

HARVARD UNIVERSITY  
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The undersigned, appointed by the  
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presented by **Jonathan Peter Phillips**

candidate for the degree of Doctor of Philosophy and hereby  
certify that it is worthy of acceptance.

Signature R. Bates

Typed name: Prof. Robert H. Bates (Chair)

Signature F. Hagopian

Typed name: Prof. Frances Hagopian

Signature S. Levitsky

Typed name: Prof. Steven R. Levitsky

Signature J. A. Robinson

Typed name: Prof. James A. Robinson (Univ. of Chicago)

Date: **May 4, 2017**



# **Good Governance in Poor Places: Explaining Inclusive Politics in Emerging Subnational Democracies**

A dissertation presented

by

Jonathan Peter Phillips

to

The Department of Government

in partial fulfillment of the requirements  
for the degree of  
Doctor of Philosophy  
in the subject of  
Political Science

Harvard University  
Cambridge, Massachusetts

May 2017

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# Good Governance in Poor Places: Explaining Inclusive Politics in Emerging Subnational Democracies

## Abstract

The terms on which citizens of emerging democracies access public resources are often skewed by their economic vulnerability, making them dependent on clientelist relationships. To what extent is this clientelist trap of selective exclusion an inevitable feature of democracy in poor places? This dissertation takes inspiration from three ‘least-likely’ subnational cases of inclusive good governance amid extreme poverty. To explain why elites unexpectedly pursue impersonal, inclusive policies and how voters defy the clientelist trap to re-elect them, the analysis combines formal theory, multiple household surveys and subnational comparisons spanning Brazil, India and Nigeria. The evidence suggests that inclusive governance is an attractive strategy for ‘outsider’ leaders with relatively weak clientelist networks who are threatened by competing clientelist elites. Using the state apparatus for inclusive rule enforcement prevents clientelist discretion, starving competitors of rents and support, and securing the outsider’s political authority. These incentives are likely to arise even in poor clientelist places where outsiders are elevated to power by national actors seeking to promote local allies.

Whether voters can escape the clientelist trap to re-elect the outsider reformer depends on their collective confidence in the reformer’s performance. The delivery of large public benefits can provide a crucial coordinating device in anchoring expectations that other voters will reject clientelism. However, voters’ ability to coordinate may be impaired if resurgent

clientelist competitors intensify their threats or use disinformation tactics such as rumours of corruption to undermine the reputation of the inclusive incumbent. Mitigating these threats relies on supportive national financing and the ability to monopolize the media or coopt clientelist elites. The consolidation of inclusive governance is also aided by national inclusive policies that constrain the supply of local clientelist goods and create a demand for inclusive governance by insulating voters' incomes from political interference. However, national policy may only be effective where it complements local reform.

These arguments demonstrate that inclusive governance does not depend on economic development or externally-mobilized parties. Even the poorest societies can extend full citizenship rights and equitable policy access to their members. The unpredictability and competition of subnational politics provides alternative motives for elites to introduce governance reform, and new opportunities for voters to rally against clientelism.

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## Acknowledgments

While some dissertations embody the ideas and skills cultivated in a few intense years of graduate study, this dissertation is rooted in formative experiences spanning the past 15 years. Not only did those experiences set me on a path to graduate school, but they also primed me with the ideas, examples and conviction to tackle this daunting research topic. Although those insights are expressed with too much confusion and too little support in the pages that follow, they deserve the credit for getting me this far.

The very concept of academic research and the preposterous idea that I might be capable of pursuing it was introduced to me by Alan Renwick at New College, Oxford. Every time this dissertation searches for an institution's origins can be traced back to the light-bulb moment when, under heavy prompting, I realized that politics is about the causes of institutions and not just their effects.

At Oxera and Vivid Economics I was trusted to gather data and answer policy questions way beyond my experience. In particular, Robin Smale forgave my errors too many times and personified simplicity, clarity and honesty. I'm not sure the first two of these values made it into this dissertation, but at least the last did.

A volunteer posting to a small agroforestry NGO in Cameroon transformed a passion for independent travel into a curiosity for the challenges of development. The aspirationally-named National Development Foundation led by Nkeng Pius, his family, and his part-time team patiently showed my why farmers regularly failed to plant profitable crops and why public services cost more than private ones.

It was Nigeria, however, that gave me a chance to participate in the trenches of de-

velopment policy in that improbable hybrid role as a Nigerian civil servant and neophyte economist. Amina Mohammed, Dr. Ishiyaku Mohammed, Ndidi Ozegbe, Balaraba Aliyu, Olufunke Baruwa, Muhammad Sani and countless others for some reason trusted me to assist them in their efforts to improve Nigeria's governance for the poor. While I had appreciated how politics can put a brake on development, it was this team, and their counterparts in the states and local governments, that illustrated so vividly how smart politics can also be used to *promote* development. That idea, if nothing else, anchored this dissertation in its most confused moments. Perhaps the best testament to the achievements of that Nigerian team was that they had coached me in how to navigate Nigerian politics to such an extent that I was inadvertently able to convince Michael Hiscox that their tactics and achievements were the worthy object of a PhD dissertation.

In graduate school itself I would not have survived without the willingness of Soledad Prillaman and Rakeen Mabud to pool our confusion and frustration and save me from innumerable errors. Their guidance on everything from choosing a research topic to the wording of survey questions means that any value in this dissertation would best be attributed to them. Though Zermelo also played a major role in keeping my sane. Shelby Grossman and Leah Rosenzweig allowed me to share a passion for better understanding Nigeria and helped me become a better political scientist. Dozens of students and professors provided invaluable comments on earlier presentations of the research.

Almost none of this dissertation was written in the United States. The opportunity to engage in extended fieldwork and conduct primary research was a privilege that few other graduate students receive and one which I fear I may not have done justice. Nonetheless, knowing that any single page of this dissertation might contain a paragraph written in the Buddha Inn in Patna, a graph produced in the CEPESP office in São Paulo and a table prepared in Muhammad's mother's house in Kaduna is, oddly, a source of immense satisfaction. It reminds me that I must surely have gained some insight from such close proximity to the subject matter and the chance to learn from generous hosts. An enormous number of people assisted me throughout these adventures, including the many interviewees (listed in

Appendix H) who shared their experiences and the more than 6,000 survey respondents who tolerated obscure survey questions. To highlight just a couple of examples, I am indebted to Adamu Garungabas for his boundless hospitality and contacts in Jigawa, to Muhammad's family and colleagues in Kaduna, to Akin Rotimi in Ekiti, to Paula Vieira in Ceará, to Luciana Santana in Alagoas, to Ana Paula Magalhães in São Paulo, to Antonio Sergio Fernandes who literally handed over the keys to his office in Salvador, to Shaibal Gupta, Chinmaya Kumar and colleagues at the ADRI/IGC/IDS office in Patna, and to George Avelino, Ciro Biderman and Fred Ramos who provided an intellectual home in the final stages of writing up.

The heroes of this dissertation, however, are the research assistants who collected much of the data on which it depends. They are named in Appendix I, with the exception of the large team at Sunai Consulting in Bihar and their director, Pranav Chaudhary. Many people expressed skepticism that the concepts I wanted to measure or the sample size I wanted to achieve would be possible but it was these research assistants who walked many miles, patiently explained our goals to wary respondents, and faithfully recorded thousands of data points to make the analysis possible.

While I have stressed the deep roots of this dissertation, its content and focus was not at all clear to me until perhaps the final year. It is always difficult to comment on someone else's research project when they do not know in which direction to take it, but I suspect that my committee members always had a clearer idea than I of how this dissertation would evolve. Their guidance and feedback was crucial to corralling many vague ideas into the semi-coherent state they are presented in here. Bob Bates felled many misguided lines of research and argument with his unique gift for simple and incisive feedback. He placed great faith in my ability to conduct research, including trusting me to support the Center for Development and Democracy in Accra on multiple occasions. Steve Levitsky constantly challenged me to clarify concepts and used his unparalleled knowledge of comparative politics to sense-check the argument, even when asked to do so for obscure parts of countries he had never visited.

James Robinson pushed me to articulate my argument in more rigorous and intuitive ways, and it was his unique ability to integrate theory and diverse forms of evidence that inspired the shape of this dissertation. Fran Hagopian has truly gone above and beyond her professional obligations in the support she has offered to myself and this dissertation. Her intellectual influence on this document should be self-evident, but her encouragement cannot be measured in citations. Receiving detailed comments that nearly match the length of the original document is an incredible sign to a graduate student that their work is valued. Fran also gave me the opportunity to be a teaching assistant in her Politics of Brazil class, opening up an entire new literature and - since it is my current home - an entire new country to me. At times when I have questioned the value of a career in academia, Fran has provided a compelling model of how a good teacher can prioritise their students and how the best research is collaborative.

Finally, I must thank the friends and family who have endured the many absences and frustrations that accompanied this dissertation. Nandita Bhan, Michele Materni, Ashley Leech and Aarushi Bhatnagar kept me laughing when I was bogged down in problem sets and lecture notes. My parents were understanding enough to let me explore the world when none of us knew where it would end up. Hopefully, this document provides some record that it wasn't a complete waste and small compensation for many failures to keep in touch. Neha performed a minor miracle by keeping me smiling throughout this process and it was her patience and advice that solved many of the problems that threatened to derail the dissertation. Witnessing her graduation from her own PhD programme provided the inspiration to rethink my argument and the confidence to finish the interminable. New adventures await.

This research was approved under Harvard IRB reviews 24228 (“Pre-Dissertation Research”, Nigeria, June 2013), 14-2340 (“Voter Persuasion in Ekiti State, Nigeria”, August 2014 Nigeria), 15-0899 (“Can Policies change Politics?, Brazil”, June 2015), 15-3880 (“Can Bihar Break the Clientelist Trap? India”, February 2016) and 16-0793 (“Turning Clients into Citizens. Brazil”, June 2016). The University of São Paulo also approved fieldwork in Brazil under CAAE 66637616.7.0000.5561.

Fieldwork and surveys were supported by DRCLAS (Summer Research Travel Grant 2012, \$1,000 and Summer Research Travel Grant 2015, \$3,638), The Weatherhead Center (Summer Grant 2013, \$3,000 and Pre-Dissertation Travelling Fellowship 2014, \$3,000), the South Asia Center (Winter Travel Grant 2014, \$2,000), the Sheldon Travelling Fellowship (2015, \$25,000), an International Growth Centre Research Grant (2015-16, £26,445), a GSAS Dissertation Completion Fellowship (2016-17, \$25,000) and a National Science Foundation Doctoral Dissertation Improvement Grant (\$18,496.80).

# 1 | Explaining Inclusive Governance

Auwal and Hassan frequently pass each other while tending their sun-baked fields in Northern Nigeria. Their livelihoods are tied together by similarities in soil, weather and market prices, but their political perspectives are divided sharply by the state boundary that invisibly transects their farms. On the Bauchi state side of the border, Hassan struggles like millions of citizens in developing countries to access basic public services. Healthcare is only available in some villages, teachers in local schools demand money before children are allowed to graduate, and subsidized fertilizer is only available to supporters of the ruling party. Hassan constantly fears that a failure to show his support for the local politician or to make the right payment could cut off his access to even the meagre public benefits he receives. By contrast, Auwal is a resident of Jigawa state and while he earns, like Hassan, less than \$2 per day he has a more positive experience with state-run services. Rather than begging for treatment at a distant clinic, healthcare workers visit his house regularly to check on his children. Even though his village voted for the opposition at the last election, a new tarred road will soon be completed.

Such contrasting experiences in neighbouring and equally poor villages are possible because responsibility for public services is decentralized in federal systems, and because the political leaders of Bauchi and Jigawa have chosen fundamentally different ways of using public resources. While in Bauchi resources are used to *exclude* opponents and selectively reward supporters, in Jigawa they are allocated *inclusively*, according to relatively clear and fixed rules. Why would politicians competing in such similar contexts adopt such contrasting approaches to governance? When is the inclusive strategy attractive, and why is it so

rare in the developing world?

Auwal and Hassan also differ in their political behaviour. Hassan is resigned to his dependence on local politicians and while he would like to vote for a candidate who will behave differently, he is convinced that most politicians are corrupt and would do nothing to improve the way government operates. Instead, he focuses his energy on trying to back the candidate most likely to win and on being as self-reliant as possible. Auwal is more optimistic and efficacious, believing that voters in Jigawa will no longer be duped now they know what a performing governor can achieve. When asked what he would do if he was told to pay for his children to attend a (free) public school, he was emphatic that he would fight the extortion and report the issue to his local politician. What drives Auwal's confidence that he can stand against clientelist threats even when his income is so limited? Under what conditions can voters really set new standards of accountability for politicians? Why is Hassan so skeptical about politicians' capacity for reform, even with the example of Jigawa next door?

This dissertation seeks to explain why the divergent forms of governance and politics experienced by Auwal and Hassan can occur and persist within the same country and despite similar levels of poverty. Given the prevalence with which clientelism has been documented and studied in emerging contexts, the focus is naturally on explaining how the 'inclusive' political relationship experienced by Auwal is possible in poor democracies, under what conditions it is likely to arise, and when it can be sustained.

## 1.1 The Barriers to Inclusive Democracy

Scholars have invested a great deal in explaining why citizens in the developing world are bound to political relationships that more closely resemble the exclusion and dependency suffered by Hassan rather than the rule-based inclusion experienced by Auwal. The power of exclusionary clientelism and patronage derives from the dependency it creates, inducing voters to mortgage their political rights for short-term material gains. The economic vul-

nerability and insecurity of poor citizens brings daily survival to the fore and makes the clientelist promise hard to resist. Indeed, the ‘tragic brilliance’ of clientelism is that voters become so dependent on politicians for access to public resources that they value, pursue and protect these linkages themselves, so that the demand for clientelism is self-generating (Diaz-Cayeros, Magaloni and Weingast 2003).

To understand how voters’ choices are shaped by - and help shape - alternative forms of governance, I use a microfounded model of voter behaviour that captures the vulnerability and uncertainty that voters face in weighing clientelist and inclusive promises. The key feature of clientelism for the purpose of the analysis is the use of selective rewards and punishments to condition access to public benefits on political behaviour. Crucially for the argument I present below, this places voters in the position of a collective action problem: While all may benefit from inclusive governance, each fears that others will opt for the guaranteed payoff of clientelism and avoid the risk of backing a losing inclusive candidate and forfeiting access to public benefits (Lyne 2007).<sup>1</sup> Only where voters possess sufficient confidence that other voters will support the inclusive candidate are they willing to do so themselves. The consequences for democratic functioning are acute, preventing both effective political representation and denying voters the opportunity to use their vote to hold elites accountable. Clientelism is therefore a primary tool of authoritarian regimes, but also of politicians in democratic systems seeking to tilt the electoral playing field (Levitsky and Way 2010).

Many lines of research have argued that inclusive governance can only be sustained in modern, wealthier and more educated electorates. The structural and social inequalities in poor, traditional societies render people vulnerable to exploitation (Scott 1972). Since clientelism is a ‘trap’ (Medina and Stokes 2002) which perpetuates political dependence, only exogenous modernization pressures can free people from the deference and dependence

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<sup>1</sup>By highlighting the collective action problem this dissertation places greater emphasis on governance differences that alter the aggregate benefits received by all voters than on governance choices that create distributive conflict among voters. The selection and sanctioning dynamics of Ferejohn (1986) and Fearon (1999) that model accountability are therefore the focus of the analysis rather than the distributive and spatial dynamics of Downs (1957) and Dixit and Londregan (1996).

that tie them to their patron. Voting against a patron relies on higher incomes, longer time horizons (Kitschelt and Wilkinson 2007), more productive assets (Medina and Stokes 2002), access to formal finance (Hite-Rubin 2015), or the moral rejection of clientelist practices (Weitz-Shapiro 2012). Alternatively, the development of industrial capitalism can generate strong business interests in support of predictable and neutral rules (Kuo 2012). Complex economies are argued to provide the extensive information (Keefer 2011) and vibrant media (Snyder and Strömberg 2012; Larreguy and Monteiro 2014; Boas and Hidalgo 2011) to make democracy function equitably. These same forces may also make it more cost-effective for politicians to replace grassroots brokers with arms-length broadcast media (Stokes et al. 2013). The implication is that accountable democratic relationships face insurmountable barriers where poverty makes voters vulnerable to clientelism and preoccupied with day-to-day survival.

In the few cases where inclusive governance has arrived faster than economic change might suggest, these anomalies have been explained away by appeal to the unusual characteristics of specific political parties, particularly those that had historical origins of being ‘externally-mobilized’ (Shefter 1977). Party organizations denied access to state financing and patronage at the time of their conception are forced to develop distinctive assets and positions. If given the chance to govern in the future, these organizational characteristics may dispose them to more inclusive governance strategies, because they possess rare ideological credibility (Keefer and Cruz 2013; Keefer and Khemani 2009), do not possess clientelist networks that permit monitoring of voter behaviour (Calvo and Murillo 2013) or have a comparative disadvantage in the patronage market (Hagopian 2013). With long histories, developed internal party institutions and large activist memberships, these parties are internally constrained from clientelist tactics (Van Dyck 2017).

However, in the majority of the developing world parties do not provide a viable vehicle for breaking clientelism. Reflecting the selection environment in which they are born, the vast majority of parties are tightly organized around clientelist networks, lacking the organizational discipline and ideological commitment needed to pursue an inclusive strategy

(Kitschelt et al. 2009). Where private sector economies are weak, it is acutely difficult for parties to mobilize ‘externally’ or for private business interests to gain electoral influence (Pinkston 2016). The transitional costs of abandoning clients and establishing a programmatic reputation for existing parties are also prohibitive (Hagopian, Gervasoni and Moraes 2009). Clientelist-dominated parties create strong vested interests in perpetuating relationships that provide financial and social rewards. The theory of externally-mobilized parties also provides no systematic mechanism for their growth and electoral success, which is extremely unlikely while voters remain vulnerable to the clientelist trap.

Political systems in developing countries therefore face two stark barriers to inclusive governance. On the one hand, poverty makes voters vulnerable to clientelist offers, limiting the political market for inclusive governance. On the other hand, entrenched party organizations defend clientelist relationships and resist any attempt to shift to alternative forms of political mobilization. Jointly these factors create a self-reinforcing demand and supply of clientelist governance. Incentives for politicians to test out new types of arms-length and rule-based inclusive relationships are absent while for voters the risks of backing a losing inclusive candidate are high. Cases of inclusive governance in poor places with entrenched parties should therefore be non-existent or vanishingly rare.

## 1.2 Surprising Cases of Inclusive Governance

Armed with this abundance of logic and evidence a political scientist would feel on unusually firm ground in predicting that poor places with entrenched parties simply cannot support inclusive governance. All major recent accounts of political change away from clientelism depend on processes of economic modernization impairing the market for clientelism (Weitz-Shapiro 2012; Diaz-Cayeros, Estevez and Magaloni 2014; Hite-Rubin 2015; Stokes et al. 2013) or on externally-mobilized parties (Hagopian N.d.; Van Dyck 2017). Yet, counter-examples of inclusive governance in poor places are not hard to find. This dissertation documents multiple cases of committed and sustained practices of inclusive governance

at the subnational level that go ‘against the grain’ of prevailing practices of clientelism. The focus of existing studies at the national level may be one explanation for why these anomalous cases have gone so long without being systematically theorized.

Subnational inclusive governance poses just as much of an analytical challenge to existing theory, directly challenging the notion that modernization and externally-mobilized parties are necessary conditions for inclusive politics to emerge. Moreover, as this dissertation illustrates, these cases are substantively important in their own right, covering large populations and frequently constituting citizens’ most prominent point of interaction with the state. Three inclusive governance success cases, described below, provide striking evidence of the speed and apparent lack of prerequisites with which entrenched clientelism can be transformed into inclusive governance.

In Jigawa state, Nigeria, the period from 2007-15 under the governorship of Sule Lamido departed sharply from the openly clientelist practices of the past. New means-tested welfare programs were introduced for the first time, and clientelist strongholds in Local Governments were bypassed with new institutional structures such as the Gundama health system which created new regional organizations staffed by technocrats recruited on merit. A new emphasis on performance and monitoring led to immunization rates rising from around 35% in 2006 to 90% in 2010 ([Sokpo and McKenzie 2011](#)). Rules on public service recruitment, promotion and performance were developed for the first time and enforced under the watchful eye of the World Bank and DFID. The state was among the first in Nigeria to fully implement new procurement rules with contractor databases and transparent publication of contracts ([CIRDDOC Nigeria 2015](#)). This rapid change in governance occurred despite the extreme poverty in this part of Northern Nigeria and despite Lamido’s party, the PDP, embracing patronage and clientelist policy at the national level.

In Ceará state, Brazil, a long history of clientelist rule by traditional oligarchic elites was brought to a halt by Tasso Jereisatti’s election as governor in 1986. The reform of state institutions was dramatic - state payrolls were slashed to reverse thousands of patronage appointments which contributed little to public services, causing the salary bill to fall from

53.4% of the budget in 1987 to 30.7% in 1990 (Barreira 1996, 43). At the same time, new cadres of meritocratically recruited and professional citizen-facing healthcare workers were recruited to provide improved universal access to healthcare. These remarkable changes in one of the poorest parts of the country, documented by Tendler (1998), preceded by a decade Brazil's first tentative steps towards more inclusive governance nationwide.

In Bihar, 2005 proved the turn-around year as Nitish Kumar reversed a decade-long effort to hollow-out state institutions as a means of redistribution to backward castes. Instead, state institutions were rebuilt, experienced technocrats replaced political stooges, and criminal and anti-corruption rules were enforced for the first time. New schemes such as the provision of bicycles to all girls attending secondary school were implemented using technology and monitoring, ensuring that 97% of eligible beneficiaries received their bike (Ghatak, Kumar and Mitra 2013). Having long held the status of one of India's most dysfunctional and poorest states, these changes were sharply incongruous with recent clientelist practices.

All of these governance initiatives, spread over three decades on three continents, shared the common feature that they *reduced* the opportunities for local political actors to exert clientelist leverage upon citizens. Introducing meritocratic recruitment rules, expanding primary services, deploying new monitoring technology and enforcing existing rules around public resource management all served to improve public access to eligible citizens and make it more costly for political actors to ration benefits by imposing political conditions. Inevitably, these reforms were incomplete and flawed. Yet, that they were even attempted is remarkable, for the existing consensus suggests there is every advantage to utilizing clientelist leverage and faint reward for inclusive governance in poor contexts.

It is hard to imagine circumstances less favourable to these inclusive outcomes. All three cases were extremely poor, ranked 'low' on the Human Development Index, with low literacy rates and predominantly agricultural rural economies. Today, each would match conditions in the lowest performing countries on the Human Development Index, in Chad, Niger and Burkina Faso. The political histories of all three countries involved recent periods of authoritarianism and extended experiences of clientelism that proved resilient to democratization

(Hagopian 1996). Existing bureaucratic and regulatory institutions were universally fragile and unable to check clientelist behaviour. Moreover, the three political parties that nominally introduced these inclusive practices had no ideological or organizational disposition towards rule-adherence; all were explicitly parties of patronage or nascent parties with weak roots. Their senior membership was steeped in clientelist practices. Therefore, these cases directly question whether the modernization and party organization constraints to inclusive governance are truly necessary conditions.

There would, however, be limited analytical value to this dissertation if these cases of reform merely reflected aberrant individual acts of selfless or ideological commitment, or mistakes by politicians unaware of the constraints of their political environment. Yet, this was categorically not the case; these reformers did not just ignore the political costs of abandoning clientelism, they defied them and overcame them: Inclusive reform led to the incumbent's landslide re-election in all the cases described above. Moreover, this did not take place in a vacuum where voters no longer feared clientelist threats, but occurred despite the persistence of intense clientelist pressures from competing parties. This further confounds the prevailing account by suggesting that voters are able to vote against clientelism and support inclusive politicians despite their economic vulnerability.

Of course, reformers' electoral success is by no means guaranteed, as numerous instances of failure readily attest, and the majority of politicians still opt for the safety and familiarity of clientelist strategies. How, then, can we explain the willingness to pioneer inclusive governance against the grain of societal and partisan pressures in some cases but not others? Providing a compelling explanation means resolving two connected puzzles which are the focus of this dissertation. On the one hand, if clientelism is such an effective tool for mobilizing political support, why do politicians ever relinquish it voluntarily? On the other hand, if only one politician has changed their stripes, clientelist competitors remain common and poverty remains widespread, why are voters ever willing to risk voting against clientelism?

## 1.3 The Argument

To resolve these two puzzles and explain the counterintuitive cases the analysis points to a series of propositions for when inclusive governance can be introduced and consolidated in emerging subnational democracies.

### 1.3.1 Transitions to Inclusive Governance: New Strategies by ‘Outsider’ Elites

The most pressing question is why any incumbent politician would adopt inclusive mobilization and policy implementation when clientelism is so effective at shaping voter behaviour. In a context of widespread poverty, a large literature has emphasized that such a choice is likely to prove electorally costly wherever voters remain economically vulnerable to competing clientelist offers (Weitz-Shapiro 2012; Nicther 2014). More precisely, as the analysis demonstrates, any inclusive strategy must provide very large public benefits to voters to stand a chance of electoral success, but this will have a high opportunity cost, leaving little space for the incumbent to extract financial benefits as a personal motivation. When politicians are motivated by material rewards, as I assume throughout, the electoral logic therefore consistently favours clientelism.<sup>2</sup> Similarly, where the incumbent party has long been embedded in the political system, party organizations and elites are likely to strongly resist efforts to end clientelism.

Elections and parties therefore provide a strong disincentive to inclusive governance. Instead, I argue that the choice to pursue an inclusive strategy is made by an individual leader’s *personal* incentives arising from competition among elites, often within the same party. When political success requires not just winning elections but also maintaining leadership of a party, governance strategies matter not just for how they mobilize voters but for

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<sup>2</sup>The argument does not require politicians to *only* be motivated by material rewards, just to be at least partially motivated by them. Office-seeking aspirations (either at the local or a higher level of the federal system) are likely to produce similar effects but are not the focus of the formal model presented in subsequent chapters.

how they redistribute financial and political capital among elites. Clientelism allows elites with extensive clientelist networks to accumulate loyalty and financial rents,<sup>3</sup> invaluable assets for climbing the party hierarchy and, ultimately, launching a leadership challenge. When party leaders perpetuate clientelism they do so both for its electoral benefits and for the security it provides to their position in the party. However, one elite's gain is another elite's loss in the winner-takes-all world of intra-party competition. For 'outsider' elites that lack clientelist networks, the perpetuation of clientelism pushes them still further down the party hierarchy. But when outsider elites happen to also hold office as state governors, that same logic provides them with a strong motivation to adopt inclusive governance: By cracking down on clientelism they can starve their intra-party rivals of the political tools and funding that sustain their authority, enhancing their own *relative* position, and securing their leadership against challenges. Outsider elites with relatively weak clientelist networks may therefore introduce inclusive governance as a 'beggar-thy-neighbour' tool to bolster their de facto political control.

Crucially, because key competitors often reside within the leader's party and the calculus is of personal rather than partywide gain, the incentives for inclusive reform can arise even within clientelist-dominated parties - the party constraint is no longer binding. Yet, inclusive governance may also come with electoral costs as it lacks the selective rewards of clientelism to mobilize voters and weakens party organization by threatening the interests of co-partisans. Retaining party control may be futile if it is not matched with a chance of electoral success and securing rents in a second-term in office. On what basis, then, do inclusive reformers stake their claim to office if they have forsaken the mobilizing abilities of clientelism? The claim cannot lie in a coherent, disciplined party platform or ideological position which does not yet exist. Instead, individual elites must make personalized appeals

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<sup>3</sup>I use the term rents to refer to the varied financial and material benefits that are provided by access to political office. Because rents are by their nature payments above what is necessary to achieve an outcome - "an income higher than the minimum that person would have accepted" (Khan and Jomo 2000) - they reflect the capacity of political leaders to divert public resources to political purposes. This enables us to focus on the political effects of policy choices. For example, unspent public resources often fall under the de jure and de facto control of the executive, and may be subsequently used for personal benefit or political mobilization.

based on their individual performance in delivering valued public services to voters. Contrasting themselves with the traditional, dependent and under-performing relationships of clientelism, reformers lay claim to being a ‘Governo das Mudanças’ (Government of Changes) under Tasso Jereissati in Ceará, to ‘History in the Making’ under Sule Lamido in Jigawa or to ‘Sushahan babu’ - ‘Mr. Good Governance’- under Nitish Kumar in Bihar. These are aggressive efforts to target and deliver unprecedented levels of benefits to the poor, to backwards-castes and to the ‘telakawa’ ('massed poor' in Hausa). Records of improved security, new infrastructure and improved education and health services form the backbone of their appeals to voters.

Yet, delivering infrastructure projects, new welfare schemes and keeping police, teachers and nurses motivated means opening the purse strings of the treasury. That is expensive for leaders motivated by personal gains. Therefore they are only likely to pursue reform where they are able to implement it without sacrificing their own access to rents. The ability to *combine* inclusive public service delivery with rent extraction - in short, centralized corruption - can bypass this trade-off and enable a reformer to both profit from politics and deliver sufficient benefits to stand a strong chance of re-election. Politicians who possess the connections and skills to design contracts and informal arrangements that divert financial benefits to their own pocket or political projects without compromising on the quality of public services will be best placed to launch inclusive reform. Overall, it is those politicians with the smallest stake in the existing clientelist system and the lowest opportunity cost that can best sidestep their partisan rivals by introducing inclusive governance (Proposition 1)

**Proposition 1.** *In poor contexts, 'outsider' leaders are most likely to adopt an inclusive strategy. These are individual elites who have: (a) A weak local clientelist network, and (b) A strong ability to extract rents without compromising the delivery of public goods.*

However, in a clientelist system the prospects for this type of a leader with a weak local clientelist network to enter executive office seem low because the prevailing form of

competition is expected to screen out precisely these candidates.<sup>4</sup> If past incumbents have made effective use of clientelist tools, how can an outsider come to hold office? In the absence of demand for reform, surely successful challengers must have been required to build a competing clientelist network? The most likely routes to elite turnover seem to preclude the very conditions that I have argued generate incentives for inclusive reform.

To address this apparent lacuna it is necessary to focus our attention on the broader political environment and in particular on the disruptions generated by national politics. A focus on subnational political units means that the selection path into subnational office is not fully constrained by local practices but may be subject to a ‘supply-side shock’ initiated by national political elites. National elites regularly use the tools of both federal office and partisan control to shape the hierarchy of local elites. This can provide a window for the ‘outsider’ to gain office despite their lack of control over clientelist networks. First, the ability of the national government to regulate subnational politics enables it to undermine incumbent subnational governments that specialize in clientelism even where they remain electorally viable. Second, this intervention can promote specific leaders despite - and sometimes because of - their limited connections to local patronage networks.

The motivation for national actors to support subnational ‘outsiders’ is the desire to establish in office loyal subnational allies who will support national actors and national policies. Often, the most loyal allies will not be those with the strongest clientelist networks, which may serve as an alternative power base and a potential threat to national actors. Rather, they may be outsiders who pose little threat and have personal ties that make them trustworthy.<sup>5</sup> Crucially, this top-down intervention can facilitate the premature elevation of a new leader into executive office prior to the collapse of competing clientelist networks

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<sup>4</sup> Arguably, this presumption explains why the intra-party incentive has been overlooked in past studies. However, the paradox is broadly similar to the question of why externally-mobilized parties’ incongruent strategies may be successful enough to elevate them to office and simply requires the actors’ incentives to be embedded within a broader political process.

<sup>5</sup>I remain neutral here as to whether the outsider receiving national support is from the incumbent subnational party or the subnational opposition. Both are possible as the case studies reveal; all that matters to generating the incentives for an inclusive strategy is the outsider’s relationship to other factions of the party elite and their relative political assets.

and prior to the new leader's consolidation of party control. As a result, once in office, these leaders must confront political networks that they do not control. In short, junctures occasioned by national interference can provide both the motive and the opportunity for inclusive reform (Proposition 2).

**Proposition 2.** *National intervention can weaken subnational clientelist regimes and prematurely bring outsiders to local clientelist politics into executive office, creating the conditions that encourage inclusive governance.*

### 1.3.2 Re-electing Inclusive Candidates: Generating Collective Confidence

If a leader's motivation for launching inclusive governance reforms is to consolidate their intra-party position, what are their prospects for re-election and for sustaining inclusive governance beyond a single electoral cycle? While voters value inclusive policy for the reliable public benefits it provides, the pressures of the clientelist trap remain intense, as voters continue to be vulnerable to clientelist threats from competing parties. While supporting a losing clientelist candidate carries few risks because a victorious inclusive candidate will not penalise those who voted against them, supporting a losing inclusive candidate can mean losing access to vital public services. The strength of this perceived risk depends on voters' expectations about which candidate other voters will support. Only where voters are confident that the inclusive candidate has broad support is the risk attenuated and will they themselves be willing to take the risk of supporting the inclusive candidate. Voting against clientelism is therefore a collective action problem.

The challenge for reformist politicians is therefore to generate *collective confidence* among voters. The most direct way to achieve this is by using the current electoral term to deliver large inclusive benefits as a *public* signal of their ability and performance (Proposition 3). When each voter receives large benefits they will expect similar future benefits from re-electing the incumbent and will be more willing to vote against clientelism. More importantly, because their access was not conditioned or mediated they will also know that *other* voters have also received similar large benefits. Since the clientelist trap has been

alleviated for others, each therefore expects a higher aggregate rate of voting for the inclusive candidate. This makes each voter more confident in supporting the inclusive candidate. Inclusive public service improvements can therefore overcome the clientelist trap by acting as a coordination device for voters' expectations. Because the primary calculus for voters is coordination on a single candidate, poverty is no barrier to inclusive voting.

**Proposition 3.** *Incumbents who deliver large and publicly visible improvements in inclusive benefits can induce poor voters to support their re-election and reject clientelist offers.*

This proposition is important because some incumbents who launch inclusive reform to secure their intra-party position may choose to limit inclusive reform to enforcing rules that prevent clientelism, while failing to deliver increased public benefits. In policy terms, efforts to reform the administrative procedures of the state bureaucracy - 'state reform' - may proceed well in advance of efforts to expand and improve healthcare, education and social policy - 'distributive reform'.<sup>6</sup> For candidates who find it particularly costly to provide public goods, the choice to restrict their focus to state reform may be extremely attractive. This approach has electoral consequences and the failure to use either clientelist leverage or to cultivate a reputation as a competent public service implementer makes re-election extremely unlikely.

Where a genuine effort is made to deliver 'distributive' public benefits, under what conditions is the incumbent most likely to succeed in being re-elected? The ability of voters to form collective assessments and resist clientelist pressure is shaped not just by their personal experiences of policy but also by the structural factors that alter the intensity of the clientelist trap. In particular, the efforts of resurgent clientelist elites to undermine confidence must be blocked. The analysis highlights two key conditions which can help inclusive incumbents maintain collective confidence. First, they must outspend clientelist competitors. Given the greater efficiency of clientelism in mobilizing voters, that requires supplementary resources from the national level, which are likely to be provided in two circumstances (Proposition

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<sup>6</sup>I am grateful to Fran Hagopian for highlighting the importance of this distinction.

4). First, where fiscal transfers from the centre are institutionalized, rule-based and reward inclusive governance, so that local reformers obtain greater access to scale-up health, education and infrastructure investments. Second, where national actors are co-partisan allies (Gibson 2013; Montero 2010).

**Proposition 4.** *The prospects of an inclusive incumbent's re-election are greater where they have access to national resources, because either (a) national resources are institutionalized and reward inclusive governance, or (b) the national government is a co-partisan ally*

The second condition is for reformers to silence clientelist competitors. The collective confidence dynamic is extremely vulnerable to negative information that undermines the public signals of the incumbent's performance. Clientelist competitors, even when being outspent, can take advantage of this weakness by interfering with these public signals and spreading contradictory rumours about poor performance and corruption. Silencing clientelist elites can be achieved in one of two ways (Proposition 5). First, by coopting them into the inclusive governance regime by providing economic opportunities or institutions that preserve their status. This can compensate losing elites and give them a vested interest in inclusive governance's success. Coopting elites may also involve direct corruption, highlighting that the end of clientelism need not mean an end to corruption (Bussell 2012). Second, the incumbent can monopolize the media and prevent contradictory messages from reaching voters. Achieving this will depend on a limited local media environment subject to government control or influence, and on national media outlets that are not openly critical platforms for the local opposition.

**Proposition 5.** *The prospects of an inclusive incumbent's re-election are greater where they are able to silence media criticism by either (a) co-opting clientelist elites, or (b) monopolizing control of the media.*

### **1.3.3 Consolidating Inclusive Governance: The Complementary Effects of National Inclusive Policy**

Just as national intervention can promote outsider politicians with more to gain from inclusive governance, it can play a separate role in actively constraining subnational clientelism. The ability to make policy that directly affects subnational units provides an entry-point for adjusting the intensity of the clientelist trap. Two effects are apparent, one reducing the supply of clientelism and the other raising the demand for inclusive governance. First, inclusively-implemented *national* policy can generate powerful carrots and sticks which make the diversion and conditioning of public resources for clientelism extremely costly - economically and politically - at the local level (Proposition 6). Whether due to oversight by an active national bureaucracy, or due to the increased fiscal transfers available as public services improve, local clientelist elites may be unable or unwilling to implement their preferred governance strategy.

**Proposition 6.** *Direct national implementation of inclusive policy can restrict and discourage elites from local clientelist practices.*

Second, national inclusive policy also has the capacity to weaken the clientelist trap voters face and reduce the demand for clientelism. Particularly where the national and local electoral calendars are asynchronous so national policies continue when new mayors enter office, and where national policies are more institutionalized, inclusive policy is likely to persist regardless of local election outcomes. By providing guaranteed access to benefits, this reduces voters' dependence on local politicians and raises the resilience of risk-averse voters against clientelist threats. With greater autonomy, and knowing other recipients of national benefits will also be more independent, collective confidence can be more easily obtained. This makes it more likely that voters are willing to support inclusive candidates (Proposition 7)

**Proposition 7.** *Direct national implementation of inclusive policy can increase voter autonomy and encourage the rejection of local clientelist offers.*

## 1.4 Research Methodology

To answer the research questions posed above, I combine a range of deductive and inductive methodologies. The analysis also entailed a number of methodological innovations. The core hypotheses were developed by in-depth case studies of selected subnational units and process tracing of the successful transition cases to piece together the factors that were critical to the trajectory they followed. This entailed extensive fieldwork, including interviews with elites and voters, archival research and extensive reviews of the secondary and journalistic literature.

To move beyond a simple narrative description and identify the crucial explanatory variables this evidence was assessed in parallel with the development of a formal theoretical model of both politician strategic choice and voter behaviour. In the spirit of ‘analytic narratives’ (Bates et al. 1998), this verifies that the proposed incentives were plausible and refines the hypotheses. The model combines insights and techniques from existing frameworks in new combinations, including strategic voting, global games models of uncertain payoffs, collective action problems and signaling dynamics. This provides for the first time a framework that connects the choice of strategy by politicians to the collective action problem faced by voters in clientelist settings. It is this integration of elite and voter behaviour which enables new behavioural insights and generates valuable comparative static predictions for testing. On its own, a model that focuses on elite intra-party competition fails to motivate inclusive political change because it provides no prospect of re-election. Similarly, on its own, the voters’ collective action problem is never resolved if politicians are not motivated to take action to stave off co-partisan competitors. Only by recognizing how ‘outsider’ politicians and ‘dependent’ voters can jointly form new endogenous coalitions can we accurately capture the prospects for a shift in the equilibrium of political relationships. The formal comparative statics derived from this model are then tested in three empirical settings and on a broader range of cases.

First, the analysis is broadened to compare the governance trajectories of subnational

units beyond the original sample and assess whether the conditions faced by leaders and their strategic mobilization choices match those of the model. In order to limit selection challenges and maximize inference I integrate comparisons across three developing federal countries, Nigeria, Brazil and India. This subnational research design combines the inferential power of within-country controlled comparison with the generalizability of identifying common processes across three distinct countries and continents (Snyder 2001). It was only by shifting the empirical analysis from the national to the subnational level that counterexample cases to prevailing theories were uncovered. This contributes a tentative response to the call of Gibson (2013), Snyder (2001) and Levitsky and Murillo (2012) for taking seriously the distinct dynamics and research opportunities offered by subnational analysis. Subnational comparisons across multiple countries make it possible to identify systematic factors affecting reform success while holding the institutional context constant within each country.

Second, the analysis also tests the predictions for individual voter behaviour against newly-collected household survey data. These surveys were conducted in all three countries, targeting different aspects of the theory.<sup>7</sup> To focus on the predictions of interest, a range of survey innovations are used to improve measurement and inference. These include adapting conjoint survey experiments to measure citizens' expectations of others' preferences, rather than their own preferences, and targeting household surveys to a geographic regression discontinuity that is usually analysed with secondary data.

Third, secondary analysis of policy outcomes data is used to identify within-country variation in subnational political change. Taking advantage of granular data available in both Brazil and India, and using explicitly spatial methods of analysis, this enables both more accurate measurement and better case classification. In combination, these methods help to triangulate evidence in support of the argument while also indicating limitations to its scope.

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<sup>7</sup>Contrary to the common presumption of qualitative analysis establishing internal validity and quantitative analysis providing external validity, the research design therefore follows Slater and Ziblatt (2013) in using large-N quantitative analysis to establish the internal validity of the argument while using complementary comparative small-N analysis to achieve external validity.

## 1.5 Case Selection and Scope

The geographic scope of this research is restricted to developing federal democracies. The focus on democracies ensures broadly similar institutional structures and electoral pressures. Within democracies there is nevertheless great variation in governance strategies and the terms of access to public services, providing valuable variation to be explained.<sup>8</sup> Restricting the country cases to developing countries also ensures the most challenging conditions for the theory to succeed, ruling out modernization influences and enabling a focus on comparable cases.

Rather than mimic existing national-level studies ([Kitschelt 2012](#)), the units of analysis are the discrete electoral terms of the first-tier administrative units - state governments - within these federal countries. This addresses a blind spot in existing research which has focused on the national correlates and pathways towards changes in governance but overlooked the quite different patterns that prevail at the subnational level. In addition, I choose to restrict the focus to the subnational units of federal countries because: (i) Responsibility for public services and discretion over how policy is implemented is typically devolved to this level, so that it is a central focus of political competition and is therefore salient and observable; (ii) Autonomous decisions taken by subnational governments provide large volumes of observable variation in governance while holding national institutional factors constant, providing excellent tests of how the enforcement of comparable institutions varies subnationally ([Levitsky and Murillo 2012](#)), and; (iii) Most national studies contain extreme within-country variation in economic conditions that makes it difficult to be sure what effect modernization mechanisms might be having. Despite these methodological advantages, and despite the intrinsic importance of subnational government to how hundreds of millions of

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<sup>8</sup>I focus here on institutional variation in the terms of citizen access to public benefits, i.e. the predominance of clientelist or inclusive practices. Another important dimension of institutional variation is the direct manipulation of institutions that oversee the electoral process - competitive authoritarian practices. I do not exclude cases exhibiting competitive authoritarianism, but authoritarian practices are largely orthogonal to the questions I pose and the argument I develop. There is an important debate of course, about whether the use of clientelism itself constitutes a competitive authoritarian practice, but that classification has no bearing on the argument or its scope conditions.

citizens experience the state, there has been very limited attention to the unique dynamics of subnational governance. As this dissertation contends, there can be no simple transfer of the lessons of national-level studies to subnational polities because the political relationship between national and state politics introduces its own disruptive effects.

By combining subnational cases across multiple countries, these cases facilitate a ‘cross-national subnational’ research design (Snyder 2001) which leverages subnational comparisons both within and across countries to identify generalizable conditions under which inclusive governance is adopted. The scope of these conclusions is of course limited to subnational politics in federal developing countries, though other decentralized unitary states such as Indonesia and Colombia may exhibit similar patterns. While this prevents the argument I articulate from directly countering existing research focused on the national level, it both draws new boundaries around the scope of that work’s conclusions - which should not be applied uncritically to subnational politics - and calls into question the strictness of the modernization constraint as it is applied at the national level.

In selecting specific countries at the national level, of the federal countries that are not island states and possess more than two units, only five countries have supported a polity score of greater than zero over the past decade, have a GDP PPP per capita of less than \$20,000 in 2013, and are not ranked as ‘very high’ human development by the UN. These are Brazil, India, Mexico, Nigeria and South Africa.<sup>9</sup> While all of these countries offer interesting subnational cases to analyze, the availability of data, existing support networks and language skills led me to focus my fieldwork on Brazil, India and Nigeria. These three national contexts provide variation in the quality of democratic institutions (Brazil - India - Nigeria, from highest to lowest), the degree of centralization (Brazil - India - Nigeria), and the form of the executive (Presidential in Brazil and Nigeria vs. Parliamentary in India) so that the findings can be compared across relatively diverse institutional contexts.

At the subnational level, the comparative analysis includes all the constituent units of these three countries. However, the initial focus on three inclusive governance ‘success’

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<sup>9</sup> Argentina would be a natural addition to this set but has a higher per capita income and HDI score.

cases is intentionally not representative of the universe of cases because it seeks to understand the distinctive trajectories of deviant - or ‘off-the-line’ - cases with the aim of prompting new theory generation (Seawright and Gerring 2008; Collier 1993). By understanding the process that permitted such counterintuitive and counter-theoretical changes, there is a powerful opportunity to refine theories of governance change. If the conditions proposed by existing theory are not in fact necessary conditions then our understanding of how changes in governance strategies arise may be flawed. These deviant cases (described above) represent ‘least-likely’ cases for inclusive governance reform because the modernization and externally-mobilized party conditions emphasized by existing theory are clearly absent. Their circumstances are compared with the broader sample of subnational units to assess the theory’s consistency and accuracy, and contrasted with cases where inclusive governance was initiated by elites but rejected by voters.

## 1.6 Central Contributions

In aggregate, the analysis makes four core contributions to our understanding of when and how political relationships between politicians and voters can change.

First, that intra-elite politics can be sufficient to initiate inclusive governance. Choices over governance strategies are shaped as much by their impact on the relative competitive positions of elites as by how they will be received by voters. By incorporating an analysis of the distributional implications of political strategies for elites, the incentives of individual politicians to work against the grain of entrenched clientelism are revealed. This dissertation provides a theoretical framework and accessible empirical strategies for analyzing how the networks, histories and abilities of politicians may drive governance choices in predictable ways while avoiding the trap of a ‘great man’ theory of change. The evidence of how ‘beggar-thy-neighbour’ dynamics - hurting competitors’ clientelist assets more than one’s own - are capable of producing such dramatic path-breaking change also complements recent analysis that emphasizes the power of these ‘comparative advantage’ dynamics at the party level

(Hagopian N.d.).

Second, that poverty is not an insurmountable barrier to voters supporting inclusive governance. Instead, the demand for inclusive governance can be generated endogenously by political entrepreneurs that deliver sufficient public benefits to overcome the clientelist trap. While voting against clientelism has previously been recognized as a collective action problem, empirical evidence of endogenous changes in voter expectations and behaviour have until now been lacking. The capacity of voters to coordinate on an inclusive politician over multiple elections demonstrates the viability of a new pathway supporting inclusive governance even in extremely adverse circumstances. This is an important counterpoint to a large literature emphasizing the necessity of modernization processes to a reduction in clientelism. By highlighting the role of financial and informational battles in shaping voters' collective confidence, the analysis also identifies systematic factors that can support inclusive change.

Third, the analysis refutes the notion that parties are the only vehicle capable of facilitating an escape from the clientelist trap. The focus on parties has been intensive in national-level research because their organizational structures are perceived as the only means of constraining politicians' preference for clientelism and making inclusive policy promises credible. When we recognize that *individual* politicians can have an interest in curtailing clientelism and can build a personal reputation for performance that constraining role is no longer required. The credibility of a policy can be just as strong when elites' own incentives are pinned down by their history and competitive position as when they are constrained by a party. With their reputations firmly anchored on the inclusive end of the spectrum, there was little doubt how Sule Lamido, Tasso Jereisatti or Nitish Kumar would act if re-elected. A focus on individuals rather than parties also provides a wider window for anti-clientelist actors to come to office. National intervention is better placed to promote individual elites than it is to construct entirely new types of parties.

Fourth, that the interaction between national and subnational politics makes possible new forms of governance. In three ways, the interference of national political actors in sub-

national politics can support sustained inclusive governance. First, as a disruptive catalyst, promoting to local office outsiders with an incentive to promote inclusive reform. Second, as a financier, providing the supplementary resources needed for this new leader to deliver public service improvements, create collective confidence and be re-elected. Third, as a guarantor, using national enforcement to provide the assurance of inclusive policy and a relaxation of the clientelist trap for voters. There is no guarantee that national actors will perform any or all of these roles, but they may at times find it helpful to promote inclusive local governance when it supports their own interests.

These four processes - of elites' efforts to outmaneuver co-partisans, of voters' search for confidence, of reformers attempts to signal their abilities, and of national politicians encroaching on local competition - need to be carefully synchronized for inclusive governance to consolidate. There may easily be a disconnect between the conditions that encourage elites to attempt inclusive reform - national actors' promotion of outsiders and intra-party competition - and the conditions that encourage consolidation - delivering policy to generate voter confidence and national financing support. This distinction is analogous to the contrast between the 'transition' and 'consolidation' logics of the democratization literature and explains why many cases of inclusive reform may be failed or aborted ([Linz and Stepan 1996](#)). The framework therefore provides a more nuanced and granular account than a singular focus on structural variables.

## 1.7 Outline of the Dissertation

This dissertation proceeds as follows. Chapter 2 develops the dual puzzles of why elites would ever introduce inclusive reform, and why voters would ever support it. The seemingly overwhelming strength of the clientelist trap is assessed through a formal model and contrasted with evidence of the depth of inclusive governance reform and the radical shift in voter behaviour in the three success cases. The premises of alternative theories of change are also shown not to apply to these cases.

In Part I of the dissertation, three chapters seek to resolve the first puzzle by explaining why politicians in poor places sometimes abandon clientelism to pursue inclusive governance. Chapter 3 describes how intra-elite incentives can cause individual leaders to prefer inclusive governance if it handicaps their rivals (Proposition 1), and provides case study evidence that this logic was operative in each of the success cases. Chapter 4 explains the conditions that enabled these ‘outsider’ leaders to come to power in the first place, tracing the roots of elite turnover to the interests of national politicians who choose to intervene to support local allies (Proposition 2). To test the argument more systematically, Chapter 5 implements a series of subnational comparisons in the broader sample of subnational units to test for consistency between the premises of the theory and actual governance practices.

Part II addresses the second puzzle by explaining the conditions under which poor voters are willing to reject clientelism and re-elect an inclusive incumbent. Chapter 6 argues that exposure to effective inclusive policy provides a signal to voters of the incumbent’s ability, making voters more confident in their ability to coordinate on a single candidate and ultimately more willing to vote for re-election (Proposition 3). Evidence from household surveys on the Bihar-Jharkhand border in India confirms these effects have produced dramatic differences in political attitudes and expectations. Chapter 7 places important scope conditions on this self-reinforcing response, using the model and evidence from ‘failed’ inclusive reform cases to illustrate how clientelist resurgence can prevent re-election. Subnational comparisons suggest that only where incumbent elites have access to national resources for investment (Proposition 4) and can silence local clientelist elites through cooptation or a media monopoly (Proposition 5) are voters willing to re-elect the inclusive incumbent.

Part III considers an alternative tool - national inclusive policy - which national actors can use to promote subnational inclusive governance. Chapter 8 provides evidence from Brazil that national policy tools can constrain the supply of local clientelism (Proposition 6). Examining spatial and temporal patterns in public service performance data, inclusive policies are shown to have homogenized and depoliticized the availability of key public services nationwide. Chapter 9 argues using the formal model and household survey evidence

from potential Bolsa Família recipients in Brazil that national inclusive policy can also raise the demand for inclusive governance by reducing voters' vulnerability to the clientelist trap (Proposition 7). These effects are likely to be greatest where they complement local governance reform, providing a pathway to help consolidate inclusive governance in poor places.

Chapter 10 concludes by highlighting the implications for our understanding of how changes in political relationships take place.

## 2 | Surprising Cases of Inclusive Governance

That poverty poses a barrier to good governance is one of the central tenets of political science. Socioeconomic development has the capacity to inoculate democracies against authoritarianism but also to make poor democracies function more effectively. Repeatedly, studies of ‘modernization’ have diagnosed the pathologies of clientelism, elite capture and fragile institutions as the product of subsistence economies (Deutsch 1961; Lipset 1959; Stokes et al. 2013). Without the resources, skills or networks to exert accountability and resist intimidation, citizens become passive observers and elites skew governance practices to favour insiders and preserve their positions in power. As this chapter establishes, there are sound reasons to believe that neither voters nor politicians will push for governance reforms when poverty is widespread.

Yet, in some of the poorest societies the commitment to improving governance is conspicuous and explicit. Contrary to the expectations of theory and the incentives highlighted in previous studies, this chapter documents consistent efforts by political elites in parts of Nigeria, India and Brazil to build institutions, depoliticize access to public services and counter clientelism. Voters, too, are observed voting for inclusive reform having overcome the constraints of their poverty and vulnerability. As a result, millions of households now receive reliable access to healthcare, timely receipt of social benefits and access to justice as a right of citizenship based on clear rules and objective criteria, rather than based on their political connections or behaviour. These facts stand in sharp opposition to the deterministic logic of modernization theory which erects poverty as an absolute barrier to good governance.

