats might not perform well, knowing their local counterparts do not have oversight on them.

Recommendation on Particularization issue: joint spending budget

Solution: Discretionary budgets of individual politicians allow spending to serve only the groups that the politicians deem worth serving.⁶ To alleviate this issue, part of this budget should be a joint fund between politicians who are elected in neighboring territories. In this new model, committees would jointly decide 20-30% of spending. The committee would introduce transparency and oversight in two ways:

- Direct oversight: politicians from other areas would have the opportunity to comment on spending and highlight if any neighborhoods or communities are consistently ignored. The committees could also trigger investigations into the individual spending of politicians, providing an additional control measure.
- Committee meetings would be partially open to the public, accepting petitions directly. This could potentially enable currently ignored minorities to petition for aid, if they perceive any member of the committee as lenient towards them.

Committees have the potential to decrease corruption and particularization through the distribution of power. Committee decision-making could also help politicians to avoid blame: if, for example, the committee decides to spend funds on improving the lives of certain minorities, the respective local politician can blame the committee and avoid voter backlash.

Potential roadblocks: Regardless of potential benefits, the forming of these committees is impeded by multiple roadblocks. For one, the local politicians will resist the idea and will use their power to stop any proposed policy solution if they can, as the current model has more advantages for them. BJP itself might resist implementing this solution as it has the potential to lessen particularization, which the party has embraced in recent years.

Potential risks: Even if the committees are formed, the work might not go as planned. Politicians might split their budgets between themselves upfront, and either ignore their committee duties, or only do them for a show. Should they discuss budget allocation, deadlocks or long negotiations could result in limited or no funds spent. This could result in significant voter backlash due to the perception of less funds being available for them. The existing societal cleavages could also completely derail the effort. The presence of a majority faction, namely Hindu politicians, could marginalize the voices of Muslim politicians and citizens and the committee spending would result in further particularization. This is rooted in the significant political and societal momentum behind using the state to preserve social relations.⁷ Constituents and businesses might also perceive the committee as just another party with the potential to provide patronage and particularization, and they might end up paying more bribes to multiple politicians to sway the committee.

Notes & Bibliography

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