To identify how good governance emerged from poverty in these cases, to pinpoint the omissions of modernization theory, and to redraft a theoretical framework that accounts for extreme variation in governance practices, this chapter develops the foundational tools for the rest of the dissertation. The first step is to define more precisely the dimensions on which governance practices vary and what I mean by ‘inclusive’ and ‘good’ governance. Next, to be precise about how poverty is expected to constrain inclusive governance, I present a formal model of the clientelist trap facing poor voters which builds on the existing literature. This both helps to calibrate the severity of the clientelist trap and provides the building blocks of voter and politician behaviour which will be extended in subsequent chapters. Contrasting with the pessimistic predictions of the theory and formal model, the subsequent section provides primary and secondary evidence of the depth and breadth of inclusive governance reform in the three poor subnational cases that form the core of the argument. Finally, alternative explanations for reform in these cases are evaluated and dismissed, confirming that these really are counter-theoretical cases whose sharp change in governance trajectory demands an explanation.

## 2.1 Classifying Democratic Governance Practices

Despite a growing consensus that democratization refocuses political attention on the poor ([Bates and Block 2013](#)), the ways in which poor citizens are incorporated into politics vary wildly. This study does not focus on the degree of participation ([Letki 2003](#)) or the role of social organizations ([Collier and Collier 1991](#)) but the terms on which citizens interact with political elites and the state. Democracy guarantees that there is a strong connection between how public benefits are distributed and how politicians mobilize the support needed to secure and maintain office. For example, the state may provide generous benefits to the rural elderly and little to the urban youth, and this may prompt very different political behaviour from these two groups. Beyond differences in the volume and targeting of benefits within society, however, the terms of the political relationship vary in a more fundamental

way; in the nature of the exchange between political elites and citizens, and the relative bargaining power of the two actors. In model democracies, there is no such exchange - public benefits are provided according to pre-defined policy eligibility rules and citizens are free to form their own political assessments. Politicians may plead, convince and exaggerate their merits but their influence on voters is purely rhetorical. By contrast, public benefits may be provided only as part of a conditional exchange - a quid pro quo - with elites using threats, blackmail and selective rewards to compel voters into providing political support. In short, strategies of governance are also strategies of political mobilization.

This type of political relationship has many names and manifests in varied forms. Brokers engage in explicit vote-buying ahead of elections ([Vicente 2012](#); [Szwarcberg 2015](#)); access to healthcare is rationed to party supporters ([Nichter 2014](#)); teaching posts are sold to the highest bidder ([Trucco 2015](#)); housing regulations are enforced selectively ([Holland 2014b](#)); public office is a source of private tax collection ([Olken and Singhal 2011](#)); or government funds may be made available to specific regions ([Faller 2012](#)). The distinguishing feature in all of these cases is that the allocation of public resources is made conditional on political behaviour; clientelism, vote-buying, patronage, and even pork-barrel politics rely on the fear of placing oneself in the out-group, whether the exchange is short-term or long-term; up-front or retrospective; implicit or explicit. Each depends on politicians' ability to divide voters into individuals and small groups and offer the discretionary distribution of private or club goods, using a 'divide and rule' strategy to create ad hoc winning coalitions based on exclusive material relationships.

Depending on the purpose of the analysis, scholars have focused on many different features of these practices. For some, it is the focus on distributing private rather than public goods that is most useful, reflecting the need for first-order measures of the phenomenon ([Network of Democracy Research Institutes 2010](#); [Magaloni, Diaz-cayeros and Estevez 2007](#)). For others, the most discriminating factor in political relationships is the degree of discretion that politicians are able to exercise in allocating public resources, which [Ziegfeld \(2016\)](#) uses to categorize the likely reaction of voters' preferences to party organization and scale. For

the purposes of this study, the aspect of political relationships that I focus on is whether the distribution of public resources is conditional on the recipient's political behaviour. Rather than being *inclusive* of all eligible citizens, *exclusion* is used as a threat to manipulate political behaviour. Therefore, governance practices that allocate public resources on the basis of needs and entitlements with clear, anonymous and enforced rules are described as inclusive. Where citizens can only secure access contingent on modifying their behaviour, policy is clientelist ([Kitschelt 2012](#)).<sup>1</sup> This definition is consistent with efforts to provide conceptual precision to the topic of clientelism. [Kitschelt \(2000\)](#) provides a ‘procedural’ definition of inclusive politics, where politicians “compensate voters only indirectly, without selective incentives. Voters experience the redistributive consequences of parties’ policy programs regardless of whether they supported the governing party or parties.” This is the exact converse of [Fox’s 2012](#) definition of clientelism as the conditional exchange of material gain for political support.

Whether a policy is clientelist or inclusive depends on the details of implementation rather than the content of the policy itself. Inclusive practices rely on two features of implementation: clear, objective and impersonal rules, and the apolitical enforcement of those rules. A social policy that does not specify any eligibility or targeting rules provides extreme latitude for political manipulation by local politicians or bureaucrats. A public employment policy that explicitly rewards membership in the ruling party is clearly not objective or apolitical. More commonly, even where policy design and documentation provides clear, impersonal rules, those rules must be enforced through supervision and penalties if political manipulation by local politicians and bureaucrats is to be avoided. In the terminology of [Levitsky and Murillo \(2009\)](#), clientelism can therefore indicate both ‘weak’ institutions - the failure to enforce or make effective objective public rules - and an alternative ‘informal’ institution that structures the relationship between citizens and politicians outside the formal structures of the neutral state. By contrast, inclusive governance practices must have

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<sup>1</sup>For brevity I use the term clientelism, but this should be taken to include all relevant practices such as vote-buying and patronage.

succeeded in constructing both formal and strong institutions where objective allocation rules are clearly defined and are enforced with inclusivity, universality and impersonality.

This focus on apolitical rule-enforcement - rather than on private goods or simply discretion - is motivated by the research puzzle of how inclusive governance arises amid poverty. On the one hand we need an explanation for why incumbent politicians would adopt inclusive practices when the clientelist trap appears so powerful. This requires an understanding of the effectiveness of mobilizing voters' support using different types of governance strategies. The use of political conditionalities is by far the most powerful mechanism - using selective rewards - for inducing voter support and making the clientelist trap effective, as the model analyzed subsequently demonstrates. While the use of private goods and discretion may offer alternative packages of material rewards, neither is able to mobilize voter support as effectively or efficiently as the selective rewards and punishments of conditional clientelism. If we are to convincingly explain why politicians sometimes choose to abandon clientelism, we must be able to explain why its most potent weaponry - conditioning public resource access - is no longer attractive.

On the other hand, explaining how voters come to vote against clientelism relies on an account of how their preferences over political relationships are formed. There are many reasons why voters may prefer specific features of clientelism. They may prefer discretionary access that minimizes bureaucratic hurdles, or pre-election handouts that provide more certainty than future promises. Yet, in each of these cases voters' preferences derive from a separate feature of the political environment - from the inefficiency of bureaucratic processing, or from a lack of credibility in broader institutions of political accountability. Voters opt for clientelism in these contexts as a second-best solution to a political market failure (Acemoglu 2003), rather than out of an explicit preference for clientelist relationships. By contrast, where clientelism is defined in conditional terms, the structure of political payoffs is *directly* altered by the presence of selective rewards, as the model below illustrates.<sup>2</sup>

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<sup>2</sup>Perhaps most intuitively, if goods were truly distributed in a discretionary but non-conditional way, they must be randomly allocated. But then voters can simply compare the expected value of discretionary access to the expected value of a fixed access rule. To produce a bias for one type of relationship over the

Focusing on the direct effects of clientelist offers on voters' choices will support a better understanding of a specific and self-contained political mechanism and will avoid confounding the analysis with external conditions that are not intrinsic to clientelism.

While all of the empirical cases demonstrate a diverse typology of governance practices prior to reform, there is plentiful evidence that this conditional clientelism was highly prevalent, visible and often explicit. As the evidence later in this chapter confirms, it was this feature that changed most radically in each of the cases. As rules were clarified, depolitized and enforced to construct stronger and more formal institutions of governance, access to public benefits no longer depended on political connections or behaviour. The liberation of voters from political conditionalities is the most surprising, most politically transformative and therefore the most urgent dimension of governance in need of an explanation.

The contrast between inclusive and clientelist governance practices should also be distinguished from other typologies of political organization. First, inclusive governance is focused only on how executive power is used in relation to citizens and not on the contours of political competition between elites. It does not require programmatic or spatial competition between ideologically distinct parties (Kselman 2011) or 'responsible party government' (Luna and Altman 2011).<sup>3</sup> Nor does it require specific party ideologies; as the dissertation will emphasize, inclusive reform has been led from the left, the right and the centre.

Second, inclusive governance does not entail 'universal' policy coverage to all members of society. While the term 'universalist' is sometimes used in contrast to clientelism to

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other we must introduce some additional reason why one type of payoff is larger or preferred to the other. For conditional clientelism, payoffs are directly tied to political behaviour so even where the clientelist and inclusive options are of the same value voters will have a clearly defined preference.

<sup>3</sup> At the national level, there may well be pressures that cause polarization between programmatic and clientelist strategies (Hagopian 2013). However, offering ideologically coherent policy packages is neither conceptually nor empirically the opposite of conditioning access to public resources on political behaviour. Particularly at the subnational level, individual candidates can abstain from clientelist practices without generating coherent party organizations or carving out ideological positions. Individuals can still be evaluated based on their effectiveness at delivering public services, but where it is individuals' reputations and not party platforms that voters assess competition cannot be described as 'programmatic' in the sense it is frequently used in the literature. Yet, the change in political *strategy* is still extremely stark and highly visible to voters because their relationships with state institutions have radically altered, justifying a separate line of research focus on the contrast between clientelist and inclusive political strategies.

emphasize that eligibility criteria drive receipt (Shefter 1994; Roniger et al. 2004), it is also used to emphasize non-targeted policy that is not means-tested and lacks eligibility criteria (Franzoni and Sanchez-Ancochea 2016; Anttonen and Sipilä 2014), as the term taken literally implies. In order to avoid confusion, I therefore use the term ‘inclusive’ to emphasize the tight congruence of eligibility criteria - of whatever scope - and policy receipt.<sup>4</sup>

Third, inclusive governance can be politically biased. All policies are likely to have distributive effects and may even explicitly target key groups of supporters, but they do not become clientelist unless they make that reward conditional on future political behaviour. Consider for example a tax relief policy that benefits farmers who are stalwart supporters of party A. Those farmers may well be more likely to vote for party A because of the policy, but their eligibility for the policy is determined by their occupation and not by their vote choice. This matters not because of any normative implications but because the leverage politicians have over those voters is markedly reduced if their vote does not directly influence the benefits they receive (as the subsequent formal model highlights). Because this dissertation contrasts political strategies based on the *structure of rewards* they offer to voters, it is the abandonment of the use of selective rewards which is both most surprising for power-hungry elites and most consequential for voters’ political position.

Finally, there is nothing about this distinction that suggests that inclusive politics is more or less corrupt than clientelist politics. The focus of the definition is on decentralized patterns of citizen-state interactions, and on the terms of citizen access. This leaves open a large domain of centralized decision-making over how public resources are allocated. Theft, blackmail and contracting kick-backs can be - and will be shown to be - important parts of the inclusive mode of politics. Nonetheless, to citizens the nature of their interactions with the state will have changed dramatically.

How does inclusive governance relate to the more widely used term ‘good governance’? By focusing on the enforcement of apolitical rules for accessing public benefits, inclusive

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<sup>4</sup>Wallis (2015) classifies governments by the degree to which rules are impersonal, arguing “impersonal rules are rarely universal, they need not literally treat everyone the same. Rules that treat all citizens the same, or all free white males the same, are impersonal rules”.

governance is just one procedural dimension of governance, motivated by a descriptively important contrast in political practices rather than a normative standard. It is much narrower than the UNDP's 9 characteristics (United Nations Development Programme 1997), or the Council of Europe's 12 principles (Council of Europe 2014), omitting ideas such as participation, equity, and even efficiency. The emphasis on rule enforcement bears closer connection to specific elements focused on bureaucratic independence and the rule of law (The World Bank 1994). This narrow focus is critical to developing a coherent theory which may be driven by a single political process. Nonetheless, the consequences of inclusive governance are substantial, with clientelism and patronage accounting for large economic and welfare losses in addition to the loss of political independence (Xu 2016). Moreover, these losses are concentrated among the poorest segments of the population (Stokes et al. 2013).

## 2.2 The Power of the Clientelist Trap over Voters

The modernization arguments from Chapter 1 suggest many pathways by which economic under-development can distort governance. The more precise definition of clientelism adopted in the preceding section enables us to focus on one specific pathway: the structure of rewards faced by citizens. How does the presence of a clientelist conditional reward alter voter behaviour? How does this in turn influence the choice of governance strategy by politicians? To answer these questions I draw on formal theory to develop a model of voter and politician behaviour. In subsequent chapters the model will be developed to provide a novel explanation for how inclusive governance can prosper in poor contexts, but here I use the basic insights about voter and politician behaviour to articulate the power of the clientelist trap. The starting point is to recognize the effect of the clientelist trap on voters' behaviour, as this shapes the returns to the two governance strategies. While most models (for example Stokes et al. (2013)) abstract away from the strategic context of voting in these circumstances, this overlooks an important power of the clientelist trap, and, later, a key pathway of escaping it. Accordingly, I begin by grounding voter behaviour in a fully

strategic setting where voters must respond not only to candidate strategies but also to how they think other voters will behave. The model builds on a simplified version of Medina and Stokes (2002).

Consider the payoffs to a voter  $i$  in a simplified electoral model where the electoral choices are between two candidates, one offering a clientelist strategy and one offering an inclusive strategy. Personal income that is shielded from political interference is  $B$ . In line with the definition above, clientelist candidates by definition provide selective rewards or punishments for voter support; inclusive candidates do not. If the inclusive candidate wins, all voters will receive the same benefits from public policy  $G$  regardless of who they voted for.<sup>5</sup> If the clientelist candidate wins, only those who voted for them receive a clientelist reward,  $F \geq 0$ . The voter has a utility function  $u_i(\cdot)$ , and if  $u'(\cdot) > 0$  and  $u''(\cdot) < 0$  the voter is risk-averse.

Table 2.1: The Clientelist Trap

		Winner of Election:	
		Clientelist	Inclusive
Vote for:	Clientelist	$u(B + F)$	$u(B + G)$
	Inclusive	$u(B)$	$u(B + G)$

There are  $N$  voters whose strategy space is defined by  $\phi_i \in \{0, 1\}$ , where  $\phi_i = 1$  represents a vote for the inclusive candidate and  $\phi_i = 0$  represents a vote for the clientelist candidate. The election is by simple majority and we assume  $N$  is odd for simplicity. The notation  $\pi(\phi_i, \phi_{-i})$  denotes the probability that the inclusive candidate wins when voter  $i$  supports the inclusive candidate with probability  $\phi_i$  and given the vector of other voters' choices  $\phi_{-i}$ . Voter  $i$  will rationally support the inclusive candidate where:

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<sup>5</sup>The benefits could be differentiated to different groups of voters without altering the insights of the model.

$$\pi(1, \phi_{-i})u(B + G) + (1 - \pi(1, \phi_{-i}))u(B) > \pi(0, \phi_{-i})u(B + G) + (1 - \pi(0, \phi_{-i}))u(B + F) \quad (2.1)$$

$$u(B) + \pi(1, \phi_{-i})(u(B + G) - u(B)) > u(B + F) + \pi(0, \phi_{-i})(u(B + G) - u(B + F)) \quad (2.2)$$

The power of the clientelist trap is that each voter perceives they can access the benefits of the inclusive offer even if they do not vote for that candidate, alongside the risk of being punished if they fail to support a victorious clientelist candidate. The combination of a selective clientelist punishment and a flat inclusive reward strongly stacks the deck in favour of the clientelist choice. When we abstract from the individual voter's ability to influence the electoral outcome, so that  $\pi(1, \phi_{-i}) = \pi(0, \phi_{-i}) = \pi$ , voting for the clientelist candidate becomes a weakly dominant strategy, providing no positive reason to ever vote for the inclusive option.

Nonetheless, while the selective incentive to vote inclusive may be absent, an indirect incentive remains, namely to increase the *probability* of inclusive victory by leveraging the gap between  $\pi(1, \phi_{-i})$  and  $\pi(0, \phi_{-i})$ , which is desirable for the voter wherever  $G > F$ . It is therefore important to fully specify the strategic voting dynamics. This step is frequently overlooked; most models assume sincere rather than strategic voting (Feddersen 1992). Yet, I demonstrate here how powerful the strategic aspect of voting can be in shaping voter choice in line with the arguments of Medina and Stokes (2002) and Lyne (2007).<sup>6</sup> Using the binomial expression to calculate the probabilities of victory and setting  $p = Pr(\phi_{-i} = 1)$  to represent the symmetric strategy of all other voters (as must hold in equilibrium), any individual voter will support the inclusive candidate where:

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<sup>6</sup>Treatments of strategic voting typically focus on how the voter's calculus is affected by the choices of other voters insofar as it alters who might win the election. The additional layer of strategic assessment here is that outcomes depend on the congruence of both the individual vote choice and the overall result.

$$u(B) + \sum_0^{\frac{N-1}{2}} \binom{N-1}{N-1-i} p^{N-1-i} (1-p)^i [u(B+G) - u(B)] > \\ u(B+F) + \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} p^{N-1-i} (1-p)^i [u(B+G) - u(B+F)] \quad (2.3)$$

$$\left( \frac{N-1}{\frac{N-1}{2}} \right) p^{\frac{N-1}{2}} (1-p)^{\frac{N-1}{2}} [u(B+G) - u(B)] > \left( 1 - \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} p^{N-1-i} (1-p)^i \right) [u(B+F) - u(B)] \quad (2.4)$$

Notably, this game exhibits strategic complementarities because a higher expected rate of inclusive voting among all other voters -  $p$  - increases the relative returns for each to voting inclusive. Therefore when  $p$  is relatively low, increasing  $p$  encourages higher inclusive voting, as expressed in Lemma 1, for which the proof and all subsequent proofs can be found in Appendix B. This effect arises because clientelism imposes a confidence trap - unless voters are confident that others will vote inclusive and create a reasonable chance of inclusive victory, they will be reluctant to do so themselves to avoid exposing themselves to the risk of loss if the clientelist candidate wins. In polities with a long history and culture of clientelism, shifting expectations sufficiently to overcome this confidence trap is extremely challenging. What makes inclusive voting even more challenging to sustain is that the herding dynamic of a rising  $p$  weakens when voter confidence  $p$  becomes large. This is due to the free rider problem that if other voters are very likely to vote for the inclusive candidate, one voter's marginal contribution to the outcome is diluted and self-insurance becomes relatively more attractive.

**Lemma 1.** *When  $p < \hat{p}$ , where  $\hat{p} \geq \frac{1}{2}$ , an increase in  $p$  makes voting for the inclusive candidate more attractive ( $\phi$  rises).*

The recognition that voting is a collective action problem highlights the frailty of inclusive governance. Consider standard solutions to the collective action problem in the literature. Olson (1965) argues organizations must use selective incentives to reward the *action* of

cooperation (supporting the inclusive candidate), regardless of the eventual success of the cooperation. Medina (2010) proposes that organizations might more commonly offer a portion of the benefits of success to those who supported the action. While these mechanisms are effective at sparking collective action, they are the exact opposite of an inclusive strategy, which explicitly prohibits the use of action-contingent incentives and imposes a neutral, inclusive beneficiaries rule. The imperative for politicians to provide these kind of selective incentives demonstrates exactly why the clientelist strategy is so attractive and the inclusive strategy is so hard to motivate.

In light of the collective action dynamic, voters' optimal behaviour exhibits a large number of pure strategy equilibria, including everyone voting clientelist, and all possible combinations where a majority vote for the inclusive candidate and the minority are indifferent between each strategy because their payoff is guaranteed. However, most interesting is the symmetric mixed strategy equilibrium where  $p = \tilde{p}$ , where  $\tilde{p}$  equilibrates Equation 2.4. In the mixed strategy equilibrium, confidence in other voters is such that the probability of the larger inclusive payout balances the risk of loss if the clientelist nonetheless wins. These distinct "Inclusion" and "Risk" effects, and the net incentive, are illustrated in Figure 2.1. The positive inclusion effect is clearly strongest when the expected outcome of the vote is tight and the negative risk effect is strongest when expected support for the inclusive candidate is low. Strikingly, however, the risk effect declines precipitously as the inclusive candidate becomes more likely to win and there remains a small but positive net incentive to vote inclusive up to the point where  $p = 1$  and they are certain to win (at which point the voter becomes indifferent). This figure and the subsequent analysis uses, unless otherwise stated, the baseline parameters of:  $N = 7$ ,  $B = 0$ ,  $F = 0.5$ ,  $\sigma = 0.3$ ,  $u = u(.)$  for the purposes of illustration.

Tracking the pivotal beliefs point  $\tilde{p}$  also provides an indication of the confidence voters need before they are willing to vote against clientelism, and the comparative statics are illustrated in Figure 2.2.<sup>7</sup> Support for the inclusive candidate is increasing in inclusive

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<sup>7</sup> Appendix A provides a closed expression for  $\tilde{p}$  for the case where  $N$  is large. In the more general case

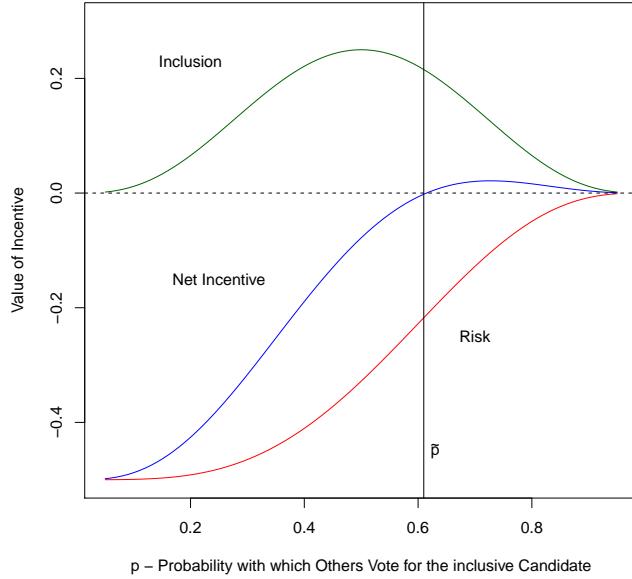


Figure 2.1: Voter Incentives to Vote for the Inclusive Candidate

benefits  $G$ , decreasing in clientelist reward  $F$  and (where voters are risk-averse) increasing in protected income  $B$ .

Even in the neutral case where voters place equal weight on the likelihood that any other voter votes for the inclusive candidate, so that  $p = \frac{1}{2}$ ,<sup>8</sup> the expected level of inclusive service delivery  $G$  would need to dramatically exceed the clientelist offer  $F$  before the voter is willing to support the inclusive candidate. Equation 2.5 calculates this minimum level of inclusive benefit,  $\hat{G}$ , for the case where  $p = \frac{1}{2}$ .

$$\hat{G}(p = \frac{1}{2}) = u^{-1} \left[ \frac{u(B + F) - u(B)}{\binom{N-1}{\frac{N-1}{2}}} \cdot \left( 2^{N-1} - \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} \right) + u(B) \right] - B \quad (2.5)$$

Where voters are risk-neutral, the expression further simplifies to a multiple of  $F$ , the clientelist offer:

for smaller  $N$ ,  $\tilde{p}$  needs to be solved by finding the root of equation 2.4, for which there is no simple closed rearrangement.

<sup>8</sup>Laplacian beliefs in the global games literature.

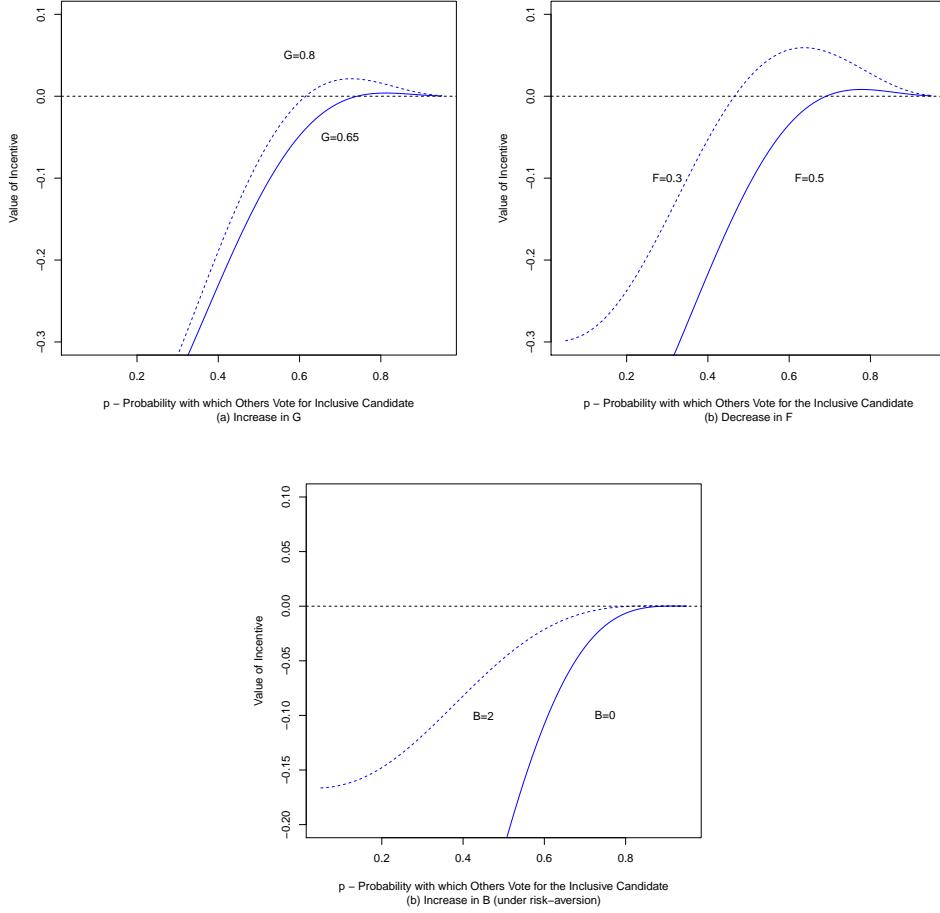


Figure 2.2: Comparative Statics of the Effect of Parameters on  $p^*$

$$\hat{G}(p = \frac{1}{2}, u = u(.)) = \frac{F}{\binom{N-1}{\frac{N-1}{2}}} \cdot \left( 2^{N-1} - \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} \right) \quad (2.6)$$

Even in this case where the confidence trap is mitigated by assuming neutral beliefs  $p = \frac{1}{2}$  and risk-neutrality, the selective risk of punishment and the inclusive reward strongly discourage inclusive voting. Using  $\hat{G}$  as a partial measure of the strength of the clientelist trap, an expected inclusive benefit of at least  $\hat{G} = 1.1$  is required to overcome a clientelist threat/reward of just  $F = 0.5$ . As risk-aversion increases, so  $u = u(.)^{\frac{3}{4}}$ ,  $\hat{G}$  increases to 1.4. Under risk-aversion, modernization is therefore effective at mitigating the clientelist

trap, reducing  $\hat{G}$  to 1.1 when  $B = 1$ . However, no matter how the parameters are tweaked,  $\hat{G} > F$ , so that, even in the neutral expectations case, inclusive benefits that substantially outweigh clientelist offers are needed to induce voting for an inclusive candidate.

In summary, the model highlights four reasons why the clientelist trap has such a powerful grip on voters. First, because of the selective reward/punishment for voting clientelist. Second, because of the inclusive beneficiaries rule that defines inclusive politics and prevents it offering selective rewards. Third, because any degree of voter risk-aversion accentuates this asymmetry in reward structure. Fourth, and most crucially, because escaping the clientelist trap is a collective action problem that depends on expectations of how others will vote. While the model does not yet provide specific predictions, the status quo in historically clientelist polities may anchor expectations and prevent a transition to clientelism. Richer voters whose wealth and income are protected from political interference can count on at least partial relief from these pressures because a larger proportion of their income is not subject to clientelist threats.<sup>9</sup> The poor, however, face the full force of the clientelist trap.

## 2.3 Modelling Collective Confidence: A Global Game of the Clientelist Trap

The collective action component to the clientelist trap has resisted systematic analysis because pinning down voters' endogenous expectations is challenging: How do we define beliefs  $p$  when each voter's belief depends on how others play the game, which in turn depends on their beliefs about others? There is no direct answer and the result is a multiplicity of equilibria corresponding to various distributions of beliefs. Medina (2010) addresses the problem by assuming a uniform distribution of potential beliefs and then measuring the portion of the belief-space in which the clientelist trap could be overcome. However, this approach is ad hoc in its distributional assumptions and fails to endogenize belief formation,

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<sup>9</sup>Nazareno, Brusco and Stokes (2008) provide evidence of another reason why the rich are less vulnerable - because there is diminishing marginal utility of income so that the price of buying political support is higher for the wealthier, encouraging politicians to focus on the poor.

which is an important part of how the clientelist trap operates.<sup>10</sup> Recent analysis has instead emphasized that the root of the multiplicity of equilibria in these types of games is the assumption of common knowledge about the payoffs, which produces identical knife-edge best response functions for all players (Carlsson and van Damme 1993; Morris and Shin 2002; Levin 2006). Therefore the approach taken here is the technique used in analyses of global games: to directly relax common knowledge of payoffs and introduce uncertainty in the parameters. Specifically, I focus on uncertainty in the expected payoff from inclusive policy,  $G$ . This uncertainty in ‘which’ game is being played - what level of inclusive benefits will be provided by a politician - produces a distribution of responses which each voter can incorporate probabilistically into their own assessment of how other voters are likely to respond, enabling them to estimate  $p$ .

Such an approach requires two additions to the structure of the game. First, that there is diversity in the potential level of  $G$ , which naturally maps to multiple ‘types’ of inclusive politician.<sup>11</sup> Second, that voters receive an imperfect signal of inclusive benefits  $G$  on which to make their assessment, which fits naturally with a sequencing of two periods separated by an election. Specifically, we can think of an incumbent’s success in public service delivery in the first period as a signal of the benefits they would provide in the second period if they were re-elected. More precisely, the signal that voters receive  $G_i$  comprises a common component and an idiosyncratic shock (Morris and Shin 2002, 2003). The common component of the signal,  $G$ , can take on two values reflecting two potential types of inclusive politician,  $G \in \{G_H, G_L\}$ , which are drawn by nature with equal probability. The idiosyncratic error  $s_i$  is

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<sup>10</sup>I think James Robinson for highlighting this critique.

<sup>11</sup>Baliga and Sjöström (2004) adapt global games to different types of player by specifying a small probability that a player is a ‘dominant strategy type’. Angeletos, Hellwig and Pavan (2006) go a step further by modelling full signaling behaviour by these types. However, they reach the pessimistic conclusion that endogenous information recreates multiple equilibria. However, Edmond (2013) demonstrates how a unique equilibrium is possible when the endogenous signals are a monotone function of the actor’s type, as they are in the model I present.

distributed normally with mean zero and standard deviation  $\sigma$ .

$$G_i = G + s_i \quad (2.7)$$

$$= G + N(0, \sigma^2) \quad (2.8)$$

How do voters now decide which candidate to support? We can draw on a core result from the global games literature to argue that voters optimally follow a cutoff strategy of voting for the inclusive candidate only if expected benefits exceed a cutoff,  $E(G_{t=2}) > \hat{G}$  (Morris and Shin 2002).<sup>12</sup> This threshold behaviour also mimics the central model of electoral accountability advanced by Ferejohn (1986). As de Mesquita (2014) argues, two conditions assure a unique cutoff equilibrium at  $\hat{G}$ . One is ‘thick tails’ in which dominant strategies - here, where  $G < F$  makes voting for clientelism a dominant strategy - occur with sufficient probability. The other is ‘two-sided’ limit dominance, in which both strategy options can be supported as dominant strategies. However, the clientelist trap game structure exhibits only one-sided limit dominance since voting for the inclusive candidate can never be a dominant strategy.<sup>13</sup> Consequently, there is no way of ruling out the equilibrium where all voters support the clientelist candidate. Therefore, in the spirit of Bueno De Mesquita’s 2010 analysis of one-sided limit dominance in revolutions, the analysis below does not seek to establish a unique equilibrium, but to explore how the parameters shape a subset of equilibria.

First, note that rather than being fixed, expected inclusive benefits  $E(G_{t=2})$  are now probabilistic depending on the signal the voter receives in period one. Define  $\mu$  as the inference from Bayes’ Rule of the probability that the inclusive candidate is a ‘high’ type so  $G = G_H$ , given a signal  $G_i$  in period one:

$$\mu = Pr(G_{t=2} = G_H) = \frac{\phi(\frac{G_i - G_H}{\sigma})}{(\phi(\frac{G_i - G_H}{\sigma}) + \phi(\frac{G_i - G_L}{\sigma}))} \quad (2.9)$$

<sup>12</sup>It can readily be shown that this condition holds in equilibrium.

<sup>13</sup>For any parameter values, if a majority support the clientelist candidate then voting for the clientelist candidate is preferable to the inclusive candidate.

Then the expected benefits in the second period if the inclusive candidate is re-elected are:

$$E(G_{t=2}) = \mu \cdot G_H + (1 - \mu) \cdot G_L \quad (2.10)$$

Crucially, voter  $i$  can also now use their private signal to form beliefs about the behaviour of other voters, allowing us to pin down beliefs  $p$ . Signal  $G_i$  provides the basis to back out the likely distribution of signals that other voters will have been exposed to - the mixture of the two possible normal distributions weighted by  $\mu$  - and therefore the proportion of signals that fall above the cutoff  $\hat{G}$ .<sup>14</sup> Since by definition of the equilibrium all voters play according to the cutoff strategy, this provides the basis for each voter to predict how others will vote,  $p$ :

$$p = \mu \cdot (1 - \Phi(\frac{\hat{G} - G_H}{\sigma})) + (1 - \mu) \cdot (1 - \Phi(\frac{\hat{G} - G_L}{\sigma})) \quad (2.11)$$

This belief  $p$  can then be substituted into Equation 2.4 to implicitly pin down the cutoff  $\hat{G}$ .<sup>15</sup> For example, if we assume that  $G_H = 0.7$  and  $G_L = 0.6$ , then  $\hat{G} = 0.441$ . In these circumstances, voters can be confident that others will vote for the inclusive candidate:  $p = 0.748$ .

Now consider the same model from the perspective of the inclusive candidate. Since voters are unsure exactly how the inclusive candidate will perform in office and wish only to elect a high type (even where  $\hat{G} < G_L$ , voters do not want to vote for the  $G_L$  type) this is a signaling model. Voters use their experience of inclusive benefits (their signal) to screen politicians against the cutoff  $\hat{G}$  to try and coordinate voters on selecting the high type. To demonstrate this signaling dynamic we can abstract from the signals, impose a specific belief  $\mu$  about the type of candidate voters' face and evaluate voting behaviour as that belief tends

<sup>14</sup>Morris, Shin and Yildiz (2016) prove that there is a unique rationalizable action in games where these beliefs provide common certainty of a player's 'rank beliefs'.

<sup>15</sup>A closed expression is not easily obtainable.

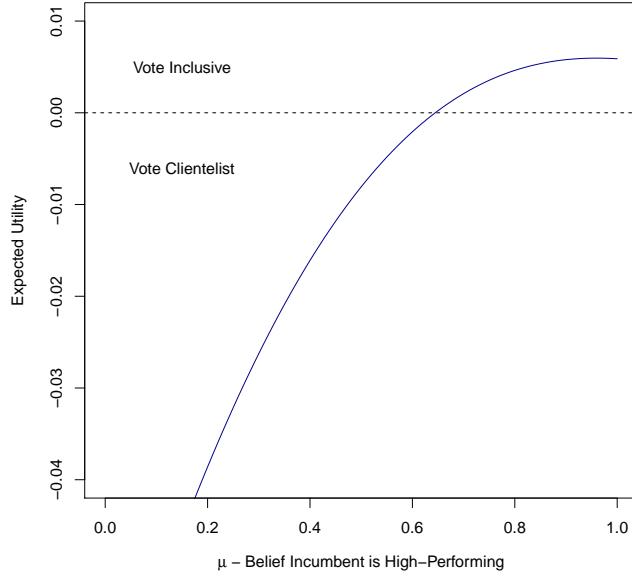


Figure 2.3: Voters Seek to Select Only the High-Performing ' $G_H$ ' Type

to its limit.<sup>16</sup> Figure 2.3 describes how the optimal choice between voting for the clientelist and inclusive candidate evolves as the belief moves from near-certainty that the incumbent is a  $G_L$  type to near-certainty that they are a  $G_H$  type. Where voters believe that they are facing the  $G_L$  type, they are not willing to take the risk and instead vote clientelist. By contrast, as beliefs converge on the  $G_H$  type, voters are willing to take the inclusive risk (Lemma 2).

**Lemma 2.** *The voter's decision to vote for the inclusive candidate is (weakly) increasing in the belief  $\mu$  that the incumbent is a high-performing type.*

The global games version of the clientelist trap highlights two key predictions that underscore the power of the clientelist trap. First, that voters depend on each other for collective confidence. The suspicion that others will be tempted by clientelism can make others vulnerable to the same temptation. Second, that voters will only support an inclusive competitor

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<sup>16</sup>A simple contrast with the non-global-games case is not informative since it is not clear how to define  $p$ .

if they can be confident in the inclusive benefits they will provide.

## 2.4 The Politicians' Clientelist Trap

The clientelist trap is typically invoked to explain the constrained choices of voters. But its most dramatic effects may be to limit the strategies politicians' adopt in the first place and to deny voters even the option of supporting inclusive governance. Will an incumbent politician actually choose to implement an inclusive strategy offering voters benefits  $G_H$ , or even  $G_L$ ? Or will the clientelist strategy always prove more attractive?<sup>17</sup>

In many models of clientelism, the lack of credibility of inclusive policy promises is the root of the attraction of clientelism (Keefer 2007). However, a lack of inclusive credibility is not necessary to produce a strong bias among politicians towards clientelism. To demonstrate this, I assume away the credibility problem in the model by forcing candidates to offer an identical policy in the second period as in the first period.<sup>18</sup> Politicians therefore know that the more public services  $G$  they provide in the first period, the more likely they are to be re-elected as voters anticipate similar benefits in the future. Voters can perfectly distinguish clientelist and inclusive strategies but perceive the level of inclusive benefits only with noise, so that they can never be certain which type of inclusive candidate they face.

Two factors are then crucial to the politician's choice of strategy - how voters will respond and politician's own objectives. In line with existing literature (Gehlbach 2013), I assume that politicians are pure rent-seekers who enter politics and compete in elections

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<sup>17</sup>Note that the focus of the question here is on the individual politician rather than the party. While parties may impose important constraints on politician behaviour, executive office in subnational units typically gives extensive and unique powers to the head of government while offering relatively weak institutional constraints. This is typically through de jure measures in presidential systems; for example in Brazil and Nigeria the governor is the chief security officer of the state and has exclusive proposal powers for financial bills in the state legislature. In parliamentary systems such as India's a chief minister without fixed tenure is undoubtedly in a weaker position, but norms of de facto control over institutions and resources provide considerable informal freedom to determine policy. In any case, the incumbent head of government is the primary decision-maker and while they may anticipate party reactions these do not pose a fixed constraint.

<sup>18</sup>This also avoids the complexity of modeling a full indefinitely-repeated game in which endogenously-credible reputations can develop.

ultimately for financial gain.<sup>19</sup> Evidence in the case studies, including of convictions for self-enriching corruption by politicians pursuing both inclusive and clientelist strategies also support the idea that money is a central motive. In addition, assuming a personal or ideological commitment to inclusive politics would provide little analytical insight since there would be little gap between cause and effect. Rent-seeking politicians are therefore eager to minimize both clientelist and inclusive expenditures, because these both represent foregone rents. The choice between the two strategies balances the opportunity cost of lost rents and the expected gain from the chance of re-election and a second period of rent extraction.

As long as politicians place some value on rent-seeking, the model implies that inclusive governance is prohibitively costly and will never be pursued. Consider an optimistic scenario for a potential inclusive politician, namely that voters are neutral in their beliefs about each others' intentions so that  $p = \frac{1}{2}$ . Normalize the public budget to  $D = N$  so that rents retained by the incumbent politician in any period are equal to  $N(1 - F)$  (for clientelist strategies) or  $N(1 - G)$  (for inclusive strategies), maintain the same parameters as above, and assume that the election opponent from a competing party is known to pursue clientelism with  $F = F_O$ .<sup>20</sup>

Consider the politician's options: Under clientelism, the opponent can be marginally outbid by setting  $F = F_O + \epsilon$  to guarantee re-election. Their return is  $2N \cdot (1 - F_O)$ . Under inclusive policy, either the incumbent chooses to spend  $\hat{G}$  for guaranteed re-election and a payoff of  $2N \cdot (1 - \hat{G})$ , or simply raids the treasury again for a payoff of  $N$  and accepts electoral defeat. Figure 2.4 highlights how, for any value of the opponent's clientelist offer  $F_O$ , clientelism is a more profitable strategy than inclusive politics. This follows directly

<sup>19</sup> While obviously a simplification, the incentives I describe below will also hold as long as rent-seeking is one of perhaps many objectives for a politician. An assumption that politicians were simply office-seeking would set aside an obvious advantage of clientelism, namely its efficiency in mobilizing voter support much more cost-effectively than inclusive politics. To provide the hardest test of why politicians might abstain from clientelism I therefore focus squarely on the financial implications of each strategy. While it is likely that some leaders are intrinsically motivated to implement inclusive policies for their own sake, it is difficult to measure these differences distinct from the dependent variable and might simply assume the solution to the inclusive puzzle.

<sup>20</sup> An equivalent inclusive opponent would be more easily and cheaply defeated and would not change the conclusion.

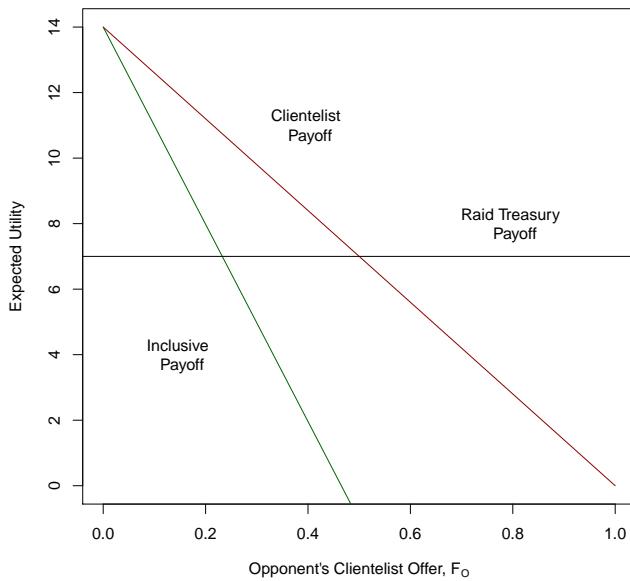


Figure 2.4: Inclusive Policy is Never Attractive under Simple Electoral Competition

from the fact that the multiplier on  $F$  in Equation 2.6 is greater than one so the opportunity cost of inclusive governance is higher regardless of the opponent’s strategy.<sup>21</sup> The clientelist trap binds not just on voters but on politicians too, compelling them to distort governance towards clientelism in order to maximize their chances of re-election and their financial gain.

This conclusion diverges from other assessments which have argued that a ‘programmatic’ party may be preferred by political entrepreneurs because, for example, “it depends on access to symbolic resources, which are ‘cheaper’ than the material resources required to implement a fully fledged clientelistic or patrimonial strategy” (Cheeseman 2014, 6). This assessment looks only at resource costs but not the mobilizational capacity of each strategy. However, central to the cost-effectiveness of clientelism is the increased leverage generated by its selective rewards. Once this is taken into account, clientelism proves irresistible to politicians.

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<sup>21</sup>This difference does not take into account the larger commitment to benefit a greater number of voters under inclusive policy; in equilibrium everyone votes the same way in this model without uncertainty, and so receives the promised payoff. Rather, the difference comes from the fact that inclusive policies have to provide more benefits - more persuasion - per voter if they are to be effective.

## 2.5 Evidence of Inclusive Reform

Electoral politics provides no obvious incentive for politicians in poor places to cease clientelism. We should therefore expect to see few efforts to objectively enforce public access rules in practice. Certainly, in most developing countries it is easy to uncover evidence of clientelist practices and of an apathy towards inclusive policy reform ([Kitschelt 2012](#); [World Bank Group 2016](#)). Yet, I claim that consistent and intense efforts at inclusive reform are also observed in a significant subset of cases. Remarkably, these cases arise even in the poorest and least conducive contexts.

To substantiate the claim that subnational inclusive policy is possible in poor contexts, this section provides evidence of the inclusive, impartial and rule-based implementation of public policy in three first-tier subnational units, one for each of the three federal countries covered in this dissertation. As described earlier, the selection of these three subnational cases was purposeful rather than representative; I sought out the ‘least likely’ cases according to their socioeconomic profile and political history in order to pose the strongest challenge to existing theory and identify the cases where the need for new theory was most compelling ([Gerring, Thacker and Alfaro 2007](#)). Other cases of reform could also be described here, though they may be at least partially explained by existing modernization theory (Lagos in Nigeria, Andhra Pradesh in India) or theories of committed parties (Delhi in India, Pernambuco in Brazil).

Establishing a clear measurement standard for classifying a governance regime as inclusive is challenging. Since the degree of political conditioning in policy implementation runs on a continuum and can vary for distinct policies and distinct groups of voters ([Luna 2010](#)), there is no simple threshold of inclusive governance. Rather, the aim is to identify among these ‘least likely’ cases evidence of concerted efforts to establish, implement and enforce a single set of impersonal rules for government policy. This is clearest when contrasted with preceding administrations and neighbouring states.

### **2.5.1 Jigawa, Nigeria**

Carved out of the much larger, wealthier and more urban Kano state in 1991, Jigawa is a rural agricultural state whose capital was created out of a village of just a few thousand people. Governor Turaki enjoyed eight years in Jigawa state from 1999-2007, for much of the time as an absentee governor. His re-election was confirmed in 2003 through the use of classic patronage mobilization, financed primarily by diversions from the budget. The state's ministry buildings were geographically distributed across the state, often hundreds of miles apart, to secure the support of the five traditional emirates. For Turaki, as his successor described it, "the unit of governance was the polling booth" (Interview, Sule Lamido, 19th October 2015). Yet, since 2007, Jigawa has been the star performer for international development partners, attracting tens of millions of dollars in social investments. Reforms included means-tested cash transfers to the disabled and a reorganization of the health system to a primary-care-oriented 'gunduma' system. These have bypassed local government politicians, actively publicized clear minimum standards - fixed monthly payments to the disabled of N7,000, free healthcare for all pregnant mothers - and drawn on technocratic experts for their design and implementation. Ministries have been recentralized and are headed by bureaucrats who confirm they are protected from political pressure by the Governor (Interviews with senior bureaucrats, 2012, 2013 and 2015). Other dimensions of state capacity have also been strengthened, for instance Jigawa has exceptionally and uniformly high compliance with the polio vaccine, while its parent state Kano continues to battle distrust and suspicion ([Grossman, Phillips and Rosenzweig 2016](#)).

The architect of Jigawa's transformation since his victory in the 2007 election has been Governor Sule Lamido, who has strengthened institutions and built service delivery capacity. A 'due process' procurement framework and Project Monitoring Bureau was introduced in 2009 with legal backing. In a government system that had been fragmented by political patronage over the preceding decade, the starting point for these reforms often relied on personal enforcement by the Governor himself. For example, in August 2009, Lamido vis-

ited Local Governments in the state, finding only 100 out of 1,160 workers in Gwaram LGA present and instructing that the remainder personally present themselves before being paid ([New Nigeria on Sunday 2007](#)). Effective monitoring required physical oversight, necessitating the relocation of government ministries to the capital Dutse. Overall, there has been a strengthening of bureaucratic practices and unprecedented attention to expanding service delivery through rule-enforcement. For example, the proportion of the budget allocated to the health system increased from 4.4% in 2007 to 15.4% in 2011 ([Sokpo and McKenzie 2011](#)). Immunization rates rose commensurately, from around 35% in 2006 to 90% in 2010 ([Sokpo and McKenzie 2011](#)).

Quantitative evidence of the technocratic capabilities and inclusive success of the Jigawa state government can be seen in a number of datasets. Since 2007, each state has had the opportunity to apply competitively for social expenditure funds from the national government through the Conditional Grants Scheme. The application requires extensive technical preparation for projects, proof of insulation from political interference and high scores in monitoring reports of past projects. Jigawa has been the best performing state in accessing and implementing these funds over the 2007-11 period, as Figure 2.5 attests ([Federal Government of Nigeria 2012](#)).<sup>22</sup>

Education standards have also been uniformly applied and expenditures have been effectively channelled, so that Jigawa outperforms its regional neighbours. Figure 2.6 interpolates an index of school quality for over one hundred thousand schools in Nigeria using survey data collected in 2010-11 ([Federal Government of Nigeria 2011](#)).<sup>23</sup> The performance of Jigawa state is striking and extremely consistent compared to the variability evident in neighbouring

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<sup>22</sup>The scheme specifies broad areas for states to apply to, such as primary healthcare or water and sanitation. States then prepare project proposals that are evaluated by experts according to a public scoring system. The scores reward the technical content of the proposals (eg. architectural design), cost control, adequate governance provisions (procurement laws, community participation etc.) and also reward states that have been assessed to have performed particularly well in the preceding year's scheme. Approved projects are funded in equal shares by the federal and state government.

<sup>23</sup>Since education is widely considered a very challenging sector to monitor and hold accountable, while also being extremely vulnerable to patronage and clientelism in teacher hiring and resource allocation, rapid improvements in the performance of the education sector are likely to reflect substantive improvements in governance, rather than just additional resources.

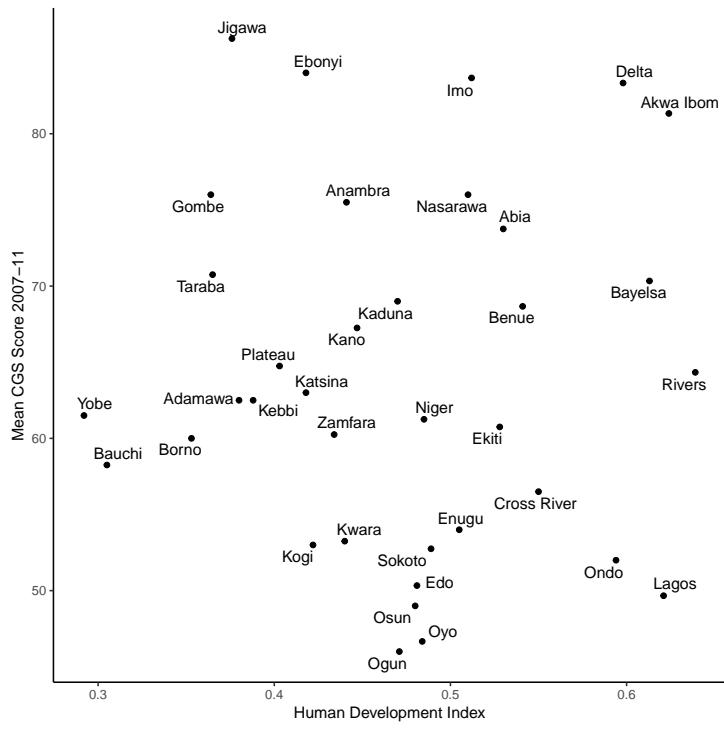


Figure 2.5: State Scores on the Conditional Grants Scheme 2007-11 compared to the Human Development Index. Scores are averages that measure the technical quality of applications, compliance with program rules and prior implementation performance.

states, including much wealthier Kano state to the west.<sup>24</sup>

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<sup>24</sup>This data is considerably more reliable than previous survey data from Nigeria. Smartphones were used for data collection with extensive monitoring and the use of GPS and photographs to confirm data.

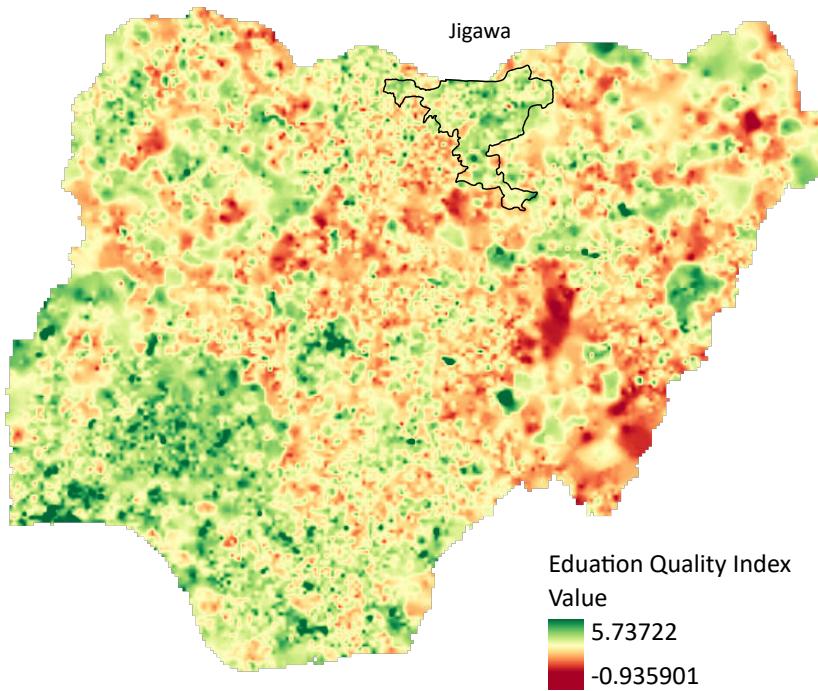


Figure 2.6: Interpolated Index of Education Quality by School, highlighting Jigawa State

### 2.5.2 Ceará, Brazil

In the heart of Brazil’s Northeastern sertão, Ceará typified the practices of clientelist ‘coronelismo’ in the 1970s. Originally rooted in the control of landed oligarchies prior to the Estado Novo of the 1930s, coronelismo adapted well to urbanization, authoritarianism and changing land tenure. A conservative alliance of military, landed and business elites retained overwhelming control of the state’s political apparatus through the extensive use of public resources for clientelism and patronage. By the time the coronels lost their last election, the state payroll consumed some 80% of state revenue. Electoral promises were brokered through cabos-eleitorais (brokers) and local mayors (Carone 1970; Faoro 1973). Drought relief funds were also notoriously diverted to key supporters, making Ceará “an exemplary

case of oligarchical power” ([Barreira 1996](#), 30). Standard clientelist practices included:

“ a) Use of 330 DNOCS trucks to transport voters in the vicinity of federal works; b) purchase of brokers in political strongholds of adversaries of the President of the Republic; c) direct purchase of the voter through money and new clothes; d) threatening of engineers; who votes as coreligionists of the President of the Republic would be fired from service; e) venality of some bosses.” (O Povo, 11/11/58, quoted in [Barreira \(1996](#), 35)).

The clientelist nature of the regime was confirmed as late as 1982 by the signing of the ‘Acordo dos coronéis’ in Brasília, which specified how thousands of government posts would be divided between the three leaders ([Barreira 1996](#), 36). Across the Northeast, many conservative ruling elites managed to sustain their grip on power up until at least the 2006 election, but Ceará made “a radical transformation in the state’s governance” ([Tendler 1998](#)) from 1987 when Governor Tasso Jereissati, the leader of a group of “novos empresários” (new entrepreneurs), came to office. [Tendler \(1998\)](#) documents the remarkable investments in public goods, the depth of bureaucratic reform, the rule-based and meritocratic operation of bureaucratic rules and the spirit of ‘new public management’. Public decisions were approached with ‘competence’ and ‘rationality’, “imprinting on politics the characteristics of business activity” ([Barreira 1996](#), 43). 152,000 ghost workers were rapidly dismissed ([Economist 1991](#)), and 10,000 teachers were let go to trim the budget ([Boekle-Giuffrida 2012](#), 153). Remaining workers had to pick up their pay cheque in person to avoid fraud, had to physically register at work every day, and could no longer have their salaries changed except by law ([Abu-El-Haj 2002](#), 83). To enforce these civil service rules, an Administrative Reform Commission was established. The salary bill duly fell from 53.4% of the budget in 1987 to 30.7% in 1990 ([Barreira 1996](#), 43).

The most visible change was that state power was now wielded to protect rules rather than to bend them. Local mayors could no longer decide where drought relief jobs and projects would be allocated; through a process of ‘de-clientelization’, control was passed to

the State Department of Social Action and local Community Action Groups ([Tendler 1998](#), 50). Enforcement of rules that ensured priority to the most needy in service delivery brought rapid dividends; “Infant deaths had declined by 36 percent to 65 per 1,000, vaccination coverage for measles and polio tripled to 90 percent of the population, and virtually all the state’s 178 municípios had a nurse and public health program” ([Tendler 1998](#), 22).

While detailed quantitative evidence of the governance improvement is harder to come by for Jereissati’s first term in office, I evaluate data on the performance of the education sector from 1997 when data becomes available, and covering Jereissati’s second term in office from 1995 to 2002. Using the IDEB measure of school performance, which combines completion rates and exam performance ([INEP 2016](#)), Figure 2.7 displays the spatial pattern in IDEB score improvements between 1997 and 2011. To control for other possible explanations, the figure shows the residual improvements after controlling for modernization effects (improvements in the IFDM index),<sup>25</sup> and the initial starting performance of schools (since weaker schools tend to improve fastest). The figure illustrates that the largest unexplained improvements in performance - highlighted in green - occur primarily in Ceará and are relatively consistent across the state. This suggests that educational improvements have been driven by systematically applied rules of funding, support and supervision rather than by a few outliers or politically targeted resources.

One particularly good measure of how closely social policy adheres to formal rules is the IGD index for the national Bolsa Família cash transfer programme. This measures the accuracy with which enrolment and enforcement of conditionalities - state and municipal responsibilities - are applied. Figure 2.8 demonstrates for the period from 2006 the higher rigour and quality of implementation in Ceará compared to both the rest of the Northeast and the rest of the country. Even when implementing national programmes, governance in Ceará prioritizes rule enforcement and takes unusual care to prevent local political conditioning of resource distribution.

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<sup>25</sup>The Índice FIRJN de Desenvolvimento Municipal (IFDM) is a summary measure of employment, income, education and health performance.

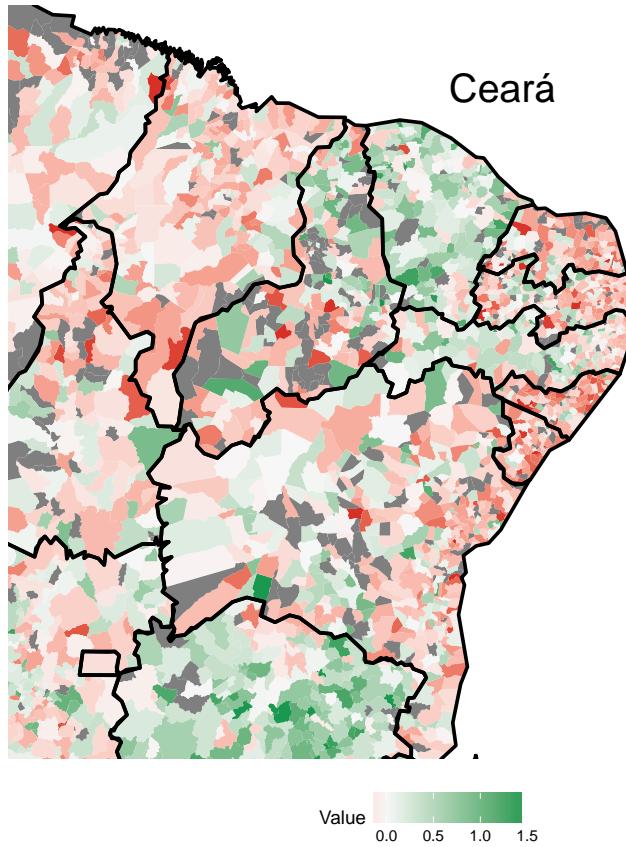


Figure 2.7: Residual Improvements in Northeastern Brazil IDEB School Performance Score, 1997-2011 by municipality, controlling for modernization and initial performance level

### 2.5.3 Bihar, India

From 1990 to 2005 Bihar was run by Lalu Yadav or his wife Rabri Devi using an extreme brand of patronage and personalization. Lalu built a cast iron political base by mobilizing support among his namesake lower caste Yadavs and Muslims to topple upper caste control of the state apparatus. The terms of Lalu's mobilization, however, were constructed on a platform of “state incapacity by design” (Mathew and Moore 2011), disconnecting upper castes from control of state resources, and reasserting personalized patronage relationships in their place (Witsoe 2013). The result was not political autonomy for the lower castes but a new political dependency subject to keeping on the good side of local politicians. Hauser

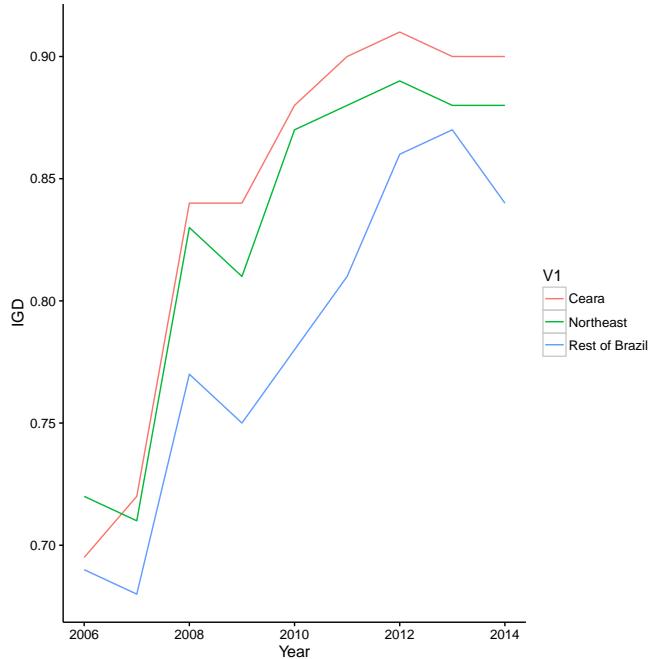


Figure 2.8: IGD Measure of Bolsa Família Implementation Quality over Time

(1997) documents the ‘Yadavisation’ of the Bihar state as social empowerment morphed into political remuneration and disloyalty was punished through perpetual bureaucratic transfers. The RJD was “explicit about their patronage transactions” (Witsoe 2013, 186). Rules were not enforced; the staff absentee rate in primary health centres was the highest in the country at 58% (Chakrabarti 2013, 9). Rather than dismantle entrenched political networks, there was a ‘democratization of brokerage’ (Witsoe 2013, 115) which descended Bihar into a ‘jungle raj’ (Mukherjee 2010, 2011; Sinha 2011).

Bihar’s point of inflection came in the state elections of October 2005. The Janata Dal (United) (JD(U)), in coalition with the BJP, won a majority and the JD(U)’s leader Nitish Kumar became Chief Minister. Despite similar reliance on appeals to backward castes as the RJD, Kumar immediately focused on promoting ‘good governance’ reforms that would quickly transform the state (Thakur 2006; Witsoe 2013; Chakrabarti 2013). Institutional reform was rapid, with leading IAS (Indian Administrative Service) technocrats imported from across the country and bureaucracies insulated from political pressure by the Chief

Minister. A key indicator of rule enforcement is that the proportion of budgets expended rose from 70% between 1997 and 2004 to 97% from 2006 to 2009 ([Mathew and Moore 2011](#), 23). [Duflo et al. \(2015\)](#) document how e-governance reforms have reduced leakages in salary payments by 25% by bypassing intermediate tiers of government. Criminal charges were brought against corrupt and violent politicians even within the JDU; “[Kumar] could not allow his rule-of-law train to be derailed by a small rock on the track” ([Sinha 2011](#), 247). Efforts to enact and clarify legal rules were also intensified; between 1990 and 2004 Lalu’s regime passed an average of 15 bills in the Vidhan Sabha per year while between 2006 and 2011 Kumar passed an average of 25 bills per year (Author’s calculations from [Government of Bihar \(2013\)](#)). These included anti-clientelist bills such as the Right to Information Act 2005 and the Right to Public Services Act 2011, which made Bihar the second state in India to set fixed times and punishments for public servants to meet citizens’ demands. The sustained attack on clientelism is most evident in the implementation of ‘Operation Dalal’ ('Broker') which arrested over 100 middlemen rationing and selling access to public services ([Ramashankar 2014](#)).

The recruitment of a new police force staffed by professional former soldiers and investment in the court system brought about a radical change in the security situation.<sup>26</sup> The pre-existing Vigilance Bureau began using its powers for legal entrapment to arrest high level officials, rising from just a handful of cases before 2006 to 289 cases by 2009. Elsewhere, the rate of road construction increased ten-fold between 2005 and 2010 ([Chakrabarti 2013](#), 98). Favouritism in contracting was reduced; contractors who were JDU politicians and did not deliver had their contracts cancelled and were blacklisted ([Chakrabarti 2013](#), 95). The Chief Minister’s Girls’ Cycle Scheme provided Rs.2,500 (about \$39) to girls transitioning to secondary school, but most importantly this was delivered by direct financial transfer to recipients’ bank accounts rather than through the state apparatus. External assessments of the project have confirmed that its implementation was procedural rather

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<sup>26</sup>Even here it was the enforcement of existing rules that turned the situation around - the Indian Arms Act of 1959 was used to punish criminals on simple charges of possession of illegal firearms ([Mukherjee 2011](#), 5). [Chakrabarti \(2013](#), 84) calculates an 86% drop in robbery and 83% drop in kidnapping for ransom.

than politicized: 97% of eligible girls benefited, 93% received the full amount of funding, and 98% of beneficiaries purchased a bicycle (Ghatak, Kumar and Mitra 2013). The most dramatic change in governance in Bihar was the reintroduction of meritocratic public service practices. Data on bureaucratic appointments to the Indian Administrative Service drawn from Iyer (2010) illustrate the marked turn-around in hiring practices since 2005. As Figure 2.9 shows, from 1990-2000 postings took little regard of qualifications, but from 2005 the proportion of candidates with an undergraduate degree is significantly higher.

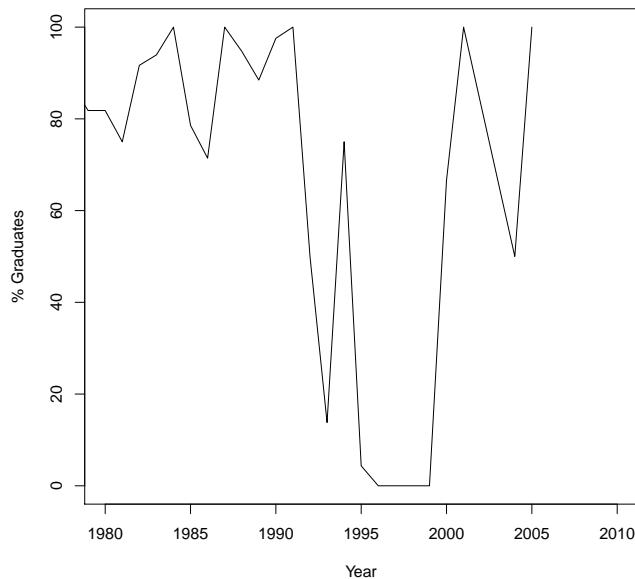


Figure 2.9: Proportion of IAS Recruits that were Graduates in Bihar

## 2.6 Evidence of Voters Overcoming the Clientelist Trap

In all three reform cases, a new political leader opted to strengthen and enforce institutional rules over access to public resources rather than use those resources as a carrot and stick to cajole voters into supporting the new government. As the clientelist trap and

the formal model suggest, this meant throwing away an extremely effective tool in the political toolbox and tying the government's own hands. While the incumbent set aside clientelism, competing elites certainly did not - voters continued to be bombarded with clientelist promises and threats from other parties and candidates. In Jigawa, competitors from the ANPP and AC remained active, in Ceará the coronels continued to control many municipal offices they could use to stage a fightback under the PFL, and in Bihar Lalu Yadav and other clientelist parties such as Congress responded aggressively to counter Kumar's reformist agenda.

As each inclusive reformer stood for re-election, voters faced the same clientelist trap as described in Table 2.1. This suggests the odds were heavily stacked against the inclusive incumbent. Particularly among voters with a long history of voting for clientelist candidates, and in many cases being active participants demanding clientelist benefits (Nichter and Peress 2016), the attraction of voting for clientelism is clear. As the subsequent chapters illustrate, even the incumbent was typically elected with the help of clientelist co-partisans and with little expectation of a sharp break with clientelism.

This makes it all the more striking that in all three cases the incumbent inclusive reformer won landslide re-elections that directly rewarded their new styles of governance. In Bihar, Nitish Kumar's JDU-BJP coalition gained an additional 63 seats and a vote swing of 3% in 2010. In Jigawa in 2011, Sule Lamido won with 62% of the vote, double his nearest challenger. In Ceará in 1991, Tasso Jereissati supported his protégé Ciro Gomes under the banner of the new PSDB and voters provided a strong vote for continuity, electing Gomes with 54% of the vote. These were not conservative or elite-led victories; given the prevalence of poverty in all three states the winning coalitions had to draw on deep support from the poor and succeeded in doing so.

Over the longer-term, sustained electoral success has gone some way to institutionalizing inclusive governance. In Ceará, repeated success for the PSDB and allied parties has maintained the focus on rule-based reform for two decades. Today, Ceará remains an exemplar of good governance and possesses one of the most competent bureaucracies in the country,

even as power has passed to the more ideologically motivated PT. In Bihar, Nitish Kumar remains in office 12 years after his initial electoral break-through, with his reputation as a ‘development man’ going a long way to explaining his continued success ([Singh and Stern 2013](#)). It remains to be seen how much the imperative to enter into coalition with the clientelist specialist Lalu Yadav in 2015 will compromise inclusive governance. In Jigawa, term limits forced Lamido to step down after 8 years in office and Badaru Abubakar took over. While Badaru came from the opposition APC, he was elected on a national wave of anti-corruption reform and his strategy remains unclear.

## 2.7 The Failure of Existing Theories

### 2.7.1 Modernization Theory

Whatever standard we set for modernization effects to kick in and the clientelist trap to be weakened, the data suggest that none of the three reform cases would meet the necessary hurdle. Each stands near the bottom rung of the developmental ladder in their respective countries. In Jigawa, the median income was below a dollar per day and the estimated Human Development Index (HDI) in 2010 was 0.362 ([UNDP 2009](#)). In 2005, Jigawa was Nigeria’s poorest state ([Federal Government of Nigeria 2005](#)). When Nitish Kumar became Chief Minister in 2005, at least 36 million Biharis lived below the official poverty line, 85% lived in rural areas, and 48% were illiterate. The HDI in 2007 was 0.367. In 2011, the proportion of industry in net state GDP was 4.63% compared to a national average of 20.16% ([Reserve Bank of India 2015](#)). Ceará had a HDI of 0.406 at the end of Jereissati’s term in 1991, suggesting it was marginally more developed but still enduring conditions of considerable poverty. The situation in Ceará was somewhat different due to the military’s placement of strategic industries around Fortaleza. Nonetheless, the rate of poverty in Ceará remained severe, for many rural citizens survival remained precarious, and the bulk of the business community remained the principal beneficiary of state patronage rather than its opponent. The state remained less industrialized and with a smaller middle class

than either Bahia or Pernambuco. Even at the end of these reformists' term in office and despite successful welfare programs, poverty remained pervasive and incomes had only risen marginally.

The transition to inclusive governance occurred in these three contexts at levels of socioeconomic development comparable to the most deprived places on earth today; the lowest scores on the 2015 HDI are for Burkina Faso (HDI of 0.402), Chad (0.396), Niger (0.353) and the Central African Republic (0.352). In each country, other states were more plausible and promising contenders for inclusive governance reform, and yet the poorer state often undertook a much more rapid and complete transition in governance. Jigawa reformed faster than Katsina and Bauchi, let alone Ogun or Bayelsa in the richer south. Ceará adopted inclusive governance even while Bahia and Minas Gerais entrenched clientelism. And Bihar increased the rate of rule enforcement much more rapidly than either Tamil Nadu or neighbouring Jharkhand.

### **2.7.2 Party-Centric Theory**

One substitute for the role of modernization theory in promoting inclusive reform is the role of unusually disciplined or ideological political parties, for example those that have been externally-mobilized. Yet, in the three reform cases examined in this paper, none of these party-level characteristics applied to the organizations that pioneered inclusive reform. Instead, party structures and ostensibly allied elites were the chief current and future beneficiaries of clientelism and had a strong stake in opposing inclusive reform. Consider Bihar state, where Nitish Kumar's JDU was a scion of the same Janata party that produced Lalu Yadav's clientelist RJD. Both parties shared the Lohiate political tradition from Ran Manohar Lohia and J.P. Narayan, essentially a secular socialist ideology. While the RJD's core support was grounded in the Yadav caste, the JDU's was grounded in the Kurmi caste and appeals to unify the backward dalit castes. Both before and after Kumar's initial victory, each party relied on local political affiliates, many holding local office at the district or panchayat level, to mobilize political support. Unlike parties which already possessed disci-

pline and ideology - as in Kerala (Heller 1964) - and unlike bureaucracies that were already professionalized - as in Himachal Pradesh (Mangla 2014) - Kumar succeeded in promoting inclusive reform even in the absence of these supportive conditions.

In Ceará, Tasso Jereisatti's party, the PMDB, was a catch-all party primarily uniting politicians supporting democratization and emerging out of one of the two approved parties under military rule. While the party therefore projected a reformist image it lacked a coherent ideology beyond its support for democracy. Moreover, as the military regime waned large numbers of traditional politicians rooted firmly in clientelist practices switched to the PMDB. Many clientelist regimes were *propped-up* by the PMDB for more than a decade after democratization (Hagopian 1996). Despite possessing some pro-democracy and reformist members, the PMDB was not the PT and we cannot appeal to the organizational investments, selective membership and ideological reputation of an externally-mobilized party as Montero (2012) and Van Dyck and Montero (2013) do to explain subsequent inclusive reform by the PT.

In Jigawa, the PDP, Sule Lamido's party, was an explicit party of patronage which secured a monopoly on post-military government at the national level by selective distribution of centralized oil revenues (Lewis 2010). Beyond a vague backing for liberal economics there is no ideological or organizational basis to the party other than the clientelist networks that enable politicians to distribute clientelist resources. The party label was, however, somewhat artificial since the local party consisted of a mix of long-term PDP members and those who had joined the party when Turaki was blackmailed into merging his ANPP followers into the PDP in 2006. The contribution of those new members was unlikely to have altered the overall characterization of the party, however, since Turaki's ANPP was constructed just as heavily on the basis of clientelist control.

### **2.7.3 Specific Competitive Circumstances**

A third set of factors have also been argued to promote inclusive governance strategies. First, two-party systems (Chhibber and Nooruddin 2004; Geddes and Geddes 1994; O'Dwyer

2006), are argued to generate incentives for politicians to provide goods that appeal to a broader share of the electorate. While the specifics of the argument vary, in general it is suggested that the broader majoritarian coalitions needed to prevail in a two-party system make inclusive offers and universal public goods that cross social groups more financially attractive and politically effective due to economies of scale in delivery and the difficulty of constructing clientelist networks among multiple social groups (Persson and Tabellini 2000; Catalinac 2013). However, the empirical evidence supporting this is limited, with counterfactual cases including Colombia until the 1980s and Ghana in recent years.<sup>27</sup>

For the three inclusive success cases, none represents a clear two-party system. In Jigawa, it was a dominant party system; in Bihar, seven parties won five or more seats in October 2005; and in Ceará, while two coalitions dominated the governorship vote, they consisted of 7 parties, and five parties entered the 46 member state assembly. No additional source of competitive pressure for inclusive reform is therefore likely to be found in the party system. Rather, we should expect that partisan monopoly (in Jigawa) supports the continuity of clientelism (Medina and Stokes 2002), and fragmentation (in Bihar and Ceará) encourages targeted appeals through dense party networks.

An alternative argument advanced by De La O (2015) provides a ‘second-best’ rationale for inclusive policy where clientelist policy is blocked by a hostile legislature. When an incumbent is unable to bias policy in their own favour due to institutional checks, the presence of two veto points may mean that the only politically-acceptable policy (the only policy in the core, to use the language of Tsebelis (2002)) is to prevent any actor from exercising discretion and bias over public resources. Inclusive policy is then a by-product of subnational political stalemate. However, contrary to De La O’s 2015 argument, in none of the subnational cases was the legislature initially hostile to the state executive. In Ceará

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<sup>27</sup>Thanks to Steve Levitsky for suggesting these cases. Other party system variables, such as political competition, play a more ambiguous role, either improving incentives to perform (Kitschelt 2012) or accelerating clientelist pressures (Armesto 2010). Other formal institutional variables such as electoral system characteristics are not discussed here because they generally do not vary at the subnational level within a single country and therefore cannot provide an adequate explanation for differing within-country governance trajectories.

the 1986 legislative assembly returned an outright majority to the PMDB, who won 24 seats to the PFL's 13, with other parties holding 9 seats. In Jigawa's 2007-11 term, 29 out of 30 representatives were from the PDP and State Houses of Assembly were largely subordinate to the Governor's authority. In Bihar, Nitish Kumar was the leader of a coalition with a reasonably comfortable majority of 22 seats and facing a fragmented opposition.

A final scenario that may be supportive of inclusive reform is for a declining party about to leave office to pursue reforms that constrain their successor as an insurance device to prevent their own interests being threatened once out of office ([Finkel 2005](#); [Ting et al. 2012](#)). However, this argument is starkly at odds with the pattern of inclusive change in the three subnational cases. In none was reform an afterthought or an insurance mechanism - it was initiated at the start of a new incumbent's period in office and became a centrepiece of their program and reputation that helped them retain office.

These facts underscore the inability of existing theory to explain the dramatic turn towards inclusive governance evident in the three cases. Voters were acutely vulnerable to the clientelist trap and the political organizations to support reform were wholly absent. Yet, politicians aggressively bet on inclusive governance strategies and won. The shift in political strategy truly went against the grain of both established political practice and the predictions of theory.

## Part I

# When do Politicians Choose Inclusive Governance?

## 3 | Outsider Elites: Intra-Party Incentives for Inclusive Governance

Existing theories locate the catalyst for inclusive governance in the demands of voters made economically secure by modernization, or in the party organizations that constrain the electoral opportunism of elites. In poor democracies with clientelist histories I have shown that neither force is likely to be active and electoral pressures consistently prioritize clientelist strategies of governance. To explain the puzzle of committed inclusive governance reform in poor places our analytical attention needs to turn away from party competition in the electoral arena and towards the pressures of *intra-party* competition. Where a party leader's position is vulnerable not just to voter unpopularity but to challenges from competing elites, governance strategies matter not just for their electoral effects but also for how they redistribute authority and support within the party.<sup>1</sup> This chapter describes how inclusive governance is capable of weakening competing elites that are dependent on clientelism and fortifying a weak leader's position at the head of the party. The key insight is that leaders with weak clientelist networks have a motive to pursue inclusive governance - 'against the grain' of voter expectations, party pressures and cultural norms - to counter intra-party threats, even if this comes at an electoral cost to the party as a whole.<sup>2</sup>

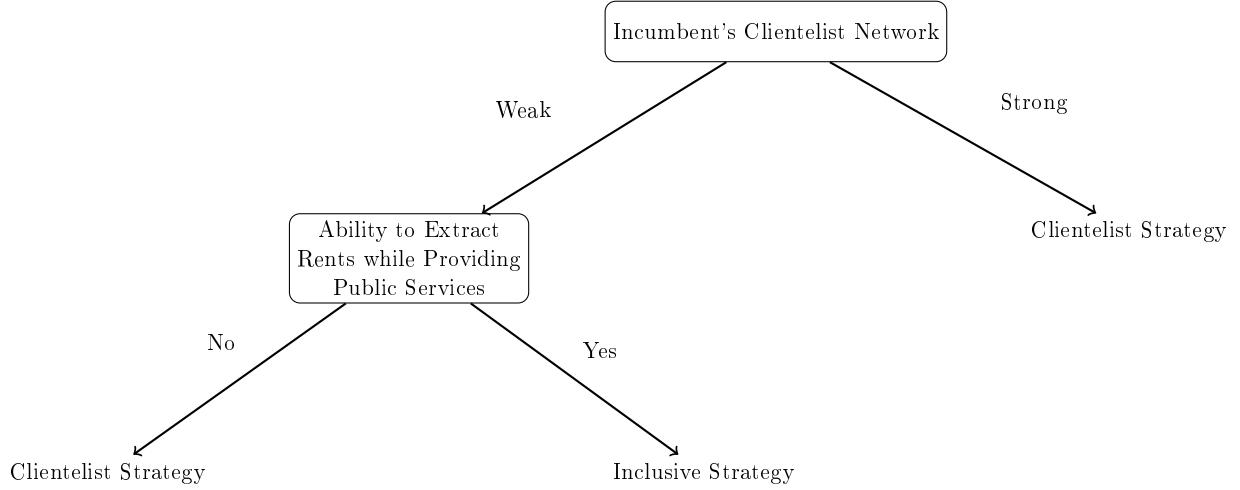
To articulate these incentives I augment the formal model from the preceding chapter

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<sup>1</sup> Albertus (2015) provides an example of another elite-centred argument where policy is motivated not by its impact on citizens or satisfying interest groups but by its ability to weaken competing (in this case economic) elites.

<sup>2</sup> Of course, for a specific type of politician to implement inclusive governance they must already be in office which raises the question of how they were elected in the first place. I address this challenge in detail in Chapter 4, where I emphasize that factors other than voter demand for clientelism can elevate politicians to executive office. This chapter focuses on the subsequent governance decision.

Figure 3.1: Outline Argument for Politician's Choice of Inclusive Strategy



with a basic framework of intra-party competition and endogenize the choice of clientelist versus inclusive governance for the incumbent holder of executive office. The key assumptions of this theoretical framework - that individual leaders can overrule their parties in choosing strategy; that elites vary in their own political assets; and that intra-elite competition depends on access to finance and rents - are supported by reviews of the secondary literature. The model generates two key predictions, as illustrated in Figure 3.1, that even in poor contexts a leader will pursue an inclusive strategy where they have relatively weak clientelist networks and where they can deliver public services without compromising their access to public rents.

This argument is then illustrated through application of the theory to the three sub-national cases of inclusive reform. In Jigawa, Ceará and Bihar, all three reformist leaders were markedly less integrated into local clientelist networks than competing elites and faced strong challenges to their leadership from party elites able to mobilize supporters and resources through their own networks. I provide evidence that the reforms these leaders pursued were motivated primarily by their desire to weaken competitors by starving their networks of access to public resources - more so than any electoral goals - and that this strategy was successful, enhancing the leader's authority and security.

### 3.1 How Governance Strategies can Reshape Intra-Party Competition

While party structures are vital to a politician's public visibility and ability to mobilize support across large electoral districts, those same structures generate new conflicts for control of the party. Rent-seeking politicians compete to occupy and maintain senior positions in the party leadership ([Desposato and Scheiner 2008](#)). Challenges and coups can occur at any time. Winning an election is of little value if the leader is immediately deposed by a member of their own party. Even in presidential-style systems, a hostile party can constrain an incumbent leader's access to resources, limit legislative support, or prevent them standing for re-election.<sup>3</sup> The evidence in this chapter suggests that one of the weapons in this elite conflict is the way in which public resources are allocated, benefiting some elites while sidelining others.

Crucially, the terms of intra-party competition are different to those of public elections. Rather than mobilizing broad public support, co-partisans must compete for the loyalties of a narrow membership whose careers are often tied to the party's financial success. Providing members access to resources and buying factional support from other elites relies on hard cash and the effective management of rents ([Khan and Jomo 2000](#)). As [Kemahlioglu \(2012\)](#) documents for the cases of Argentina and Turkey, patronage jobs are allocated within party organizations proportionate to party status. Competitors therefore need to demonstrate their financial muscle and ability to secure the party's future income if they are to retain leadership positions. As I argue throughout this dissertation there are broadly two channels

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<sup>3</sup>For example, elected politicians frequently seek to free themselves from their former sponsors by using their control of the state apparatus. In Nigeria, for example Governor Shinkafi of Zamfara state broke from his godfather Ahmed Sani Yerima once elected and actively sought to undermine Yerima's political base; Governor Dakingari of Kebbi did exactly the same when pushed into office by his godfather Adamu Aliero ([US Government 2009](#)). The result was high turnover in appointed positions, intense political competition and occasional outbreaks of violence. In Bahia state, Brazil, when Antônio Carlos Magalhães's anointed successor as Governor died in a helicopter crash 45 days before the 1982 election, João Carneiro was chosen as the replacement and, once elected, spent his entire administration seeking to depose ACM's allies from key positions in the state apparatus ([Souza 1997](#)).

that can generate these flows of material rents; centralized corruption - theft straight from the treasury - and decentralized clientelism that provides access to public cash, jobs and other services to supporters (Bussell 2012).

In developing contexts where private sources of income are rare, the ability of a party elite to financially compete for status within the party will depend on how the public sector is governed and how public resources are allocated. Particularly for elites mobilizing support through clientelism, the effectiveness of their offers and the credibility of their promises will depend on access to patronage positions and discretionary control over public services. When rule-enforcement is strict under inclusive governance, public resources can no longer be conditioned, public jobs are no longer for sale, and clientelist patrons may have to default on their promises, harming their credibility with supporters. As their financial resources and status dwindle, clientelist elites are less able to compete for the party leadership.

The impact of the prevailing governance strategy on elites' competitive position produces new strategic incentives. A governor able to direct the state's governance strategy can anticipate how their approach to rules will benefit or harm competing elites. Where party elites vary in their degree of dependence on clientelism, changes in governance strategy can tilt the playing field of intra-party competition in favour of specific elites. A leader who channels plentiful resources through other elites' clientelist networks risks posing a direct threat to their own authority because competitors will take much of the credit and collect the bulk of the rents. In the zero-sum world of elite competition, this could prove fatal. By contrast, inclusive governance is likely to impose large costs on clientelist elites and therefore *relatively* advantage leaders that depend the least on clientelism.<sup>4</sup>

With fewer resources available to manipulate, networks becoming strained, and citizens finding clientelist threats/promises less credible, this can be very costly for competing elites' reputations. By contrast the leader's relative authority increases as the locus of activity is

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<sup>4</sup>The effective delivery of inclusive public goods does not directly help a leader to fend off factional challenges, because the intra-party electorate is much more concentrated (Bueno de Mesquita et al. 2003), but by channeling resources away from clientelist networks it can prevent elites who specialize in clientelism from entrenching their advantage and launching an intra-party challenge.

now centred around the leader's office and the rules they adopt and enforce. These 'beggar-thy-neighbour' effects on intra-party competition may bear heavily on the optimal choice of governance strategy: facing an intra-party threat, inclusive governance may be a powerful tool to retain the party leadership.<sup>5</sup> I term elites with weak local clientelist networks and less vested interests in the current governance system 'outsiders', following the similar use of the term by [Soifer \(2012\)](#).

[Kemahlioglu \(2012\)](#) offers the only similar argument acknowledging intra-party competition, but the focus is different: that a junior party elite will limit patronage jobs in order to signal that they do not seek a leadership challenge. The argument here takes a similar insight about the value of limiting clientelism under elite competition, but for the very different reason that the leader actively seeks to challenge other elites. The role of outsiders in promoting political change is, however, recognized in the conceptual work of [Clemens and Cook \(1999, 452\)](#), who argue that "Groups marginal to the political system are more likely to tinker with institutions...Denied the social benefits of current institutional configurations, marginal groups have fewer costs associated with deviating from these configurations". [Mahoney and Thelen \(2010\)](#) also provide useful terminology, describing actions that change the enactment of pre-existing rules as acts of institutional 'conversion' by 'opportunist' actors. They further argue that such an approach is most feasible where veto opportunities are weak - which is often true for a subnational executive leader - and where rules provide for a high level of discretion - definitionally the case in clientelist contexts. However, their discussion suggests that opportunists tend to *weaken* rule enforcement against the wishes of institutional defenders; the argument here suggests the reverse is also possible - institutional conversion can be an act of institutional *enforcement*. In addition, the role of elite financial incentives in motivating reform is recognized by [Jha \(2012b\)](#), but he argues that this requires financial instruments to be explicitly established. The mechanism here shows

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<sup>5</sup>The broader literature on when elites agree to relinquish power - here informal leverage rather than formal institutional concessions - stresses that this is a defensive strategy to avoid a larger defeat. For [Robinson and Acemoglu \(2006\)](#) this greater threat is revolution, for [Tilly \(1990\)](#) it is military defeat. Here, the threat is the risk of an elite coup. Yet, the response is also markedly different, with the outsider leader not negotiating a defensive compromise but aggressively seeking to eliminate the threat.

how the centralized control of rents released by the abandonment of clientelist networks can endogenously provide financial rewards to inclusive governance for certain elites.

In addition to having the motivation, incumbent leaders also have the capacity to implement governance changes that are at odds with the interests of their party colleagues. Executive office provides the de jure authority to reallocate resources, make appointments and issue wide-ranging decrees. Party support is only required for two reasons; passing legislation and mobilizing support at the upcoming elections. However, in many cases existing laws are more than adequate to support inclusive reform; clientelism typically bypassed and subverted, rather than repealed these formal institutions. Rule-enforcement - the strengthening of those legal and bureaucratic institutions - is an executive privilege that a leader can pursue even against partisan opposition. They may of course need allies, as the case studies below illustrate, but technocratic allies can readily be found beyond the party. The argument therefore challenges the existing literature's treatment of clientelist networks as primarily party-level assets and of governance choices as party-wide strategic decisions. Rather than treat parties as unified actors, the analysis emphasizes that loyalties and rents accrue to individual patrons under clientelism, reflecting the personalized, face-to-face nature of credible clientelist promises ([Cruz, Labonne and Querubin 2015](#); [Finan and Schechter 2011](#)). The distinction may not matter much when the leader's interests coincide with the party's, as they will when the leader controls the dominant clientelist network. But where leaders are less representative of their parties, the logic used by [Calvo and Murillo \(2004\)](#) to connect parties' clientelist networks to their governance choices risks confounding the interests of parties with those of individual leaders. As this dissertation shows, where an individual leader's personal assets and incentives diverge from the party's they can pursue radically different strategies.

### 3.2 Rents and Re-Election

While intra-party competition may motivate a crack-down on clientelism, I stress that this does not mean a reduction in corruption. Centralized rent control enables a different *type* of corruption in the form of high-level rent-extraction (Bussell 2012).<sup>6</sup> The incidence and scope of corruption is therefore likely to change dramatically as inclusive governance replaces clientelist practices, but the volume of public resources diverted to finance politics may raise or fall.<sup>7</sup> The outsider leader may use these rents to purchase elite support as a substitute for clientelism. This frequently involves ‘grand’ corruption through contracting kickbacks or direct theft from the public treasury (Bussell 2012).

Having quelled intra-party threats, an inclusive reformer must now turn their attention to a separate challenge: re-election. Unable to rely on personal clientelist networks, and having undermined their party allies’ ability to mobilize voters, the leader must seek an alternative means of mobilizing voter support. Inclusive rule-enforcement provides a clear alternative - using the state to deliver public service benefits to voters. However, as the previous chapter demonstrated, mobilizing votes without the selective rewards of clientelism is costly. While an inclusive strategy can help politicians with relatively weak clientelist assets stave off intra-party competition, it exposes them to conducting a public election on more costly terms and necessitates sacrificing substantial rents for a chance of re-election. For rent-seeking politicians the question is how severe the opportunity cost of providing public services will be. I argue that this depends on the ability to *combine* efficient public

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<sup>6</sup>Bussell (2012) places the same emphasis on the importance of rent management for political strategies, but views the difference between centralized ('grand corruption') and decentralized ('petty corruption') rents largely as a path dependent question of politicians resorting to whichever strategy they are most familiar with. I seek to place more space between past and future choices because these strategies are not genetically fixed - the political context also matters. Analogous to the party-level argument that “party choices are strategic: they opt for patronage or program not only on the basis of their own trade-offs but also on the size of their budgets, markets, and costs relative to their opponents” (Hagopian 2013, 133), I contend that individual choices are strategic: they opt for clientelism or programme based on their relative assets, particularly their control over clientelist networks and access to technocratic alternatives.

<sup>7</sup>Brazil’s recent experience at the national level with corruption revelations under Operation ‘Lava Jato’ may be one highly visible example of the shift away from clientelism - which the PT largely avoids - and towards the use of kickbacks and contracting inflation to finance expensive election campaigns.

service delivery with rent extraction for personal gain. Where the incumbent is skilled in combining public service delivery and rent extraction - when  $\theta$  is high - the cost may be manageable and they may be able to retain substantial financial benefits. However, where  $\theta$  is low, so that every dollar invested towards the inclusive goods cutoff is a dollar out of the incumbent's own pocket, inclusive governance may be less attractive than clientelism. The contrast is illustrated by an anecdote in Cunliffe-Jones (2010, 160-161). The author reports how two similar roads in Indonesia and Nigeria fared differently: In Indonesia a 10% cut of the contract was lost to corruption, but in Nigeria the road was simply not built.

### 3.3 Modelling Intra-Party Competition and Governance Choices

To demonstrate the strength of this incentive for inclusive reform, and whether it is able to overcome both the electoral costs of abandoning clientelism and the financial opportunity costs of inclusive governance, I develop a formal model of politician incentives over the choice of governance strategy. First, this requires us to capture the dynamics of intra-elite competition. Assume for simplicity that the party is made up of only two elites, the incumbent ( $I$ ) and a challenger ( $C$ ). As I have argued, clientelism generates a flow of material support to party elites which I describe as the 'rents' ( $R$ ) from the political process. Because clientelism is decentralized, these rents accrue to all elites as they flow through the state apparatus and are not in the exclusive control of the incumbent. Capturing rents depends on two factors; the total resources channelled towards clientelism ( $N \cdot F$ ) and the proportion of those rents that each elite is able to capture, which depends on their clientelist networks and proficiency. I denote this clientelist capability for each elite as  $A_I$  for the incumbent and  $A_C$  for the challenger, and assume that rents simply accrue in proportion to the relative assets of each. Recalling that the incumbent is also able to retain control over any unspent

funds left in the treasury, the rents that each receives is then:

$$R_{I,Clientelism} = N \left( 1 - F \cdot \left( 1 - \frac{A_I}{A_I + A_C} \right) \right) \quad (3.1)$$

$$R_{C,Clientelism} = N \cdot F \cdot \frac{A_C}{A_I + A_C} \quad (3.2)$$

An alternative source of rents to fight intra-party battles is the centralized extraction of resources from program funds allocated for inclusive public goods. Crucially, this process is under the direct control of the executive incumbent who can prevent competitors from accessing these rents.<sup>8</sup> This is not a costless process - corruption can undermine the efficiency and quality of public goods provision where it reduces competition or project oversight ([World Bank Group 2016](#)). However, the degree to which a politician faces a trade-off between public goods delivery and centralized rent extraction varies depending on the skills and networks of the individual politician. Rents from inclusive policy are therefore parameterized by  $\theta$  as a measure of imperfect substitution, where higher values of  $\theta$  indicate that the politician is better able to both provide public goods and extract rents without facing a sharp trade-off between the two.

$$R_{I,Inclusive} = N(1 - (1 - \theta)G) \quad (3.3)$$

$$R_{C,Inclusive} = 0 \quad (3.4)$$

Depending on whether the governance regime is inclusive or clientelist, the distribution of rents among the elite varies dramatically. To complete the description of intra-party competition, I assume that the winner depends on a simple comparison of the financial resources of the incumbent and the challenger,  $R_I$  and  $R_C$ . To make the outcome probabilistic, the

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<sup>8</sup>The design, implementation and enforcement of strict rules is an intrinsically top-down task. Instead of channeling resources to local politicians with the discretion necessary to reward supporters, centralized contracts are allocated for the design of rule-based policy, the implementation of delivery systems and the monitoring of compliance. These contracts create both legitimate technical rents for risk and innovation and opportunities for illegitimate rents (kickbacks), but both forms of rent are centrally managed ([Khan and Jomo 2000](#)).

incumbent's resources are perturbed by a normally-distributed shock  $\epsilon = N(0, N^2)$ . The probability of the incumbent retaining the party leadership ( $\Omega$ ) is therefore:

$$\Omega = Pr(R_I > R_C) = 1 - \Phi\left(\frac{R_C - R_I}{N}\right) \quad (3.5)$$

$$\Omega_{Inclusive} = 1 - \Phi(-(1 - (1 - \theta)G)) \quad (3.6)$$

$$\Omega_{Clientelist} = 1 - \Phi((1 - F) \cdot \left(\frac{A_I}{A_I + A_C} - 1\right)) \quad (3.7)$$

Comparing the two expressions under distinct governance strategies, the probability of success under clientelism varies directly with the clientelist assets of the incumbent while under an inclusive strategy those assets are irrelevant. It is the centralization of control of public rents that makes an inclusive strategy an effective ‘weapon of the weak’ for politicians who simply cannot compete on clientelism (Scott 1987). Figure 3.2 illustrates the probability of retaining the party leadership is higher under an inclusive strategy where the incumbent's clientelist assets are low.<sup>9</sup> This suggests a clear motive for a subset of politicians to pursue inclusive governance reform.

### 3.4 A Comprehensive Model of the Motive for Inclusive Governance

This section combines the dual hurdles of electoral and intra-party competition to assess the full equilibrium incentives and identify under what conditions politicians are likely to choose an inclusive strategy. I begin by defining the actors, their strategy space and their payoffs.

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<sup>9</sup>The figure uses sample parameter values  $A_I = 0, A_C = 2, \theta = 0, F = 0.5$  and  $G = 0.4$ .

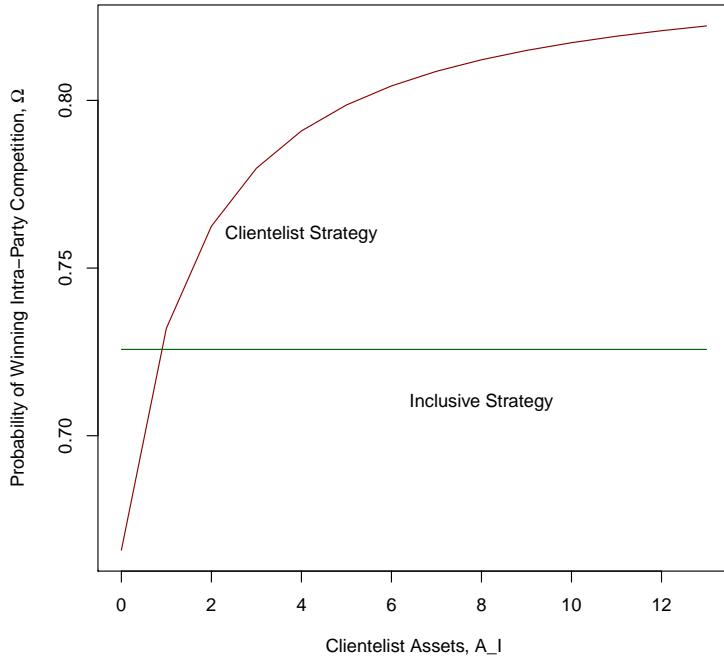


Figure 3.2: Illustrative Probability of Retaining Intra-Party Control under Alternative Strategies

### 3.4.1 Politicians' Types, Actions and Payoffs

Incumbent politicians vary in two dimensions; in the level of their clientelist assets  $A_I \in \{A_H, A_L\}$ , which is observed by voters, and in their ability to extract rents while delivering inclusive public goods,  $\theta \in \{\theta_H, \theta_L\}$ , which is not observed by voters. These characteristics are drawn at random by nature from uniform independent distributions. The incumbent is able to make a one-off choice at the start of the game between two governance regimes - clientelist and inclusive governance - which affects the rents both they and other elites receive in any period  $t$ . The incumbent politician then also chooses, depending on the governance regime, what value of clientelist reward  $0 \leq F \leq N$  to offer or what volume of inclusive public goods  $0 \leq G \leq N$  to provide.

### 3.4.2 Voters' Actions and Payoffs

There are  $N$  voters whose payoffs are as shown in Table 2.1. Voters' only action is to vote for the incumbent or their opponent. Vote choice is represented by  $\phi_i \in \{0, 1\}$ , where  $\phi_i = 1$  is a vote for the incumbent.

### 3.4.3 Timing

There are two electoral terms, with no discounting between periods,<sup>10</sup> separated by both an intra-party competition and a public election, both of which the incumbent must pass to remain in office and collect second term rents. The sequencing is as follows:

1. Nature chooses the incumbent politician's clientelist assets and rent extraction ability,  $A_I$  and  $\theta$ , which is revealed to the incumbent politician.  $A_I$  is also publicly observed.
2. The incumbent politician chooses the mode of public resource management, between clientelist and inclusive, and the corresponding level of benefits  $F$  or  $G$ .
3. The incumbent and co-partisan challenger with clientelist assets  $A_C$  compete on the basis of the rents accruing to them under the current governance strategy. If the challenger wins, the incumbent collects first period rents and the game ends.
4. Under an inclusive strategy, voters observe an imperfect signal of the incumbent's choice of  $G$ ,  $G_i$  and decide who to vote for ( $\phi$ ) in an election between the incumbent and a competing clientelist party offering  $F_O$ . Under clientelism, voters perfectly observe the incumbent's choice of clientelist rewards  $F$  and must make the same vote choice.
5. The candidate with a plurality of votes is elected and implements the same choice of benefits  $F$  or  $G$  as in period one, or  $F_O$  if the opponent wins. Second period payoffs are then distributed.

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<sup>10</sup>While the model assumes no discounting for simplicity, this does not mean politicians require an unusually long time horizon for the results to carry forward. It is sufficient that politicians place enough value on the future to have a stake in a second term in office.

### 3.4.4 Equilibrium

The appropriate solution concept is a perfect bayesian equilibrium. To demonstrate that an incumbent would rationally choose an inclusive strategy in this signaling model I search for separating equilibrium strategies in which politicians of different types who opt for inclusive governance choose different levels of inclusive provision  $G$ . In line with the global games literature, voters' strategies are defined by a cutoff strategy. Specifically the equilibrium is defined as follows:

1. Only politicians with weak clientelist networks  $A_I = A_L$  choose inclusive strategies.
2. Each  $\theta$  type of politician choosing inclusive politics selects a distinct level of public goods provision so that  $G(\theta = \theta_H) \neq G(\theta = \theta_L)$ .
3. Voters' beliefs about the type of inclusive governance and the signals received by other voters are informed by observing the politician's signal  $G_i$  in period  $t = 1$  and are consistent with Bayes' Rule.
4. Voters make a sequentially rational choice of who to vote for given these beliefs. In line with the global games literature, this strategy consists of a cutoff  $\hat{G}$  above which they support the candidate with the inclusive strategy:

$$\phi_i(G_i \geq \hat{G}) = 1 \quad (3.8)$$

$$\phi_i(G_i < \hat{G}) = 0 \quad (3.9)$$

5. Given voters' cutoff, politicians' choice of  $G$  is a best response.

### 3.4.5 Voters' Optimal Choice of $\hat{G}$

For voters, provided politicians with weak clientelist assets  $A_L$  choose inclusive policy, the global games framework allows us to fully calculate their behaviour using the tools described earlier. The cutoff  $\hat{G}$  set by voters must solve equation 2.4, with beliefs about

the candidate's type ( $\mu$ ), expected benefits in the second period ( $E(G)$ ) and other voters' vote choices ( $p$ ) determined by the bayesian calculations in expressions 2.9, 2.10 and 2.11 at the point where  $G_i = \hat{G}$  so that we focus on the marginal voter who receives a signal exactly at the cutoff (Bueno De Mesquita 2010). Deriving expected benefits  $E(G)$  relies on the values of inclusive benefits  $G_H$  and  $G_L$  optimally selected by politicians of the  $\theta_H$  and  $\theta_L$  types. Figure 3.3 demonstrates how different cutoffs  $\hat{G}$  would alter the expected utility for a voter considering supporting the inclusive candidate. The inclusive candidate is only attractive when voters acquire enough expected utility from supporting them to overcome the expected penalty for voting for a losing inclusive candidate (the horizontal line). Equilibrium is achieved where the lines cross and voters' beliefs about others' voting behaviour are confirmed in equilibrium.<sup>11</sup>

The equilibrium value of  $\hat{G}$  is shaped by multiple effects on the marginal benefit of voting for the inclusive candidate. First, consider how an increase in the first-period signal of inclusive benefits (at  $G_i = \hat{G}$ ) affects beliefs about the politician's type. Differentiating equation 2.9 with respect to  $\hat{G}$ :

$$\frac{\partial \mu}{\partial \hat{G}} = \frac{-\frac{1}{\sigma} \frac{\hat{G}-G_H}{\sigma} \phi(\frac{\hat{G}-G_H}{\sigma}) \cdot (\phi(\frac{\hat{G}-G_H}{\sigma}) + \phi(\frac{\hat{G}-G_L}{\sigma})) + \frac{1}{\sigma} (\frac{\hat{G}-G_H}{\sigma} \phi(\frac{\hat{G}-G_H}{\sigma}) + \frac{\hat{G}-G_L}{\sigma} \phi(\frac{\hat{G}-G_L}{\sigma})) \cdot \phi(\frac{\hat{G}-G_H}{\sigma})}{(\phi(\frac{\hat{G}-G_H}{\sigma}) + \phi(\frac{\hat{G}-G_L}{\sigma}))^2} \quad (3.10)$$

$$= \frac{\frac{1}{\sigma} \phi(\frac{\hat{G}-G_H}{\sigma}) \phi(\frac{\hat{G}-G_L}{\sigma}) \cdot (G_H - G_L)}{(\phi(\frac{\hat{G}-G_H}{\sigma}) + \phi(\frac{\hat{G}-G_L}{\sigma}))^2} \quad (3.11)$$

$$> 0 \quad (3.12)$$

This demonstrates that experiencing greater inclusive benefits in the first period unambiguously increases the voter's belief that the incumbent is a high  $\theta$  type. Moreover, this also leads to a clear increase in the expected benefits of inclusive governance in the second period, since  $E(G)$  is increasing in  $\mu$  - the **expected payoff effect**. The next question is how the increase in  $\hat{G}$  affects confidence in other voters' willingness to support the inclusive candidate,  $p$ . There are two counteracting effects which we can disaggregate by differentiating Equation 2.11 with respect to  $\hat{G}$  to produce Equation 3.13. On the one hand, the marginal voter has a stronger belief that they are facing the high type and therefore expects other voters to receive higher signals, producing a positive **correlated beliefs effect** that

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<sup>11</sup>Frankel, Morris and Pauzner (2003) provide a proof of 'limit uniqueness' in N-player games of strategic complementarities, i.e. that as  $\sigma \rightarrow 0$ , there is a unique best response strategy coinciding with the cutoff strategy  $\hat{G}$ .

others will also vote for the inclusive candidate. This is the first term in Equation 3.13. On the other hand, the higher cutoff directly reduces the proportion of voters who will have signals high enough to pass the cutoff. This is the **participation effect** and is captured by the latter two terms in Equation 3.13 which are both negative in sign.

$$\frac{\partial p}{\partial \hat{G}} = \frac{\partial \mu}{\partial \hat{G}} (\Phi(\frac{\hat{G} - G_L}{\sigma}) - \Phi(\frac{\hat{G} - G_H}{\sigma})) - \mu(\frac{1}{\sigma} \Phi(\frac{\hat{G} - G_H}{\sigma})) - (1 - \mu)(-\frac{1}{\sigma} \Phi(\frac{\hat{G} - G_L}{\sigma})) \quad (3.13)$$

The net effect of these three factors on the marginal voter depends on the specific values of all of the parameters, explaining the non-linearity in Figure 3.3. Indeed, there is no guarantee that a finite value of  $\hat{G}$  exists which makes the marginal voter indifferent and renders an equilibrium possible. For some parameter values, as illustrated in Figure 3.4, there simply is no equilibrium. To make headway, the analysis focuses on the parameter space where a finite cutoff equilibrium exists (Assumption 1).

**Assumption 1.** *An equilibrium exists which supports voters adopting a finite cutoff strategy  $\hat{G}$ .*

$$\begin{aligned} & \max_{0 \leq \hat{G} \leq 1} \left( \binom{N-1}{\frac{N-1}{2}} p^{\frac{N-1}{2}} (1-p)^{\frac{N-1}{2}} [u(B+G) - u(B)] \right. \\ & \quad \left. + \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} p^{N-1-i} (1-p)^i (u(B+F) - u(B)) \right) > u(B+F) - u(B) \quad (3.14) \end{aligned}$$

As Figure 3.3 indicates, where there is a finite cutoff there are generically two potential equilibria where the marginal voter is indifferent. However, the higher  $\hat{G}$  equilibrium is unstable in the sense that any slight perturbation of voting patterns would cause voters to herd away from the equilibrium and apply a different cutoff rule (the lower  $\hat{G}$  or  $\hat{G} = \infty$ ) (Bueno De Mesquita 2010).<sup>12</sup> I therefore discard the knife-edge equilibrium and focus on the stable lower equilibrium (Assumption 2).

**Assumption 2.** *Voters do not play the unstable finite cutoff strategy with a higher value of*

<sup>12</sup>For example, if for some exogenous reason too many people participate in inclusive voting relative to  $\hat{G}$ , voters would infer that their estimate of  $\hat{G}$  was too low. They would respond by lowering their own threshold, leading even more people to participate until the lower equilibrium is reached.

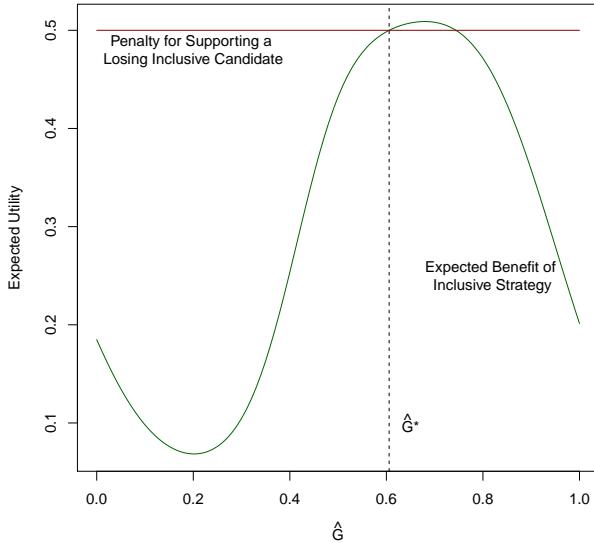


Figure 3.3: Voters’ Choice of Cutoff  $\hat{G}$  for  $G_H = 0.85$ ,  $G_L = 0$

$\hat{G}$ .

Within the finite stable cutoff equilibrium, the first crossing for the incremental inclusive benefit is from below (Figure 3.3), implying that for the marginal voter a slightly higher cutoff  $\hat{G}$  makes inclusive voting more attractive (Lemma 3), which will be important in assessing comparative statics.

**Lemma 3.** *In a finite stable cutoff equilibrium, an increase in the cutoff  $\hat{G}$  increases the net return to inclusive voting.*

Finally, it is important to emphasize that even after discarding the unstable finite equilibrium, there remain two distinct equilibria which this analysis does not select between. In addition to the stable finite equilibrium there is an equilibrium in which all voters choose the clientelist candidate regardless of the signal they receive so that  $\hat{G} = \infty$ . As Bueno De Mesquita (2010) argues, this suggests that there are no definitive comparative statics that can be derived; polities which for historical or cultural reasons are in the ‘always-clientelist’ equilibrium will be unresponsive to changes in the parameters while polities which are in

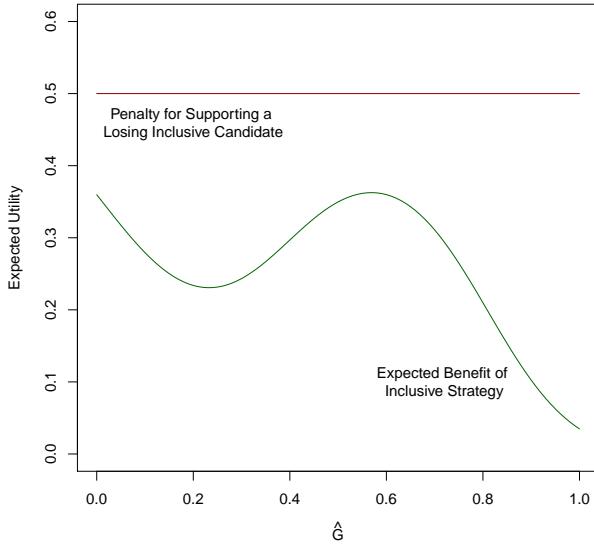


Figure 3.4: Voters' Choice of  $\hat{G}$  for  $G_H = 0.7$ ,  $G_L = 0.1$

the finite equilibrium can observe that equilibrium evolving over time. This insight may potentially explain a number of entrenched clientelist cases, but the comparative statics will still apply to polities which happen to be in the finite equilibrium and therefore I restrict the focus to these cases (Assumption 3).

**Assumption 3.** *Voters do not play the infinite cutoff strategy  $\hat{G} = \infty$ .*

### 3.4.6 Inclusive Politicians' Optimal Choice of Benefits $G$

For all politicians the expected utility of strategy  $s$  is:

$$EU_s = R_s \cdot (1 + \Omega(s) \cdot \pi(s)) \quad (3.15)$$

If an inclusive strategy is selected, the optimal choice of the level of the inclusive benefit  $G$  must be calculated given the politician's own value of  $\theta$ . Here, the trade-off is complex, between retained rents, intra-party competition and public re-election on the basis of inclusive delivery.

$$EU_I = N \cdot (1 - (1 - \theta)G) \cdot \left[ 1 + (1 - \Phi(-\cdot(1 - (1 - \theta)G))) \cdot I_{1-\Phi(\frac{G-G_H}{\sigma})} \left( \frac{N+1}{2}, \frac{N+1}{2} \right) \right] \quad (3.16)$$

Using the triple product rule, we can optimize this expression to determine inclusive benefits as a function of the politician's own ability to combine public goods delivery with rent extraction,  $G(\theta)$ . The result in Lemma 4, the proof of which can be found in Appendix B, confirms that the more capable politicians are at extracting rents without compromising public goods, the more inclusive benefits they seek to provide. This is intuitive; for politicians that face a sharp trade-off between personal financial benefits and providing public goods, it makes sense to limit their investment.

$$\begin{aligned} \frac{\partial EU_I}{\partial G} = & -(1 - \theta) - (1 - \theta) \cdot (1 - \Phi(-(1 - (1 - \theta)G))) \cdot I_{1-\Phi(\frac{\hat{G}-G}{\sigma})}(\frac{N+1}{2}, \frac{N+1}{2}) \\ & + (1 - (1 - \theta)G) \cdot (1 - \Phi(-(1 - (1 - \theta)G))) \cdot \frac{(1 - \Phi(\frac{\hat{G}-G}{\sigma}))^{(N-1)/2} \cdot (\Phi(\frac{\hat{G}-G}{\sigma}))^{(N-1)/2}}{\text{Beta}(\frac{N+1}{2}, \frac{N+1}{2})} \cdot \frac{1}{\sigma} \cdot \phi(\frac{\hat{G} - G}{\sigma}) \\ & + (1 - (1 - \theta)G) \cdot (-\phi((1 - \theta)G - 1)) \cdot (\frac{1 - \theta}{\sigma}) \cdot I_{1-\Phi(\frac{\hat{G}-G}{\sigma})}(\frac{N+1}{2}, \frac{N+1}{2}) = 0 \quad (3.17) \end{aligned}$$

**Lemma 4.** *For a politician who chooses inclusive governance, the optimal choice of inclusive benefits  $G$  is increasing in  $\theta$ , the ability to combine rent extraction with public goods delivery.*

In addition to meeting this first-order condition, it is vital that the boundary condition, the option of ‘raiding the treasury’, setting  $G = 0$  and not seeking re-election, be less attractive than delivering public benefits:

$$N < (1 - (1 - \theta)G) \cdot \left[ 1 + (1 - \Phi((1 - \theta)G - 1)) \cdot I_{1-\Phi(\frac{\hat{G}-G_H}{\sigma})}(\frac{N+1}{2}, \frac{N+1}{2}) \right] \quad (3.18)$$

To know if this condition binds, politicians must anticipate how their inclusive policy choice will affect voters' expectations and therefore the strictness of the cutoff they set for re-election. Figure 3.5 illustrates how the optimal choice of inclusive benefits  $G^*$  is generally increasing in voters' cutoff  $\hat{G}$  (Lemma 5). Notably, however, at high  $\hat{G}$  inclusive candidates cannot be sure that voters will reward them for providing public service benefits, and the opportunity cost in foregone rents of providing those benefits is high. At this point the boundary condition binds and they opt to set  $G = 0$ , provide no inclusive benefits, and take

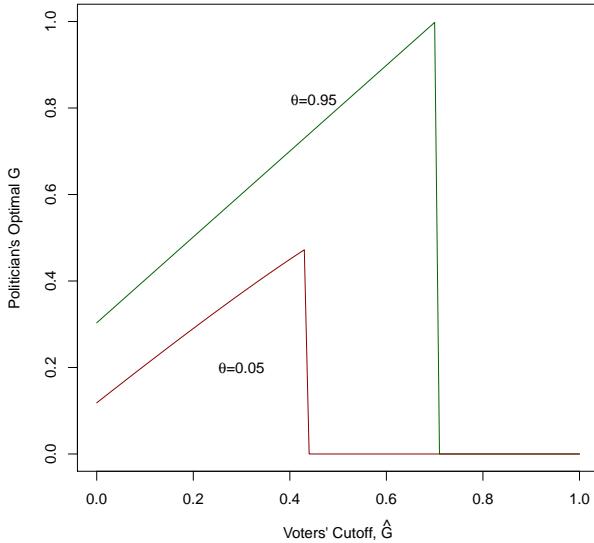


Figure 3.5: Optimal  $G$  in response to Cutoff  $\hat{G}$

the single period rents without seeking re-election.

**Lemma 5.** *The politician's optimal choice of inclusive benefits  $G$  is increasing in voters' cutoff  $\hat{G}$  up to a threshold  $\tilde{G}$ , when  $G = 0$  becomes optimal.*

### 3.4.7 Clientelist Politicians' Optimal Choice of Rewards $F$

If a clientelist strategy is selected, the optimal clientelist reward  $F$  is simply to marginally outbid the opponent who operates a clientelist strategy with reward  $F_O$ , since this guarantees victory in the public election and maximizes retained rents. The expected utility of clientelism is:

$$EU_C = N \cdot (1 - F_O \cdot (1 - \frac{A_I}{A_I + A_C})) \cdot (1 + (1 - \Phi((F_O \cdot (1 - \frac{A_C - A_I}{A_I + A_C}) - 1))) \cdot 1) \quad (3.19)$$

### 3.4.8 Politicians' Choice of Governance Strategy

The politician's choice between the clientelist and inclusive governance strategies simply compares the expected utility from each. For consistency with the proposed equilibrium, we require that the candidates with few clientelist assets,  $A_I = A_L$ , choose inclusive strategies

and both  $A_H$  candidates choose clientelism. Since politicians vary on two parameters,  $A$  and  $\theta$ , we require the following inequalities to hold for both  $\theta = \theta_H$  and  $\theta = \theta_L$ :

$$\begin{aligned} EU_I(\theta) &> EU_c(A_L) \\ (1 - (1 - \theta)G) \cdot \left[ 1 + (1 - \Phi((1 - \theta)G - 1)) \cdot I_{1 - \Phi(\frac{\hat{G} - G_H}{\sigma})} \left( \frac{N+1}{2}, \frac{N+1}{2} \right) \right] \\ &> (1 - F \cdot (1 - \frac{A_L}{A_L + A_C})) \cdot (2 - \Phi(F \cdot (1 - \frac{A_C - A_L}{A_L + A_C}) - 1)) \quad (3.20) \end{aligned}$$

$$\begin{aligned} EU_I(\theta) &< EU_c(A_H) \\ (1 - (1 - \theta)G) \cdot \left[ 1 + (1 - \Phi((1 - \theta)G - 1)) \cdot I_{1 - \Phi(\frac{\hat{G} - G_H}{\sigma})} \left( \frac{N+1}{2}, \frac{N+1}{2} \right) \right] \\ &< (1 - F \cdot (1 - \frac{A_H}{A_H + A_C})) \cdot (2 - \Phi(F \cdot (1 - \frac{A_C - A_H}{A_H + A_C}) - 1)) \quad (3.21) \end{aligned}$$

Where these two conditions hold, candidates with weak clientelist networks opt for inclusive governance.

### 3.4.9 Overall Equilibrium

The voter and politician sides of the model are highly interdependent. Voters' cutoff responds to the offers distinct types of politicians would make,  $(\hat{G}(G_H, G_L))$ , while the offers politicians are willing to make depend on how voters will reward them,  $(G_H(\hat{G}), G_L(\hat{G}))$ . The fixed point solution for the system of three equations - 2.4 and 3.17 for the two values of  $\theta$  - is then characterized as  $\hat{G}(G_H(\hat{G}), G_L(\hat{G}))$ . The equilibrium is illustrated in Figure 3.6 for the parameters  $B = 0, F = 0.5, u = u(.), \sigma = 0.3, N = 7, \theta_L = 0.2, \theta_H = 0.9$ . The solution is that  $\hat{G} = 0.586$ ,  $G_H = 0.885$  and  $G_L = 0$ . These values can be identified in the figure by locating the intersection of the voters' response line labelled  $\hat{G}$  with the 45 degree line to read off the fixed point  $\hat{G}$  on the x-axis and subsequently tracing this vertical line up to the politicians' response functions and reading off  $G_H$  and  $G_L$  from the y-axis.

In equilibrium, the signals of inclusive policy received by voters in the first electoral

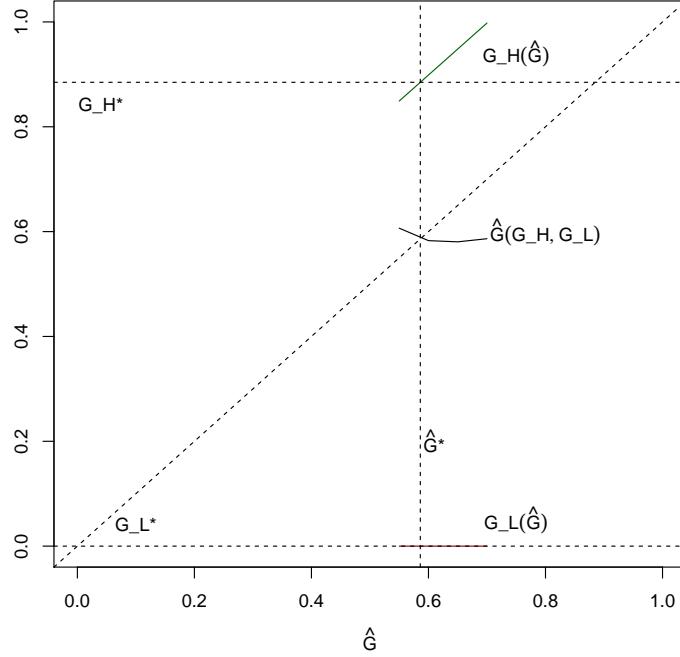


Figure 3.6: Full Equilibrium between Voters and Politicians

period are visualized in Figure 3.7. The vertical line indicates the cutoff  $\hat{G}$ . Where the incumbent is a high-type ( $\theta_H$ ) who provides large inclusive benefits, the distribution of signals is shifted to the right and a large proportion of signals fall above the cutoff (lightly shaded area), leading to a high probability of re-election. However, where the incumbent is a low-type ( $\theta_L$ ) who keeps public funds for themselves, a smaller proportion of signals fall below the cutoff (dark shaded area), making re-election unlikely.

### 3.4.10 Existence of Equilibrium

While equations 2.4 and 3.17 define the equilibrium, there are many parameter values for which there is no equilibrium, or for which none of the politician types would adopt an inclusive governance strategy. The ancillary conditions that ensure an equilibrium with inclusive governance are the conditions for the candidates to choose the proposed strategy types and the boundary condition, equations 3.18 and 3.20 - 3.21. In addition we rely on

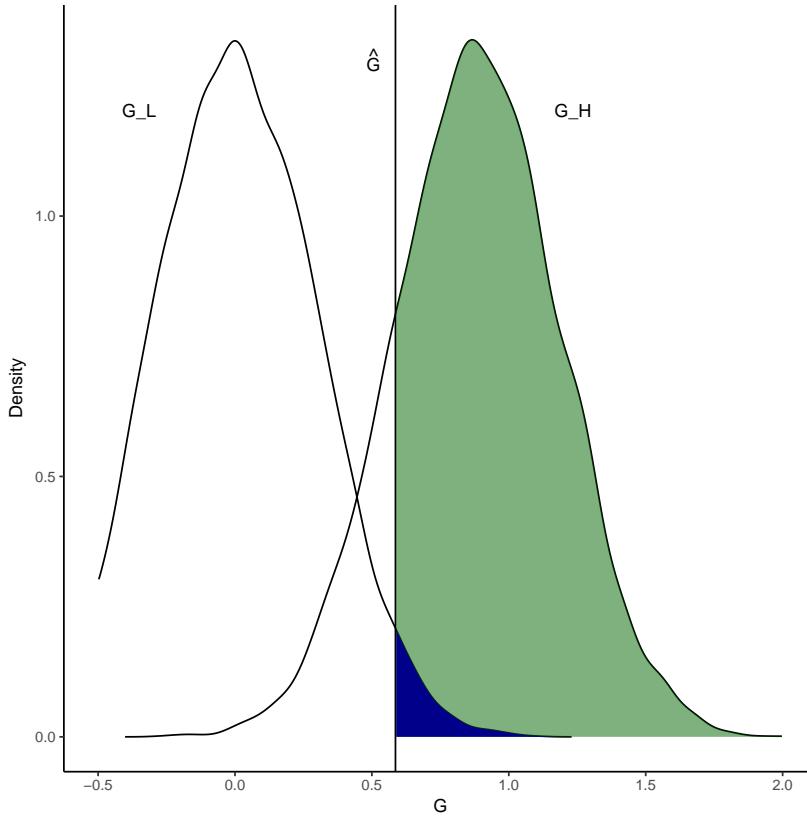


Figure 3.7: Signals Received by Voters and Voting Choice in Equilibrium

Assumption 1, that a finite cutoff strategy exists.<sup>13</sup>

### 3.5 Comparative Statics: When will Politicians Choose Inclusive Policy?

The introduction of intra-party competition has created an additional motivation that enables some politicians to escape the clientelist trap and offer inclusive governance in equilibrium. Which types of politician opt for inclusive policy? Figure 3.8 shows how the candidates' parameter space is divided between inclusive and clientelist strategies for sample

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<sup>13</sup>For the numeric values presented earlier we can verify that these conditions are met. Any politician with  $A_I = A_H$  receives utility of 13 from clientelism, more than a politician with  $A_I = A_L$ , who receives 12.665 for  $\theta = \theta_H$  and 7.0001 for  $\theta = \theta_L$ . These inclusive payoffs both exceed the clientelist payoff for  $A_I = A_L = 6.995$  and the 'raid the treasury' payoff of 7.

parameter values on the two dimensions of variation, while holding  $\hat{G}$  constant. Equations 3.20 and 3.21 define the relationship. When the incumbent has strong clientelist networks (high  $A_I$ ), a clientelist strategy is almost always preferred because it offers the most effective way of retaining intra-party control and the cheapest way of winning public re-election. However, for candidates with weak clientelist networks an inclusive strategy can be much more attractive. On the one hand, this simply reflects the logic of prioritising the most immediate threat and retaining party control by denying intra-party competitors access to clientelist resources. On the other hand, the model also illustrates that an inclusive incumbent can perform surprisingly well in subsequent public elections - by using high levels of inclusive policy to coordinate voters and create collective confidence in the capabilities of the incumbent, the clientelist trap can be dramatically weakened. This effect is discussed in detail in Chapters 6 and 7.

Securing re-election, however, is likely to be financially costly, requiring high investment in inclusive public services. Only where the opportunity cost of delivering inclusive governance is low ( $\theta$  is high) so that the outsider can materially benefit from reform is an inclusive strategy attractive. In summary, as indicated in Figure 3.1, the types of politicians most likely to adopt inclusive strategies are those with few clientelist assets relative to their intra-party competitors (Comparative Static 1), and those who can effectively combine public service delivery and rent extraction (Comparative Static 2).

**Comparative Static 1.** *Politicians are more likely to choose inclusive governance when their own clientelist assets  $A_I$  are lower, holding competitors' assets fixed.*

**Comparative Static 2.** *Politicians are more likely to choose inclusive governance when they are more capable of extracting rents simultaneously with the implementation of inclusive policy delivery ( $\theta$  is high).*

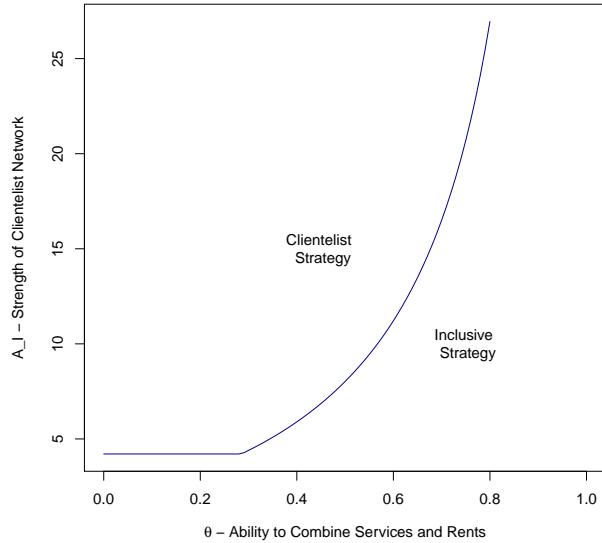


Figure 3.8: Politicians' Choice of Strategy

### 3.6 Applying the Argument to the Cases

In Chapter 5 the predictions of the comparative statics are systematically tested against a broad sample of 37 subnational administrations. Here, the three inclusive governance success cases that informed the generation of the theory provide a compelling illustration of its power to explain otherwise surprising inclusive reform. The case studies below highlight that key conditions such as an incumbent with weak clientelist networks were met and that inclusive reform did indeed have the effect of strengthening the leader's hand over more adept clientelist competitors.

#### 3.6.1 Jigawa

Sule Lamido was an experienced politician who had previously run unsuccessfully for state governor in 1999. While in the past he had a substantial political network, built on the basis of his position as a founding member of the PDP, this network had lapsed during his term as Minister of Foreign Affairs from 1999-2003 and his subsequent period of residence

in Kano state. During this same period, Saminu Turaki of the ANPP constructed a strong political following on the basis of clientelism and the decentralization of public rents. By 2007, Turaki had switched to the PDP and was term-limited. Sule Lamido successfully ran for office with the support of the President but with only partial support from the party or its network, which contained many factions including Turaki's followers who had joined only recently. Indeed, Lamido was initially rejected at the party's primary before the President intervened to ensure his nomination ([This Day 2006](#)). A large number of senior politicians - about 10 within the PDP - had gubernatorial aspirations, and there was deep "internal wrangling among the two major camps in the PDP, ie. the Lamido and Turaki camps" ([Daily Trust 2006](#)). Turaki also continued to influence the operation of his supporters' network from his newly-elevated position as a national senator. In addition, the major source of local political authority, the five emirate councils of the state, had been given extremely strong decentralized powers by Turaki in 2000, creating a powerful interest group that was embedded in the state and hostile to Lamido.<sup>14</sup> The result was that Lamido did not have control of key political networks in the state at the time of his appointment, even though those same networks had been mobilized - or stayed passive - to support his election under orders from the Presidency and national party leadership.

With control over the state's clientelist networks lying outside of Lamido's hands, his strategic options rapidly narrowed. If Lamido choose to perpetuate clientelism in office this would have entailed channeling a considerable portion of public rents through networks controlled by local politicians, Turaki, and the emirate councils. As the patrons in these networks, much of the political capital, obligation and financial rents would have accrued to Lamido's direct competitors. Lamido's position was precarious - while his installation as party candidate was due to the support of President Obasanjo, the President left office the same day Lamido became Governor. State Governors enjoy sweeping de jure authority, but Lamido could not afford to strengthen the reputations and finances of his opponents by fuelling their clientelist networks. It would have taken considerable time, effort and political

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<sup>14</sup>Their opposition scuppered his 1999 bid for the Governorship post.

risk to replace his competitors' networks. The alternative was a more inclusive form of governance that actively attacked his opponent's clientelist networks. This was itself risky - it was those networks that had assured Lamido's election once he had passed the much more competitive party primary and which would be valuable at the next election. Yet, with the main opposition ANPP folded into the PDP there was no meaningful partisan opposition and Lamido's most acute threats came from within the party, not from a general election.

Lamido also had the skills and contacts to implement inclusive governance. He drew on his experience in the federal government, the technocratic allies he had developed in that role, and an ideological record as a left-wing activist to introduce an inclusive mode of governance.<sup>15</sup> His experience as Minister of Foreign Affairs gave him a national platform and a solid reputation for technical competence. Diagnosing the diversions in public spending and constructing alternative bureaucratic centres of power to the prevailing clientelist networks was therefore well within Lamido's ability. The Governor's international connections and initial inclusive efforts attracted large volumes of international development financing, including from DFID and the Gates Foundation. Large numbers of technical experts and offices sprang up in Dutse, the state capital, acting as effective accomplices in designing, monitoring and enforcing public rules. These agencies further tipped the political balance of power towards Lamido by providing additional centralized financing, strengthening the technocratic state and discrediting clientelist competitors.

The effect was dramatic - inclusive enforcement immediately severed the arteries of Turaki's and others' networks, forcing them to renege on past promises and undermining the credibility of future clientelist threats. The emirate councils lost most of their patronage positions as ministries were re-centralized in the state capital. Despite having become a national Senator, Turaki's local authority rapidly declined, to the extent that the PDP did not nominate him for re-election. Without access to decentralized rents local elites turned hostile, particularly the emirate councils. While this conflict may have tarnished Lamido's

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<sup>15</sup>Lamido's political socialization in the Aminu Kano school of pro-poor policies during his youth also provided a ready set of principles on which to anchor his policies.

image it did not prevent the recentralization of authority within the PDP around Lamido. With few alternative resources and increased dependence on centralized rent allocation, local politicians starved of resources gradually fell into line behind the Governor. Lamido was also able to use side-payments - often in the form of new offices or houses in the annual budget - to gain support, which later proved successful in re-acquiring the support of most of the emirate councils. These new construction and service delivery projects attracted the large-scale private sector to Jigawa for the first time. Importantly, inclusive governance did not mean corruption was eliminated. Instead, with Lamido personally able to direct the reform process and manage the finances and contracting process, rent extraction now took place in ways that Lamido could benefit from. These efforts did not undermine inclusive governance, but were complementary to the process of centralized investment. For example, Lamido's two sons were arrested in 2015 when police linked public funds to the accounts of a number of firms in their name. However, these were not shell firms but construction and consultancy firms intimately linked with the inclusive investments and reforms that their father had introduced. Indeed, these firms appear to have delivered on their contracts; the corruption charges related to kickbacks in the course of executing inclusive reform. This ability to effectively implement inclusive reform without sacrificing financial gain appears to have been central to the viability of an inclusive strategy for Lamido.

### **3.6.2 Ceará**

When Tasso Jereissati came to office his defining feature was that he was an outsider to the preceding regime of the coronels. As a Director in his father's firm, Grupo Jereissati, his main experience was in commissioning shopping malls in Fortaleza. With allies only in the local business association, the Centro Industrial do Ceará (CIC), he lacked any form of clientelist network. Yet the party ticket that brought him to office in the throes of Brazil's national democratization, the PMDB, was no redoubt against clientelism. Its ranks swelled with the entry of many opportunistic politicians who saw the writing on the wall for the military regime but had actively participated in clientelism, possessed local networks, and

expected the same model of politics to persist. At the same time, the coronels' network in the PDS/PFL remained powerful - they continued to control the majority of municipal governments outside of Fortaleza (which elected a PT mayor in 1985), providing a strong vantage point from which to challenge the incoming governor.<sup>16</sup>

Jereissati could have competed with the coronels and his co-partisans on their terms - as the head of the state government he possessed considerable powers of appointment and control over a large pot of resources, and the PMDB majority in the state legislature would have backed him. Capitalizing on the local networks of the PMDB's new members and coordinating a sustained clientelist campaign to take on the coronels' candidates would have been hard work but feasible. As Chapter 5 shows, governors in other states took this route. Instead, Jereissati introduced aggressive inclusive reforms, augmenting the bureaucratic authority of the state and actively attacking any public programme that facilitated clientelism. He did so not simply to gain rewards from voters for better service delivery (Tendler 1998), but as a tool to confront and disarm the competing networks of clientelism both inside and outside his party, engaging in "combat, or the replacement of the coronels in politics and the occupation of the old spaces of the old industrial bourgeoisie" (Barreira 1996, 44), and "[imposing by] iron and fire, the efficiency of containment of spending and the impersonality of administrative controls" (Gondim 1998, 35). The effects of inclusive policy quickly had two effects, blocking the clientelist networks' access to public resources and annulling the quid pro quo that clients had been promised by their patrons. For example, all contracts issued under the former regime were annulled (Abu-El-Haj 2002, 83) as were all hirings, promotions and transfers for the last nine months (Gondim 1998, 36). Real civil service wage cuts of -13.12% between 1987 and 1991 further weakened the value of patronage to local politicians (Gondim 1998, 38).

These policies were not party priorities; key PMDB figures were among the major losers in having their networks compromised. Meritocratic hiring and centralized bureaucratic

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<sup>16</sup>Even after the 1988 municipal elections, the PDS and PFL controlled 85 municipalities and the PMDB only 60.

decision-making made it impossible for them to deliver on the promises they had made to their supporters. For example, of the two PMDB Senators, Mauro Benevides was a former member of the conservative PDS and Cid Saboia de Carvalho had previously been an adviser to Virgílio Távora, one of the coronels. Both opposed aspects of the reforms that threatened their long-standing interests. The majority of the state assembly - despite being PMDB dominated - also opposed the reforms as threats to their political livelihood, with [Tendler \(1998, 9\)](#) estimating that 90% of the state assembly was no longer supporting Jereissati just a few months into his administration, “furious over the patronage he had deprived them of” ([Economist 1991, 19](#)). In November 1997, seven members of the PMDB broke from the party because they simply could not gain access to lobby the governor ([Gondim 1998, 29](#)). When 24 out of 30 supporting deputies defected to the opposition, the trigger was the recalling of state-owned tractors from 300 private farms ([Gomez 1993](#)). The tractors were not necessarily bad policy - their effect on the local agricultural markets was substantial - but when Jeressati was unable to enforce clear rules around who would benefit he concluded that they were only perpetuating a clientelist system for which others took the credit. The costs of inclusive stringency were high - Jereissati’s PMDB lost alliance support from the Communist Party (PCdoB) and quarrelled openly with the speaker of the assembly ([Gondim 1998, 29](#)). Indeed, many reforms were undertaken using decree powers to counter legislative opposition and ensure rapid implementation.

By attacking other politicians’ bases of political support, Jereissati triggered a counter-reaction from threatened elites and co-partisans. After the first year in office his prospects of re-election looked dismal. Yet, what the reforms did achieve was centralized control of the state apparatus, which was now stacked with technocrats and committed anti-clientelist allies from the CIC business association. This small team introduced and enforced new rules on public resources with considerable autonomy. While the PMDB’s coherence and political capital was decimated, Jereissati’s relative political authority was greatly enhanced - he had more effective control of the state, rents, and a distinct personal reputation (even if it started off in the negative). As Jereissati committed a month after his election victory

but before being sworn in, “Political clientelism we will attack on the 15th March. On the 16th there will be no more political clientelism” ([Veja 1986](#)). The logic of this strategy closely reflected his political assets and the threats he faced. Jereissati had no ready-made network to organize the decentralized allocation of rents, and facilitating clientelism would only have provided more opportunities for the coronels and competitors within the PMDB to strengthen their own hand.

Rather than being constrained by the PMDB’s historical baggage, Jereissati sought to reconstruct political support on a platform that benefited his own comparative advantage. As the former head of the CIC, he could draw upon a competent and loyal network of technocrats to implement an inclusive strategy while maintaining control of public rents. This group had accumulated considerable experience and social capital during their time as students in Rio de Janeiro, where they engaged with positivist philosophy, and gained connections with national elites, including the ‘Grupo de Oito’ of São Paulo industrialists. For example, Antenor Naspolini was invited by Jereissati to be UNICEF coordinator for Ceará in 1988 despite the fact that he was “not born in Ceará...not a friend of the governor, and...had no party affiliation...[Jereissati] laughed and said that he had chosen me for precisely those three reasons” ([Boekle-Giuffrida 2012](#), 153). Service delivery was increasingly outsourced to the private sector.<sup>17</sup> A background in business prepared Jereissati well for managing these centralized contracts and for designing systems of rule enforcement. The rents from public office now simply accrued to his colleagues and their businesses that were best placed to win public contracts rather than to the heads of decentralized clientelist networks. ([Gondim 1998](#)).

### 3.6.3 Bihar

After two elections and six months of President’s Rule, Nitish Kumar’s eventual success as head of the JDU-BJP coalition government in October 2005 placed him at the head

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<sup>17</sup>‘Third-party services and charges’ rose from Cr \$10.9 billion in 1986 to Cr \$25.8 billion in 1991 (constant 1991 cruzeiro prices) (Botelho 1991, p.19 in [Gondim \(1998, 41\)](#)).

of a state apparatus that performed little function except as electoral machine for Lalu Yadav. Parallel to Lalu's rise, Kumar followed an almost identical political career, fighting side by side as senior members of the Janata Dal party and adopting similar platforms until 1994. Just like Lalu's RJD, the JDU also accommodated local politicians who had made extensive clientelist promises. A clientelist strategy would therefore have been natural and easy, in the sense that it would have faced little resistance, fit directly into existing patterns of practice and expectations and provided a reasonable chance of re-election. Yet, Kumar would have been just one player in this strategy and, I argue, might have become an increasingly marginal one over time. Compared to his peers, Kumar's clientelist networks were thin. Despite his deep roots in local politics, he had been physically absent from the state for much of the past six years as a national Minister in the NDA government. While this posting increased his stature in the national party it also inserted him into national networks at the expense of cultivating local ties within Bihar. The institutional constraints, increased professionalism and pressure to manage nationwide infrastructure limited the degree to which a politician based in Delhi could forge the micro-connections with individuals and communities that comprise a clientelist network. The result was that Kumar was strongly reliant on *other* politicians within the JDU for his electoral success and for the effective deployment of a clientelist strategy for his re-election. The JDU was itself a composite party comprising the Samta party, co-founded by Nitish Kumar and George Fernandes, and the Janata Dal led by Sharad Yadav. Party positions were divided between these factions, with 60-70% of positions allocated to the Samta faction (Interview with Shri Babblu Ji, JDU Secretary, 18th October 2016). Posts were further divided by region and caste among senior power-brokers such as Neeraj Kumar Singh, Anant Singh - both of whom faced murder charges - and former Chief Minister Ram Sundar Das. This prevented any single leader or group from controlling the distribution of patronage. Kumar's control was already contested - party leader George Fernandes even spoke out against Kumar's selection as governorship candidate, claiming that he was "BJP's choice, not the NDA's". Although Fernandes and other JDU leaders eventually endorsed his candidacy, they "tightened the strings of the

campaign purse...Nitish had to turn to the BJP, and then to moneybag-politician Mahendra Prasad, or King Mahendra” to finance his campaign ([Thakur 2014](#)).

Kumar did not just lack control of his party, he also lacked control of the state bureaucracy. After years of being fragmented with jobs transformed into sinecures, the state itself was deeply infiltrated by RJD activists so that any attempt to channel resources through the state would have transferred resources directly to political opponents. Given that this network remained intact, that Lalu remained active as a political force, and that a wholesale change in personnel would have been politically and financially costly, the option of replacing the embedded network with the JDU’s own would have taken time and considerable investment.

Maintaining clientelist governance would have made Kumar dependent on these two competing centres of authority within his party and the state. Inclusive governance, on the other hand, held the promise of strengthening Kumar’s hand by centralizing resources under the Chief Minister’s office and tuning off the tap that enabled competing clientelist elites to prosper. For example, competing JDU politicians, including gangsters and criminals, were no longer essential links in the chain of patronage and could be arrested or sidelined in ways which furthered and enhanced an inclusive reputation ([Thakur 2014](#)). Technocrats from across the Indian Administrative Service were summoned to occupy senior positions in parastatal organizations such as the Bihar State Road Development Corporation and the Bihar State Educational Infrastructure Development Corporation that bypassed dysfunctional state ministries. Allies were brought in from his contacts gained in Delhi in the IAS and World Bank, professionals such as Anil Sinha and Abhayananand to the Indian Police Service, Navin Kumar as Chief Secretary, N.K. Singh as Head of the Planning Board and Ramchandra Prasad Singh as his Principal Secretary. As in Jigawa, an Administrative Reforms Committee was established to centralize and coordinate rule-based governance. These networks and the ability to personally lead the reform of the state apparatus enabled Kumar to execute his inclusive strategy without surrendering control over the allocation of rents.

The effect of these rule-based reforms was that Kumar became an increasingly dominant

character in both the operation of the party and the state. Technocrats reported to him directly, obviating the need to pass contentious legislation in the fractious state assembly. With some of the more troublesome members of the JDU arrested and the remainder reliant on centralized transfers from Patna to sustain their political base, the party was unable to form a united front to block or dilute his inclusive approach. By 2009, Kumar had earned enough political capital to expel his main competitor George Fernandes from the JDU.

### 3.7 Motivating Inclusive Governance

In the three successful reform cases, reformist leaders' choice to enforce public rules was motivated by their vulnerability to clientelist challenges under the status quo and not as a response to any societal, party or interest group demands. Consistent with Proposition 1, inclusive governance reform was designed to alter the terms of elite political competition for political outsiders who unexpectedly found themselves in executive office. The theory shares with other theories of state- and institution-building a motive for institutional enforcement derived from a position of weakness. For [Tilly \(1990\)](#) the weakness was military competition and the need for revenue, and for [Finkel \(2005\)](#) it was the threat to personal interests posed by unconstrained successors. In the account I have presented the incumbent's weakness is their *relative* lack of clientelist assets and the constant threat of intra-party leadership challenges. This logic of a comparative disadvantage in clientelism mimics at the individual level the party-level arguments of [Hagopian \(N.d.\)](#). In absolute terms, the authority of a leader opting for inclusive governance may be diminished - by tying their hands with strict rules they can no longer reward their own supporters. But in relative terms, they can vastly increase their political authority over competing elites.

The role of political parties as barriers or catalysts to governance is also thrown into new light. The PDP, PMDB and JDU are not, and never were, centralized, organized ideological parties like the ACN, PT or CPI. Yet, each provided the organizational setting for subnational leaders to implement dramatic reform. Their role went even further, with

the clientelist connections of party cadres actually providing the motivation for inclusive governance. This suggests that parties may matter mainly to the extent they shape elite calculations and less for their unitary party characteristics. A focus on competitive relationships between elites also helps avoid the trap of a ‘great man’ theory (de Gramont 2016). Sule Lamido, Tasso Jereissati and Nitish Kumar had specific and shared characteristics that were vital to the governance choices they made, but those choices were not pre-determined. Having weak clientelist networks is distinct from an ideological commitment to inclusive governance and from being an apolitical technocrat.<sup>18</sup> Instead, their choices depended on a specific configuration of elite rivalries, and on actually being in a position to govern. The next chapter documents how political outsiders gain the opportunity to occupy subnational executive office.

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<sup>18</sup>To the extent that it is the relative strength of elites’ clientelist networks that matters this condition is in fact very loose, since someone must always be relatively disadvantaged.

## 4 | National Intervention and Ruptures in Clientelism

### 4.1 Leadership Junctures in Subnational Politics

Politicians who are motivated to adopt inclusive governance are likely to be outsiders to local politics, with weak clientelist networks but sufficient technocratic expertise to manage the rents from reform. Yet, these same characteristics seem to preclude these politicians from elevating themselves to party leadership positions, or from winning office through election, in settings already dominated by clientelism. Providing an account of incumbent incentives is of little value if we cannot account for the selection process that can bring motivated politicians into office. Many of the reasons why the prospects for inclusive governance in poor contexts have been dismissed are because the selection process privileges clientelism: parties will nominate candidates who protect vested clientelist networks, and when voters are vulnerable to clientelism electoral competition will force competing candidates to adopt clientelism as the most effective vote-mobilizing strategy. Chapter 3 therefore creates a new puzzle - how do outsiders to local politics acquire office in a clientelist system without a clientelist network?

Answering this question is also central to reinforcing the argument that inclusive governance is a supply-side initiative motivated by intra-party competition among elites rather than a response to voter demand. The risk of confounding is substantial - if the local political outsider was brought to office on a wave of demand for inclusive governance by voters who had already overcome the clientelist trap then their subsequent choice to pursue inclusive governance would no longer be a mystery. Demonstrating that the reformist outsider's

ascent to office was driven by elite politics and went against the grain of ongoing clientelist demands is a corollary to the argument in the preceding chapter.

## 4.2 A Theory of Premature Turnover through National Intervention

In federal polities the interference of national elites and institutions in local politics can temporarily bypass party and electoral selection pressures through two mechanisms. First, by using national powers and resources to disrupt incumbent clientelist regimes, weakening their competitive ability and creating unexpected opportunities for electoral turnover. Second, by interfering in parties' candidate selection processes to promote allied candidates with weak clientelist networks. The distinct institutional arrangements, resources and political objectives of national actors therefore provide a window of opportunity for circumventing the self-reinforcing nature of local clientelist politics.

'Multi-level' politics, to use the phrasing of Putnam (1988), creates new possibilities for 'premature' turnover and to elevate incongruous elites to local office. Turnover is premature in two senses. First, in the expedited deposing of an otherwise viable clientelist incumbent. Second, in the elevation to office of a candidate before they have acquired the standard credentials of a large clientelist network. Methodologically, the process invokes the literature in critical junctures, with specific circumstances arising outside the local political arena producing discontinuous local change (Capoccia and Kelemen 2007). The dual processes of creating a rupture in local clientelist politics and promoting specific political outsiders parallel the 'permissive' and 'productive' conditions for critical junctures identified by Soifer (2012). While the permissive condition is responsible for alleviating the structural constraints that prevented prior change - the advantage afforded to incumbents by clientelism - the productive condition is responsible for producing the specific new political trajectory - by biasing the candidate selection process of competing parties towards outsiders.

The capacity for national political actors to interfere in local politics is rooted in both

the hierarchical institutions of federalism that permit the regulation of subnational politics and in the cross-level structures of national political parties which allow national elites to influence party strategy. [Gibson \(2010\)](#) and [Montero \(2010\)](#) demonstrate the regulatory role of national institutions in limiting authoritarian practices locally, and similar processes can also serve to influence the fortunes of individual political candidates. Even powerful local clientelist machines may struggle to resist concerted efforts by national actors. Interference may be formal, for example through emergency powers to suspend local politics or judicial action to arrest key leaders, or informal, using national resources or official positions to threaten and reward specific subnational politicians. As the case studies below illustrate, these measures can be extremely effective at removing local clientelist incumbents from office. By temporarily disarming local clientelist incumbents and discontinuing their access to the self-reproducing tools of state power, the path dependency of the regime can be broken, resetting expectations and opening up the electoral playing field to new competitors.<sup>1</sup>

As well as possessing the capacity, national politicians may at times face strong incentives to rupture local clientelist regimes. According to [Gibson \(2010\)](#), “Provincial conflict is ‘nationalized’ when extra-provincial actors ally with local oppositions, invest resources in the jurisdiction, and become participants in the local struggle for power.” National politicians take such steps when they are in opposition to the local incumbent government and perceive a reasonable chance of assisting a local ally to come to office. Creating a supportive coalition of allies across the various tiers of federal governments is valuable because of the strong connections between local, state and national elections, with strong coattails and reverse coattails effects enabling national leaders to solidify political power. Grateful local allies provide valuable votes in national legislatures. Control of subnational office also means controlling resource flows, denying resources to opponents, and can better facilitate collusion for corruption.

However, it remains unclear why national actors would seek to replace a deposed local

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<sup>1</sup>As [Baumgartner, Jones and True \(2006\)](#) argue, “the clearest explanation for both marginal and large-scale policy changes comes from the interaction of multilevel political institutions and behavioral decision-making, a combination that creates patterns of stability and mobilization or punctuated equilibria.”

politician with a political *outsider* lacking a clientelist network. If their aim is to secure local office surely they would prefer to promote a candidate who could maximize electoral support by using the full power of clientelism? Crucially, national politicians may prize loyalty over the vote-winning abilities of their anointed candidate. Local allies are instrumental to national actors' goals of winning votes in national legislatures, maintaining national office and extracting resources, but local politicians with an independent power base and their own clientelist network may not support these objectives. Indeed, promoting an ambitious and powerful local politician may simply elevate a future challenger. Political outsiders that owe their position entirely to the national politician may be more pliant, more likely to reciprocate with electoral, policy and financial support and less likely to become future opponents. Therefore, it is precisely the outsider's credentials that make local politicians attractive allies for national elites. By providing their own endorsement and finances, and by cajoling or rigging local party primaries, national leaders have considerable tools with which to advance their preferred candidate.

Yet, having a dependable ally is no use if they are unable to win election. National politicians must therefore take care to ensure that despite being sidelined in the candidate selection process the local party closes ranks behind the political outsider and campaigns for their election. The pressures and sanctions of party membership combined with additional carrots and sticks from national actors need to be sufficient to defuse the frustrated ambitions of sidelined local elites. The consequence is that a party leader without a personal clientelist network will still be able to draw on clientelism facilitated by party allies to ensure their initial election. It is only after their election that the switch to inclusive governance becomes viable. In this way the paradox of how inclusive-oriented politicians come to power in clientelist systems is resolved by the interests of national actors and the unifying force of party organizations.

Examples of national interference in local politics abound. National actors regularly generate intra-party splits by favouring one subnational politician over another, even within the same party. For example, under President Menem in Argentina extensive political

and financial support was extended to Justicialist Party candidates who were willing to implement subnational policies that supported national neoliberal reforms. This brought to office unlikely candidates for Governor including Carlos Reutemann in Santa Fe and Palito Ortega in Tucumán, who proved invaluable both in executing policy reform and in providing political cover and support for those policies' effects. Coming from outside the local party machine - Reutemann was a racing driver and Ortega a singer - these candidates would never have stood a chance in the selection environment of local party patrons, but that is precisely what made them pliable vehicles for the President's own interests.

### **4.3 Multi-Level Politics Beyond Spillovers**

It is worth emphasizing that this argument does not rely on inclusive governance being dominant at the national level or spilling over into local politics.<sup>2</sup> Nor have prevailing explanations of modernization and party organization simply shifted operation to the national level. The choice to adopt inclusive governance remains an independent and strategic one by subnational politicians who find themselves in the circumstances I have described. National actors do not need to select these politicians for their inclusive commitment. Their motives can be - and usually are - quite distinct and may not even foresee the possibility of a subsequent switch to inclusive governance. A clientelist President might, for example, elevate a trusted ally to subnational office to provide support for their national policy agenda, leveraging governors' role in approving constitutional change, directing national economic policy (for example, Nigeria's National Economic Council) or in shaping the composition of the national legislature (for example, in India where state legislatures appoint the upper house, the Rajya Sabha), without concern for how local governance is conducted.

If the national level does not serve as a reservoir of inclusive incentives, how is it able to systematically produce inclusive governance outcomes at the subnational level? The mechanism of the argument rests directly on the congruence between national actors' incentive to

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<sup>2</sup>I am grateful to Fran Hagopian and Soledad Artiz-Prillaman for helping to clarify this portion of the argument.

promote pliant and non-threatening local allies and the incentives that the promotion of local outsiders creates for inclusive governance.<sup>3</sup> Rather than treating politicians' characteristics as random or exogenous, this selection argument stresses how the route a local politician takes to power can directly shape their disposition on how to govern. Just as economic crises can realign political fortunes in ways which encourage experiments with new forms of governance (De La O 2015; Hagopian 2013), political junctures generated by the pressures of national competition can realign local political fortunes in ways which provide local political outsiders with both the opportunity and motive to pursue inclusive governance.

## 4.4 Evidence of National Intervention Promoting Outsider Elites

### 4.4.1 Jigawa, Nigeria

The backstory to Sule Lamido's surprising efforts to advance inclusive governance begins with understanding how his predecessor lost political control. Just five months before the 2007 elections, approaching the end of his second and final term, Governor Turaki switched parties from the ANPP (in national opposition) to the PDP (the national ruling party), despite having "an iron grip on the party structure in the state." (Onoja 2008, 201). This surprising decision was motivated by the desire to protect himself from the threat of prosecution for the theft of public resources while in office. While this threat was not made publicly, the perception that President Obasanjo wielded this threat against Turaki was confirmed by multiple interviewees and was made credible by the increasingly active use of national anti-corruption agencies such as the EFCC (Economic and Financial Crimes Commission) to prosecute many former Governors at this time.<sup>4</sup> By essentially turning over his substantial political networks to the PDP, who already controlled national patronage resources, competition within Jigawa was greatly reduced and the victorious party was no longer in doubt.

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<sup>3</sup>As historical institutionalist accounts have long recognized, "interactions and encounters among processes in different institutional realms open up possibilities for political change" (Thelen 1999, 383).

<sup>4</sup>The defection was also insufficient to prevent his arrest in July 2007 on 32 separate charges, including the misuse of government funds and suspicion of money laundering.

Obasanjo's use of national state power meant Turaki could no longer control the selection of his successor. That process would now take place through the national structures of the PDP. This opened up a broad competition among more than twenty candidates ([Daily Trust 2006](#)).

It was not primary elections but elites that determined the PDP's new governorship candidate in Jigawa. Party member and grassroots demands were not incorporated into the selection process. Instead, President Obasanjo imposed his choice of Sule Lamido - a loyal ally as Minister of Foreign Affairs - to be the PDP candidate. While Lamido was a high profile figure in Jigawa, there were other strong candidates and Obasanjo's choice was linked primarily to a desire to protect his own legacy and interests, knowing that his own term as President was due to expire in the next few months. The President stacked key institutions and states with loyal allies. As Sule Lamido himself recalls the situation, Obasanjo called him out of the blue and told him that he "must run for Governor" (Interview, 19th October 2015).<sup>5</sup> Lamido recounts that he resisted, arguing he was too old and that "the system wouldn't tolerate...someone they cannot control". This is a reference to the opposition of powerful traditional rulers and the emirate councils in the state which scuppered his 1999 bid to be Governor, and indicates that Lamido was not the candidate that would offer the path of least resistance to electoral victory. Lamido claimed in interview that his ultimate decision to run was less to do with personal ambition and more to do with helping to protect his national ally Obasanjo, particularly from a backlash by the people whose "toes he had stepped on" once he had left the Presidency. While the degree of Lamido's self-reported reluctance may be open to question, the role of the President in hand-picking the party's candidate demonstrates the extent to which external influences shaped the state's elite turnover.

In the subsequent election, Lamido's victory should not be taken as a reflection of voters' sudden frustration with clientelism and a turn towards an inclusive candidate. PDP party

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<sup>5</sup>As Obasanjo himself recalled at the 2013 Jigawa Economic Summit, "If you can say 'Yes, Obasanjo forced this one [Lamido] on us you'll say 'Good Forcing-O!' We found a job for Sule Lamido" ([Channels Television 2013](#)).

members were pressured to mobilize support using their networks, the opposition was weak since Turaki's defection, and the elections nationwide were rigged to an unprecedented degree (Dahmen 2007).<sup>6</sup>

#### 4.4.2 Ceará, Brazil

By the 1970s Ceará's coronels had coalesced around three leaders, César Cals, Adauto Bezerra and Virgílio Távora, who occupied the post of state Governor in 1970, 1974 and 1978 respectively. Having each had their turn at the helm, the question of electing a single representative to sustain conservative control proved predictably fractious. Since none of the three were powerful enough to win the governorship alone and each distrusted candidates with close ties to any single coronel, they selected a technocrat - the head of the planning secretariat, Gonzaga Mota - as their nominee.<sup>7</sup> This arrangement, sealed in the Acordo dos Coronéis brokered in Brasilia by President Figuerido in April 1982, proved to be crucial to subsequent events. The power of the coronels to rally electoral support through patronage remained strong - Gonzaga Mota won the 1982 election, the first direct election in decades, with over 80% of the vote. The new governor faithfully set about reproducing the clientelist system, engaging in rampant patronage ("um empreguismo desenfreado", Gondim (1998, 24)). At this point, the coronels' grip on power within Ceará was secure. Indeed, for the upcoming 1986 elections, the coronels reaffirmed the Acordo dos Coronéis , this time selecting Bezerra (Mota's Vice-Governor) as their joint candidate and even securing the endorsement of the PFL (despite the PFL's national alliance with the opposition PMDB). Just three months before the election, in August 1986, an IBOPE poll gave Bezerra 44% of the vote and all other candidates combined 22% (Ribeiro 1999, 162). As Jereissati recounted

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<sup>6</sup>As the EU assessed (European Union 2007): "The elections were marred by poor organization, lack of essential transparency, widespread procedural irregularities, significant evidence of fraud, particularly during the result collation process, voter disenfranchisement at different stages of the process, and lack of equal conditions for contestants."

<sup>7</sup>Mota was Virgílio Távora's candidate. Cals was assigned the Mayor of Fortaleza and Bezerra the Vice-Governorship. Secretary and all other public service positions were divided equally (Mota 2008, 155). Mota pledged "the immense work developed by Governor Virgilio Távora and, in the political field, to keep the PDS ever more united" (Mota 2008, 157).

later, “It was so remote the possibility of winning the election that nobody wanted to be the candidate” ([Martin 1993](#), 102).

At this point, Gonzaga Mota, the loyal technocrat faithfully executing his patrons’ orders for years, suddenly turned political rebel, defecting from the PDS to the PMDB in 1985 and cutting ties with his patrons. While the agency for this juncture contrasts with the other cases because it originates at the subnational level, the motivation remained directly tied to national politics. Mota was personally committed to the cause of democratization and specifically to supporting Tancredo Neves in the upcoming Presidential election; much more committed than his patrons who had benefited so extensively from the authoritarian regime. As core members of the PDS the coronels backed Paulo Maluf. The national democratization process provided Mota with the justification and motive to align Ceará with the winds of national change and his preferred presidential candidate, Neves ([Lemenhe 1996](#), 206). While Gonzaga Mota had been picked by the coronels precisely for his lack of local political connections, they overlooked his strong preferences and networks among *national* politicians. As Mota recorded in an interview in 2013, even going so far as to suggest Neves offered him the vice-presidency:

I was very close to vice-president Aureliano Chaves. I was the only governor by his side at the start of the re-democratization process to...defend the name of Tancredo Neves for the presidency...I was the first governor of the PDS to raise the flag for Tancredo Neves...I broke with the military regime led by General João Figueiredo to deny support for PDS candidate, Paulo Maluf, and paid a high price for this fearlessness....Tancredo came to invite me to be vice-president of the republic. “My son, do you want to be my vice?” I, at 40 years old, refused: “Doctor, I’m too young” ([Timbó 2013](#)).

As the sitting Governor, Mota had the *de jure* stature and resources to redirect Ceará’s political dynamics in support of Neves. Yet, the only opposition forces beyond the control of the coronels were in disarray, with their governorship candidate Benevides quickly proving

his reputation of lacking political dynamism. Eager to challenge the coronels and elevate other allies of Neves, Mota made a surprise decision, hand-picking Tasso Jereissati, former head of the Centro Industrial do Ceará, the local business association, and strong supporter of Neves, as the PMDB candidate without consulting anybody in the PMDB ([Martin 1993](#), 53). It was, then, national political considerations that gave Jereissati a political window, and not any sustained efforts by the candidate himself or high levels of voter demand - initial polling gave Jereissati just 1% of the intended vote ([Martin 1993](#), 112). As Jereissati recalls:

The choice was that of Gonzaga Mota: one beautiful day I was in my house...a mutual friend of myself and Gonzaga Mota entered saying that...[Mota] wanted to invite me to be a candidate for governor of the state of Ceará. Of course, at the time, I took it as a joke....In truth, when the candidate of the CIC entered it was as a scapegoat. As none of us was a politician, it would not hurt to lose the election, they wouldn't lose anything. (Tasso Jereissati, quoted in [Ribeiro \(1999](#), 161-162) and ([Martin 1993](#), 102)).

Despite this challenging start, Jereissati gained rapid traction as the pro-democratization candidate. His eventual victory in the 1986 governorship election was aided by the lack of access the coronels had to state resources now that Mota had severed contact with them. Moreover, the broader national process of democratization gave a strong boost to any candidate on the PMDB ticket. In 23 governorship elections in 1986, the PMDB won in 22 (all except Sergipe). [Souza \(1997\)](#) documents how another national factor, the success of the national economic stabilization plan temporarily boosted the political fortunes of the PMDB independent of local candidate quality. A vote for Jereissati was therefore not an indication that voters had overcome the clientelist trap but a referendum on the democratization process that enjoyed broad public support.

Given the more urban and slightly more industrialized economy in Ceará than the other cases, it is plausible that voters were more responsive to Jereissati as an anti-clientelist candidate. Indeed, authors such as [Gondim \(1998\)](#) and [Tendler \(1998\)](#) have suggested that prior

economic change made Jereissati's victory "one of the last chapters of the struggle" Tendler (1998, 6). In Fortaleza, this may have some truth; the PT already won a mayoral victory in the state capital in 1985. Yet, much of the interior remained the coronels' stronghold and tracing the process by which Jereissati's candidacy emerged suggests that the outcome was a more contingent and elite-driven process. Rather than responding to long-standing demands from the electorate or even an insurgent new elite, Gonzaga Mota had to personally select and support Jereissati to run for office. This depended less on persistent attacks and a bottom-up breakthrough against clientelist forces and more on divisions over national politics among the existing elite. Moreover, the PMDB's commitment to inclusive governance was precarious; the flow of traditional PDS candidates into the PMDB accelerated as the future of the military regime became uncertain. Most importantly, as the comparative analysis in Chapter 5 makes clear, more developed states failed to pursue inclusive change and throughout the Northeast traditional elites proved capable of hijacking the PMDB ticket and re-asserting clientelist practices (Hagopian 1996).

#### 4.4.3 Bihar, India

Up to 2004, while many Biharis were undoubtedly fed-up of the state's reputation for chaos and corruption, voters continued to support Lalu Yadav's RJD as the largest single party by a wide margin. In the 2004 Lok Sabha elections, the RJD received 30.67% of the vote and 22 seats, 8% points and 16 seats more than its nearest rival. The clientelist trap continued to bind. Intervention by national institutions had already weakened the regime - Lalu was repeatedly remanded in custody for his participation in the fodder scandal from 1997 onwards, with a conviction finally secured in 2003. However, it took a further series of intra-elite rivalries in national government to depose Lalu's wife Rabri Devi from office. Just before the February 2005 state polls, a key member of Lalu's alliance, Ramvilas Paswan of the LJSP, broke away along with 29 crucial seats. Paswan was the leader of a dalit party whose base overlapped with Lalu's. However, the breakaway was triggered not by local political considerations, and certainly not by an aversion to clientelism, but by the two party leaders'

competition at the national level. Both were Ministers in the UPA government, and Paswan (a former railway Minister) promised to “teach Laloo Prasad Yadav a lesson for scheming to take away the Railway Ministry in the UPA government” ([Ramakrishnan 2004](#)). The open trading of corruption allegations and “ego issues” created a personal enmity which split the two political camps.<sup>8</sup> Other political options were also foreclosed by national politics; Paswan refused to join the local opposition NDA because of his position in the national UPA government ([Kumar, Alam and Joshi 2008](#)). The decision to leave Lalu’s alliance further fragmented the party system and created a hung state assembly after the February 2005 polls.

Yet, despite being unable to form a government the RJD remained the single largest party by a margin of 10% points and 20 seats; had the alliance held, Lalu would still have remained in office. It took a further act of national intervention to produce turnover. The Union UPA government, eager to retain the RJD in office to support its majority in the Lok Sabha, sought to defend its local ally by suspending the state assembly and imposing President’s Rule in Bihar. President’s Rule, enacted by Article 356 of the constitution, is intended as a fallback to ensure political continuity, transferring executive authority from the Chief Minister to the State Governor (a Presidential appointee) when the state government is unable to execute its duties as required under the constitution. The Rule can be enacted by Presidential prerogative, but requires legislative approval if it is to be implemented for more than two months. In practice, the application of President’s Rule has been neither automatic nor impartial. It has frequently been used as a political tool and in other cases of hung parliaments had not been invoked ([Sadanandan 2015](#)). Whether President’s Rule is enacted also depends as much on political alignments supporting its ratification in the national Parliament as it does on the merits of the case. Attempts to impose President’s Rule on Bihar in 1990, 1998 and 1999 all failed by small margins, for example the 1999 attempt passed in the lower house but was blocked in the Rajya Sabha ([Witsoe 2013, 75](#)). That the decision reflected a political calculation was confirmed by the Supreme Court which

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<sup>8</sup>Interview with Ajoy Alok Kumar, Spokesperson JDU, 18th October 2016.

released a post-hoc ruling in 2006 that the imposition of President's Rule in Bihar had been unconstitutional ([Sabharwal 2005](#); [Pasayat 2006](#)).

In reality, the central government's efforts to stall the formation of a rival government served merely to hasten that very outcome. During this period of President's Rule, the Governor - appointed by the national government - has the power to newly appoint and replace civil servants and to act as the full executive authority. Lalu was unable to influence the Governor's choices and this enabled monopoly clientelist control to be broken even before his electoral opponents had beaten him at the polls. Moreover, the breathing space of President's Rule enabled the national Electoral Commission to organize a more credible poll, deploying 60,000 security personnel from other states to deter ballot-box snatching and violence which had facilitated clientelist threats and tilted previous elections in Lalu's favour ([Andersen 2016](#)). The consequence was that by the time of the October 2005 election, there was no incumbent party able to control the levers of state patronage distribution. Bureaucrats were given considerable freedom to introduce much-needed reforms and, according to an IAS officer, "Procedurally it was much faster to put in place new ideas because of the president's rule" ([Mukherjee 2010](#), 4).

On the newly-levelled playing field of a state governed by administrators from Delhi, new elections were held in October 2005. Nitish Kumar's JDU, in alliance with the BJP, beat Lalu's RJD into third place in number of seats. Nevertheless, while the RJD lost 21 seats, it lost only 1% in vote share between February and October 2005. This suggests that while removing the incumbent regime was a crucial stepping stone, turnover itself was not triggered by a mass shift in demand for more inclusive governance. Losses incurred by the RJD seem to have been linked more to its forced reneging on patronage promises than any desire for a different type of politics ([Kumar, Alam and Joshi 2008](#), 27). That the JDU under Kumar, rather than other parties, benefited most from the election may also have been linked to national politics, and in particular the BJP's failure to manage the fallout of the Gujarat riots and the ineffectiveness of the current Congress administration. Unlike Lamido and Jereissati, Kumar was not hand-picked for executive office. Yet, his position at

the top of the NDA coalition ticket was also not pre-determined. Indeed, in the February 2005 elections the coalition had run without any Chief Ministerial candidate due to the comparable size of the constituent parties and the inability to agree on a suitable candidate. After five of the six regional rounds of voting in February, it became clear that the JDU had a slight lead in vote share over the BJP and this forced the BJP to relent and accept Kumar as the coalition's Chief Ministerial candidate.

## 4.5 The Limits to Path Dependence in Subnational Politics

When national actors undermine subnational clientelist leaders and promote their own allies, they break the circuit of self-reinforcing clientelist power that inhibits elite turnover. When Turaki switched parties, Mota turned on the coronels, and Lalu was ejected by President's Rule, voters experienced a temporary relaxation of the clientelist trap. Networks were disrupted, access to resources became harder and, most crucially, voters' expectations of who would win were upended. The path dependent process of the clientelist monopoly of power (Medina and Stokes 2002) can therefore be interrupted where higher-level political actors have the institutional powers and resources to exert their interests in the subnational political arena. Even more dramatically, national interventions can trigger a radical change in governance by creating the conditions that bring outsiders into power with an incentive to abandon clientelism to secure their new position. These findings support Proposition 2 and suggest that subnational governance trajectories may be subject to a form of punctuated equilibrium in which exogenous events - national interventions - are able to shift local politics from one (clientelist) equilibrium to an alternative (inclusive) equilibrium (Baumgartner, Jones and True 2006). As Gibson (2013) compellingly argues, it is only by recognizing the connections between the multiple levels of federal polities that we can understand the opportunities for change in subnational institutions and practices.

This chapter has also made clear why the theory of outsider-led inclusive change operates primarily at the level of individual elites when analogous arguments have been made for

the importance of competition based on comparative advantage between parties ([Hagopian N.d.](#)). The logic of a party with relatively weak clientelist networks choosing inclusive governance to maximize the harm to competing parties faces two hurdles which the analysis highlights. First, when deciding a party's strategy elites are likely to consider the impact of inclusive governance on their personal finances and intra-party support, and not just on their electoral fortunes, which are the focus of existing analyses. Where vested interests in clientelism are strong and elites do not have the skills to extract rents under inclusive governance, it may be preferable to remain a profitable underdog under clientelism over a broke favourite under inclusive governance. A logic of absolute advantage may then triumph over a logic of comparative advantage. Second, the selection process for a party with weak clientelist networks to come to office in a clientelist context is much more stringent than for individual candidates. While outsider elites can be promoted within a clientelist party, draw on a clientelist party's assets to win office and subsequently switch governance strategy, a weak clientelist party does not have the capabilities to prosper in the initial clientelist environment.<sup>9</sup> In short, it is easier for national intervention to promote a single outsider within a clientelist party than to promote an entire outsider party against the clientelist system.<sup>10</sup> All of the three outsider reformers here entered office through party vehicles that were steeped in clientelism. This proved invaluable for their initial success, allowing them to compete against temporarily weakened competitors even before public resources were insulated from clientelism. Subsequently, reformist leaders were still able to challenge these parties' immediate interests by initiating inclusive reform, drawing on their *de jure* executive powers to free themselves from party control. It is, then, the combination of a clientelist party with an outsider at the helm that is most conducive to inclusive reform.

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<sup>9</sup>Exogenous factors may still produce an upset - for example for [Hagopian \(N.d.\)](#) economic shocks can level the playing field by denying the incumbent the resources needed to execute clientelism.

<sup>10</sup>Even [Shefter's 1977](#) account of externally-mobilized parties relies on other mechanisms to explain their initial electoral success.

## 5 | Testing the Theory of Outsider Elites

Tracing the histories of the least-likely inclusive reform cases has suggested a previously unrecognized pathway to inclusive governance. The theory of political outsiders provides clear criteria for predicting when inclusive governance should and should not arise. Only if national intervention succeeds in promoting to office elites with specific characteristics - weak clientelist ties and the ability to both deliver public goods and extract rents - will inclusive governance be implemented. Where those conditions are absent, leaders will face no incentive to pursue inclusive reform. This chapter tests these predictions in a broader sample of cases. Evidence of inclusive governance initiated by ‘insider’ leaders with strong clientelist networks, or of clientelism perpetuated by ‘outsider’ leaders with weak clientelist networks would weaken our confidence in the theory.

### 5.1 Nested Subnational Comparisons

The scope conditions for this argument rely on a higher level of political authority with the capacity to disrupt local political equilibria and thrust unexpected elites into office. The argument therefore needs to be tested at the subnational level. To maximize the number of cases and ensure that any findings are not country-specific I draw on subnational cases from all three countries, adopting the ‘subnational comparative’ methodology advocated by Snyder (2001). This greatly enhances our ability to make accurate controlled comparisons and provides a greater degree of generalizability for the theory. These countries share the minimal scope conditions necessary for the theory to operate as all are developing federal

democracies,<sup>1</sup> but also embody substantial cultural, historical and institutional diversity.

However, simply pooling subnational cases from across all three countries would introduce a host of institutional, geographical and historical differences that might confound any comparison. For example, the methods that national actors can use to intervene in local politics in India's parliamentary system are inevitably different from those in Brazil's presidential system. What constitutes a window of opportunity for an outsider to come to office in India may be useless to an outsider in Brazil. I therefore adopt a nested comparison design in which only subnational units within the same country and at the same point in time are compared to one another, maximizing institutional and historical similarity. Aggregating the results of the within-country comparisons then provides an optimal combination of comparability and generalizability.

Even within-country comparisons are challenging because national interventions may be applied to only a single subnational case or could be defined very broadly to include everyday interactions that provide no realistic prospect of upending local politics. To make the analysis tractable, and to observe how subnational polities respond in similar circumstances I focus on specific 'windows of opportunity' in each country. These windows of opportunity are country-specific junctures ([Soifer \(2012\)](#)'s permissive condition) - moments when national politics impacts on multiple subnational units, allowing us to define clear units of analysis. Variation in elite turnover and the characteristics of new elites produced by these common circumstances then facilitates the testing of theory.

Defining appropriate windows of opportunity means identifying the moments where national interference is both strong - capable of undermining local clientelist incumbency and promoting outsiders - and broad - affecting multiple subnational units. In India, I select instances of the application of President's Rule because this applies a powerful and equal disruptive effect to all affected cases, imposing a proxy of the national government in local office and providing a reset of voter expectations. In Brazil I take advantage of the 1986

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<sup>1</sup>The federal systems in these countries provide broadly equivalent scope for subnational actors to take important governance decisions. For example, fiscal decentralization is present in all three countries and primary public service delivery is delegated to state and local governments.

gubernatorial election which occurred in the context of democratization. Not only did this polarize voters on national issues, it also led to near-guaranteed turnover in the local elite (with the exception of Sergipe state) for reasons independent of local politics. In Nigeria, I focus on elections where incumbent state governors are term-limited and elite turnover is guaranteed. While there are many ways in which governors can stack the deck in favour of their preferred successor, these are also moments where competing elites come to the fore and where voters' expectations are less firmly anchored on a single clientelist incumbent (Ichino 2004).<sup>2</sup> Across the three countries, these junctures created unprecedented difficulties for incumbents seeking to retain their grip on power and opportunities for new elites to take office.

## 5.2 Coding Elite Characteristics

Systematic testing of the theory requires us to distinguish political leaders according to the strength of their clientelist networks and their ability to combine public service delivery and rent extraction. The complexity and multi-dimensionality of these factors creates challenges for accurate measurement. Much of the literature about these leaders documents their period in office but a reliable coding must be based on their prior characteristics which are often less well documented. Assessments of elite assets and abilities inevitably involves a degree of subjectivity, if only due to the incomplete availability of information. To guard against these risks I emphasize transparency over comprehensiveness, defining two specific measures of elite characteristics that can be readily measured and interpreted.

First, to code the strength of a leader's local clientelist networks I develop a proxy based on biographical information about leaders' careers prior to executive office. Leaders who have held local office are likely to be deeply embedded in local patronage networks, have had access to public resources to finance clientelism and to have developed extensive

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<sup>2</sup>As Ichino (2004) argues, in Nigeria political competition typically concentrates before election day between elites competing for party nominations, with incumbent political machines and electoral interference subsequently assuring their confirmation in office. One exception is Kano state, which is much more urban, much more competitive and has a public tradition of deterring ballot box interference.

networks of clients. Sustained recent success is likely to indicate proficiency in clientelism. I therefore count the number of years in the preceding decade during which the leader held political office at the state or local level, or held a national legislative office representing the locality. Only elites who have spent very few years in these positions are likely to have the relatively weak clientelist networks needed to operate as ‘outsiders’. The cutoff is somewhat arbitrary and I select five years - half of the measurement period - as the dividing line between political insiders and outsiders. Holding other positions does not contribute to this measure. Personal clientelist networks need to be maintained and cultivated actively if they are to create strong ties of expectation and obligation (Nichter 2011). Holding a political position based outside of the state is therefore likely to contribute to the degradation of *local* clientelist ties and provide a political vacuum that competing local elites fill. A politician who moves to the national capital may well improve their status but the locus of their clientelist ties will shift away from local networks to national networks. Therefore years spent in national executive positions do not count towards the measure of local clientelist ties.

Second, directly coding for a leader’s ability to combine service delivery with rent extraction is difficult since rent extraction is often hidden. Measurement therefore relies on the assumption that combining these goals efficiently relies on a close network of technically capable allies able to navigate the government bureaucracy. Enforcing rules requires technocrats to be identified and appointed, detailed rules to be drafted and new monitoring technologies to be deployed. Extracting public resources requires a knowledge of government rules and trusted allies to manage the cashflow, particularly if it is to occur under the radar and without compromising the efficiency of public investments. Without pre-existing connections these hurdles may be prohibitive for an inexperienced politician and dissuade them from inclusive governance, either because they will be unable to deliver the improvement in public services to rally voter support or because they will be unable to benefit financially from a rule-bound system. Particularly where a leader has to delegate reform to unknown technocrats they may have little opportunity to secure their own rents or organize kickbacks.

The coding rule is therefore a binary indicator of whether the leader possesses a close and trusted team which they can draw on to implement technocratic reform and organize rent extraction.<sup>3</sup>

By mapping these two indicators to leaders' subsequent strategy choices between inclusive and clientelist governance, we can test the theory. This also requires us to measure these governance practices, for which I draw on credible secondary accounts of how policy was formulated and implemented, both from the existing literature and from interviews with relevant local experts.

## 5.3 Subnational Comparative Analysis

### 5.3.1 Nigeria

The analysis focuses on term-limited governors in the 2007 and 2011 gubernatorial elections.<sup>4</sup> In all of the cases listed in Table 5.1 the departing incumbent or national politicians played the role of 'godfather' in selecting the new governor. It is the variation in who they picked and how their successor choose to govern that allows us to test the theory. In some cases successors were selected because they were deeply embedded in the local political system, with clientelist experience that would help them retain office. In other cases, successors were selected to minimize the threat to the departing governor which often meant they were political outsiders with experience in the private sector or the federal bureaucracy. The theory suggests that only the clientelist 'insiders' would perpetuate clientelism and only the outsiders with close technocratic teams would make the radical shift to inclusive governance.

Among insiders, the coding confirms this pattern: all of the new governors with local political experience in the past decade adopted clientelism and made no visible effort to

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<sup>3</sup>The availability of these skills is likely to vary more at the individual than at the societal level. Even in poor societies, technocratic allies may be readily available, either due to high rates of inequality which produce a small group of highly-educated residents or due to imported human capital by international development partners who often focus their attention on the poorest places. Federal societies also provide additional opportunities to import skills and allies from more prosperous states.

<sup>4</sup>These are the years for which data availability made coding feasible.

strengthen the enforcement of public resource rules. Among outsiders with no prior local political experience, the patterns are more complex. Along with Jigawa, four states elected Governors with no recent experience in local office. Having been parachuted into office these governors lacked political security and had few personal clientelist networks to draw on for support. The crucial secondary factor is whether these elites saw a profitable opportunity in inclusive governance; whether they had the elite contacts to control the reform process. In some cases newcomers had little choice but to try and compete on clientelism; Governor Nyako in Adamawa had only a military and farming background to draw on without government experience, while Dakingari in Kebbi had experience only in the Nigerian Customs Service, a notoriously unprofessional and corrupt organization which was no preparation for radical reform. Unsurprisingly, neither initiated rule-based reform.<sup>5</sup>

The two remaining cases are difficult to code. Governor Yuguda in Bauchi state had experience in the banking sector and spent a couple of years as the Minister of Aviation, but lacked a reputation, ideological background or network of technocrats that could be drawn on to help govern the state in a new way. While it is difficult to make clear predictions on the basis of this, the route Yuguda took to office is instructive; unlike most other governors in this period, Yuguda was not anointed by the outgoing Governor. Instead, he used his position as a federal minister to compete as an opposition (ANPP) candidate against the godson of former Governor Mu’azu. That intense pre-election competition carried out on the state’s own turf essentially embedded Yuguda within a local clientelist network, even if he technically had not held local political office according to the coding scheme applied here. Having made promises to many supporters during his campaign, in office his rule was characterized by the continuation of clientelism.

Finally, in Kaduna, Namadi Sambo was plucked from his career as an architect “whose political aspirations are not immediately apparent” ([BBC 2010](#)) by his godfather, Governor Ahmed Makarfi, as a pliant successor. Though the two later split, Sambo had little inde-

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<sup>5</sup>For those outsiders with little alternative, the political conflict required to try and take over the political networks of their former godfathers was intense ([US Government 2009](#)).

pendent political capital to draw on. Some of his assets appear technocratic, for example his professional career and a brief consultancy for the World Bank, but he had no network with experience in the public sector and no national exposure. Perhaps reflecting this mixed set of assets, his governance approach was also eclectic. In the security sector there was significant investment, monitoring and focus on results through Operation Yaki, but in other sectors there has been no concerted progress in establishing or enforcing clear public service rules; promising programs for free school uniforms and new taxis were quickly hijacked for political ends ([Quaranmata 2009](#)). A DFID-sponsored public financial management study reports minimal change in the adoption of and adherence to public expenditure rules, with only 4 indicators out of 28 improving and one worsening between 2008 and 2012 ([Kaduna State Government 2012](#)). I therefore code this as a mixed case on both the explanatory and dependent variables.

Table 5.1: Northern Nigeria Comparative Analysis of Outsider-led Inclusive Governance

Case Details			Condition 1			Condition 2		Dependent Variable	
State	Year	Term Limited Governor	New Governor	Local Public Positions	National Executive Positions	Years as Local Incumbent in Past Decade	Outsider?	Tech-no-cratic assets?	Governance Strategy
Adamawa	2007	Yes	Murtala Nyako		Chief of Naval Staff 1990-92	0	Yes	No	Clientelist
Bauchi	2007	Yes	Isa Yuguda		Federal Minister of Aviation 2003-05	0	Yes	Mixed	Clientelist
Borno	2011	Yes	Kashim Shettima	State Commissioner of Finance, Health, Education, Agriculture and Local Govt 2007-11		5	No	-	Clientelist
Gombe	2011	Yes	Ibrahim Hassan Dankwambo	State Accountant General 1999-2005	Accountant General of the Federation 2005-2010	5	No	-	Clientelist
Jigawa	2007	Yes	Sule Lamido		Foreign Minister 1999-2003	0	Yes	Yes	Inclusive
Kaduna	2007	Yes	Mohammed Namadi Sambo	State Commissioner for Agriculture, and Works and Housing 1986-90		0	Yes	Mixed	Mixed
Katsina	2007	Yes	Irabhim Shema	State Attorney General and Commissioner of Justice 1999-2003	Chairman NAMA 2006	5	No	-	Clientelist

Table 5.1: (Continued)

Case Details			Condition 1				Condition 2	Dependent Variable	
State	Year	Term Limited Governor	New Governor	Local Public Positions	National Executive Positions	Years as Local Incumbent in Past Decade	Outsider?	Tech-no-cratic assets?	Governance Strategy
Kebbi	2007	Yes	Usman Saidu Dakingari	Chairman Local Government 1986-87; Director-General, Governor's Office 1992; Deputy Governor 1999-2006 Chairman Local Govt 1989-93, State	Customs Service 1989-2006	0	Yes	No	Clientelist
Sokoto	2007	Yes	Aliyu Magatakarda Wamakko	Danbaba Danfulani Suntai	Commissioner of Education 2000-03, Health 2003-05 and Secretary to the State Govt 2005-07	8	No	-	Clientelist
Taraba	2007	Yes	Mamman Bello Ali	Senator 1999-2007	8	No	-	Clientelist	
Yobe	2007	Yes	Mahmud Shinkafi	Vice-Governor 1999-2007	8	No	-	Clientelist	
Zamfara	2007	Yes				8	No	-	Clientelist

### 5.3.2 Brazil

Incumbent parties faced an uphill battle for re-election in Brazil's 1986 gubernatorial election. Riding a wave of enthusiasm for democracy, the PMDB swept the state elections, winning 22 out of 23 gubernatorial positions. Ceará was not alone in experiencing elite turnover. Yet, individual states were subsequently governed in very different ways. In some states, traditional clientelist elites who "had the foresight to abandon in a timely fashion a decaying regime" became the principal beneficiaries of the democratic transition (Hagopian 1996, 212). For example, Hagopian (1996, 220) describes how, after victory in the 1982 election, the PMDB under Tancredo Neves "did not dismantle the clientelistic system that had long pervaded the politics of Minas Gerais". Yet, other states followed Ceará in implementing strict institutional reforms and prioritising enforcement. Given Brazil's extreme inequality between regions the analysis includes only the nine states of the Northeast region which pose the biggest theoretical challenge due to their high levels of poverty and long history of clientelism.

The coding in Table 5.2 provides a summary of the comparison. In one case, Sergipe, no electoral turnover took place, with the PDS breakaway faction the PFL retaining the governorship under former Vice-Governor Antônio Carlos Valadares.<sup>6</sup> In five cases the new governors shared the same heritage as their predecessors - five cases are coded as insiders because of their extensive local office-holding. As the Table indicates, the typical governor for the party of democratization had been a mayor, federal deputy and even previous governor in the past decade under the military regime. This new elite was neither inclined nor equipped to effect a break from clientelist practices. While they sought to co-opt and undermine the patronage networks of competing elites in the PDS and PFL, they did so by out-competing them on clientelism, hiring more staff and allocating funds for the benefit only of political supporters.

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<sup>6</sup>Even this defeat points to the importance of intra-elite politics, with Jackson Barreto, the capital's mayor and prominent PMDB member supporting the PFL as a quid pro quo for the support he received in the mayoral election the year before (*O Estado de São Paulo* 1986).

Table 5.2: Northeast Brazil Comparative Analysis of Outsider-Led Inclusive Governance

State (North- east)	Case Details			Condition 1			Condition 2	Dependent Variable
	1987 Turnover	Governor in 1987	Local public positions	National Executive Positions	Years as Local In- cumbent in Past Decade	Out- sider?	Techno- cratic allies or experi- ence?	Governance Strategy
Alagoas	Yes	Fernando Collor de Mello (PMDB)	Mayor 1979-83; Deputado 1983-87		8	No	-	Clientelist
Bahia	Yes	Waldir Pires (PMDB)	Deputado 1958-62	Ministro da Previdência Social, 1985-86	0	Yes	Yes	Inclusive
Ceará	Yes	Tasso Jereissati (PMDB)	-		0	Yes	Yes	Inclusive
Maranhão	Yes	Epitácio Cafeteira (PMDB)	Mayor 1966-69; Deputado 1975-87		10	No	-	Clientelist
Paraíba	Yes	Tarcisio Burity (PMDB)	Education Secretary 1975; Governor 1979-82, Deputado 1982		10	No	-	Clientelist
Pernambuco	Yes	Miguel Arraes de Alencar (PMDB)	State Deputado 1950-58; Mayor 1960-62; Governador 1963-64; Deputado 1983-87		4	Yes	No	Clientelism
Piauí	Yes	Alberto Tavares Silva (PMDB)	Mayor 1948-51, 55-59; State Deputado 1951-53; Governor 1971-75; Senator 1979-87		10	No	-	Clientelist
Rio Grande do Norte	Yes	Geraldo Melo (PMDB)	Secretary of Planning 1961-66; Vice-Governor 1979-83		8	No	-	Clientelist
Sergipe	No	Antonio Carlos Valadares (PFL)	Mayor 1966; State Deputado 1971-79; Deputado 1978-83; Education Secretary 1979-81; Vice-Governador 1983-87		10	No	-	Clientelist

These patterns contrast markedly with the profile of Tasso Jereissati in Ceará, who had no experience in local office before he became governor, encouraging the inclusive governance strategy described in Chapter 3. The only other governor with a similar profile is Waldir Pires of Bahia, a leftist candidate who returned from exile and had previously only been Minister of Social Assistance at the federal level, plus a federal deputy in the pre-military era.<sup>7</sup> Exile prevented Pires from being too closely tied to local clientelist networks while his employment history increased his connections to Brasília's technocratic elite. The theory would therefore predict Pires adopting inclusive governance and there is evidence that he took this approach. He immediately fired a large number of public workers who had been hired just before the election by his predecessor (Souza 2009).<sup>8</sup> Competitive civil service exams were introduced starting in 1988. Dantas-Neto (2003, 230-231) describes the government as the one "whose profile had the clearest trace of anti-carlismo", which inevitably entailed a crackdown on deeply rooted clientelist practices. Within a year, Pires had scared off enough of the traditional elite to lose his majority in the state legislature. Yet, since the motive for inclusive reform was linked to Pires' personal circumstances, we would also expect reform to falter once Pires quit office in 1989 to stand as Ulysses Guimarães' vice-presidential candidate. Just as predicted, the vice-governor, Nilo Coelho, assumed office and quickly reverted to clientelist practices. As elsewhere, Pires could not have come to power without at least tacit support from defecting conservative forces, including a large number of landowning and industrial elites, and they had insisted on Coelho's position on the ticket (Souza 1997, 133). The case of Bahia therefore fits well with the predictions of the theory.

Finally, the case of Pernambuco is the most challenging to code. The new Governor, Miguel Arraes de Alencar, had deep roots in the political system as a former Governor, but these principally preceded the military regime and his exile in 1964. Accordingly, Arraes had an outsider's credentials similar to Pires' and, after one term as a Federal Deputy from

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<sup>7</sup>The shock of Pires' success was as great as Jereissati's; ACM had in the 1982 election proclaimed the ease with which "I win elections with a bag of money in one hand and a whip in another" (Souza 2009, 9).

<sup>8</sup>The government's share of employment rose from 18.4% in 1980 to 26.2% in 1986 (Souza 1997, 123).

1983, was only partially embedded in local patronage networks by the time he came to be governor. Yet, he lacked the technocratic allies or experience to manage public programs in a rule-based way. The theory indicates it would be unlikely - and costly - for a leader in these circumstances to pursue inclusive reform. At first glance, there is evidence of considerable energy and innovation more typically associated with inclusive reform. Governor Arraes presented a visible contrast to his predecessors with an investment focus on rural and pro-poor policies such as ‘vaca na corda’ (support for cattle purchasing), ‘chapéu de palha’ (public employment for sugarcane workers in the off-season) and ‘água na roça’ (financing for irrigation). However, programme rules were poorly enforced and the distribution of resources permitted considerable local discretion. As Pereira describes, Arraes “won election for governor in 1986 and again in 1994 with an effective personalistic machine that included both landlord and trade union support in the sugar zone” ([Pereira 1997](#), 122). The strategy is therefore better classified as an attempt to out-compete conservative elites by reproducing clientelism. Overall, the pattern of findings in Table 5.2 lends considerable support to the argument.

### 5.3.3 India

The analysis codes each enactment of President’s Rule since 2000, encompassing 20 events documented in Table 5.3. In a minority of cases, the former Chief Minister succeeded in being re-elected. However, in the majority of cases the interruption of President’s Rule provided an opening for new leadership.

In only three cases could the new Chief Minister be coded as an ‘outsider’ from local politics with less than five years experience in local office. One is Bihar, where the stark nature of inclusive reform was illustrated in Chapter 3. The second case is Arvind Kerjiwal who became Chief Minister of Delhi from 2015. As a former tax bureaucrat and civil society activist in grassroots anti-corruption movements, Kerjiwal was certainly an outsider and possessed the connections to execute inclusive reform. His rule-based reforms, including the testing of an enforced alternating vehicle number plate scheme to tackle pollution, are therefore not

surprising. However, this case does not require the apparatus of intra-party competition and is served well by existing theory. Kerjiwal represents a case of an externally-mobilized party, the Aam Aadmi Party, which launched in 2012 and responded to growing middle-class demand for better governance in wealthy Delhi. The final case, of Mufti Mohammed Sayeed in Jammu and Kashmir in 2002 is an apparent failure for the theory's predictions. Despite a decade of political inactivity before coming to office and some evidence of a close team of capable supporters, Sayeed consolidated clientelist control and made no coherent effort at reform. This case highlights the challenges of measurement and in this case the decade window for measuring local political activism was too short. While Sayeed had been relatively inactive for a decade, before this time he was extremely deeply engaged in state politics and had successfully maintained much of his dormant political network.

The Indian case also exposes potential errors of exclusion from the methodology. In nearly all cases where the Chief Minister was an insider with more than five years experience in local political office, clientelist strategies dominated. However, the cases of Karnataka 2008 and Andhra Pradesh 2015 exhibit more mixed governance practices. In part, this reflects stronger pre-existing institutional constraints. In the case of Andhra Pradesh it also illustrates that not all time spent in local political office predisposes elites to clientelism. Having been Chief Minister from 1995-2004 and an MLA since then, Naidu was certainly no outsider. Yet, his governance strategy during that time incorporated intense periods of inclusive reform, and did not endow him with strong clientelist networks.<sup>9</sup> When he first came to power in 1995 the theory performs considerably better. While Naidu had been active as an MLA for some years, he was in the second tier of leaders in the Telugu Desam party (TDP). The TDP's filmstar leader, N.T.Rama Rao, won state elections in 1994 and became Chief Minister until Naidu launched an intra-party coup to replace Rao the following year. Given the internal party split this generated, with Rao's wife continuing to lead a faction against Naidu, there is a strong rationale for his immediate turn to an inclusive strategy

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<sup>9</sup>Existing research suggests that Naidu adopted a segmented strategy, matching urban inclusive reform with rural clientelism ([Mooij 2007](#)).

that would consolidate his fragile base and disarm opponents who prospered under the prior clientelist system. This background explains Naidu's tendency in his third term to continue elements of inclusive governance.

Table 5.3: India Comparative Analysis of Outsider-Led Inclusive Governance

State	Case Details			Condition 1			Condition 2		Dependent Variable
	Timing of President's Rule	President's Rule declared due to:	Turnover	Local Public Positions	National Executive Public Positions	Years as Active Local Incumbent in Past Decade	Outsider?	Technocratic allies or experience?	Governance Strategy
Manipur	June 2001 - March 2002	Loss of majority	Radhabinod Kojam (SP) to Okram Idobi Singh (INC)	MLA 1984-1996; Chairman of Khadi and Village Industries Board 1988; Minister for Municipal Adminsitration, Housing and Urban Development 1990; Minister for Industries 1994-95		5	No	No	Clientelist
Uttar Pradesh	March - May 2002	Inconclusive election	Rajnath Singh (BJP) to Mayawati (BSP)	MLA 1989-1994; Rajhya Sabha 1994-1999; Chief Minister 1995, 1997		10	No	No	Clientelist
Jammu and Kashmir	October - November 2002	Inconclusive election	Farooq Abdullah (NC) to Mufti Mohammed Sayeed (PDP)	State Assembly 1962-1972; Deputy State Minister 1962; Cabinet Minister 1972;	National Minister of Tourism 1986; Home Minister of India 1989-90	0	Yes	Mixed	Clientelist
Goa	March - June 2005	Government dismissed despite winning vote of confidence	Pratapsingh Rane (INC) retained power	Chief Minister 1980-1990; 1994-1998; 2005; MLA 1989-2002		10	No	No	Clientelist
Bihar	March - November 2005	Inconclusive election	Rabri Devi (RJD) to Nitish Kumar (JDU)	MLA 1985-89; Lok Sabha 1989-2004	Minister of Surface Transport 1999; Minister of Agriculture 1999-2000; Minister of Railways 1998-99 and 2001-04; Chief Minister 2000 (7 days)	4	Yes	Yes	Inclusive

Table 5.3: (Continued)

State	Case Details			Condition 1			Condition 2		Dependent Variable
	Timing of President's Rule	President's Rule declared due to:	Turnover	Local Public Positions	National Executive Public Positions	Years as Active Local Incumbent in Past Decade	Outsider?	Technocratic allies or experience?	Governance Strategy
Karnataka	October 2007 - May 2008	Loss of majority as BJP-JDS CM rotation deal not abided by Government dismissed despite winning vote of confidence	H.D.Kumaraswamy (JDS) to B.S.Yeddyurappa (BJP)	President of Municipality 1975; State MLA 1983-1999, 2004-2008; State Upper House 1999-2004		10	No	No	Mixed
Nagaland	January - March 2008		Neiphiu Rio (NPF) retained power	State MLA 1989-1998; State Home Minister 1998-2002; Chief Minister 2003-08		10	No	No	Clientelist
Jammu and Kashmir	July 2008 - January 2009	Loss of majority	Ghulam Nabi Azad (INC) to Omar Abdullah (NC)	Lok Sabha 1998-2008	Union Minister of State for External Affairs 2001-2002	8	No	No	Clientelist
Jharkhand	January - December 2009	Loss of majority	Shibu Soren (JMM) retained power	Chief Minister 2005 (9 days); Lok Sabha 1980-2009;	Union Coal Minister 2004 (brief)	9	No	No	Clientelist
Meghalaya	March - May 2009	Government dismissed despite winning vote of confidence	Donkupar Roy (UDP) to Mukul Sangma (INC)	State MLA 1993-2008; State Home and Education Minister 2003-2005; Deputy Chief Minister 2005		10	No	No	Clientelist
Jharkhand	June - September 2010	Loss of majority	Shibu Soren (JMM) to Arjun Munda (BJP)	State MLA 1995-2014; Chief Minister 2003-2005, 2005-06		10	No	No	Clientelist
Jharkhand	January - July 2013	Loss of majority	Arjun Munda (BJP) to Hemant Soren (JMM)	Union Rajya Sabha 2009-10; Deputy CM 2010-13		5	No	No	Clientelist

Table 5.3: (Continued)

State	Case Details			Condition 1			Condition 2		Dependent Variable
	Timing of President's Rule	President's Rule declared due to:	Turnover	Local Public Positions	National Executive Public Positions	Years as Active Local Incumbent in Past Decade	Outsider?	Technocratic allies or experience?	Governance Strategy
Delhi	February 2014 - February 2015	CM Resigned	Arvind Kejriwal (AAP) remained in power	MLA 2013; Chief Minister 2013-14		3	Yes	Yes	Inclusive
Andhra Pradesh	February - June 2014	CM Resigned	N. Kiran Kumar Reddy (INC) to N. Chandrababu Naidu (TDP)	MLA 1978-83; 1989-2014; Chief Minister 1995-04		10	No	No	Mixed
Maharashtra	September - October 2014	Loss of majority	Prithviraj Chavan (INC) to Devendra Fadnavis (BJP)	Mayor 1997-2001; MLA 1999-2014		10	No	Mixed	Clientelist
Jammu and Kashmir	January - March 2015	Inconclusive election	Omar Abdullah (NC) to Mufti Mohammed Sayeed (PDP)	State Assembly 1962-1972; Deputy State Minister 1962; Cabinet Minister 1972; MLA 2002-2014; Chief Minister 2002-2005	National Minister of Tourism 1986; Home Minister of India 1989-90	10	No	No	Clientelist
Jammu and Kashmir	January 2016 - April 2016	Death of CM	Mufti Mohammed Sayeed (PDP) to Mehbooba Mufti (PDP)	MLA 2002-2016; Lok Sabha 2004-09, 2014-16		10	No	No	Clientelist
Arunachal Pradesh	January - February 2016	Loss of majority	Nabam Tuki (INC) to Kalikho Pul (PPA)	MLA 1995-2016; State Finance Minister 2003-07; other cabinet positions		10	No	No	Clientelist
Uttarakhand	March - May 2016	Loss of majority	Harish Rawat (INC) remained in power	MLA 1980-91; Rajya Sabha 2002-08; Lok Sabha 2009-14; Chief Minister 2014-16	Union Minister for Parliamentary Affairs, Agriculture, Food Processing and Water Resources 2009-14	5	No	No	Clientelist

## Part II

# When do Voters Support Inclusive Governance?

## 6 | Escaping the Clientelist Trap: How Inclusive Policy Exposure Enables Collective Confidence

When incumbents choose to implement inclusive policy ‘against the grain’ of local clientelist practices, citizens are likely to encounter a dramatic change in their experience of government. Their livelihood, health and security now depend far less on their political connections. With public resources allocated on the basis of rules, recipients are now treated as citizens rather than clients. Yet, to be sustained, these governance changes must win fresh support at the next election. This time, with the political juncture that brought them to power having passed and with clientelist competitors continuing to make threats against voters, inclusive incumbents must find a way to overcome the clientelist trap themselves. This chapter investigates to what extent a temporary and top-down experience of inclusive policy can become politically self-sustaining.

### 6.1 The Electoral Weakness of Inclusive Policy

Much existing research has focused on the economic and social effects of policy (Soares, Ribas and Osório 2007; Shei et al. 2014), which are often large. Where the *political* effects of policy reform have been evaluated the focus has been on the retrospective rewards that voters give to incumbents that provide them with benefits. For example, De La O (2013) examines how conditional cash transfers in Mexico affect the national incumbent’s vote share while Zucco (2013) and Hunter and Power (2008) assess Bolsa Família in Brazil. Yet, there remains no consensus on these effects. The findings of these studies have been brought into question by Imai, King and Velasco Rivera (2016). As well as revisiting the data in De La O

(2013) to suggest that the positive results were dependent on a small number of outliers, the authors also question the theory behind retrospective voting rewards: “Why would voters reward a party for actions over which the party has no control?” (Imai, King and Velasco Rivera 2016, 1). Their core critique is that if the policy is truly inclusive then a voter has no reason to vote for a particular policy, since whether they receive it is out of their hands by definition (unless they are pivotal to the election outcome).

This debate highlights the limits of the existing literature on the political effects of policy: the narrow focus on a single policy that is assumed to continue operating according to inclusive rules regardless of the election outcome. Yet, it is precisely this battle over governance strategy and rule enforcement that voters and candidates are waging when inclusive reform is led from the local level. Reformists are seeking to make inclusive governance attractive *amid* clientelist threats. Voters have no guarantee that policy will remain inclusive and may face direct rewards or punishments for supporting a policy. So the critique of Imai, King and Velasco Rivera (2016) does not apply when clientelist candidates are on the ballot. However, the positive political effects found by De La O (2013) and Zucco (2013) also fail to examine cases where clientelist competition is strong; the policies evaluated were well insulated and supported by all parties while national elections were subject to a much lower rate of clientelism than local elections. These studies tell us only that there are retrospective rewards *within* an inclusive equilibrium; not how inclusive policy might help voters to escape a persistent clientelist trap.

Existing studies also present only a partial measure of any political effects. By focusing on a single policy it is difficult to assess the aggregate political response to a shift in governance that affects all policies, which will depend on the number of beneficiaries, the behaviour of non-beneficiaries and any trade-offs in policy implementation. Existing studies’ measures of political behaviour are also imperfect due to the challenges of ecological inference in aggregated voting data and a narrow focus on election-day political behaviour rather than the full set of citizenship practices. Finally, studies tend to focus on national rather than local politics. The one exception is Larreguy, Marshall and Trucco (2015) who demonstrate

how in Mexico federally-initiated land titling reform reduced the clientelist capacity and vote share of local incumbents. This top-down national reform mechanism is important and will be assessed in Chapters 8 and 9, but is likely to be driven in large part by the fact that local politicians cannot credibly threaten to reverse inclusive reform by a higher tier of government. Unfortunately, the ‘external’ guarantee of national policy is not available to local politicians leading local reform. Instead, inclusive governance must be politically self-enforcing.

There are powerful forces, however, that limit the ability of inclusive governance to generate its own political support. Recall that the incumbent’s initial entry into office may have been facilitated by national interference to weaken competing clientelist parties. That juncture may now have passed and clientelist opponents may be resurgent. Moreover, the party that provided the vehicle for an outsider to enter office may have originally mobilized support for the incumbent through party-wide clientelist practices, but after years of attacks on co-partisan clientelist networks that party may be organizationally weakened. The losers from reform, those who can no longer rely on personal connections to access public resources, are likely to mobilize voters against reformist politicians (Grindle and Thomas 1989). In addition, institutional barriers to clientelism erected in a single term are unlikely to restrict subsequent practices. It is sufficient for a successor to have the ability to dismantle those institutions *ex post* to make clientelist threats credible *ex ante*. Building an entrenched system of checks and balances and a culture of apolitical professionalism among public servants takes more than a single term. It is for this reason that demand-side changes produced by inclusive governance are crucial to its electoral success (Swamy 2016).

Most constricting, however, is the persistent vulnerability to clientelism of poor voters. The hope that modernization effects (higher  $B$ ) might kick in over the course of a single electoral term is almost always dashed, since inclusive investments take time to generate secure private-sector incomes.<sup>1</sup> Moreover, there is a real risk that expanded public expen-

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<sup>1</sup>For example, education reform that affects primary school children today will at best only alter recipients’ private sector income at least 6-10 years down the line.

diture from inclusive reform may only serve to increase the volume of public resources that are amenable to future clientelist threats, potentially intensifying the clientelist trap.<sup>2</sup> The efforts of competing clientelist politicians to sway voters are therefore likely to meet with considerable success. By contrast, inclusive governance is politically unpersuasive: It is precisely because contemporary inclusive benefits are insulated from political interference that voters discount these gains from their voting decision. By abandoning selective rewards inclusive policy therefore appears to recuse itself from influencing voter behaviour.

In this light, the electoral success of the three inclusive reform cases is truly puzzling. Each expanded their vote share in the subsequent election (for his nominated successor in Jereissati's term-limited case) and gained a strong mandate for deepening inclusive governance. This was despite intensive clientelist counter-mobilization and continued poverty among the majority of the population. Therefore, the puzzle this chapter seeks to resolve is how inclusive reform was so politically successful at overcoming the clientelist trap? Why were voters willing to take the risk of backing an inclusive candidate?

## 6.2 How Inclusive Policy can Generate Collective Confidence among Voters

Despite the apparent impotence of inclusive policy I argue that there is a mechanism by which it can generate positive political support in the presence of clientelism.<sup>3</sup> The mobi-

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<sup>2</sup>A new public housing scheme, for example, may create substantial public assets which in the long-run boost citizens' incomes but in the short-run provide clientelist candidates with valuable leverage for pressuring residents or attracting potential residents.

<sup>3</sup>Besley and Coate (1998) describe a model that produces such changes in political preferences as a result of policy exposure. Using a citizen-candidate model they show that pareto-improving public investments may *not* be undertaken in equilibrium because the policymaker anticipates that the investment will alter the preferences of some voters in ways which *reduce* their own probability of re-election. They place less emphasis on the reverse possibility - also suggested by their model - that the policy might induce a shift in preferences that *reinforces* the policymaker's support. They discount this possibility mainly because the citizen-candidate model always provides a sound personal (rather than political) reason to introduce the policy - because it directly benefits one's own type as a citizen-representative. The model therefore cannot address the conditions under which policies can shape future political equilibria for purely 'political' reasons rather than policy-seeking reasons. In addition, their model ultimately rests on modernization effects, namely that a subset of citizens' preferences shift towards low-taxing candidates as investments increase their return

lizational effect arises not through the policy's impact on individuals but as a coordination device generating collective action - collective *confidence* - that enables voters as a group to reward high-performing politicians. The formal model's grounding in a microfounded representation of the clientelist trap illustrates this possibility and the subsequent section derives comparative statics. As emphasized in Chapter 2, escaping the clientelist trap is a collective action problem where each individual voter's choice between supporting a clientelist and an inclusive candidate depends crucially on expectations about other voters' behaviour. Voting for an inclusive candidate offering substantial public benefits is attractive only if the risk of the clientelist competitor winning and denying the voter access to public services is small enough. That risk naturally depends on voters' collective behaviour. The implication is that there are multiple equilibria in voting behaviour in polities characterized by a divide between inclusive and clientelist candidates. Which political outcome prevails will depend on where societal expectations become anchored. Evidence from Benin gathered by [Adida et al. \(2016\)](#) confirms that voting against clientelism depends on how widely disseminated and publicly visible performance information is.

While the clientelist trap pulls expectations towards the clientelist equilibrium, an incumbent has an important tool they can use to pull expectations towards the inclusive equilibrium: inclusive policy itself. By demonstrating the inclusive credentials of the incumbent and providing a public signal of their high performance, an inclusive politician can create sufficient mutual confidence among voters to shift expectations.<sup>4</sup> Voters can now vote for the inclusive candidate confident that the clientelist alternative will not succeed and will not have the opportunity to punish them.<sup>5</sup>

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on assets. Another virtue of abandoning the citizen-candidate model is that it opens up the possibility of incomplete information about the policymaker's type, which is vital for the global games model. In addition, the model focuses on distributive effects among inclusive policies, ignoring the possibility of clientelism.

<sup>4</sup>As [Thelen \(2004\)](#) describes, if there are multiple equilibria in voting behaviour, then even small policy changes that shift expectations can radically restructure political competition.

<sup>5</sup>One of the few studies to consider how policy might be interpreted in a clientelist environment is [Hunter \(2014\)](#) who discuss how Bolsa Familia is able to produce "feelings of social inclusion and agency". However, their argument applies to a national programme, is based on focus group discussions that lack a clear counterfactual or clear control group. It is also unclear what the political effect of this social empowerment

The scope for such an effect is considerable. In polities where clientelism is deeply embedded in history and culture, an unexpected and unprecedented experience of inclusive policy is likely to be among the most salient political facts that voters perceive. Moreover, the nature of inclusive policy produces an inherently public signal. When a voter seeking to receive a state service is *not* screened for their political affiliation, they can be confident that others are likely to have the same experience, precisely because of the neutrality and impersonality of the transaction. Since overcoming the clientelist trap is a collective action problem, that shared public experience provides the informational basis for voter coordination.<sup>6</sup>

A growing literature on policy feedback effects documents effects linked not only to material effects of policies but also to their ‘cognitive’ or ‘interpretive’ effects, of which collective confidence is a novel example (Pierson 1993; Soss 2000). This is only one possible response to inclusive policy and alternatives can be gleaned from the broader literature acknowledging the presence of clientelism. One possibility is that voters use the opportunity of inclusive governance to intensify their demands for clientelist policy. Auyero (2001) and Nichter and Peress (2016) provide compelling evidence that citizens play an active role in demanding clientelist benefits. Ansell (2014) describes the complexity and mutuality of clientelist relationships, suggesting that experiences of inclusive policy can actually introduce confusion and impair social relations, creating political instability. It may therefore be that inclusive policy exposure further increases the agency and expectations of voters within a pre-existing clientelist equilibrium, enabling them to make larger particularistic demands on politicians. An alternative possibility is that voters use their temporary political freedom to withdraw from political life. Hite-Rubin (2015) provides evidence that citizens in the

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is or by what mechanism agency is created.

<sup>6</sup>The use of policy to coordinate voter confidence can be considered an example of ‘heresthetics’ as described by Riker (1986). In developed democracies this might involve shifting political competition to one of many policy dimensions, but in contexts where the clientelist trap bites the coordination problem that politicians can solve is to generate a valence dimension of performance than transcends clientelist threats. As Shepsle (2003, 310) describes, “Clever politicians do not take the political world as they find it. If that world possesses no conventional equilibrium, they engage in search behavior to find a preferred outcome that can defeat the status quo.”

Philippines respond to increased economic security in the form of formal finance access by withdrawing from politics, lowering turnout during elections. Rather than generating optimism about political efficacy, inclusive policy may simply reveal long-standing voter skepticism. The consequences for electoral outcomes are unclear, but if beneficiaries do not even turnout to vote, inclusive reformers will need to look elsewhere to form pro-reform coalitions.

The main lesson from these studies is that even the direction of policy feedback effects from inclusive governance remains ambiguous. Given the salience of this governance transition, there is a compelling need for a clearer framework for understanding these effects and for empirical testing. In the subsequent section the formal model of earlier chapters is analyzed to provide clear predictions of voter behaviour and of the collective confidence mechanism. These are then empirically tested in the case of Bihar, one of the inclusive reform success cases, to understand how exposure to inclusive governance has altered citizens' attitudes, expectations and voting choices.

The prospect of generating endogenous electoral support for inclusive reform has so far been separated from the original motivation for inclusive governance. As Chapter 3 demonstrated, inclusive governance is always a more expensive route to re-election so an additional motive - intra-party competition - is certainly needed. However, the magnitude of the electoral opportunity cost may be smaller than previously thought. The collective confidence argument and the evidence in this chapter demonstrate that inclusive policy can efficiently generate electoral support. Delivering impressive inclusive policies can help secure a solid electoral victory. The success demonstrated in this chapter at overcoming the clientelist trap is therefore also a key part of the explanation in Part I for why inclusive reform is ever initiated: It is the ability of an inclusive strategy to simultaneously improve a weak candidate's party control and provide a solid chance of mobilizing majority voter support that makes the strategy viable.

## 6.3 Comparative Statics: Incumbency, Policy Exposure and Voter Empowerment

To understand how exposure to inclusive policy in a clientelist context changes voter behaviour we can draw on the insights of the formal model developed in earlier chapters. Focusing on the effect of policy itself requires separating policy exposure from the menu of political options available to voters, which we want to hold constant as a contest between one clientelist and one inclusive candidate. Therefore the appropriate comparison is to fix two candidates, one who presents a credible inclusive platform and one who represents a clientelist platform, and to contrast voter behaviour as each one is made the incumbent, altering the way that policy is governed. In order to make the comparison interesting and consequential, assume that the inclusive candidate is a high-performing  $\theta_H$  type.

First, consider the scenario where the clientelist candidate is the incumbent. For voters, the inclusive candidate is a viable choice on the ballot, but how they would perform in office is uncertain precisely because they have not had the chance in office to demonstrate their type. They could be a low-performing  $\theta_L$  type who chooses to extract substantial rents, or they could be a high-performing  $\theta_H$  type who chooses to provide substantial inclusive benefits. In the absence of any information, voters use the population frequency of the types, which we have assumed to be equally represented. Accordingly, voters' expected utility calculations equally weight the expected policy benefits from electing each type of inclusive candidate and compare this against the clientelist threat made by the incumbent.<sup>7</sup>

In the terms of the model discussed earlier, voters' belief in the type of inclusive politician they face is fixed at  $\mu = \frac{1}{2}$ , rather than responding to a specific signal  $G_i$ . In turn, the expected inclusive gain (abstracting from risk-aversion for simplicity) is an equal mixture of the anticipated public goods benefits  $G_L$  and  $G_H$ . The challenge for voters, however, is that there is simply no signal of the inclusive candidate's type that they can use to form

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<sup>7</sup>Note the model gives no additional weight to incumbency, particularly since we have abstracted from issues of credibility.

expectations of other voters' behaviour. This also poses a modelling challenge because there is no simple assumption about each voter's beliefs about other voters' inclinations ( $p$ ) that can be made. Instead, consider  $\tilde{p}$ , the minimum level of confidence required in other voters' tendency to vote inclusive. This is the value of  $p$  that equilibrates equation 2.4.<sup>8</sup> Adjusting the baseline parameters slightly so that  $F = 0.4$ , so that there is a solution, each voter is only willing to vote for the inclusive candidate if they think there's at least a 95.5% chance that other voters will do the same.

Contrast this with the case where the inclusive candidate is the incumbent. There are two key differences. First, incumbency provides the opportunity to send a clear signal of type, greatly reducing voters' uncertainty about the level of  $G$  they will receive. For example, using the same baseline parameters, voters set the cutoff  $\hat{G} = 0.586$  and, if the incumbent is truly a high-performing  $\theta_H$  type, they receive signals which give them an average confidence of  $\mu = 98.7\%$  that they face a high-performing type. In turn, voters are more confident other voters will support the incumbent - they expect on average 83% to do so. Second, the *minimum* level of confidence that any individual voter requires before they are willing to vote for the inclusive candidate is now only 78.3%, compared to 95.5% when they are out of office. This is collective confidence at work. While the specific numbers are sensitive to the assumption we make about the noisiness of signals ( $\sigma$  is in one model and not the other), the additional *public* signal about candidate type is extremely valuable in creating confidence among voters and unambiguously reduces the level of confidence ( $\tilde{p}$ ) they require in other voters. This weakens the clientelist trap for all voters, with the prospect of being sanctioned now less likely. While voters are no more economically secure, they are dramatically more willing to vote for the inclusive candidate.

### 6.3.1 Exposure to a Higher Public Services Signal $G_i$

For the purpose of testing the model using cross-sectional survey data, it is also useful to identify the comparative statics on the intensive margin of the magnitude of the public

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<sup>8</sup>In the large N case, Appendix A provides a fixed expression for  $\tilde{p}$ .

service signal that individual citizens receive. Fixing the parameters and the key equilibrium variables  $G_H, G_L$  and  $\hat{G}$ , what is the effect of a voter who receives - purely by chance - a better signal of public services today,  $G_i$ ? The effects are qualitatively the same as for the presence of a high-type inclusive candidate. In the voter's calculus, equation 2.4 is affected by the signal  $G_i$  only through a change in  $\mu$ , the belief that the incumbent is a high type. This also has the effect of increasing expected future benefits  $E(G)$ . Lemma 2 is sufficient to indicate that this passes through to an increase in the rate of inclusive voting. These connections provide the content of a central set of comparative statics:<sup>9</sup>

**Comparative Static 3.** *When the incumbent is a high-performing type ( $\theta = \theta_H$ ) and adopts an inclusive strategy, or when voters experience a relatively higher signal  $G_i$ :*

- a *Their belief  $\mu$  about the incumbent politician is that they are more likely to be of a higher  $\theta$  type;*
- b *They expect larger inclusive benefits  $E(G)$  in the subsequent electoral period;*
- c *Their beliefs  $p$  about other voters' likelihood of voting for the inclusive candidate are higher;*
- d *They are more likely to vote for the inclusive candidate, so  $\phi$  is higher;*

## 6.4 Evidence from the Bihar-Jharkhand Border

To test the plausibility of the collective confidence model we need to demonstrate that (i) a temporary period of inclusive policy can cause voters to support inclusive governance and re-elect an inclusive candidate, and (ii) that the mechanism is the generation of collective confidence among voters. A suitable test case needs to have experienced a dramatic recent

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<sup>9</sup>The empirical analysis focuses on differences in experiences and responses between individual survey respondents, so these comparative statics are most useful. An alternative set of comparative statics focusing on the 'lumpier' question of how the equilibrium choice of aggregate public services  $G_L$  or  $G_H$  by politicians can affect their re-election probabilities is discussed in Appendix C.

shift from clientelism to inclusive governance. To rule out competing modernization explanations it also needs to be sufficiently underdeveloped. Bihar state, India, meets both these criteria, with a Human Development Index of 0.455 today,<sup>10</sup> and a remarkable inversion in elite political practices tied to Nitish Kumar's election in 2005 (see Chapter 2).

#### 6.4.1 Methodology

Identifying the effect of top-down inclusive policy requires a suitable counterfactual; how would citizens respond if they had never been exposed to Nitish Kumar's governance and mobilization style?<sup>11</sup> The research design takes advantage of three features of the Bihar case that support causal inference: (i) the extent of exposure to governance changes is limited to the territorial scope of Bihar state creating a discontinuity in treatment exposure at the state's boundaries; (ii) neighbouring territorial units are part of the same national political system, enabling us to hold electoral institutions, foreign policy etc. constant, and; (iii) the neighbouring state of Jharkhand was part of the same state administration up to the year 2000, which suggests that important covariates such as historical experience and culture may be particularly similar between the two states. The location of the Bihar-Jharkhand border follows old district border lines, which have been fixed since at least 1971 (Kumar and Somanathan 2009) and were themselves drawn largely to coincide with geographic features, rather than for political reasons. As Figure 6.1 shows, there is a close, if imperfect, demarcation of the border between the plain of the Ganges river (Bihar) and the Chota Nagpur plateau (Jharkhand), as indicated by the altitude of the terrain.

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<sup>10</sup>This is about the same level as Malawi and Ivory Coast today. The HDI was substantially lower only recently, at 0.292 in the year 2000.

<sup>11</sup>In the Indian context, the emergence and success of inclusive politics at low levels of socioeconomic development has not yet received a compelling explanation. The political process that sustained - or eventually choked off - reform in other relatively poor states such as Andhra Pradesh and Madhya Pradesh remains a puzzle. Tietelbaum and Thachil (2010) study the retreat of clientelism, but use a very imprecise measure of social spending rather than the nature of governance itself. Gulzar and Pasquale (2015) demonstrate how political and institutional incentives affect policy performance but do not speak to the longer-term potential for sustained governance improvements. For Bihar, accounts by Thakur (2014), Sinha (2011) and Chakrabarti (2013) have focused on the impact of a reformist Chief Minister such as Nitish Kumar but provide no quantitative evidence on how voters have experienced and responded to governance changes.

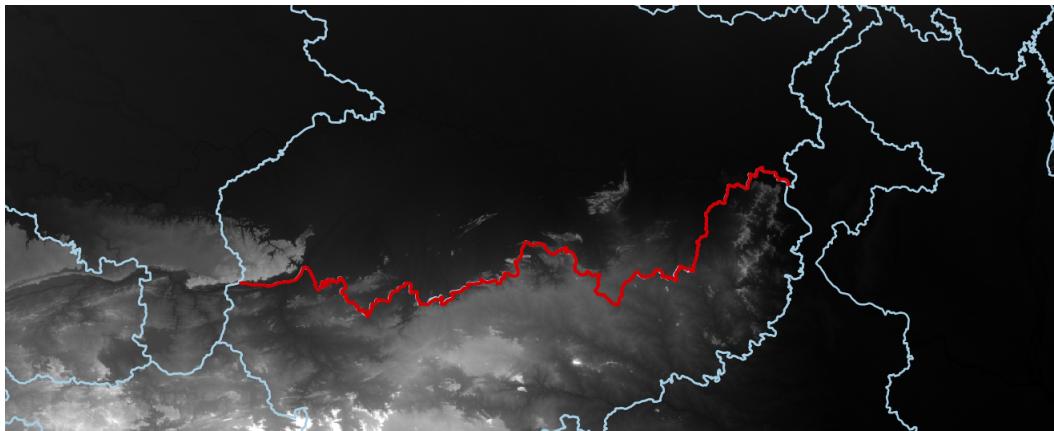


Figure 6.1: Relationship of the Bihar-Jharkhand border to Terrain Altitude

To collect appropriate data, a household survey was conducted along the Bihar-Jharkhand border. The contrast between Bihar and Jharkhand provides variation to support a number of methodological approaches. First, I assess differences in the key dependent variables on either side of the border, holding other differences constant. This assesses to what extent differential experiences of governance between Bihar and Jharkhand have translated into differences in political attitudes. This analysis uses a Geographic Regression Discontinuity (GRD) framework. The GRD draws a contrast between the smooth continuity with which demographic, socioeconomic and other variables change across the Bihar-Jharkhand border, and the sharp difference in exposure to distinct governance experiences since 2000. Citizens living close to the border now look in opposite directions, towards the state capitals in Patna and Ranchi respectively, to understand the policies they receive and the elections they vote in. While this approach has been successfully used to characterize long-run historical differences (Dell 2010), this study demonstrates the value of contemporary applications using primary data.

The GRD methodology therefore provides an appropriate counterfactual - individuals who live just across the border in Jharkhand state - with which to assess the effect of exposure to Bihar's inclusive policies. Evidence of differences in citizens' attitudes and behaviour that change sharply at the border would provide compelling evidence that divergences in the past

15 years in governance experiences are responsible. The basic equation I estimate, in line with Dell (2010), is a fourth order polynomial in latitude and longitude:

$$y_i = \alpha + \beta Bihar + f(x + y + x^2 + y^2 + x^3 + y^3 + x^4 + y^4 + x * y + x^2 * y^2 + x^3 * y^3 + x * y^2 + x * y^3 + x^2 * y + x^3 * y) + \epsilon_i \quad (6.1)$$

Individual responses are indexed by  $i$  and *Bihar* is a dummy variable indicating a respondent living in Bihar state.  $x$  and  $y$  represent latitude and longitude.  $\beta$  is the parameter to be estimated. This method provides the most flexible and complete definition that reflects the two-dimensional variation in the border and accommodates variation in outcomes along different sections of the border. A second method is simply to specify the unidimensional distance to the border as the running variable. This imposes the assumption that outcomes do not vary along the length of the border but is useful to verify the main two-dimensional analysis.

The second methodology suspends the role of the border momentarily and focuses on variation in policy exposure. Regardless of which side of the border Indians live in, the model predicts that their willingness to support an inclusive candidate should be increasing in their exposure to policy. This analysis uses a simple regression framework including key control variables and, in additional specifications, matched village fixed effects (as defined in the ex ante sampling methodology) and matched individual fixed effects (with matched pairs of individuals identified ex post).<sup>12</sup> The expected direction of the results depend on the nature of the policy, and fundamentally whether it provides the recipient with a clear signal of the incumbent's commitment to inclusive policy or tightens the clientelist trap by providing a contingent reward. I use the girls' cycle scheme, versions of which have been implemented in both Bihar and Jharkhand as an example of the former, following Muralidharan and Prakash (2013), and MGNREGA as an example of the latter, in light of evidence on the

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<sup>12</sup>The analysis controls for key confounders including age, gender, an index score of assets, annual household income, land area, livestock, house type, education, caste/jati and household size.

extent to which the scheme is used as a political reward ([Maiorano 2016](#))

For the third methodology I combine the two sources of variation - program exposure and administrative boundary - to assess how citizens react to the same policies in different governance contexts. Specifically, do citizens respond to comparable policy to a greater degree in the more inclusive governance environment of Bihar? This is a test of whether the polities are essentially in different equilibria, with program exposure having a distinct impact depending on whether or not there is an inclusive incumbent. This analysis lends itself to the use of a multi-level model to assess whether the coefficients on the program exposure variables differ on either side of the border.

#### 6.4.2 Sample Selection

Since the data collection must be targeted to the Bihar-Jharkhand border to maximize the scope for causal inference, representativeness is inevitably a secondary consideration. Even with a perfect sampling design it would not be possible to generalize the findings to the whole of Bihar state. Rather, the emphasis must be on maximizing the integrity of the comparison across the border. Accordingly, the sampling strategy sought to ensure comparability at both the village and individual levels using matching ([Keele, Titiunik and Zubizarreta 2012](#)). Using census data, villages within 4km on either side of the border were pair-matched.<sup>13</sup> The budget accommodated the sampling of 157 matched pair villages, with 14 respondents in each village for a total target of 4,396 respondents. The village-matching procedure enforced coarsened exact matching ([Iacus, King and Porro 2012](#)) on six key census variables (population size, % scheduled caste, % scheduled tribe, % literate, the education index and the roads index). In addition, the matching algorithm sought to identify the geographically nearest village that met these criteria. A maximum distance threshold was set to ensure that all matched villages would be within 30km of each other, and that threshold was adaptive to the local population density so that more proximate

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<sup>13</sup>The 4km bound was selected based on inspection of regression discontinuity plots and based on the minimum geographic distance that supported the identification of the 157 matched pairs.

matches were required in more densely populated areas. Once the matching algorithm was run covariate balance was assessed and the variables and their coarsening were iteratively refined until balance was maximized while achieving the required sample size of 157 matched pair villages.

Figure 6.2 below indicates the Bihar-Jharkhand border, the location of the sampled villages on either side of the border, and dotted lines connecting the matched villages. Bihar is located at the upper half of the map with villages indicated in blue.

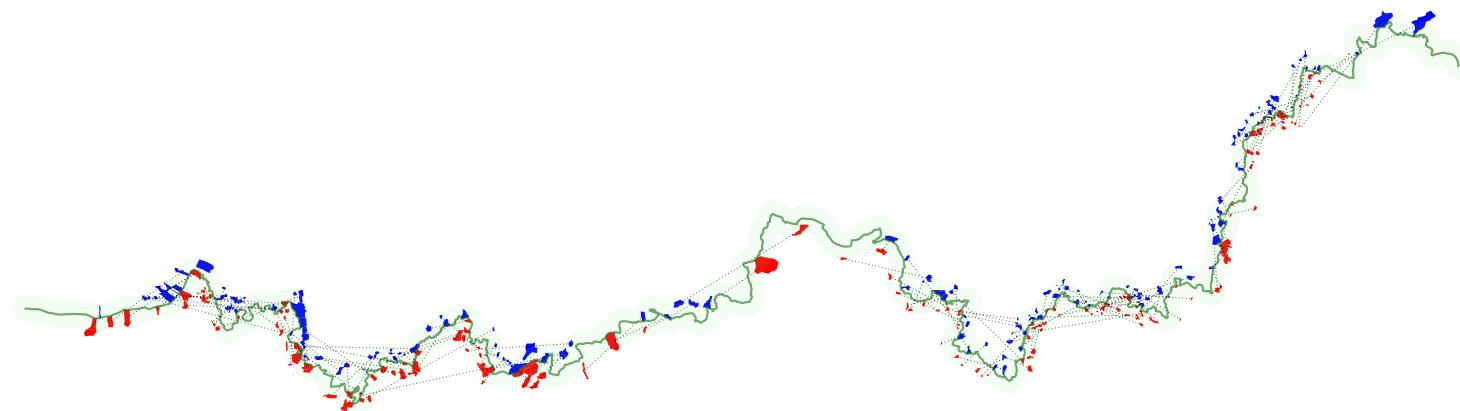


Figure 6.2: Map of the Sampled Villages along the Border. Blue villages are in Bihar, Red villages are in Jharkhand and dotted lines connect matched villages.

### 6.4.3 Measuring Political Attitudes and Behaviour

To measure changes in political attitudes consistent with the collective confidence logic in Comparative Static 3, survey questions were designed to probe attitudes to the current set of political leaders. A question about the perceived level of elite corruption is a test of whether the incumbent is perceived as a high-performing or rent-seeking type (3(a)). A direct question about the likelihood of public goods benefits if the incumbent were re-elected assesses whether respondents perceive large benefits from the continuation of inclusive policy (3(b)). Voter coordination is measured by asking respondents for their expectations that *other* voters would vote against a poorly performing MLA (3(c)). This captures the collective action dynamic of voters' mutual dependency, of whether citizens exposed to inclusive policy place more faith in other voters' willingness to join with them in setting a high threshold and voting against poor performers. Additional measures confirm whether voters are more willing to vote for the incumbent politician (3(d)),<sup>14</sup> and whether their self-reported reasons for voting are based on overall incumbent performance or particularist links.

The survey also provides an opportunity to assess the alternative theories and the broader political consequences of inclusive governance. For example, to understand how political networks might change, the survey uses a simple application of the method in Calvo and Murillo (2013) to compare the number of political contacts a respondent has to the size of their social network, as calibrated by the number of people with specific names they report knowing. Political demands are measured by the rate at which citizens make requests of politicians and other actors (Kruks-Wisner 2013; Bobonis et al. 2016). Multiple indicators of election turnout, political participation, trust and interest in politics were captured to test for any sign of political disengagement. To measure normative attitudes towards clientelism I consider responses to a number of hypothetical vignettes that ask voters what other voters *should* do when faced with a clientelist offer.

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<sup>14</sup>This is an important verification that inclusive policy can generate electoral support, but there are many characteristics of the state-specific political context which influence support for the incumbent so it is not sufficient on its own to demonstrate policy feedback effects.

Finally, to measure the generalized willingness to vote for hypothetical inclusive politicians beyond the current set of candidates I use a conjoint survey experiment that forces respondents to prioritize hypothetical candidate characteristics. A major advantage of the conjoint survey is that it is explicitly designed to prevent individuals' choices from being recoverable from the data, encouraging truthful answers and reducing social desirability bias. Each respondent was presented with two candidates that randomly varied on five attributes:

- **Gender:** Male, Female;
- **Caste:** Forward caste, Backward Caste, Scheduled Caste;
- **Party:** In Bihar, BJP, JDU and RJD; In Jharkhand, BJP, INC and JMM;
- **Past Performance:** There has been a lot of improvement in the community in the last four years, There has been no improvement in the community in the last four years;
- **Future Promises:** Promises jobs for supporters, Promises to improve the economy for everyone.

Since respondents only make one choice of which candidate to vote for, it is usually impossible to recover the specific motivation for their choice. However, by combining responses across many respondents we can probabilistically infer which dimensions and attributes are the most influential. The 'future promises' dimension is the primary measure of whether respondents are more or less willing to support a candidate making patronage-based promises of jobs. Given the need to make the experiment engaging, credible and accessible to low-literacy respondents, the hypothetical candidates were characterized using a series of images which were shown and described to respondents.<sup>15</sup> The order of presentation of the images was also randomized to ensure no ordering bias. Respondents were then asked to select who they would prefer to vote for. The exercise was repeated twice with each respondent. An

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<sup>15</sup>The preparation of thousands of these random profiles was made extremely simple by the conjoint tool in Meyer and Rosenzweig (2016).

example is provided in Figure 6.3. Note that the first two dimensions vary but the latter three dimensions are, by chance, equal. Candidate A is a backward caste candidate making patronage promises while Candidate B is a forward caste candidate promising to improve the economy for all. Both are female BJP candidates who have not made a significant improvement to the community in the last four years.

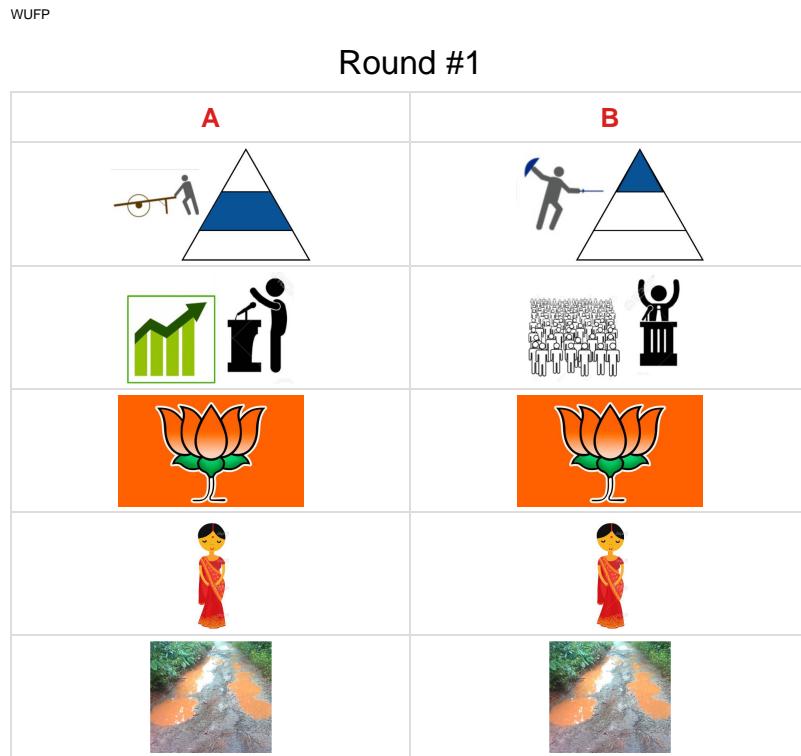


Figure 6.3: Example of Conjoint Candidate Profiles

The choices made by respondents can be modelled using a simple regression methodology following Hainmueller, Hopkins and Yamamoto (2014). Since few identical profiles appear more than a couple of times, the quantity being estimated is the average marginal component effect (AMCE) which measures the influence of each level of each attribute on the respondent's choice, averaging over all the other visual cues the respondent received at the same time. This enables us to contrast the weight placed on specific characteristics on

either side of the border. Of particular interest is whether voters in Bihar place greater emphasis on hypothetical candidates making inclusive promises - to provide jobs by improving the overall economy - rather than clientelist promises - promising jobs only to voters. The trade-off with other characteristics such as caste, and how responses vary depending on the respondent's own policy exposure are also informative.

#### 6.4.4 Testing Assumptions of the Geographic Discontinuity

The assumptions of the GRD design can be tested using secondary data from national censuses and primary data collected from the household survey itself.

##### Pre-treatment similarity between Bihar and Jharkhand

In order to draw inferential leverage from the fact that Bihar and Jharkhand were the same state prior to 2000 it is necessary to show that there were no significant differences in socioeconomic variables *or* in governance at that time. The 2001 census, data for which was collected by the end of 1999 just before the state was divided, provides an opportunity to test the similarity between both regions close to the subsequent border. Figure 6.4 illustrates through a regression discontinuity plot in distance from the border that most variables display smooth continuity across the border. Table 6.1 provides formal regression discontinuity tests for a larger set of variables.<sup>16</sup>

On a number of variables, some imbalance is evident, but even here the magnitude of the differences is small. For example, literacy is 4% points higher in Jharkhand and there is a 4% higher concentration of agricultural workers in Bihar. Conversely, Bihar's side of the border had marginally better road and irrigation coverage. Additional tests also demonstrate that the size and significance of the imbalances along the Bihar-Jharkhand border were much less than along the Bihar-Uttar Pradesh border, which has been in place for many decades.

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<sup>16</sup>To minimize the number of variables to be tested, village amenities variables are grouped into thematic indices according to the grouping in the census and in line with the presentation in [Gulzar and Pasquale \(2015\)](#).

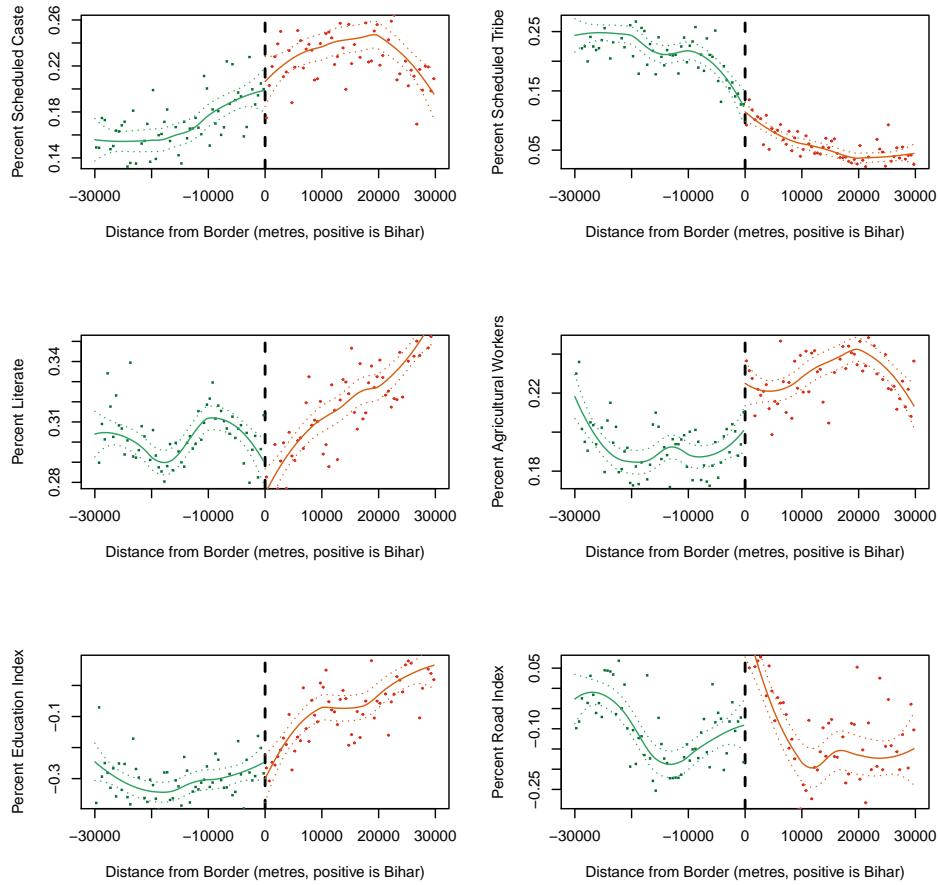


Figure 6.4: Continuity in Key Variables Across the Bihar-Jharkhand Border in 2001 Census

### Continuity of potential outcomes

Beyond historical similarities, it is also important that there be continuity in contemporary sociodemographic variables across the border. This enables us to rule out alternative explanations for distinct citizen attitudes, most importantly modernization theory.<sup>17</sup> While potential outcomes cannot be directly measured, we can evaluate whether observable covariates (which might otherwise influence potential outcomes) are continuous across the border. To do so, I make use of the more recent 2011 census which captures a decade of separate

<sup>17</sup> Technically, we require continuity of potential outcomes ( $Y_0, Y_1$ ) on the two-dimensional latitude-longitude score ( $S$ ) of household locations ( $s$ ) relative to the boundary point ( $b$ ) (Keele, Titiunik and Zubizarreta (2012), Equations 3 and 4).

Table 6.1: Regression Discontinuity of Sociodemographic Variables across the Bihar-Jharkhand Border from Census 2001. Positive coefficient values indicate higher values in Bihar.

	Variable	Coefficient	p-value
1	Population	-29.52	0.642
2	Scheduled Caste %	-0.02	0.259
3	Scheduled Tribe %	-0.00	0.960
4	Literacy %	-0.04	0.005**
5	Children under 6 %	0.00	0.949
6	Gender %	0.00	0.985
7	Agricultural Workers %	0.04	0.001**
8	Non-Agricultural Workers %	-0.01	0.061
9	Marginal Workers %	-0.03	0.159
10	Education Index	-0.07	0.113
11	Medical Index	0.03	0.558
12	Water Index	0.10	0.166
13	Comms Index	0.00	0.950
14	Bank Index	0.09	0.177
15	Road Index	0.25	0.000***
16	Urbanization Index	0.02	0.753
17	Irrigation Index	0.13	0.002**

governance on either side of the border.<sup>18</sup> Figure 6.5 and Table 6.2 provide regression discontinuity assessments of the data. They indicate a very similar pattern to the 2001 data and provide strong evidence of continuity across the border. Again, what is more important than the statistical significance of these tests is the small magnitude of the differences at the border.

The balance of the sample is further improved by matching similar villages and similar individual respondents on either side of the border. Tables documenting balance in the matched data are provided in Appendix E.

One variable on which it is particularly important to show continuity is altitude, since the border is loosely based on the edge of the Chota Nagpur plateau. Rapid changes in altitude at the border could also produce different local economies and social networks,

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<sup>18</sup>Unlike the previous test against the 2001 census data we do not demand continuity in indicators of governance, since these may well have diverged since separation and will be an important component of the governance treatment.

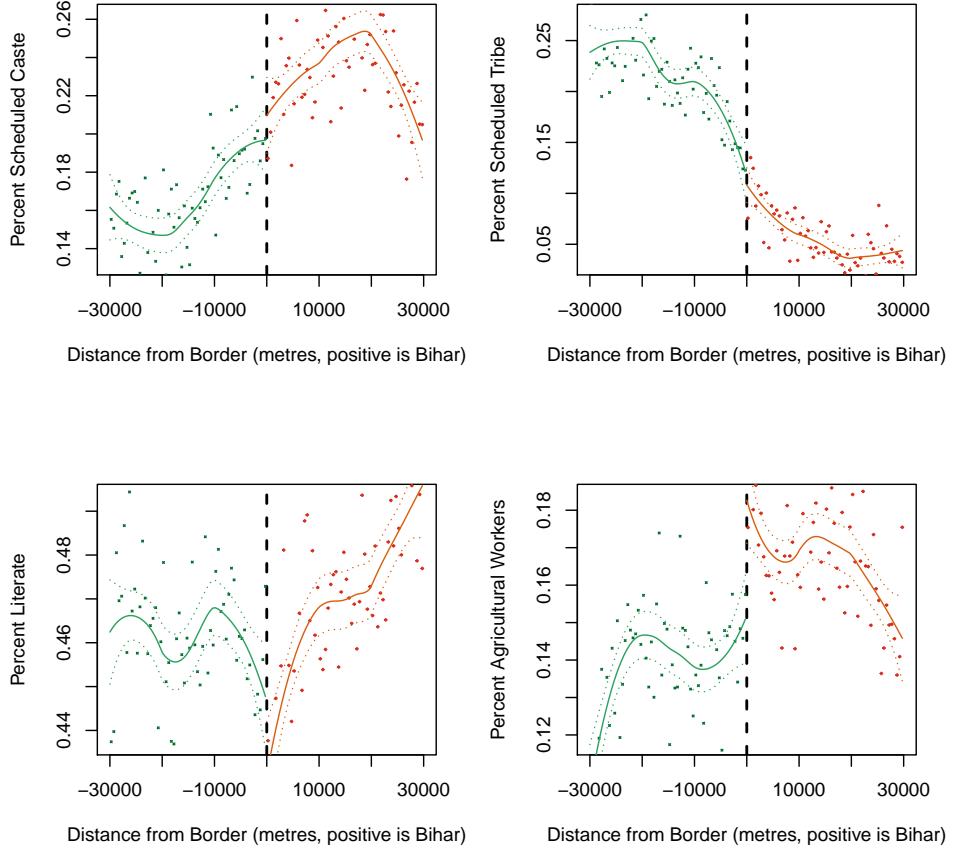


Figure 6.5: Continuity in Key Variables Across the Bihar-Jharkhand Border in 2011 Census

which may have political implications. To confirm this is not the case, Figure 6.6 illustrates a regression discontinuity plot of terrain elevation 10km on either side of the border, with the survey area highlighted with dashed lines. While there is a clear increase in elevation towards Jharkhand (to the left of the figure), the increase is smooth, the discontinuity is small, and on average amounts to just 20-30 metres of elevation over the full width of the survey area.

### No Selective Sorting Across the Border

The methodology also assumes that exposure to treatment on one side of the border does not lead to selective migration or sorting of individuals on either side of the border. An

Table 6.2: Regression Discontinuity of Sociodemographic Variables across the Bihar-Jharkhand Border from Census 2011. Positive coefficient values indicate higher values in Bihar.

	Variable	Coefficient	p-value
1	Population	-25.43	0.709
2	Scheduled Caste %	-0.01	0.700
3	Scheduled Tribe %	-0.01	0.643
4	Literacy %	-0.04	0.000***
5	Children under 6 %	-0.00	0.888
6	Gender %	-0.00	0.697
7	Agricultural Workers %	0.04	0.002**
8	Non-Agricultural Workers %	-0.01	0.008**
9	Marginal Workers %	-0.01	0.650

upper-bound on how serious a threat this is can be estimated by direct questioning about how many respondents have migrated, where from, and for how long. The survey responses indicated that only 3% of the households had ever migrated. Of these migrants, a maximum of 5.1% of Bihari respondents could have migrated from the other side of the border, and 17.5% for Jharkhand respondents, suggesting that cross-border sorting is extremely unlikely to explain differences in the results.

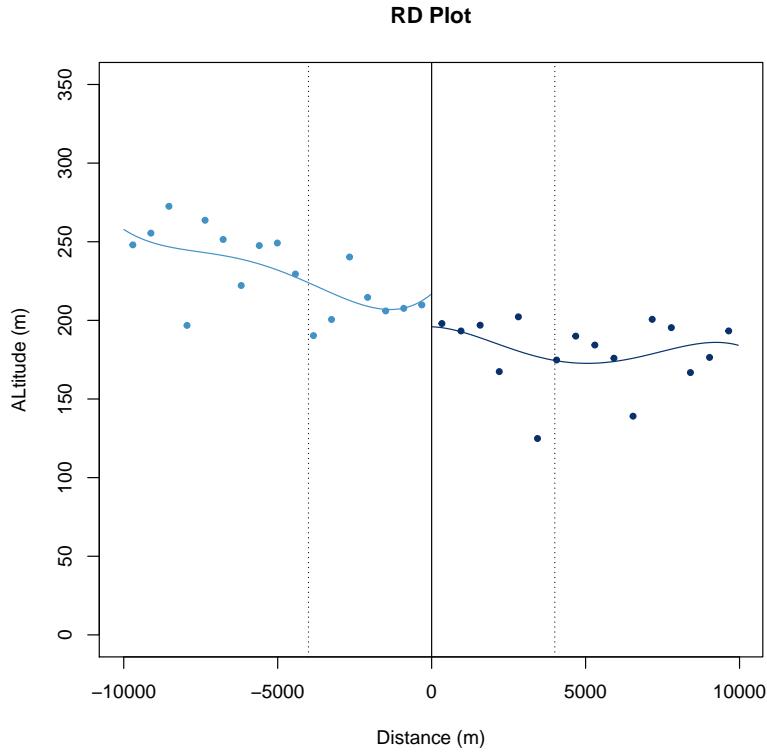


Figure 6.6: Continuity in Terrain Elevation Across the Bihar-Jharkhand Border

## 6.5 Results

### 6.5.1 Spatial Variation

Table 6.3 demonstrates the coefficient estimates and p-values using both the two-dimensional (latitude-longitude polynomial) and unidimensional (distance-to-border) methodologies for key outcomes. Positive coefficient values indicate that the outcome is higher on the Bihar side of the border. The two methodologies are broadly consistent, and where the unidimensional analysis is not significant, the more precise two-dimensional analysis is significant at standard significance levels. To illustrate the difference, I also report two-dimensional predicted value plots following Dell (2010) that are the analogue of the standard one-dimensional

discontinuity plot.<sup>19</sup> Higher values are depicted in red and sharp changes in colour at the border are illustrative of a strong border effect.

The geographic discontinuity provides evidence that inclusive governance exposure can indeed generate collective confidence and a willingness to reward inclusive incumbents. First, in Bihar the incumbent is substantially more likely to expect the incumbent to deliver large quantities of public goods if re-elected, as shown in Figure 6.7. Respondents were also more likely to believe that elites could not conduct corruption with impunity in Bihar (Figure 6.8). These suggest that voters in Bihar were confident that the incumbent was a ‘high-performing’ inclusive politician. Biharis also had much greater confidence that other voters would set a high re-election threshold and punish poor performing politicians (Figure 6.9). This provides evidence of the potential for collective action among voters as this confidence is crucial to supporting non-clientelist candidates. In turn, this appears to translate into real behavioural differences - Biharis were much more likely to report voting for the inclusive incumbent (Figure 6.10), and cited overall performance and collective policy issues more frequently than their counterparts in Jharkhand (Figure 6.11).

Table 6.3: Estimates of Regression Discontinuity Effects (Positive means Higher Responses in Bihar)

	Latitude-Longitude Method		Distance to Border Method	
	Coefficient	P-value	Coefficient	P-value
Likelihood of incumbent providing public goods if re-elected	0.868	0.000***	1.101	0.000***
Voted for incumbent	0.174	0.020*	0.166	0.161
Likelihood of corrupt elites being caught	0.242	0.003**	0.18	0.149
Likelihood others would sanction poorly-performing MLA	0.152	0.000***	0.205	0.000***
Collective Policy Reasons for Voting for MLA	0.044	0.065	0.075	0.047*

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<sup>19</sup>For ordinal response survey measures, the predicted values are based on assigning numeric scores to the ordered levels. For example, from 0 - ‘Not at all Likely’ to 3 - ‘Very Likely’.

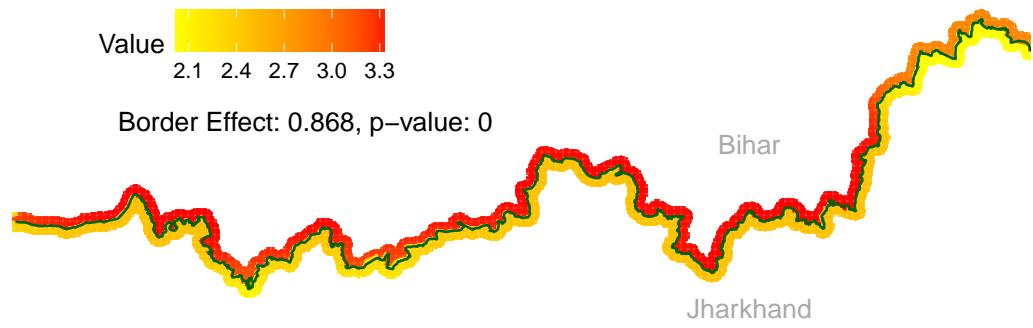


Figure 6.7: Regression Discontinuity Plot of Likelihood of Incumbent Providing Public Goods if Reelected

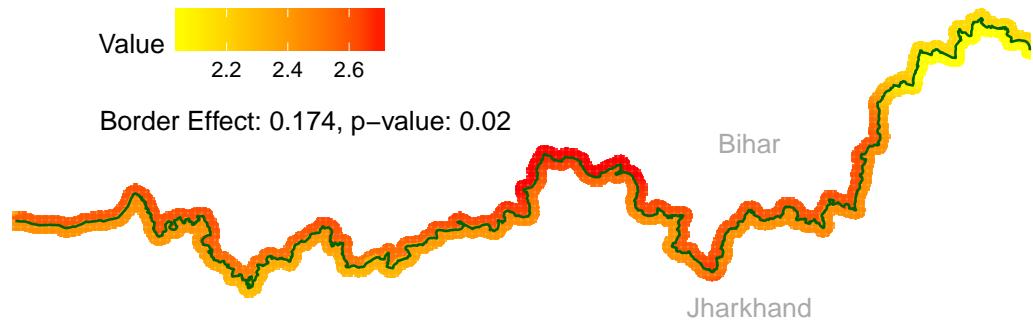


Figure 6.8: Regression Discontinuity Plot of Likelihood of Corrupt Elite being Caught

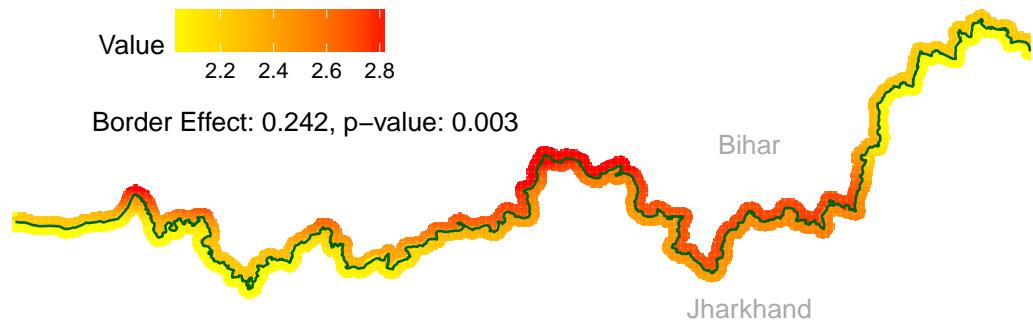


Figure 6.9: Regression Discontinuity Plot of Likelihood Other Voters would Sanction Poorly Performing MLA

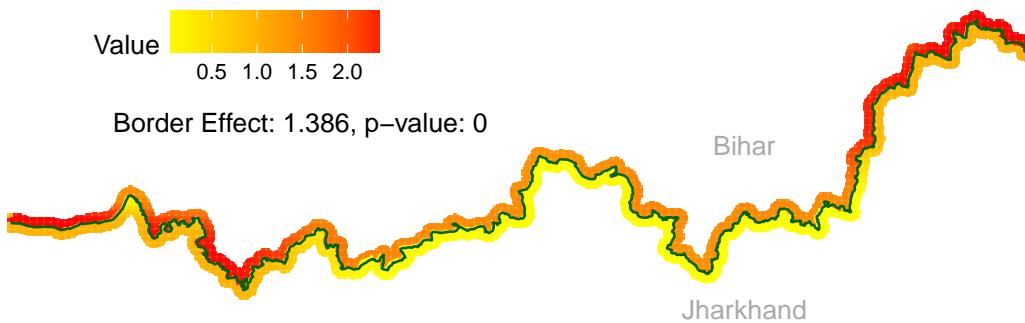


Figure 6.10: Regression Discontinuity Plot of Voting for the Incumbent

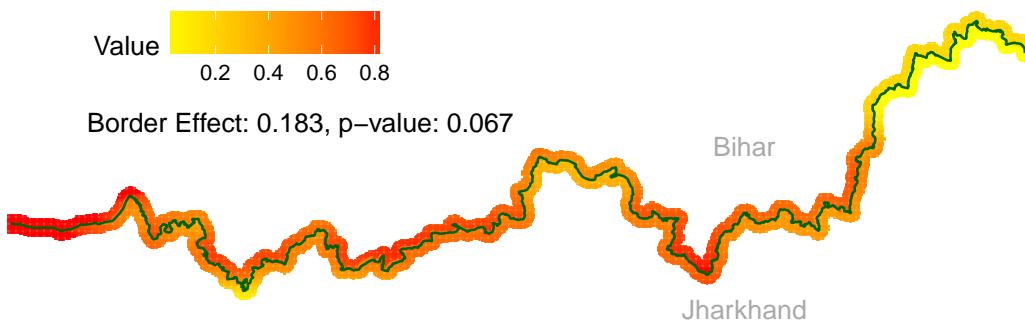


Figure 6.11: Regression Discontinuity Plot of Voting for Collective Policy Reasons

How deep do these attitudes go, and are they likely to outlast the current cohort of politicians? Here the evidence is extremely mixed. Differences in state-specific governance practices do seem to have affected the political networks to which voters are connected. Biharis report having less dense networks of brokers, politicians and government contacts, and the smaller size of government networks is statistically significant at the 5% level (see Figure 6.12). This is perhaps indicative of the withdrawal of voters from clientelist networks and a degree of political insulation of the bureaucracy.

However, this independence from political networks does not translate into greater political efficacy. There are no recorded differences in citizens' belief that their vote matters, or in expectations that community repair requests will be fulfilled. Instead, Biharis are more likely to believe that politics is complicated, though the difference is not significant (Figure

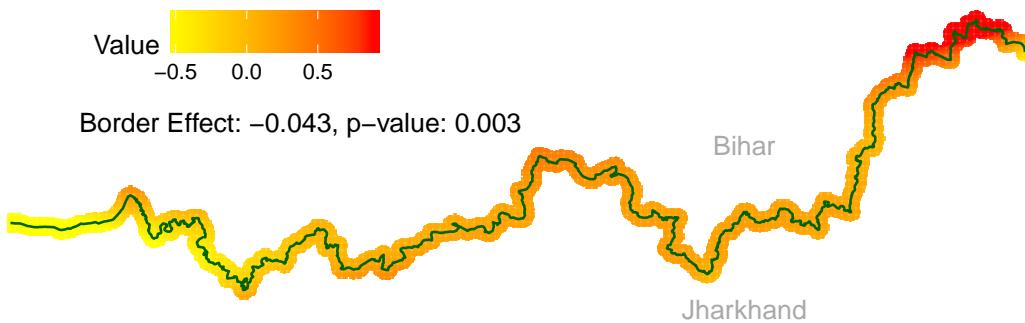


Figure 6.12: Predicted Value Plot of Estimated Government Contacts Network Size

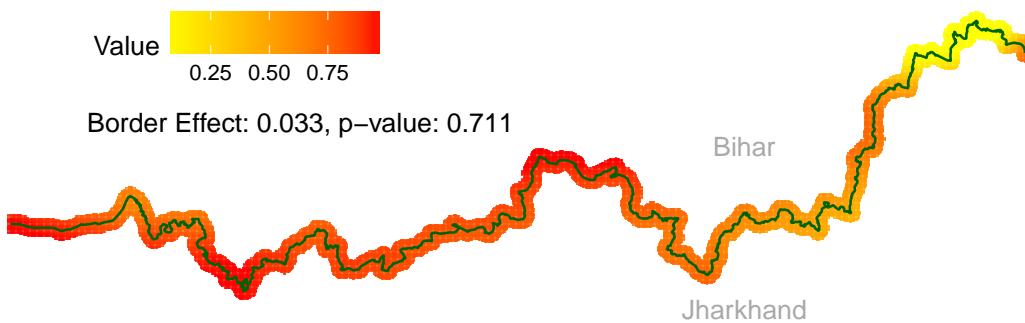


Figure 6.13: Predicted Value Plot of Belief that Vote Matters

6.13). Moreover, they may be, if anything, *less* likely to reject vote-buying offers, though again the difference is not significant (Figure 6.14). The demand for clientelism also shows no reduction in Bihar; there is no evidence that Bihari citizens make claims on politicians at a different rate (Figure 6.15).

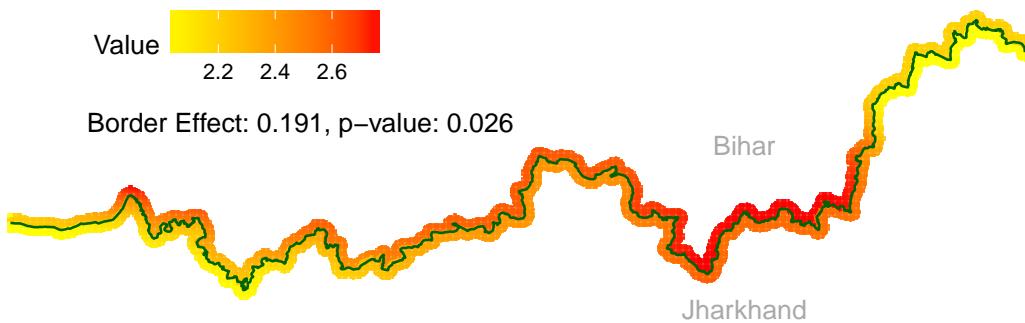


Figure 6.14: Predicted Value Plot of Belief Politics is Complicated

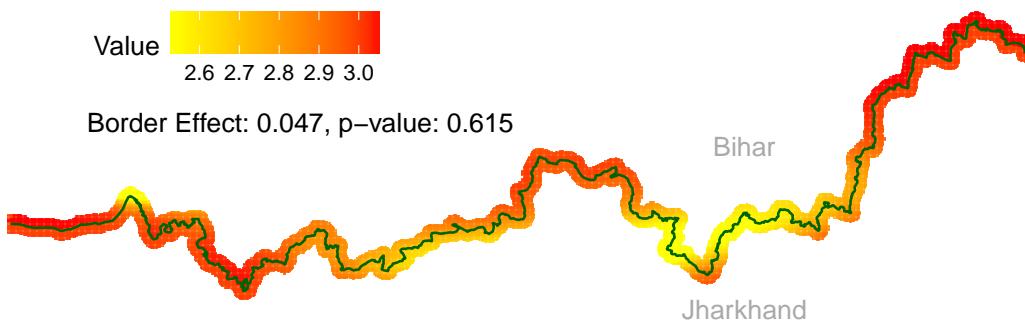


Figure 6.15: Predicted Value Plot of Rate of Claims made on Politicians

A number of results suggest that there may even be *negative* effects of inclusive policy that threaten democratic engagement. While electoral turnout is no different, attendance at Gram Sabha meetings is substantially lower in Bihar (Figure 6.16), suggesting that political participation may suffer. Moreover, there is strong evidence of much deeper skepticism of political institutions in Bihar. Trust in courts, in the national government, in teachers, in political parties and in the civil service (shown in Figure 6.17) are all markedly lower. However, one positive finding is that despite their skepticism Biharis are substantially more likely to express an interest in politics (6.18).

Finally, how do preferences over hypothetical clientelist and inclusive candidates vary? The results of the conjoint survey experiment are illustrated in Figure 6.19, first providing separate estimates of each hypothetical candidate characteristic's effect on either side of

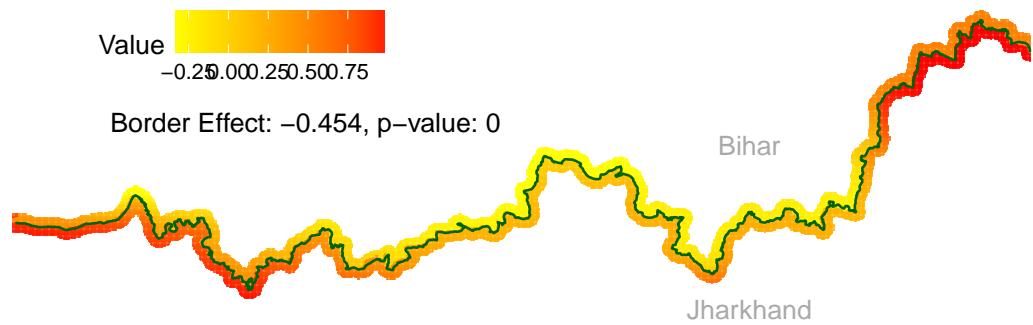


Figure 6.16: Predicted Value Plot of Gram Sabha Attendance

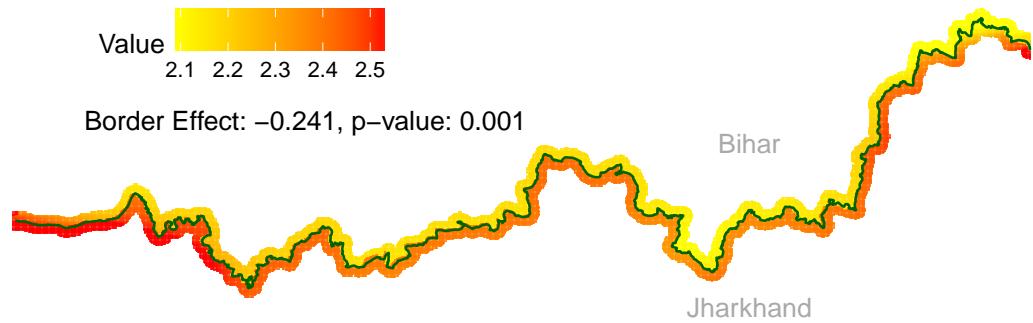


Figure 6.17: Predicted Value Plot for Trust in the Civil Service

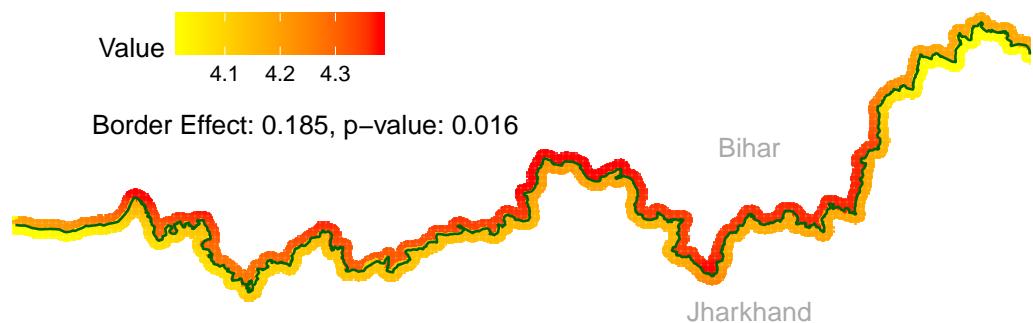


Figure 6.18: Predicted Value Plot of Interest in Politics

the border.<sup>20</sup> Table 6.4 presents a regression model that interacts each attribute with the respondent's state in order to assess if responses varied on either side of the border. The results indicates that respondents tend to place greatest weight on public goods delivery, and also value co-ethnics and candidates from the OBC caste. Specific parties seem to attract greater support in each state, the JDU in Bihar and the BJP in Jharkhand, which may not be surprising given that these are the leading ruling parties currently. Gender and the type of promises made do not seem to matter. Strikingly, there do not appear to be significant differences between states in the trade-offs that respondents make between these attributes, as indicated by the lack of significance on any of the interaction terms. In neither state does the patronage treatment have any effect. This suggests that Biharis have not become instinctively more averse to clientelism as a result of the last 15 years of governance reform.<sup>21</sup> This is backed up by the lack of any difference in respondents' normative beliefs about how families should respond to a candidate that provides them with a truck load of bricks just before an election (Figure 6.20).

### 6.5.2 Policy Exposure Variation

Ignoring the spatial variation and focusing on how policy exposure affects political attitudes and behaviour, Table 6.5 illustrates how the sign of the policy effect is predominantly positive for the cycle scheme but negative for MGNREGA. Most striking is the consistently negative effects of MGNREGA in harming expectations of public benefits, accountability and collective action among voters. This is evidence of the clientelist trap in operation. Even where the cycle scheme does not have a positive effect it is notable that it does not have the negative effect of MGNREGA. This indicates that whereas exposure to clientelist policy

<sup>20</sup>Standard errors were clustered at the level of the respondent.

<sup>21</sup>One reason for these findings may simply be that the hypothetical nature of the conjoint question precludes inclusive policy from having its expected effect. If the clientelist trap is undermined by securing citizens' assets from political interference and creating a public signal of high-performing politicians, these mechanisms may simply not operate in a hypothetical game played with a single individual. For obvious ethical reasons it is not possible to put respondents' assets at risk, so recreating the force of the clientelist trap in a hypothetical survey measure may not be directly possible.

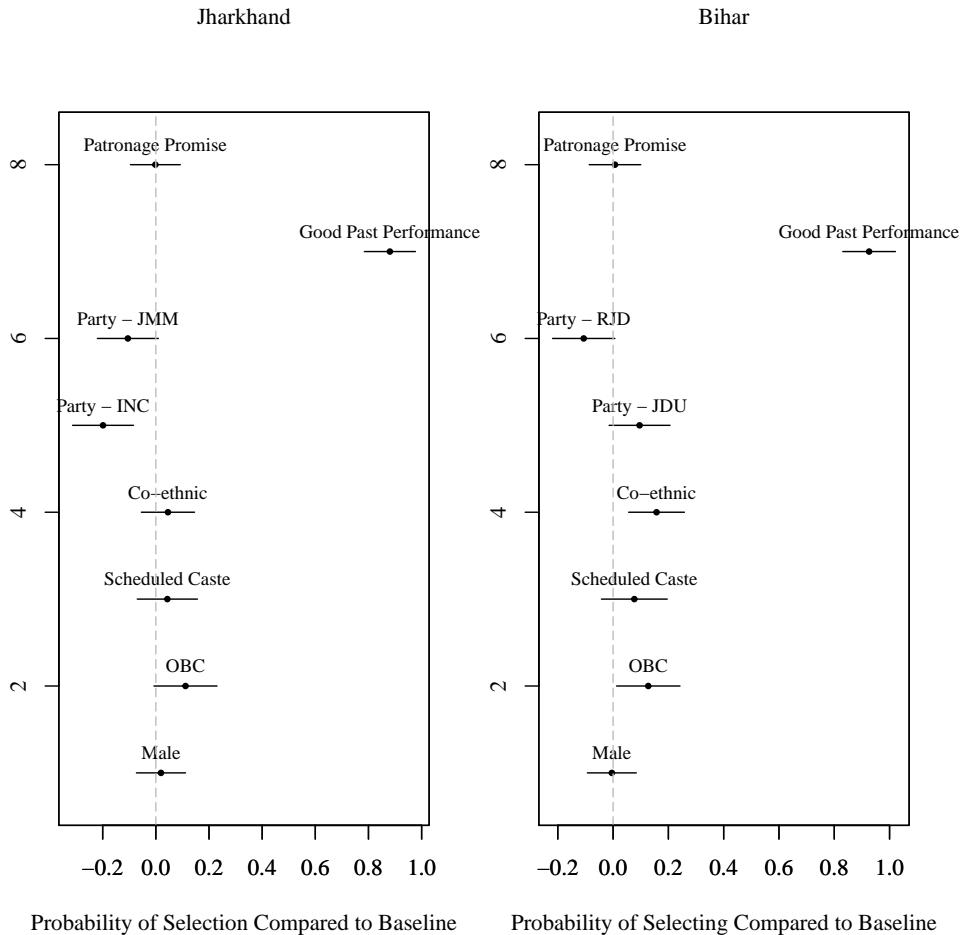


Figure 6.19: Conjoint Experiment Results by State

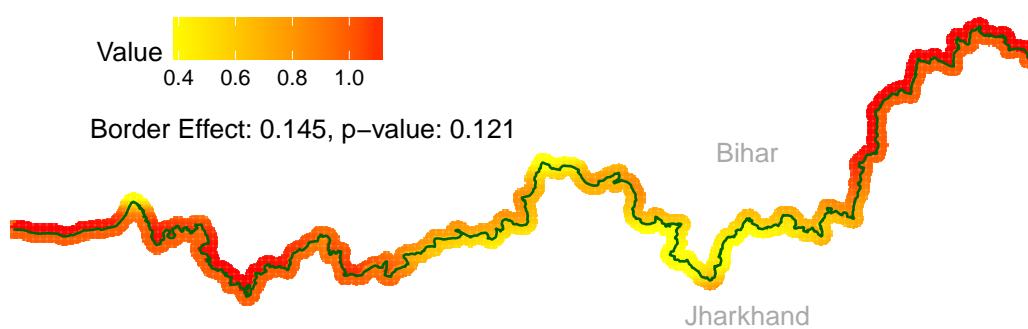


Figure 6.20: Regression Discontinuity Plot of Norm of Rejecting Hypothetical Bricks in Exchange for Votes

Table 6.4: Regression Results of Conjoint Experiment

Gender - Male	-0.005 (0.045)
Caste - OBC	0.122* (0.059)
Caste - SC	0.086 (0.061)
Co-ethnic	0.150** (0.052)
Party - INC	-0.191*** (0.057)
Party - JDU	0.089 (0.055)
Party - JMM	-0.098 (0.057)
Party - RJD	-0.114* (0.056)
Public Goods - High	0.930*** (0.049)
Promises - Patronage	0.001 (0.048)
State - Jharkhand	0.168 (0.087)
Male * Jharkhand	0.024 (0.065)
OBC * Jharkhand	-0.005 (0.084)
SC * Jharkhand	-0.051 (0.084)
Co-ethnic * Jharkhand	-0.098 (0.073)
Public Goods * Jharkhand	-0.053 (0.069)
Patronage * Jharkhand	0.003 (0.067)
Intercept	-0.672*** (0.062)

\*p < .05; \*\*p < .01; \*\*\*p < .001

strengthens the clientelist trap, exposure to inclusive policy has a neutral or sometimes positive effect. The potential to overcome the clientelist trap through collective action therefore depends heavily on the policies to which citizens are exposed. These findings are reinforced by the alternative estimation strategy using matched pair fixed effects for individuals on either side of the border (Table 6.6).

Table 6.5: Effect of Policy Exposure on Outcomes, Regression Coefficients

	Cycle Scheme	MGNREGA
Likelihood of incumbent providing public goods if re-elected	0.292**	-0.243*
Voted for incumbent	0.081	-0.304**
Likelihood of corrupt elites being caught	0.115	-0.53***
Likelihood others would sanction poorly-performing MLA	0.02	-0.02
Collective Policy Reasons for Voting for MLA	0.002	0.052

Table 6.6: Effect of Policy Exposure on Outcomes with Matched Individual Fixed Effects

	Cycle Scheme	MGNREGA
Likelihood of incumbent providing public goods if re-elected	0.702***	-0.769***
Voted for incumbent	0.067	-0.747***
Likelihood of corrupt elites being caught	0.182	-1.384***
Likelihood others would sanction poorly-performing MLA	0.015	-0.051*
Collective Policy Reasons for Voting for MLA	-0.01	0.053

To more formally test for a difference in effects by policy type, I implement a Wald test of the null hypothesis that the coefficient on the cycle scheme is the same as on MGNREGA for the specification with controls.<sup>22</sup> For the five indicators the p-values are 0, 0.006, 0, 0.093 and 0.256 respectively for the five outcome variables, indicating multiple significant differences in the effects of the two programs.

### 6.5.3 Spatial and Policy Variation

The final step of the analysis is to examine how these policy exposure effects differ on either side of the border. To the extent that Bihar has an inclusive incumbent, exposure to any policy - clientelist or inclusive - is expected to produce relatively more positive attitudes

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<sup>22</sup>This is very conservative; we could also use a one-sided test of whether the cycle scheme coefficient is greater than the other scheme coefficient.

to inclusive options because the inclusive equilibrium should be more accessible and voters less bound by the pressures of clientelism. Two methodologies are employed. First, using a simple interaction between policy exposure and state to contrast responses on either side of the border, the results are consistent with this hypothesis but not statistically significant. Table 6.7 demonstrates that all but one of the coefficients are positive, indicating that policy exposure has a more favourable effect on inclusive attitudes in Bihar than in Jharkhand.

Table 6.7: Interaction Effect of Policy Exposure on Outcomes in Bihar versus Jharkhand, Regression Coefficients (Positive values indicate more positive effects of policy in Bihar)

	Cycle Scheme	MGNREGA
Likelihood of incumbent providing public goods if re-elected	0.04	0.376~
Voted for incumbent	-0.025	0.231
Likelihood of corrupt elites being caught	0.092	-0.086
Likelihood others would sanction poorly-performing MLA	0.022	0.048
Collective Policy Reasons for Voting for MLA	0.004	-0.017

The second methodology is to use a multi-level model that permits the coefficients on the policy variable to be estimated separately for Bihar and Jharkhand. The equation estimated is as follows, with individuals indexed by  $i$  and the state indexed by  $s$ .

$$y_{i,s} = \alpha_s + \beta_s Policy_{i,s} + \epsilon_{i,s} \quad (6.2)$$

$$\alpha_s = \mu_\alpha + \eta_s \quad (6.3)$$

$$\beta_s = \mu_\beta + \zeta_s \quad (6.4)$$

Using the notation of Gelman and Hill (2006),<sup>23</sup> both a different intercept  $\alpha_s$  and slope coefficient  $\beta_s$  are estimated for each state as the combination of an ‘average’ fixed effect and a state-specific random-effect. This enables us to assess how policy affects political attitudes differentially in each state, with partial pooling allowing us to make maximal use of the data.

The results, illustrated in Figure 6.21, indicate that policy effects are starkly different in each state. In Bihar, the cycle scheme increases expectations of public goods delivery

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<sup>23</sup>For example,  $a_b$  indicates that parameter  $a$  is estimated for every category of variable  $b$ .

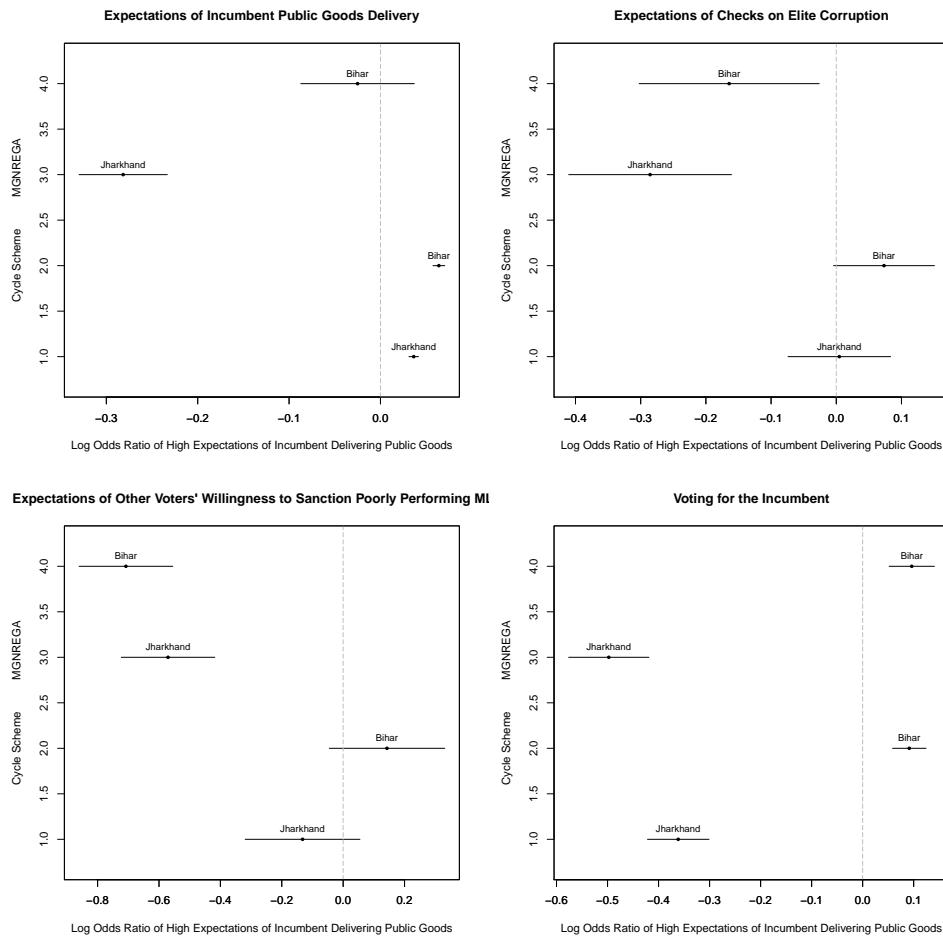


Figure 6.21: Multi-Level Models of the Effect of Policy Exposure on Either Side of the Border

while in Jharkhand it dims those expectations. While MGNREGA is particularly corrosive of expectations in Jharkhand, those effects are much weaker in Bihar. The same is true for expectations of elite accountability for corruption, for expectations of others' willingness to sanction poorly performing politicians and for pro-incumbent voting. Together, these findings suggest that the political effects of policy depend crucially on the prevailing governance environment. In Bihar, where there is an inclusive incumbent, policy appears to have a much more positive effect in supporting inclusive voting than in Jharkhand.

## 6.6 Investigating the Nature of Treatment

Additional evidence from the survey suggests that the experience of governance is more complex than the simple contrast between inclusive governance in Bihar and clientelism in Jharkhand. While Biharis responded differently to national policies such as MGNREGA, consistent with the argument of collective confidence, the *levels* of clientelist practices reported in the survey were often higher in Bihar. Respondents in Bihar were more likely to report that they accessed MGNREGA with help from somebody, having given something in return or made a promise, and without providing documentation. Similarly for housing, Biharis were more likely to have to give something or make a promise before receiving any benefits. In hypothetical scenarios of clientelist offers for the public distribution system of food rations and collecting BPL cards Biharis judged these events to be substantially more frequent.

How can these measures be reconciled with the characterization of Bihar as an inclusive reform case? First, these measures relate to national programmes rather than state-initiated schemes. States, for example, do not write the rules for MGNREGA and play only a partial role in enforcing them. In particular, local panchayat councils have a strong implementation role and may not have mimicked the inclusive governance efforts of the state government. While the survey failed to ask sufficient questions about state-specific policy to verify the relative rarity of clientelist practices, other researchers have provided evidence of this ([Muralidharan and Prakash 2013](#); [Chakrabarti 2013](#)). The focus of the survey on the extreme border areas of the state may also have selected the part of the territory where the state's reach was weakest and the enforcement capacity of ministries in Patna was weakest.

None of this explains why clientelist practices in national programmes are more frequently reported in Bihar. There are two possibilities. First, ‘doubling-down’ on clientelism may be an equilibrium response by local politicians whose access to state-level resources is now curtailed by inclusive reforms ([Hagopian N.d.](#)). Unable to adapt to compete on inclusive governance, political elites even from the governing party may seek to maintain their

position by intensifying clientelist threats on policies they can continue to influence, such as MGNREGA. From this perspective, the success in generating collective confidence despite counter-mobilization is all the more impressive. The second potential explanation is that these results reflect recent swings in governance practices on both sides of the border. Since November 2015 Bihar has been governed by a broad coalition that incorporated Lalu Yadav's RJD, reintroducing clientelist elites into senior government positions and stalling further inclusive reform. In Jharkhand, the BJP has led a stable government since December 2014 and has initiated a range of public sector reforms. These recent changes may have partially reversed the earlier divergence in governance practices. This further highlights the fragility of Bihar's inclusive governance and the dependence of differential political expectations on the figure of Nitish Kumar.

## 6.7 Conclusion

The forceful critique mounted by [Imai, King and Velasco Rivera \(2016\)](#) that inclusive policy is likely to have little impact on voters' attitudes and behaviour has been strongly refuted by evidence of stark differences on either side of the Bihar-Jharkhand border. In a context where inclusive and clientelist candidates are competing to decide how the state should be governed, the experience of inclusive policy can be a crucial coordinating device for voters - even poor voters - that can help them pull themselves out of the clientelist trap. For incumbent reformers the crucial strategy to sustain their governance reforms and political careers is to ensure that the benefits of their policies are widely experienced and publicly shared, creating a strong coordinating signal, consistent with Proposition 3.<sup>24</sup> Bihar

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<sup>24</sup>Descriptive evidence also exists for the other cases. A 2010 survey in Nigeria sponsored by DFID's SPARC governance program allows us to compare citizen perceptions of government across 5 states ([DFID 2010](#)). In Jigawa, 60% of respondents believed that civil servants were working to solve the problems of citizens. Contrast this with 27% and 33% in the much wealthier neighbouring states of Kano and Kaduna, and 45% and 23% in the Southern states of Enugu and Lagos. The proportion of respondents believing that the government was handling service delivery 'very well' was higher than any of the other surveyed states for four out of five service categories (community, water, primary education and medical treatment) and second in the fifth (road maintenance). These measures all indicate that citizens had converged on a common positive assessment of the incumbent's performance in delivering public services.

has succeeded in prising apart the clientelist trap through policy entrepreneurship that has mobilized broad political support in the most difficult of circumstances.

However, the depth of political change appears limited and fragile, tied to the current incumbent's reputation and not yet able to institutionalize permanent political demands for inclusive governance. Reform may succeed in liberating voters from clientelist networks, but the evidence suggests that a by-product may also be to reduce their political engagement, sapping trust in institutions and limiting participation. This is consistent with the disengagement hypothesis of Hite-Rubin (2015). In Bihar, citizens do not yet possess a normative or instinctive aversion to clientelism so it is unclear how voting behaviour will respond once Nitish Kumar has left office.<sup>25</sup> This suggests that governance reforms may need to be accompanied by mitigating efforts to retain voter optimism and engagement. More urgently, the public signals that sustain collective confidence may vanish if the outsider politician reaches their term limits (or is otherwise forced to step down). Without a distinct process promoting inclusive policies, for example the development of credible party-level reputations, the effective institutionalization of the bureaucracy or the progress of socioeconomic modernization, there is little reason to believe that voters will continue to be able to resist the clientelist trap.

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<sup>25</sup>The travails of Chief Minister Jitan Ram Manjhi 9 months in office and the imperative for Kumar to resume the helm are suggestive of the risks.

## 7 | Preventing Clientelist Resurgence

Clientelist elites sidelined by inclusive governance reform are quick to counter-mobilize. As the inclusive incumbent seeks to invest in public services to generate collective confidence among voters, clientelist elites respond by trying to re-establish their control over public resources. This chapter investigates the tactics of clientelist resurgence and the conditions under which they are successful in interrupting incumbent re-election. This requires contrasting the cases of successful re-election with cases of failure where an outsider pursuing inclusive reform is not re-elected.

While an inclusive reformer can encourage voter collective confidence, the willingness of voters to back their re-election depends on a number of other factors that also shape the intensity of the clientelist trap. In general, sidelined clientelist elites are likely to retain considerable short-term resources accumulated from their time in office and from outposts of the state that they still control. If they choose to commit those resources to the exercise of clientelist pressures on voters, inclusive incumbents may simply not have the public resources available to out-compete them. In poor places with patronage states, public budgets are under great strain and financing impressive projects implemented with inclusive rules is an expensive proposition.

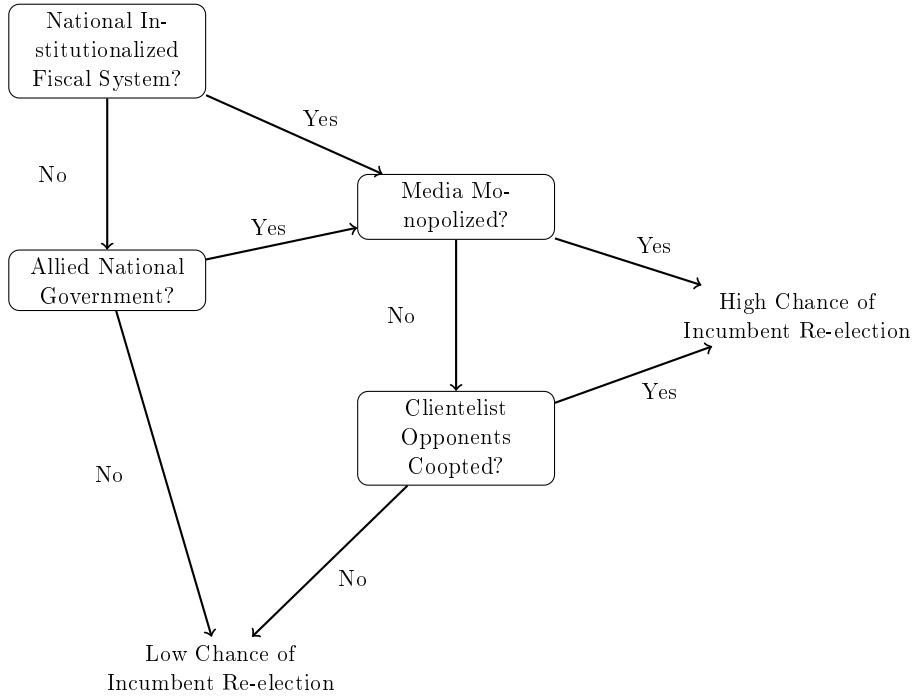
How clientelist elites respond is part of the ‘reactive sequence’ that [Mahoney \(2000\)](#) argues can be triggered by initial junctures, in this case the national interference that sidelined clientelist elites in favour of an outsider. This puts head-to-head the self-reinforcing feedback mechanism of inclusive policy signals and the reactive sequence of intensified clientelist competition. The fortunes of an inclusive incumbent hang in the balance and will depend

on both the structural conditions of the subnational unit and the endogenous reform choices of the incumbent (Falleti 2005; Grzymala-Busse 2003).

The analysis in this chapter argues that avoiding clientelist restoration relies on two necessary processes for defanging clientelist comebacks, as Figure 7.1 depicts. First, inclusive incumbents must be able to outspend clientelist opponents. The structure of the clientelist trap and the limited size of subnational budgets make this challenging. Therefore, a pivotal factor is the availability of supplementary funding from the national level to finance public service improvements. This may flow from two sources; from a national fiscal system that is institutionalized to reward inclusive governance and public service investments, or from an ally in national government able to channel discretionary funding to the subnational government. If instead the national government is allied with local clientelist elites, they may succeed in ‘nationalizing’ local political conflict and financing a clientelist comeback (Gibson 2013).

However, the clientelist trap is not just a financial competition, but also an informational competition over voter confidence. Clientelist elites can contest an inclusive incumbent not just by outspending them but also by undermining the shared beliefs supporting collective confidence. Specifically, by interfering with the performance signals inclusive incumbents seek to send to voters, uncertainty over the performance of the incumbent can undermine the efficacy of their public investments. Disruptive messages include contesting claims of improved public services, or by spreading rumours of corruption that suggest the incumbent is in fact a ‘low-performing’ type. There are two alternative ways that the incumbent can counter this risk. First, if the incumbent is able to monopolize control of local and national media outlets, for example because of a lack of private media and friendly public media coverage, they can isolate and silence clientelist elites. The second tactic is to coopt clientelist elites, convincing them not to mobilize opposition and to participate in the inclusive governance regime. This process is endogenous to the reform process and depends on offering clientelist elites an economic or political role that satisfies their financial goals and maintains their social status without compromising the inclusive nature of the governance regime.

Figure 7.1: Outline Argument for Chances of Incumbent Re-election



The next section grounds these arguments in the comparative statics of the formal model, showing how shifts in the parameters can weaken or intensify the clientelist trap voters face. The subsequent sections discuss in greater depth how these parameters link to key aspects of the political environment that influence the financial and the informational battles between an inclusive incumbent and clientelist opponent. These arguments are then applied to paired comparisons in each of the three countries, demonstrating how they altered fortunes in the re-election contest. Finally, alternative explanations for variation in the persistence of inclusive governance are considered and dismissed.

## 7.1 Comparative Statics: Weakening the Clientelist Trap

For voters confronted by the clientelist trap, their willingness to take the risk of supporting an inclusive incumbent depends on the balance of risks and rewards that they face. The model highlights three specific features of the political environment that can intensify or relax the constraint of the clientelist trap.

### 7.1.1 Differential Budgets

The first factor is if the size of budgets under a clientelist and an inclusive strategy. The model assumes that public budgets are comparable under clientelism and inclusive strategy differ. However, where the budget ( $D$ ) available to inclusive politicians is greater than to clientelist politicians, this naturally advantages the inclusive incumbent and increases their chance of re-election. It is not sufficient that the available budget simply increases, since both candidates could make larger promises; the budget must vary depending on the governance strategy of the incumbent. An inclusive reformer can then offer a larger volume of inclusive public goods without compromising their own extraction of rents, aiding their chances of re-election (Comparative Static 4). The primary reasons explored below for why inclusive politicians may have access to more resources are that they may be directly supported by national allies, or national funding rules may penalise clientelism and reward inclusive governance.

**Comparative Static 4.** *When a subnational inclusive incumbent has access to larger budgetary resources than clientelist competitors, the probability of re-election is higher.*

### 7.1.2 Lower Clientelist Offers

Where clientelist candidates offer lower conditional rewards ( $F$ ), the clientelist trap is weakened. With a less serious threat of loss if they support a losing inclusive candidate, each voter now requires less confidence in other voters before they are willing to vote for the inclusive candidate. And because other voters are perceived to be in the same position, the *actual* confidence each voter will have in other voters' support for the inclusive candidate will also be greater. Accordingly, voters set a lower threshold  $\hat{G}$  and require a weaker signal of the incumbent's performance before they are willing to take the risk of supporting them. There is also a second-order effect. While clientelist offers  $F$  do not directly affect inclusive politicians' choices, they do respond indirectly to a lower level of  $\hat{G}$ . From Lemma 5 we know that  $G$  generally falls as  $\hat{G}$  falls. However, in turn a lower value of  $G$  has a knock-on effect

on  $\hat{G}$ , which continues to propagate through the system. As discussed in the appendix, the net effect is technically ambiguous and requires an assumption:

**Assumption 4.** *Changes in  $\hat{G}$  are only partially passed through by politicians to changes in  $G$ ;  $\frac{\partial G}{\partial \hat{G}} < 1$*

With Assumption 4 a fall in clientelist offers  $F$  increases the equilibrium rate of voting for the inclusive strategy, since the trade-off between re-election and rents is now less severe, as codified in Comparative Static 5.

**Comparative Static 5.** *When voters experience a lower competing clientelist offer  $F$ , the probability of re-electing an incumbent with an inclusive strategy is higher.*

### 7.1.3 Sharper Signals of Incumbent Performance

The collective confidence mechanism depends on the certainty each voter has that other voters have received a similar signal of the performance of the incumbent to their own. The clarity of the public signal is therefore essential - inclusive candidate re-election is more likely where the distribution of signals is less dispersed and more consistent, so that there is less noise in the signal that voters receive ( $\sigma$  is lower). A sharper signal enables voters to both make a more accurate inference about the inclusive politician's type and be more confident that other voters received a similar signal. This mitigates the collective action problem and allows voters to coordinate on the high performing inclusive candidate.

While this conclusion is intuitive, in the model of binary inclusive types described here it requires an additional assumption (Assumption 5), as detailed in Appendix B to ensure that voters update their beliefs in a monotonic way to more precise information. In a model with a continuum of types, this assumption would not be needed.

**Assumption 5.** *The cutoff  $\hat{G}$  is closer to  $G_H$  than  $G_L$  ( $\hat{G} - G_H < \hat{G} - G_L$ ) but not so close that the following inequality is violated:*

$$\frac{\partial \mu}{\partial \sigma} \left[ \Phi\left(\frac{\hat{G} - G_L}{\sigma}\right) - \Phi\left(\frac{\hat{G} - G_H}{\sigma}\right) \right] + \frac{(\phi(\frac{\hat{G} - G_H}{\sigma})^2)}{(\phi(\frac{\hat{G} - G_L}{\sigma})^2)} > \frac{\hat{G} - G_L}{\hat{G} - G_H} \quad (7.1)$$

This allows us to assert Comparative Static 6.

**Comparative Static 6.** *When voters face a smaller amount of noise  $\sigma$  in their signals of inclusive public service delivery, the probability of incumbent re-election II is higher.*

## 7.2 Outspending Clientelist Competitors

Inclusive reform poses an existential threat to clientelist elites. The natural response is to intensify clientelism, offering larger rewards, cultivating their network, and leaning more heavily on any allies that remain within the state apparatus for information, financing and leverage. As political scientists have long documented, traditional elites have deep reserves of resources, connections and status to assist them in recovering from electoral defeat (Hagopian 1996; Langston 2003). The first tactic of resurgent clientelist politicians is therefore likely to involve raising their clientelist promises and threats. Despite losing access to state government public resources, this may be feasible if elites have private resources accumulated throughout their previous time in power, or if they maintain support in public offices, perhaps municipalities or unreformed departments within the state government.

To maintain their chances of re-election, the inclusive incumbent must now spend more on public services to compensate voters for the extra risk they face (Proposition 4). In the circumstances of recent inclusive reform that may simply not be possible. The clientelist trap makes clientelist spending more efficient than inclusive investments, and in poor societies the state may lack the financial reserves to support large scale investments. Implementation capacity is likely to have been hollowed out by the preceding clientelist regime, and taxation where incomes are near subsistence level will have limited returns. To thwart an escalation in clientelist spending, inclusive reformers therefore rely on external funding. New infrastructure, social welfare schemes and improved healthcare must be financed by capital transferred from the national government.

The availability of this financing is not guaranteed. A hostile national government could

actively block funding transfers to aid local clientelist allies.<sup>1</sup> Even if the inclusive reformer was helped in to office by national intervention, the national government may have changed hands. Only if the national government is still run by a friendly ally willing to invest in the reformer's political fortunes will there be a reliable flow of funds. Discretionary fiscal transfers prioritizing the state can be arranged from the national treasury, or the national government could simply target its own infrastructure and investment projects to benefit the state.

An alternative scenario is that the system of fiscal transfers and national investments is not subject to such discretion and is instead based on fixed rules. In this case, the subnational reformer may continue to benefit from national transfers even when faced with a hostile national government provided that inclusive governance is rewarded by the fiscal system. In most federations, while a portion of transfers are determined by a horizontal allocation formula with a fixed portion for population and territorial area, there are extensive supplementary sources of intergovernmental transfer that reward effective local governance. In this vein, India's Planning Commission and Ministry-led project grants for education (SSA) and health (NHRM) and Brazil's negotiated system of 'convenios' and performance-based formulas for education (FUNDEB) and health (SUS) funding soften the budget constraint for politicians adopting inclusive strategies. Clientelist opponents could not credibly access these resources because of the strict access conditions linked to local governance and past performance.<sup>2</sup>

### 7.3 Silencing Clientelist Competitors

The second tactic of clientelist competitors is to take advantage of the inclusive incumbent's dependence on clear public signals to mobilize voter confidence. There are a number

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<sup>1</sup>National governments may even redirect international development aid towards preferred localities.

<sup>2</sup>More bluntly, evidence of clientelism can lead to the withholding of funds by national bureaucrats or international donors, or in many cases local clientelist regimes may simply opt out of applying for these funds, knowing that they cannot be used as part of their political strategy (Lichand, Lopes and Medeiros 2016).

of disinformation tactics that clientelist elites can use but the aim is always to introduce noise into the signals that voters perceive of incumbent performance. Provided clientelist elites can create sufficient doubt about the incumbent's popularity and credentials, this may create a cascade of uncertainty that pushes voters towards the equilibrium of ejecting the inclusive incumbent.<sup>3</sup> Their aim is not to undermine the perceptions of the incumbent as using an inclusive strategy, but to sow a seed of doubt about (i) whether they are a high or low type, and (ii) whether other voters hold the same opinion.

There are two fronts on which inclusive incumbents are vulnerable to disinformation. First, if voters receive additional negative signals of the incumbent's performance in delivering public services they may revise down their belief that the incumbent is a high-performer. Clientelist elites are therefore eager to paint inclusive reforms as ineffective, biased or expensive. By challenging and undermining public reports of improved service delivery, they can make it more difficult for voters to extrapolate from their own experience of public services to the experiences of others.

Second, if voters believe that the incumbent is extracting rents instead of delivering public goods they will infer that the incumbent is a low-performing inclusive type who should not be re-elected. By providing less public goods and raiding the treasury to accrue more personal rents, low types are defined as much by their diversion of funds as by their weaker policy implementation. Therefore, clientelist elites actively disseminate rumours that the incumbent is corrupt. By highlighting instances of corruption and personal accumulation of wealth the opponent can suggest that the incumbent is a low type that voters should not coordinate upon. In fact, allegations and rumours do not even need to achieve this much; they simply need to make voters think that others might hear and believe those rumours. Countering an inclusive reformer is then an effort in the politics of propagating ambiguity or 'agnotology'.

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<sup>3</sup>The effect is akin to the reverse of Kuran's 1997 information cascades as preference falsification is unwound. For Kuran the 'safe' option of regime support is abandoned as public signals of the breadth of anti-regime opinion emerge. For voters in the clientelist trap, renewed clientelist efforts muddy perceptions of how other voters will behave and push them towards the safe option of voting for the clientelist candidate.

The nature of the transition to inclusive governance makes incumbents acutely vulnerable to accusations of corruption. Having shut down clientelist networks, centralized rent extraction is the main means of financing personal benefits and political activity. The centralized control provided by inclusive rule enforcement, and the ability to manipulate the terms of the rules themselves, makes high-level corruption the preferred revenue source ([Bussell 2012](#)). We should not expect, then, that inclusive reform eliminates or even diminishes corruption; rather it is likely to shift the locus of corruption to centralized elite transactions, as the examples from the success cases below illustrate.

Evidence of both corruption by inclusive incumbents and active efforts by clientelist competitors to politicize and amplify these events in the media is abundant. In Jigawa, Sule Lamido was charged with 28 offences after leaving office by the Economic and Financial Crimes Commission. His two sons, the heads of a web of companies named after the family's hometown Bamaina, were accused of siphoning off hundreds of millions of Naira from public funds using state construction contracts as cover. In turn, Nasiru Dantiye of the opposition ANPP focused his critique on the elites benefiting from infrastructure, " if you give somebody 10,000 and he spends it and didn't get value of 2,000 naira then what are you talking about? You cannot talk about infrastructure when you are not getting value for money. ...to me, there can be only two reasons why Sule Lamido wants to build that airport. First, is to have the comfort for himself so he can fly from Dutse to Lagos, and Abuja and other parts of the country. Secondly, that kind of project is huge. That is how I reason it. To me, Jigawa State is 80 percent agrarian society. The government has not provided essential agricultural extension services, nor improved seeds, agro-chemicals, and markets for products" ([Abdullahianako 2012](#)).

In Ceará, Tasso Jereissati's links to the business elite proved ripe for allegations of high-level corruption and rent-seeking. In one case, the Governor was accused in a Parliamentary Commission Inquiry of having approved loans by the Banco do Estado do Ceará to firms without substantial assets that would later be used to cover campaign expenses ([Fernandes 2002](#)). In the Sudene (Superintendência do Desenvolvimento do Nordeste) scandal, Jereissati

alongside 178 public figures was accused of diverting funds from the Northeast Investment Fund (Finor) using false invoices.

In Bihar, in 2010 after a report from the Comptroller and Auditor General, a case was brought before Patna High Court accusing the Chief Minister and others of the ‘fraudulent withdrawal’ of Rs.11 billion (about \$170m) from the Abstract Contingency Fund without documentation (Pandey 2011). Crucially, the accusation was not that these programs were used to buy votes, but that the funds simply never arrived at their intended destination, reflecting the centralization of corruption.<sup>4</sup> Another alleged scandal involved the free distribution of industrial land to relatives of Ministers and bureaucrats by the Bihar Industrial Area Development Authority. In a public speech Lalu Yadav described how ”The state was reeling under corruption and misrule of the NDA government and the people were fed up with their present political masters and desperately wanted a change of guard”, citing ‘rampant corruption’ and a leadership busy ‘looting the public wealth’ (The Indian Express 2012).

Silencing these critiques and rumours is crucial but difficult for the incumbent. Clientelist elites’ former roles as state leaders and heads of clientelist networks gives them considerable social authority. The most effective way of undermining an inclusive incumbent, however, is through a public message that creates maximum doubt. That means using mass media rather than face-to-face social networks.<sup>5</sup> The inclusive incumbent’s best hope is to deny clientelist elites access to the media and to monopolize the airwaves with positive messages of their performance and integrity. An effective monopoly on the media is usually extremely challenging, but in the context of extreme poverty where households may have few sources of information and the private market is underdeveloped, it is not impossible. Two conditions are required: that the local private media market is weak and that national media - often

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<sup>4</sup>The High Court concluded “we are *prima facie* left with the impression that the state government, the powers that be and its functionaries purposely nursed the issues because they are the beneficiaries”, and ordered an investigation by the Central Bureau of Investigation.

<sup>5</sup>A number of studies in other contexts have demonstrated the importance of media exposure and control to voter beliefs and behaviour (Dellavigna and Kaplan 2006; Enikolopov, Petrova and Zhuravskaya 2011; Gentzkow and Shapiro 2006). In the collective action context informational cues are even more crucial.

government-controlled - is not aligned with clientelist opponents. In this case, inclusive reformers can control the messages voters receive and market their inclusive successes.<sup>6</sup>

## 7.4 Coopting Clientelist Elites

An alternative to silencing elites is to divert their loyalties away from clientelism. That means providing an alternative source for the financial benefits and status conferred by clientelism. Fortuitously, inclusive governance provides a valuable tool to attract the attention of displaced clientelist elites: centralized resource control. By shaping the rules that determine the beneficiaries of public resources and the structure of rents, elites can access and endow authority to select groups. Two specific opportunities, one economic and the other political, are apparent. Having accrued large financial interests and resources over their years in office, clientelist elites are well positioned to invest in new economic opportunities that may arise under an inclusive governance regime. By avoiding prohibitions on the former elite and encouraging them to focus their energies on expanding formal business operations, an inclusive incumbent can tie up their financial resources in benign activities while also giving old elites a stake in the inclusive political order. Politically, clientelist elites can be neutralized by giving them a formal position with carefully limited authority. To the extent that this position provides comparable social authority to their former position and ongoing access to a share of central rents it may placate the elite's immediate demands. By linking their own authority to the legitimacy of the current regime and its continuity, competitors may be discouraged from mounting clientelist counterattacks. As with other models of cooptation, it may not be necessary for the inclusive incumbent to amass the loyalty of all clientelist competitors (Gandhi and Przeworski 2006); they simply need to divide clientelist challengers enough to limit the financial and informational threats to the narrative of inclusive incumbent performance.

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<sup>6</sup>In the case studies, it is notable that these reputations were all highly personalized around the character and capabilities of the incumbent as an individual and make only passing reference to party affiliation. This reflects both the weakness of party brands in this context and the importance of candidates signaling their own personal abilities in order to distinguish their individual-specific type from  $\theta_L$  politicians.

## 7.5 Subnational Comparative Analysis

The role of these variables in shaping electoral outcomes is illustrated through paired subnational comparisons. The selection of clientelist resurgence cases to pair with the three re-election success cases is mostly uncontentious because they are few in number.

### 7.5.1 Nigeria: Jigawa versus Ekiti

In Nigeria, only a handful of states have shown genuine commitment to bolster institutional rules as conduits of public expenditure. The first, Lagos state, has always been an exception, as the commercial capital and the political base of the national opposition, in continuity with its role during the military era.<sup>7</sup> Here, inclusive politics was produced through continuity rather than rupture and relies on the relatively high levels of socioeconomic development in the state. More recently, since 2015 Kaduna state has initiated a textbook inclusive reform program under Governor Nasir El-Rufai, following the coattails of national turnover, but it is too early to assess the electoral success of this case. Therefore I focus on Ekiti state. Ekiti experienced a sharp shift towards inclusive governance under John Kayode Fayemi (JKF) in 2010.<sup>8</sup> However, JKF was resoundingly rejected by voters in 2014 by 24 percentage points to an explicitly clientelist competitor.

What explains why Jigawa's governor was able to win re-election by a landslide by

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<sup>7</sup> Able to generate up to two-thirds of its own expenditures through local taxation, the social contract in Lagos is markedly different. Elite politics is also highly centralized around the figure of Bola Tinubu and a commercial elite.

<sup>8</sup>For example, a Civil Service Transformation Strategy focused on reducing the number of agencies, making all salary payments through a biometric and computerized payroll system by March 2012, and a new formula for promotion based on written exams, with a weight of 80% on merit and 20% on “geographical spread, gender and disability” ([Government of Ekiti State 2014](#), 21-22). In 2011 the state launched a free healthcare program for children, pregnant women and the disabled, which provided near-universal access through two primary healthcare centres in every Local Government. In education, the usually arbitrary allocation of funds was replaced by a clear, inclusive and visible policy called ‘Operation Renovate All Schools’. A conditional cash transfer scheme was established, with 20,000 beneficiaries over the age of 65 (around one-quarter of that age group and 4% of households in the state) receiving payments of N5,000 per month. (The population coverage estimates are based on the age-specific population estimates of the National Population Commission and an average household size of 5 as estimated by the Demographic and Health Survey.) While the scope of the scheme is limited, documentation is extensive and suggests there has been little political conditioning.

pursuing inclusive reforms while Ekiti's inclusive governor lost by a similar margin? First, consider the financial dimension of the political contest. In Jigawa, Lamido retained the support of the national government, which channelled considerable resources to the state. As a former Minister of Foreign Affairs Lamido could access additional funding, for example to support his construction of a new airport. Opponents in the ANPP were locked out of access to national patronage and could only rely on small diversions from the three relatively poor states they controlled.

By contrast, in Ekiti JKF belonged to the ACN, the national opposition. PDP elites in Ekiti forged a strong alliance with their co-partisan allies in the national government. National politics was based around the use of oil and gas revenues to support a national infrastructure of clientelism and patronage ([Lewis 2007, 2010](#)). This provided an invaluable source of funding for Fayose's campaign from the national treasury. As I witnessed at Fayose's campaign headquarters, the space was primarily used to mobilize local okada motorcycle riders with handouts of at least N500 per day. Visitors to the hotel grounds reported that the only requirement for receiving money was to show your INEC voter's card. The source of these funds was primarily from the national government. For example, anti-corruption agencies have documented how up to N4.7 billion (about \$29m) was diverted from the National Security Adviser's office and a large portion physically flown in just before the 2014 election ([Sahara Reporters 2016](#)). This national-level support permitted the PDP to escalate the competition over vote-buying to very high levels, reaching over N5,000 per vote as documented by informants reporting on their election day experiences. Support from communities and traditional rulers was also enhanced by transfers of substantial funds. Federal connections were also valuable in efforts to tilt the election playing field - vote-rigging efforts were documented in a recording by an army intelligence Captain at which Fayose, national legislators, the former Minister of Defence and the Minister of Police Affairs were present ([Ibekwe 2016; Premium Times 2015](#)).

Against these national resources, JKF faced a tight budget constraint. On assuming office, state debts already exceeded at least N30 billion (reported figures vary, about \$186m)

and internal revenue sources were extremely limited, covering just 2% of the 2010 budget.<sup>9</sup> While JKF did succeed in raising N25 billion (about \$155m) through a bond, he was otherwise dependent on transfers from the national government. In Nigeria, the clientelist nature of the incumbent national regime meant that these resources were limited. In the absence of significant national schemes rewarding reform, federal funding for infrastructure projects was allocated disproportionately to co-partisan governed subnational administrations. The result was that JKF could not scale up investments as rapidly as a co-partisan would have been able to.

The second factor is whether the incumbent can prevent clientelist elites spreading damaging information. In Jigawa this task was greatly facilitated by the limited local media - the state had no dedicated television station and only one radio station at this time. National media was also dominated by the state broadcaster NTA, and a small number of private channels which depended on government licensing and advertisements. The opposition therefore had great difficulty criticising Lamido. In Ekiti the media landscape was much more contested. The only local television broadcast was through the state government controlled EKTV, which ran loops of new project inaugurations, happy citizens and the governor's daily schedule. Campaign slogans explicitly referred to the candidate's performance in office and the prospect of continuation in a second term, for example, "He says so, and he does so",<sup>10</sup> "One good term deserves another", "The promise keeper" and, in pidgin, "We dun do 'em before. Make we do 'em again". This was clearly framed to create a reputation of competence and service delivery and was supported by media outlets based in the southwest of the country in the ACN's heartland. Unchallenged, this may have given citizens a more favourable assessment of JKF. However, national broadcast media controlled by the federal government provided a stark counterpoint. The national public station NTA was notably more favourable towards Fayose, typically spending longer covering his campaign

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<sup>9</sup> Calculated from a reported monthly internal revenue of N109m ([Government of Ekiti State 2012](#)) and a 2010 budget of N67.5 billion (about \$419m).

<sup>10</sup> Translation from the Yoruba: "O wi bee, O se bee."

activities. National newspapers allied with the government also provided a platform for rumours and corruption allegations against JKF to flourish, puncturing his narrative of clean developmentalism.

By discrediting the policy achievements of each candidate, spreading rumours about corrupt activity by JKF and painting him as a stooge of the Lagos elite, voters were no longer sure if their own positive experiences of government services were an aberration or the norm. For example, when the JKF administration initiated a project to implement an Institute of Medical Technology in Ifaki-Ekiti, Fayose attacked the decision as “a Greek gift, packaged to deceive the people of Ifaki-Ekiti so as to get their votes, but that will not work because the people already have confidence and trust in the ability of the in-coming PDP government to return the university that Fayemi took away from Ifaki-Ekiti” ([Odunsi 2014](#)). There were allegations that state funds were diverted to finance a personal university of JKF’s in Ghana or that out-of-state contractors associated with the ACN opposition leadership in Lagos were used to channel kickbacks to the national party (whom JKF allegedly owed for his candidacy and would have to pay back in his second term).<sup>11</sup> Fayose instead promised to focus on providing ‘stomach infrastructure’: “Already, I am grooming your chicken for Christmas. I am getting your rice ready to do stomach infrastructure. When I defeated them, they said it was as a result of stomach infrastructure. How can an incumbent be saying that when he had the money, he had the power, he had the might but disconnected himself from the people. They are gone..” ([Sahara Reporters 2014](#)).

The second option to silence opponents was also available and exercised in Jigawa; clientelist elites were coopted into the inclusive regime. The primary beneficiaries of the former clientelist regime under Saminu Turaki were the emirate councils and traditional village leaders who were the conduits for public resources. Sule Lamido shifted resources to pass through the state bureaucracy but compensated the traditional leaders generously by real-locating central resources. For example, luxurious housing was built for the emirs’ exclusive use in the state capital. A committee of elders, the Jigawa Forum, was also established as

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<sup>11</sup>Interview, Barrister Tosin, JDPI, Ekiti, 30/04/2015.

an institutional space where they could retain their political influence and social status by regularly meeting with the governor. As a result, Lamido was able to count on the public backing of the traditional leaders during his re-election bid.

In Ekiti state clientelist elites have largely been sidelined by inclusive reform. No ancillary political institutions were established. Contracts for road rehabilitation and investments in new hotels have largely been led by national contractors or regional contractors based in Lagos rather than local contractors with political connections. It is unclear whether this was an intentional product of exclusionary contracting or simply the natural outcome of lowest-cost bidding, but the effect has been that former political elites have no major economic stake in the state's economic growth and no alternative basis for political financing.

The net effect of these differences manifested themselves in the contrasting patterns of competition in the run up to each state's election. While Lamido was able to use inclusive politics to create a practical monopoly of information and finance, JKF faced concerted threats from both inside and out. Local elites locked out of the benefits of inclusive reform were extremely eager to seek out alternative income streams from channels of national patronage. The PDP primary for the 2014 election included a remarkable 14 candidates, many of whom were high-profile and all who paid the large sum of N11m (N1m for women) to enter the contest. This degree of competition illustrates the substantially higher hurdle that JKF had to pass in Ekiti if his inclusive reform was to generate voter confidence.

### 7.5.2 Brazil: Ceará versus Bahia

To be a valid comparator for Ceará state, the Brazilian case must occur in a comparable time frame and outside the more industrial and developed south-east and south of the country. The only plausible case is Bahia under Waldir Pires.<sup>12</sup> The governance reforms introduced by Pires' PMDB government were not sustained past the first election, despite the state being marginally more developed than Ceará.

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<sup>12</sup>As discussed in Chapter 5 Pernambuco experienced a mix of governance types, but there is sufficient evidence of clientelist practices, particularly in rural areas, to suggest that this cannot qualify as an inclusive reform.

The first factor to consider is access to external finances. Superficially, the alignment between the national and subnational governments was the same in Ceará and Bahia; both states were run by PMDB governors from 1986 and so had the same partisan relationship with the national government. However, in practice Bahia received markedly less financial and political support. The reason was that Antônio Carlos Magalhães, the godfather of Bahian politics and a founding member of the PFL along with President Sarney, had been appointed Minister of Communications in the national government.<sup>13</sup> While ostensibly in national alliance with the PMDB, in Bahia the PMDB and ACM's PFL were the two major competing forces. Accordingly, ACM was able to further his Bahian interests by using his ministerial position to limit financial transfers to the state ([Souza 2009](#)). While Pires fired thousands of public servants to balance the books and undo patronage, he struggled to offset these with investments in public services that could signal his ability to successfully deliver valued public goods.

By contrast, Jereissati was able to benefit from the considerable decentralization of resources and responsibilities that accompanied democratization. As [Samuels \(2003\)](#) and [Samuels and Abrucio \(2000\)](#) document, elites threatened by the democratization process sought to preserve their status, resources and political networks by transferring considerable authority to subnational office which they could more easily control and capture.<sup>14</sup> Financial transfers to states and municipalities through the Fundo de Participação dos Estados (FPE) and Fundo de Participação dos Municípios (FPM) mechanisms doubled between 1975 and 1982 and was further raised by the Passos Porto Amendment of 1983 and Constitutional Amendment 27 of 1985 ([Samuels and Abrucio 2000](#), 57). Between 1983 and 1986 the share of national revenues accruing to the states and municipalities jumped from 31% to 39% ([Falleti 2010](#), 165). The resource boost and increased constitutional leeway to shape policy

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<sup>13</sup>This was likely a reward for the support television network Globo gave to the pro-democracy movement. ACM was a close friend of Globo President Roberto Marinho and owned the Globo affiliate, Rede Bahia ([Kingstone and Power 2000](#), 258).

<sup>14</sup>One factor enabling governors to exert influence at the national level was the enhanced legitimacy that state governors possessed, having been directly elected in 1982, before other offices and before the constitutional convention.

provided an important opportunity to shake up the state government, but Pires was less able to take advantage. For example while Ceará's share of SUDENE funding rose from 14% in 1975-84 to 22.4% in 1985-90 (some \$476m), Bahia's share fell from 29% to 19.4% ([Lima and Katz 1993](#), 47). Ceará's GDP per capita grew in the 1980s at 2.9% per annum, faster than both the Brazilian (-0.4%) and Northeastern (1.3%) average.<sup>15</sup>

The uneven political positions of Bahia and Ceará played out even more forcefully in their ability to shape media coverage. ACM was able to use his position in the Communications Ministry to selectively distribute radio and television licenses to his political allies and his ownership of Rede Bahia to control the state's programming. His animosity towards Pires not only prevented Pires from controlling the local narrative but gave a virtual media monopoly to his fiercest clientelist competitor. [Lobato \(1995\)](#) documents the more than 80 broadcasting licenses allocated to Bahia by ACM between 1985 and 1990. Licenses were granted to PFL mayors (eg. Mayor of Berreiras, Baltazarino Araújo Andrade), to ACM's relations (eg. ACM's nephew André de Menezes Maron) and business partners (eg. Luiz Fernando Pedreira Larangeira, a director in ACM's construction company). Between 1985 and 2000 almost all licences were granted to ACM's allies ([Almeida and Jonas 2004](#)). ACM was also accused by Governor Pires and the Bahian PMDB of using his position in the Ministry of Communications to force the sale of technology firm NEC and TV Aratu to Globo. The use of 'coronelismo eletrônico' was often explicit, with the head of the communications committee in the lower house, Maurício Fruet, asserting that "ACM favoured his friends and allies in such a brazen and gross way that it descended to a [joke/anarchy]" ([Lobato 1995](#)).<sup>16</sup>

In a different political context, this rapid expansion of broadcast media might have provided information to empower voters and undercut the market for face-to-face brokerage and clientelism with lower-cost political communications ([Stokes et al. 2013](#)). However,

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<sup>15</sup>Key public projects included construction of Pecém port, expansion of the main airport, Castanhão dam, new irrigation, fruit and flower agroindustry incentives, textile development and an Industrial Development Fund ([Bandeira and Neta N.d.](#), 8).

<sup>16</sup>My translation: "ACM favoreceu seus amigos e aliados de forma tão descarada e acintosa que descambou para a esculhambação".

the favouritism and control exerted by ACM countered Pires's narrative of reform and was critical to reinforcing ACM's clientelist allies, particularly at the municipal level where the PFL-PDS-PTB alliance still led by a margin of 166-110 over the PMDB. The lack of alternative independent media or state government media prevented Pires and the PMDB from effectively communicating their new political project; Pires complained that "In my government it was difficult to get TV Globo to interview me" (Galo and Page 2007, 23).<sup>17</sup> Almeida and Jonas (2004) describe for the 1992-1996 electoral term how critical media coverage of the mayor of Salvador and ample media time for ACM's allies skewed the political contest. Media suasion also helped ACM retain civil society and union support, whose defection was crucial to his later loss of political control in 2006 to the PT (Herrmann 2014).<sup>18</sup>

Jereissati did not have control of Ceará's media either, but he did not face this concerted campaign of disinformation and was gradually able to establish an effective communications strategy. In the first two years of the administration, state reform created persistent negative headlines in the local media (Gondim 1998). On one occasion the entire public sector went on strike for 43 days (Boekle-Giuffrida 2012, 153-5). However, active investments in communications combined with visible returns from public investments quickly turned the administration's image around. The state spent some \$2m on advertising by 1992 and was run increasingly as a marketing campaign (Gondim 1998, 31). The active cultivation of media ties produced positive coverage in international newspapers, editorials in national newspapers and paid coverage of the state's successes in soap operas.<sup>19</sup>

Finally, Pires was unable to coopt local elites. With limited funds for new infrastructure contracts and low growth, clientelist elites did not jump on the bandwagon of reform in the

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<sup>17</sup> My translation: "No meu governo dificilmente a TV Bahia fazia uma entrevista comigo".

<sup>18</sup> By the 2006 election the PT had established a dense network of party offices to compensate for their weaker control of the media (Dyck and Montero 2015), but also benefited from the more positive coverage associated with holding the Presidency.

<sup>19</sup> The Ciro Gomes administration paid for parts of 'Tropicaliente', broadcast by Globo, to be set in Ceará (Gondim 1998, 32).

way they did in Ceará. In fact, the clientelist elite was predominantly rural and saw little economic opportunity in the new regime, preferring to hedge their bets on ACM's return and benefit from the access to federal finances he could channel their way in the interim. As Souza (2009, 22) describes, less electorally valuable and more flexible 'Banda B' clientelist allies were capable of defecting from ACM, but only where there were considerable benefits in doing so.<sup>20</sup> With many federal representatives based in Bahia, including judges, owing their position to ACM's national patronage, political incorporation was also challenging. Pires noted "I found strong resistance to change the methods previously used to provide children with access to education. Children could register in a state school only if they had a letter from a local politician, a state deputy or an influential politician" (Souza 1997, 144). As a result, in the 1990 election, the governing coalition was split - the PCdoB, PT, PDT, PSC and PCB that were all part of Pires' coalition four years earlier all run either as independent parties or in separate coalitions - providing essentially a free run into office for ACM.<sup>21</sup>

In Ceará, Jereissati succeeded in constructing a new elite coalition with strong interests in maintaining inclusive governance. Former coronels, most notably the triumvirate of former PDS governors, were not impeded from accessing the fruits of economic growth and the new contracts that public investment facilitated. They were able to use their position to expand their business empires. Bezerra, for example, returned to Bicbanco, based in Juazeiro do Norte, and rapidly grew the bank. The coronels admitted years later that they were glad that Jereissati had deposed them because of the business opportunities it created. The other coronels put up limited resistance. Virgílio Tavora remained active in national politics but passed away in 1988. Cesar Cals did go some way towards opposing the PMDB, joining the PSD in 1988 (Fundação Getulio Vargas 2009). However, he passed away in 1991.

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<sup>20</sup>These benefits "trigger their betrayal and makes them switch their votes to the candidate of the opposition if they foresee the PFL's defeat and if the opposition is capable of appointing a credible candidate. They did so when Pires and Wagner were elected".

<sup>21</sup>The reassertion of clientelist practices by 1992 was evident from the fact that 59% of rural teachers were appointed by politicians and only 6% by competitive examination (Souza 1997, 143).

Other traditional elites were quick to reconcile themselves with the young entrepreneurs, who were quick to broaden their support; Ciro Gomes and Lúcio Alcântara, future Governor and Vice-Governor, were both members of traditional families who saw greater opportunity by allying with the new political practices than by opposing them. Ciro Gomes was a former member of the PDS, and his father was the PDS mayor of Sobral. Alcântara was the son of a former Governor and a former Mayor of Fortaleza before it was won by the PT. This ‘pact of cooperation’, as [da Costa \(2013\)](#) describes it “not only enlarged the electoral space but also demonstrated the flexibility of the group to the rules of the political game” ([da Costa 2013](#), 14).<sup>22</sup> One key mechanism for this incorporation was that the reformers’ key organizational forum, the CIC was a component of the more conservative FIEC business forum, providing a natural point of interaction between the more traditional business owners and the younger entrepreneurs. Inclusive reform provided plenty of opportunities for financial gain: Contracting activities of the state government, substituting the use of the civil service with third-party services, rose from R\$30m in 1980 to R\$342m in 1996 ([de Sousa 2007](#), 616).

Success in incorporating clientelist elites was most evident in the shifting composition of the administration’s coalition. The more ideological parties, the PCB and the PCdoB were alienated by neoliberal economic policies and ran on a separate ticket with the PT in 1990. As part of a broader national split the PMDB split into the rump PMDB and the PSDB, including Jereissati. Despite losing a large proportion of their original coalition, Jereissati succeeded in getting the continuity candidate Ciro Gomes elected in 1990 by accommodating elements of the former clientelist elite. This accommodation was achieved without undermining inclusive governance, principally because it was an economic more than a political accommodation.<sup>23</sup> In terms of the domination of the economy by a small oligarchic elite, as [de Sousa Bonfim \(1999\)](#) asks of the self-proclaimed government of change, “What change?”.

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<sup>22</sup>My translation: “Essas incorporações não só ampliam os espaços eleitorais como também demonstram a não impermeabilização desse grupo as regras do jogo político”.

<sup>23</sup>Another important aspect of the strengthening of the governing coalition was the support offered by capitalists from the south/southeast who invested intensively in the state.

Overall, reformers in Bahia were unable to finance the investments needed to signal the end of clientelism, nor to control public perceptions of their policies. The final nail in the coffin of Pires' inclusive regime was his decision to step down as Governor and run as the Vice-Presidential candidate for Ulysses Guimarães in 1988. The governorship passed to landowner Nilo Coelho, who was much closer to the traditional elite having only defected from ACM's orbit in 1986, did not have the same outsider's incentives to diminish clientelist networks, and was not associated with any of the inclusive reforms that Pires had pioneered. Worse still, Coelho became embroiled in numerous corruption scandals which, fanned by the flames of ACM's media machine, convinced voters that this was "a half-administration with colours of tragedy" (Galo and Page 2007, 13),<sup>24</sup> that supporting the PMDB ticket would provide few benefits, and that the clientelist machine of ACM was bound to return. ACM won the 1990 election by 18% points.

### 7.5.3 India: Bihar versus Andhra Pradesh

In India, all major cases of inclusive subnational reform beyond Bihar have resulted in successful re-election for their initiator. This remarkable fact makes identifying a comparison case less straightforward. In Gujarat, Narendra Modi remained in power for over a decade and is arguably yet to see a reversal. In Madhya Pradesh, Digvijaya Singh spent ten years and one day in office. However, for the purposes of comparison, I focus on Andhra Pradesh. Even though the reversal took place only after a second term, pioneer reformer Chandrababu Naidu held office for 9 years but lost out to the Congress party in 2004.

Both Bihar and Andhra Pradesh were able to access considerable external financial support to fund inclusive investments. India's system of fiscal federalism proved to be extremely responsive to an inclusive reformer (Khemani 2003).<sup>25</sup> This reflected the large number of federal transfer programmes set up to target poor and reforming states. The

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<sup>24</sup>My translation: "uma meia-administração com cores de tragédia".

<sup>25</sup>Khemani (2003) demonstrates how General Purpose Transfers are in fact politically allocated to allies of the national incumbent, but are offset by statutory transfers and neutrally-allocated project-based transfers.

fiscal formula for non-plan transfers places 10% weight on population, 62.5% on income, 7.5% on area, 7.5% on infrastructure, 5% on tax effort and 7.5% on fiscal discipline ([Bhatt and Scaramozzino 2013](#)). In almost every sector Bihar was also able to access large sector-specific transfers by meeting basic governance requirements, including in the education sector (SSA), health (NHRM) and housing (IAY). The preceding regime had let large volumes of funding lapse because of its dismantling of the state bureaucracy and inability to meet basic procedural governance rules. Budgetary resources grew rapidly, particularly for development expenditure which rose from just R22,568 crore to R57,758 crore between 2005 and 2010 ([Das Gupta 2012](#)). The funds accessed from the national education scheme, Sarva Shiksha Abhiyan, increased from 300 crore to 4,500 crore in six years ([Chakrabarti 2013](#), 132). Beyond the national government, funds were also raised from the World Bank, the Gates Foundation and many others willing to finance an inclusive governance. These gains were available despite the JDU's position in the opposition NDA alliance until 2013. In Andhra Pradesh, Naidu had access to these same sources of budgetary support. The TDP was also an outside supporter of the national NDA government which ensured a sympathetic ear in Delhi. Andhra Pradesh was the first state to receive direct support from the World Bank.

While there was little to separate the two regimes financially, their ability to silence clientelist competitors proved very different. Naidu in Andhra Pradesh achieved neither the media monopoly nor the cooptation of local elites to the same extent as Kumar did in Bihar. In terms of the media, Andhra Pradesh was a wealthier state with the IT centre of Hyderabad as its capital, supporting a vibrant private media that gave space to clientelist opponents. His successor, YS Rajashekra Reddy of the Congress Party even launched his own TV news channel, Sakshi TV, in 2009. In Bihar, the channels of communication were much weaker. This reflected the lack of diversity in private media and the dominant role of the state in the much poorer and more rural economy. Ministerial pressure and the threat of withdrawing lucrative state government advertisements allowed Nitish Kumar to punish critical journalists and deter investigative journalism ([Jha 2012a](#)). In this way, the state's limited private sector advertisement base - its *lack* of modernization - provided leverage for

the state government to tightly control the messages voters received. Investment in publicity also rapidly increased over Kumar's first term, rising from Rs. 45m in 2005-6 to Rs. 346m in 2009-10. Journalists in Bihar refer to the Chief Minister as "Bihar's Editor-in-Chief". The Chairman of the National Press Council of India, Justice Markandey Katju assessed that: "the media in Bihar is not good...the press does not enjoy freedom at present...I have been told that people don't muster the courage to write against the Bihar government or its officials." Media control efforts have focused specifically on avoiding any impression of corruption or financial accumulation among government figures. For example, in 2012 a raid by income tax officials on the JD(U)'s treasurer, Vinay Kumar Sinha, went almost entirely unreported in the media, with one journalist describing it as 'undeclared censorship' ([Jha 2012a](#)). At times, these efforts verged into competitive authoritarian practices that restricted the freedom of the media.

Given Bihar's position in the opposition, why did the national government not use its own media resources to challenge Kumar's regime? Outside of the two largest cities, only government radio (All India Radio) is available. In part, this simply represented the lack of access to broadcast media in Bihar's poor rural areas. The primary media source in rural areas remains newspapers, which were heavily influenced by the state government through its advertising policy. The main barrier, however, was that national public broadcasts were technocratically managed and were averse to any indication of partisan bias. The national scope of the station also limits the degree to which it can be used for local political manipulation. Contrary to the standard modernization argument, this limited media access may have assisted the perpetuation of inclusive politics by protecting and insulating the reputation of the incumbent.

In Andhra Pradesh, Naidu had considerable success building a new entrepreneurial economy but this was not sufficient to coopt clientelist elites, particularly those present in the rural parts of the state. Most commentators have ascribed his loss to a distributive bias in the impact of inclusive reform, which favoured rapid growth and service improvements in the IT hub of Hyderabad and limited attention to the rural areas where most voters lived.

Reductions in rice subsidies and hikes in electricity tariffs were not offset by new social programs or sufficient investment. Naidu himself ascribes his loss to a failure to “match economic reforms with a human face” ([The Economist 2015](#)). This bias also limited the economic and political opportunities for rural elites to benefit from inclusive governance and encouraged them to unite against Naidu. Rajashekra Reddy took advantage, undertaking a 1,475km Padayaatra (‘foot pilgrimage’) in response to increases in electricity tariffs ([Price and Srinivas 2014](#)). Notably, however, Naidu’s losses were broadly uniform across the state; even in Hyderabad he came second to Congress. The model of collective confidence indicates why; if a large group of rural voters receive weak signals as to the benefits an inclusive politician will deliver, voting for a clientelist competitor will prove attractive to all voters. Even urban beneficiaries may remain under the influence of the clientelist trap if they expect support for the incumbent to be low.

#### 7.5.4 Summary of Subnational Comparisons

For the three success cases and the three failed reform cases, Table [7.1](#) summarizes the values of the explanatory variables and observed outcomes. In each paired comparison, the successful inclusive reformer succeeding in achieving both access to external financial resources (as asserted by Proposition [4](#)) and control of negative information (Proposition [5](#)). Financial access could stem from either a rule-based fiscal system (as in India) or alliances with the national government (which separated Jigawa from Ekiti state). Informational control could be rooted in either a monopoly on the media (as in Bihar) or on the cooptation of local elites (as in Ceará). The electoral backlashes in Bahia and Andhra Pradesh are attributed to the failure to prevent clientelist elites from using disinformation to interfere with positive public service signals.

Table 7.1: Summary Predictions and Observations for Inclusive Candidate Re-election

Country	State	Financial Condition		Information Condition				
		National sources	Re- Institu- tionalized?	National Ally of Subnational Inclu- sive Incumbent?	Media Monopo- lized?	Local Co-optation of clientelist elites?	Clientelist Counter- mobilization?	Re-election of Inclusive Incum- bent?
Nigeria	Jigawa	No	Yes	Yes	Yes	Weak	Yes	
	Ekiti	No	No	No	No	Strong	No	
Brazil	Ceará	No	Yes	No	Yes	Weak	Yes	
	Bahia	No	Yes	No	No	Strong	No	
India	Bihar	Yes	No	Yes	Yes	Moderate	Yes	
	Andhra Pradesh (after 2nd term)	Yes	Yes	No	No	Strong	No	

## 7.6 Alternative Explanations for Reform Survival

A striking feature of the cases of clientelist restoration is that the reversals all occurred at equivalent or higher levels of socioeconomic development than the cases of inclusive re-election. Andhra Pradesh's HDI of 0.473 exceeded that of Bihar's at 0.367 in 2007-08. In 2006, Jigawa's HDI of 0.362 was less than Ekiti's estimate of 0.523. In Brazil, figures are only available at the end of the reformers' first term in 1991, when Ceará had a marginally higher HDI of 0.405 compared to 0.386 in Bahia. This highlights that modernization theory cannot explain electoral outcomes; the role of modernization cannot simply shift from triggering inclusive transition to explaining its consolidation. The analysis above highlighted how

modernization can even impair re-election by providing diverse channels of communication that clientelist elites can use to dilute consistent performance messaging by an inclusive incumbent.

The party organizations in which these reformers were embedded also do not explain the differences in their electoral fortunes. These parties were clientelist vehicles that helped bring the leader into office and they generally did not change much by the end of the first term. The PDP remained a patronage party and, if anything, it was the ACN in Ekiti, in national opposition and with a reputation for running Lagos efficiently, that was best placed to leverage a reformist reputation. In India, both Naidu and Kumar led regional parties with clientelist roots. While membership turnover was high, neither party built the organizational structures or ideologies to independently coordinate voters ([Ziegfeld 2016](#)). Only in Ceará did the ruling party change markedly over the course of the first term. Jereissati and Pires were members of the same party at the outset, but Jereissati tried to escape the constraints of the catch-all PMDB by establishing the PSDB, alongside other elites from across the country. The new PSDB was more ideologically coherent but was formed just two years before the 1990 election and lacked the discipline or organization to mobilize voters, remaining dependent on the reputations of its individual leaders. Moreover, having been born inside the current regime there was no sense in which the PSDB was an ‘externally-mobilized’ party.

A broader literature on the politics of reform suggests a number of explanations for when and why reform efforts succeed. These are not competing alternatives; the argument presented here is largely consistent with these arguments but goes a step further by placing the relevant factors within the broader political economy framework of an incumbent’s efforts to break the clientelist trap. [Przeworski \(1991\)](#) argues that reform needs to be sufficient to overcome the short-term costs experienced by losers, which I concretize here to mean that public signals of performance must be strong enough to overcome the competing pressures of the clientelist trap. [Hellman \(1997\)](#) argues instead that elites have a vested interest in partial reform that generates concentrated gains. Coopting competing elites may certainly

mean reallocating public rents and continued corruption, but in poor contexts this may be necessary to preserve the abandonment of clientelism. The prospects for sustained reform, then, are not shaped by the degree of corruption but by its *type*, and particularly whether incumbent elites continue to gain more from centralized rent-seeking over decentralized clientelism (Bussell 2012). Finally, reform success has been argued to depend on forming a broad coalition (Leftwich and Wheeler 2011).<sup>26</sup> This is consistent with the analysis above, where that coalition includes voters experiencing gains in public services and coopted elites.

Scholars have also argued that competitive authoritarian practices may be necessary to insulate reform from their electoral vulnerabilities (Clague et al. 1997). In short, the only way to bypass the clientelist trap may be to suspend or undercut democracy. The primary conclusion of the collective confidence argument is that this is not the case; inclusive reform can co-exist with democratic competition. Yet, in one specific way competitive authoritarian practices may be conducive to inclusive politics - if clientelist elites cannot be coopted then voter confidence may be easily undermined if those elites are allowed easy access to broadcast media. Limiting media access may therefore be an effective tactic for maintaining voter confidence.

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<sup>26</sup>Related perspectives emphasize the importance of the ‘political settlement’ and the elite interests that are served by reform (McLoughlin and Batley 2012).

## Part III

# Can National Policy Encourage Inclusive Local Politics?

## 8 | Rules as a Tool of Federal Politics: Constraining the Supply of Local Clientelism

What are the prospects for inclusive governance where local clientelist regimes are *not* ejected by national intervention? Without an outsider in office motivated to dismantle clientelist networks for personal political gain, public resources will remain subject to political allocation and conditioning. The clientelist trap will continue to bind on poor voters and the political demand for inclusive rule-based governance will not emerge. Yet, local clientelist actors continue to operate within a federal system and national intervention can constrain their behaviour substantially, even if it falls short of dislodging them from office. This chapter investigates an alternative and more stable mechanism influencing the quality of governance in poor places: direct enforcement of public rules by national actors.

### 8.1 National Inclusive Policy and its Subnational Effects

The crucial feature of federal systems is that there is no part of the country over which the national government has sole territorial control.<sup>1</sup> It can only govern through subnational units which possess independent authority and responsibilities. Moreover, every voter in national elections is also a voter in subnational elections. Even where subnational leaders are political allies this provides a strong reason to guide and direct the use of subnational public resources.

I argue that a powerful tool to influence subnational governance is the use of rule-making and rule-enforcement through national inclusive policy. Extending Shefter's 1994 argument

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<sup>1</sup>With the partial exception of small federal territories such as the capital city.

that the *temporal* sequencing of bureaucratic professionalism before electoral politics can block clientelism, the *spatial* hierarchy of national bureaucratic professionalism above local politics can have a similar constraining effect. The application of directives, penalties and incentives can compel or induce subnational leaders to adopt inclusive governance even where they would prefer to use clientelism. The hierarchical nature of the federal system makes subnational actors vulnerable, either through the use of national institutions - legislation, bureaucratic rules and courts - which have formal authority and can impose punishments or political costs, or through the informal financial dependence of subnational units on national transfers. National governments' efforts to alter subnational behaviour typically cover policy issues over which it shares responsibility with subnational administrations - often the case for healthcare, education, infrastructure and social welfare - but they may also use informal pressure to extend influence into policy areas that are the exclusive responsibility of subnational actors. In short, the governance choices of subnational leaders are not made in a vacuum as earlier chapters implicitly assumed. The costs and benefits of inclusive versus clientelist governance are shaped by the content of national governance. As an example, [Banerjee, Iyer and Somanathan \(2006\)](#) establish in India that variation in public goods is mostly driven by national policy and not by differences in grassroots politics.

The motivation for national incumbents to extend their reach to the local level is to secure their own political future. Voters are unlikely to have perfect knowledge of the division of constitutional responsibilities between the tiers of government or to be able to attribute welfare changes to particular leaders ([Niedzwiecki 2016](#)). National government is often held electorally responsible for aggregate welfare outcomes, regardless of the scope of its constitutional role. Intervening to ensure that teachers turn up to school, clinics are stocked with drugs and welfare beneficiaries receive their payments is likely to improve national re-election prospects. The terms on which subnational governance is conducted is also likely to be of political interest to national incumbents. Clientelist elites depend on the strength of the clientelist trap to control voting in national elections, while elites operating an inclusive strategy depend on voters free to reward their performance. Seeking congruence

in governance strategies can therefore shift the electoral playing field onto terms that are more favourable for the national incumbent.<sup>2</sup>

Yet, there should be no presumption that national governments will be pioneers in inclusive governance. Clientelism may well serve national leaders as well as it serves local ones, and maintaining clientelist control through national programmes can provide a valuable votebanks. However, there are reasons to believe national policy-making might embrace inclusive rule-making before its subnational counterparts. First, national elections mean larger, more diverse electorates. A number of analyses have argued that this can make clientelism more costly, principally due to the economies of scale in replacing nationwide clientelist networks with broadcast media advertising inclusive performance (Diaz-Cayeros, Estevez and Magaloni 2014). Bueno de Mesquita et al. (2003) also document the preference for inclusive governance when selectorates are larger. Second, national governments have at their disposal powerful states endowed with more professional bureaucracies than subnational governments. In the short-term it may be difficult to divert this asset to consistent clientelist mobilization at the local level when the civil service is equipped for the drafting and enforcing of rules. When faced with troublesome local politicians, the best available tool even to a national clientelist leader may be to use the strengths of the bureaucratic apparatus.

Efforts by actors at the centre to constrain, incentivize and compel local politicians to adopt more rule-based forms of governance are visible in all three of the countries studied here. In Nigeria they are least advanced, but national programs such as the Universal Basic Education (UBE) Scheme, the intensive nationwide polio campaign and the Millennium Development Goals Conditional Grants Scheme have all had partial success in improving the uniformity and quality of public service provision by states and local governments. In India, extreme diversity in local conditions has not prevented the union government undertaking schemes of breathtaking universality. The National Rural Health Mission has centrally-

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<sup>2</sup>Chapter 9 evaluates the ability of national policy to alter voters' demands; here the focus is on its ability to constrain the supply of local governance.

managed the deployment of close to 1 million Accredited Social Health Activists (ASHAs) in towns and villages across the country; the Aadhar identification card provides a unique identity and bank account to all citizens; and the MGNREGA scheme has attempted - if imperfectly - an explicitly rights-based approach to rural unemployment insurance. In both the breadth of application and the rule-based nature of management, however, Brazil has progressed further than the other two cases. A range of social welfare schemes support those on low incomes, with disabilities and the elderly, and are implemented and monitored by a professional bureaucracy using large databases and intensive monitoring. Education and healthcare policy are subject to reams of guidelines (FUNDEB and SUS) and new initiatives designed by national ministries. Brazil therefore serves as a valuable feasibility test of whether such programmes can have a transformative effect on local politics.

To what extent have the programmes described above actually constrained local governance and limited the opportunities for clientelist conditionalities? Focusing primarily on the Brazilian context I use secondary data on public service implementation to assess the degree to which subnational administrations are constrained to follow national rules. Crucially, the analysis applies to policies that are the primary responsibility of the subnational administration and would ordinarily be outside of the remit of the national government. The effect, then, is to constrain subnational governance beyond the limits prescribed in the constitution. For example, primary education is ultimately a responsibility of municipal government while secondary education is the responsibility of state governments. Yet, the national government has used its broad policymaking role to draft detailed rules and minimum standards, and designed schemes of financial transfers, inspections and rewards to ensure adherence to those rules. How successful have these interventions been in restricting the diversion of public resources for local clientelism?

Directly measuring the use of public resources for clientelism across the whole country is prohibitively difficult. Instead, the aim is to evaluate the trace implications of national policy influence on measures of local public service performance. I adopt two empirical strategies. The first focuses on primary education where granular data is available, evaluating if patterns

of change in school performance are driven more by local variation or by a single national process, which would be consistent with the diminished ability of local actors to reallocate resources. The second strategy evaluates whether political parties believed to adopt more inclusive governance strategies manage public services differently to parties known to favour clientelism. Effective national control of local governance would predict no difference in the subsequent performance of each type of party, because each would be constrained to meet the same national standards and subject to the same national oversight. Given the selection biases inherent in how political parties acquire office, this test is conducted using a regression discontinuity on close elections. Before these two strategies are implemented, the next section describes the content of Brazil's inclusive national reforms and measures of public service performance.

## 8.2 Inclusive Policy in Brazil

This section briefly establishes the credentials of Brazil's inclusive national policies. That health and education sector expenditures are 'hard-wired' by national rules has been argued most forcefully by Alston et al. (2006). Their characterization refers primarily to the budgetary constraints that guarantee funding allocations. The Complementary Law and Guidelines for Education of 1996 established FUNDEF(B) to equalize and redistribute expenditures between municipalities. However, their conclusions can be broadened: all aspects of funding, incentives and oversight are designed to 'induce' municipal compliance with national policy targets. The horizontal redistribution of funds between municipalities provides an incentive component which rewards improvements in education performance. Municipalities receive revenue based on the number of students enrolled rather than the total school-age population, creating strong bureaucratic incentives for promoting increased enrolment. Teachers must be recruited through a national exam and municipalities are required to meet certain standards in hiring and promotion, even if the federal government cannot allocate teachers directly. Sector experts highlight the importance of standardized

testing (SAEB) and incentive-compatible performance measures (IDEB) as crucial to the targeted pressures and support exerted on municipalities by the federal government through Joint Action Plans (Planos de Ações Articuladas) (Bruns, Evans and Luque 2012). The National Education Plan of 2000 “is a national plan, not simply a federal one.” (INEP 2002). Even on such minor issues as school feeding, menu options are guided by extensive national nutrition guidelines (Sidaner, Balaban and Burlandy 2013). The federal government’s control of the school inspectorate and cooperation with the Ministério Públco also provides an enforcement mechanism. Federal action has also made it possible to change the demand for inclusive policy. For example, for primary education the 1988 constitution makes education “the right of all and duty of the State and of the family” to be provided based on “equal conditions of access and permanence in school” (Camara dos Deputados 2010, Articles 205-206). Citizens can now take action against municipalities legally responsible for the failure to provide for these rights. In addition, local school councils - mandated under FUNDEF(B) as a condition for receiving funds - generate accountability within the local community. The aim of these provisions was explicitly to bring an “end to the long-standing culture of public funding exchanged for political support” (Bruns, Evans and Luque 2012, 51). Similar provisions apply in the healthcare sector and are operationalized through the SUS.

In social policy, even where local actors are responsible for selecting beneficiaries or managing implementation, these tasks are micro-managed by federal guidelines and constant oversight. Municipal workers cannot work alone but must access national databases such as the Cadastro Único, report on common forms and participate in national training and screening exercises. The Benefício de Prestação Continuada provides a minimum ‘salary’ to those over the age of 65 and to the disabled. For Bolsa Família, the inclusive nature of the programme has been extensively documented. The use of a single electronic registry, clear targeting rules and well-publicized channels of contact to the federal bureaucracy have all served to insulate the program from political interference (national and local). Lindert (2007) describes the implementation processes; Fried (2012) demonstrates empirically that

funds are not distributed based on political criteria; and Hunter and Sugiyama (2009) provide evidence that voters do not believe the program is used for clientelist purposes. Fenwick (2009) argues that the central government was able to ‘bypass’ state governors to implement Bolsa Família, radically changing the experience of government of some 11m households.

None of the above is to deny that state and municipal governments are central actors to policy outcomes. Variation in implementation capacity is substantial. However, these differences in performance *levels* themselves lead to very differential treatment by a national system that seeks to share best practices, equalize financing and enforce basic standards. Legal and institutional reforms mean that the rules of resource allocation are explicit and codified, and that national actors seek to enforce them consistently. The degree to which this responsive, centrally-guided policy process has limited the overall scope for local autonomy in governance and policy-making remains poorly understood. Other studies have found subtle patterns of political interference that seek to bypass national regulations, for example in teacher postings (Trucco 2015) and healthcare (Nichter 2011). Whether performance outcomes are highly predictable, consistent with central rules, and independent of politics will indicate whether the balance of policy control lies with the national or local governments.

### **8.2.1 Measuring Inclusive Policy Outcomes**

In the absence of direct measures of clientelist practices for specific policies across large numbers of subnational units, this study draws instead on the wealth of policy performance data that is available. If policy outcomes are governed by inclusive processes enforced by the national government, what would we expect to see in this performance data? The key insight I draw on is that under inclusive governance performance outcomes should be driven by a single national process, one that is based on objective conditions and not on political factors. Specifically, location should not matter - whether a policy is delivered in state A or B, in a municipality governed by party X or party Y, the national rules and enforcement process are unified and apolitical. Outcomes should therefore be similar and not exhibit substantial variation. As (Arretche 2009, p.1) describes, policies “which entitle the

centre to regulate lower-level government's policies create mechanisms that push towards place-equality". Where national inclusive policies set minimum standards and respond to rule-violations through intensified oversight and intervention, the space for consistent under-performance, including through clientelist interference and conditioning, is dramatically reduced. When comparing multiple municipalities with the same starting point, improvements in their performance should be comparable and consistent - the school system is essentially 'nationalized'.<sup>3</sup> If instead local clientelist practices introduce selective implementation and enforcement patterns, these would manifest as distinct trajectories of change reflecting local political conditions and produce greater variation.

A single unified trajectory of nationally-driven change provides a 'smoking gun' test for national inclusive policy ([Collier and Hoeffer 2004](#)): passing the test provides strong confirmatory evidence of national inclusive policy. While evidence of local variation does not confirm clientelism, a single national process simply does not provide the space for the political discretion or systematic exclusion required to support clientelism.

To concretize this insight, the analysis uses multiple measures of the degree to which public services are governed by a single national process. The first draws on the trajectory of changes over time, which should display similar trends under national inclusive policy once we control for starting conditions. The second goes one step further, using the content of national rules - which consistently focus resources, attention and enforcement on the worst performers - to measure the rate of convergence between the worst and best performers. National inclusive policy seeking to enforce minimum standards is likely to exhibit rapid convergence. The third measure assesses the geographical clustering of performance changes to identify whether specific subnational units are able to flout national rules, or if there is a single 'market' for policy. Finally, the fourth and most powerful measure explicitly searches for any political pattern in policy performance depending on the identity of the incumbent

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<sup>3</sup> As an analysis by [Ceneviva \(2005\)](#) explored, the formal decentralization of responsibilities in the past two decades would suggest quite the opposite, a 'municipalization' of schooling outcomes. However, centralized influence appears much more resilient; [Ceneviva \(2005\)](#) found no difference in test scores among schools that were transferred from state to municipal control and those that remained under state control. The analysis below extends these findings to the national level and over a longer duration.

political leadership. Where political actors make no difference to policy performance, this suggests that control of policy is largely outside of their control and is instead guided by national policy.

## 8.3 Have Primary Education Improvements been ‘Nationalized’ in Brazil?

A corollary of constraining local clientelism is that improvements in sectors such as primary education have been driven by a single unified process shepherded by the national government. Two gauges of education performance are used. One is an index measuring the inputs to education; the infrastructure, utilities and human resources.<sup>4</sup>. The other is a measure of outputs using the IDEB (Índice de Desenvolvimento da Educação Básica) score, which is a combined measure of completion rates and standardized test performance.<sup>5</sup> By assessing both inputs and outputs we are able to detect differences in how public resources are allocated - which are expected to be selective and biased under clientelist systems - and differences in the efficiency of public investments - which may detect more subtle distortions introduced by clientelism, for example to teacher effort.

### 8.3.1 Consistent Performance Improvements over Time

Consider the overall trajectory of input changes by region in Figure 8.1, indexed to zero in 1997. Two features are striking. First, the similarity in the trajectories over time. Second, the poorest regions, the North and the Northeast, have made the strongest absolute gains

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<sup>4</sup>The construction of the index weights 17 component indicators by the inverse of the variance-covariance matrix to make maximum use of the information in the data (Kling, Liebman and Katz 2006; Anderson 2008). The component indicators include whether the school (i) owns the building it uses, (ii) has water, (iii) is connected to a public water network, (iv) has a sewerage system, (v) is connected to a public sewerage system, (vi) is able to make use of all its classrooms, (vii) has a science laboratory, (viii) has a library, (ix) has an inside bathroom, (x) has a television, (xi) has a printer, (xii) has a computer, (xiii) has access to the internet, (xiv) has electricity, (xv) is connected to the public electricity network, and (xvi) provides free school meals, and (xvii) the teacher-to-class ratio,

<sup>5</sup>I am grateful to INEP, and particularly Fernanda Becker, for making this data available at the school level.

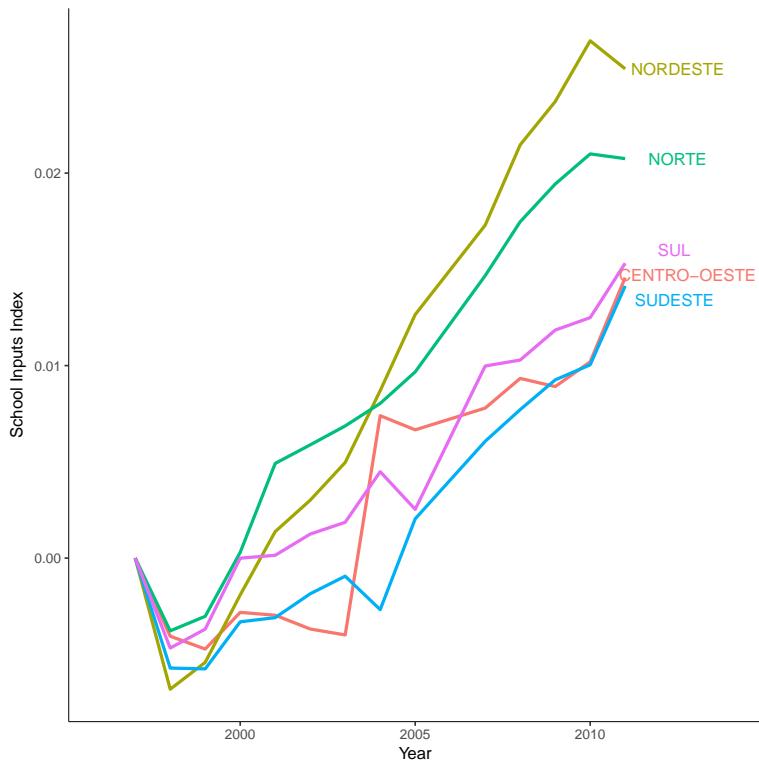


Figure 8.1: Trends by Region in School Inputs Index, Rebased to zero in 1997

(and even larger relative gains) over the 1995-2011 period.

### 8.3.2 Convergent School Improvements

An inclusive approach enforcing minimum standards would consistently lead to the most deprived schools improving fastest to meet basic standards. Evidence of the national government constraining municipal governments should be visible as strong and consistent convergence of the worst municipalities to catch-up with the best. To implement this test I adapt models of Beta-convergence from the economic growth literature. This uses the following model to test the relationship between initial levels of performance and subsequent changes, assuming an exponential process of convergence, where  $i$  indexes municipalities,  $Y$  is the variable of interest (the inputs index for 1997-2011 or the IDEB output measure for

2005-11), and  $\lambda$  is the annual rate of convergence parameter to be estimated:

$$\frac{1}{T} \cdot \ln \left( \frac{Y_{i,t}}{Y_{i,t-1}} \right) = \lambda \cdot Y_{i,t-1} + \epsilon_i \quad (8.1)$$

The results in Table 8.1 indicate that there is strong and rapid convergence between municipalities. The school inputs index across municipalities converges at a rate of 4.66% per year, indicating a half-life of 17 years before the gap in performance is halved. The IDEB outputs index converges even faster, at 6.67% per year, with performance gaps halved in just 10 years.

Table 8.1: Models of Convergence in School Performance

	Change in School Inputs	Change in IDEB Index
Intercept	-0.0892*** (0.0014)	0.1058*** (0.0020)
log(Index 1997)	-0.0466*** (0.0006)	
log(IDEb 2005)		-0.0667*** (0.0017)
<i>N</i>	5416	4677
<i>R</i> <sup>2</sup>	0.51	0.24
adj. <i>R</i> <sup>2</sup>	0.51	0.24
Resid. sd	0.01	0.03

Standard errors in parentheses

\* indicates significance at  $p < 0.05$

### 8.3.3 Consistent Performance Improvements over Space

Political processes are often marked by spatial clustering, and that is particularly true in Brazil. For example, it is in the poorer and Northeastern parts of Brazil that clientelism is most deeply entrenched. By contrast, an inclusive national governance process should overpower local determinants of performance and affect all localities equally. When improvements in school inputs at the municipal level since 1997 are mapped we can measure patterns of spatial autocorrelation to identify any clustering. Yet, automated detection of autocorrelation picks out few significant clusters, and these do not seem to coincide with any

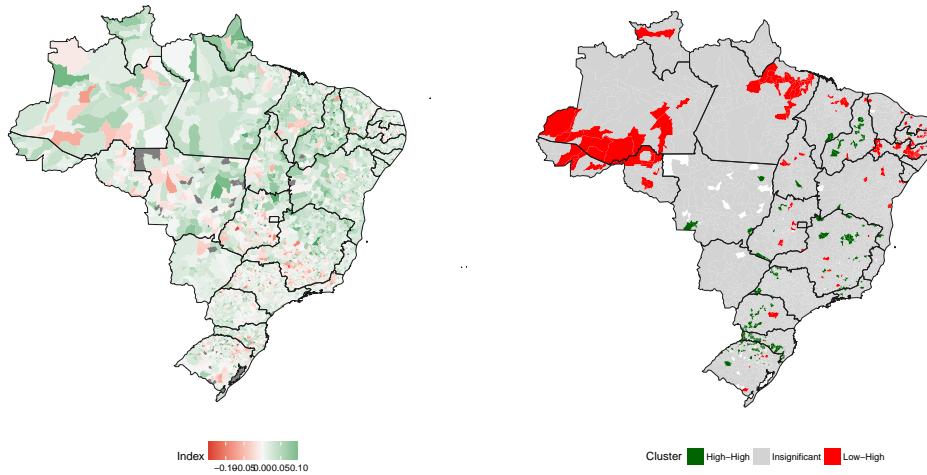


Figure 8.2: Brazil: (a) Index of School Improvements, 1997-2011, (b) Scattered Clusters of School Improvements from Local Spatial Autocorrelation Analysis - Green Indicates High-High Clusters; Red Indicates Low-Low Clusters

state-level boundaries, as illustrated in Figure 8.2. Global spatial autocorrelation persists (Moran's I is 0.135), but it does not appear that any particular location or state government is able to escape the national trend. The contrast is most stark when set against the definitively clustered and state-specific patterns evident in an equivalent analysis of India in Figure 8.3, where national education policy has been less inclusive.

The role of state and municipal governments can be tested more directly using our knowledge of where state borders lie. Using a hierarchical model of school input improvements between 1997 and 2011 with random effects at the state and municipal level and year fixed effects, we can disaggregate the variance in performance between the tiers of government, as shown in Table 8.2. Strikingly, only 10% of the variance is explained by differences between states, and only 13% by differences between municipalities in the same state. The remaining school-level variance suggests that there are many idiosyncratic factors affecting school performance, but that these are mostly disconnected from subnational politics. This provides strong evidence that performance influences are national and not driven by state or municipal-level factors.

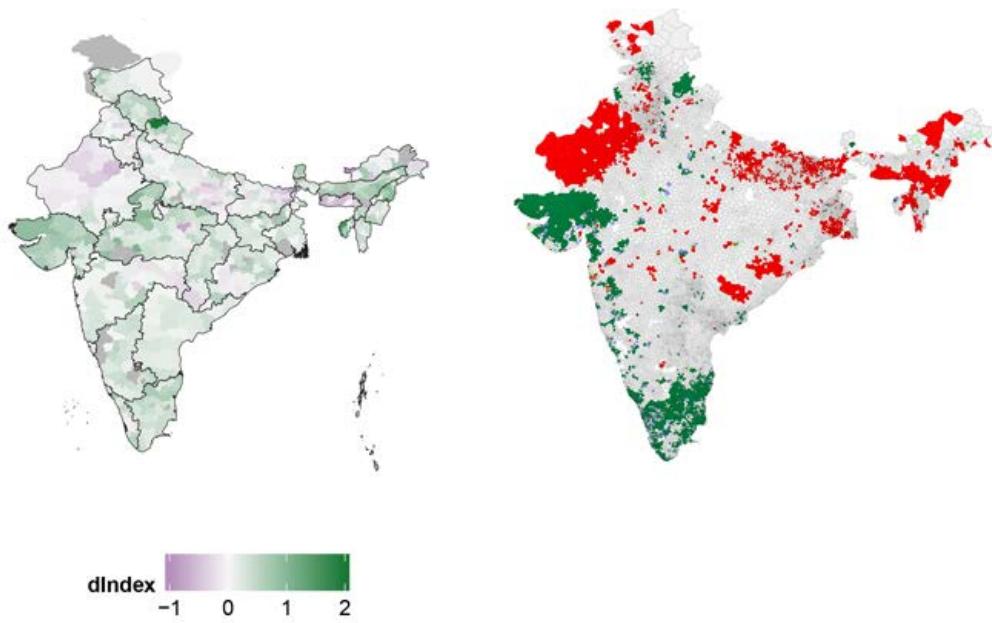


Figure 8.3: India: (a) Index of School Improvements, 1997-2011 and (b) Concentrated Clusters of School Improvements from Local Spatial Autocorrelation Analysis - Green Indicates High-High Clusters; Red Indicates Low-Low Clusters

Table 8.2: Disaggregation of Variance in School Inputs Index

	% Variance
Between Schools (within Municipality)	76.20%
Between Municipalities (within State)	13.50%
Between States	10.30%

To illustrate, imagine how schools' performance would change if they had the same initial level of inputs but were 'moved' to a different state. We can simulate such a change, applied to 20 randomly-selected schools relocated to each of 26 States. The horizontal bars for each school in Figure 8.4 indicate the range of variation in outcomes depending on which state the school was assigned to. For most schools there is an average improvement of around one standard deviation in the inputs index score between 1997 and 2002. This would vary depending on where the state was located, but not by much - the vast majority of the time the improvement would be between 0.5 and 1.5 standard deviations. The exception schools

are those that start off with excellent input scores (schools 5, 17 and 20), so their average improvement over time is considerably less and moving them around the country has a much more variable effect on their performance (in part because of state effects and in part because predictions are less precise for the smaller number of high-performing schools). The implication is that, for schools that start out with significant input deficits, their improvements over time are nationally prescribed and highly predictable, occurring independent of the state in which they are located.

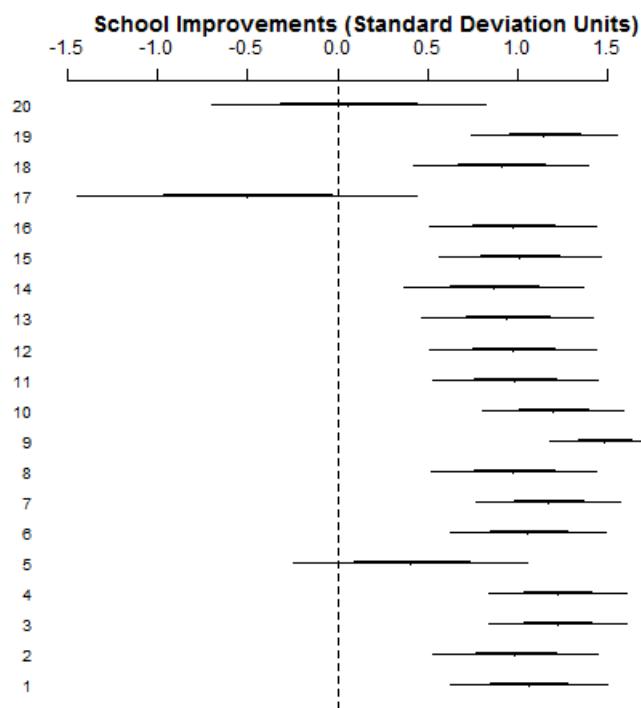


Figure 8.4: Predicted Range of School Improvements (in Standard Deviation Units) if 20 Schools were Reallocated Across 26 States. Lines Represent +/- One and Two Standard Deviations.

## 8.4 The Irrelevance of Local Partisan Identity

If national policies have truly penetrated local clientelist monopolies, local politicians will have limited influence over the performance of public services when they are in office. However, if clientelist politicians are still able to hollow out municipal bureaucracies and selectively allocate resources then the political identity of the mayor is likely to affect who benefits from policy and indicators of aggregate performance. This section therefore seeks to detect the trace effects of the political identity of mayors on downstream policy performance four years later, at the end of their term in office.

The analysis focuses on partisan affiliation as the key measure of political identity. This is not a watertight test - local politicians may still have individual influence over policy that is not correlated with their party label - but in the Brazilian context there is good reason to believe that different parties may implement different types of governance strategy. While many parties have consistently adopted clientelism, the PT and PSDB have developed more consistent ideological and organizational roots. Indeed, the rhetoric and historical origins of these parties were grounded on an explicitly anti-clientelist platform ([Hagopian 2013](#)). Accordingly, it would be reasonable to expect that these two parties performed differently in office. Two treatments are defined, one where the ‘inclusive’ party is the PSDB and one where the inclusive party is the PT.<sup>6</sup> All other parties are treated as ‘clientelist’.

However, simply comparing municipalities in which the PT or PSDB won to those where they did not introduces a large selection problem - those parties may be more or less successful at winning election in municipalities that already had better, or more rapidly improving, public services. To overcome endogeneity concerns, this chapter employs a regression discontinuity design that identifies the effect of partisan identity in close elections. With very narrow winning margins, the identity of the victor is arguably independent of the background characteristics of the municipality, and the resulting quasi-random variation in the assignment of a particular party to manage the municipality for the next four years provides

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<sup>6</sup>Cases where both of these parties were the top two vote-winners in a municipality are dropped.

an insight into how partisan identity shapes the use of municipal resources.

### 8.4.1 Data Sources

Electoral data at the municipal level is available from 1996 from the Tribunal Superior Eleitoral.<sup>7</sup> For the dependent variables, the analysis uses a wide range of policy performance data to assess whether partisan identity matters. Employment and Institutional data is sourced from IBGE's Annual Profile of Municipalities, from 2004 to 2012. Since patronage is a common tactic, differences in employment - permanent or temporary - may be expected to differ between inclusive and clientelist parties. Institutional choices such as successful enforcement of taxation and the use of more accountable computerized systems are most likely to occur under inclusive governance.

In the education sector, I make use of the IDEB index and the inputs index drawn from the School Census. The availability of school-specific data allows us to assess differences not just in the average performance of schools in a municipality, but in the distribution of schools' performance within each municipality. As argued earlier, inclusive governance implies rapid improvements among the worst facilities, which is likely to produce differences in equality measures between municipalities governed according to clientelist and inclusive logics. Specifically, I use the gini index and the 90:10 percentile ratio as measures of change in the equality of the distribution. In the health sector, I make use of the AMS (Assistência Médico-Sanitária) data which surveys health facilities nationwide.

### 8.4.2 Specifying the Regression Discontinuity Design

The Regression Discontinuity Design (RDD) exploits sharp changes in the probability of which candidate is elected as the continuous variable of the winning margin approaches zero (Lee 2008). The winning margin must be narrow enough that the winner is essentially decided by random factors outside of the candidates' control. Titiunik (2011) and

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<sup>7</sup>To enable a clean comparison, the data is processed to exclude municipalities over 200,000 in population that are subject to second-ballots.

De Magalhães (2012) use this discontinuity in close elections to identify a disadvantage of incumbency in Brazil. Similarly, Boas and Hidalgo (2011) use close elections to identify the effect of incumbency on local media ownership. The analysis here focuses on a range of dependent variables covering downstream policy outcomes.

Formally,<sup>8</sup> each observation represents a municipality  $i$  in election  $t$ . Party  $j$ , representing the treatment (inclusive) party, receives vote share  $V_{itj}$ . If party  $j$  is the winner and party  $k$  the runner-up, party  $j$ 's winning margin is  $Z_{it} = V_{itj} - V_{itk}$ . If  $Z_{it} > 0$ , the inclusive party  $j$  wins the election and this is the treatment condition. If  $Z_{it} < 0$  party  $k$  is the winner and this is the control condition. Only electoral contests where one of the top two parties is inclusive (as defined above) and the other is clientelist (all remaining parties) are considered.<sup>9</sup>

Define outcome  $Y_{i,t+1}^j$  as the outcome in municipality  $i$  in time period  $t + 1$  when party  $j$  wins the election. In practice,  $t + 1$  means the last available data point in the mayor's first term, usually the third or fourth year after their election. The causal effect of interest is  $\alpha_j = E(Y_{i,t+1}^j - Y_{i,t+1}^k)$ , the average difference in outcomes between party  $j$  and  $k$  being in office.

$$\alpha_j = E(Y_{i,t+1}^j - Y_{i,t+1}^k \mid Z_{it} = 0) = \lim_{Z \downarrow 0} E(Y_{i,t+1} \mid Z_{it}) - \lim_{Z \uparrow 0} E(Y_{i,t+1} \mid Z_{it}) \quad (8.2)$$

Importantly, since the exogenous variation in partisan assignment to municipal office is only valid within a narrow band of close election results, the scope of inference cannot be generalized beyond the subset of cases where  $Z$  is close to zero. This Local Average Treatment Effect (LATE) therefore means that we must be somewhat conservative in reaching conclusions about the role of parties. Since the methodology does not allow us to conclude anything about the strategies of the PSDB or PT in elections they dominated, it is unclear the extent to which parties adopt uniform strategies across municipalities.

<sup>8</sup>For consistency, this notation follows Titiunik (2011).

<sup>9</sup>This means ignoring contexts in which two inclusive or two clientelist parties take the top two places in the election.

A number of choices are required in implementing the RDD according to the above specification. The modelling technique used to model the relationship between the running variable and the outcome can be non-parametric, local linear regression or high-order polynomials. Following the optimality findings of [Porter \(2003\)](#) and the advice of [Imbens and Lemieux \(2008\)](#) this chapter uses local linear regression to model the forcing variable either side of the cut-point and then makes a non-parametric comparison between these two regressions at the cut-point. This minimizes the challenges of specifying the correct functional form of the polynomial while minimizing the potential for bias in a purely non-parametric local comparison. Separately, while the cutoff is clear and sharp, selecting an appropriate bandwidth within which to assess treatment is a trade-off between increasing the number of units available for comparison and increasing the risk of parties endogenously sorting into winners and losers. I therefore adopt a bandwidth of  $\pm 3\%$ , and conduct robustness checks for bandwidths of 1% and 5%.

#### 8.4.3 Testing the Assumptions of the Regression Discontinuity

If parties were able to manipulate the magnitude of their winning margin, or sort themselves either side of the treatment cutoff, then this approach would not provide the quasi-experimental variation needed to identify causal effects. In this context, manipulation might include electoral fraud, or precise calibrations of campaigning ‘effort’ so that parties only win by a small margin. In a comprehensive review of the methodology, [Eggers et al. \(2013\)](#) provide compelling evidence that there is minimal sorting in Brazilian mayoral elections. The [McCrory \(2007\)](#) test of evidence of manipulation of the winning margin by the parties confirms this finding. The null hypothesis is that the density of observations in a small bandwidth either side of the cutpoint is the same. Applied to the available data and using a 95 % significance threshold, in only one of eight instances is the null hypothesis of no sorting rejected. Figure 8.5 illustrates the density across warning margin in an unproblematic case (for the PSDB in 2000) and the sole problematic case (for the PT in 2008). In the aggregate, there is little evidence that parties are able to manipulate their winning margin

systematically.

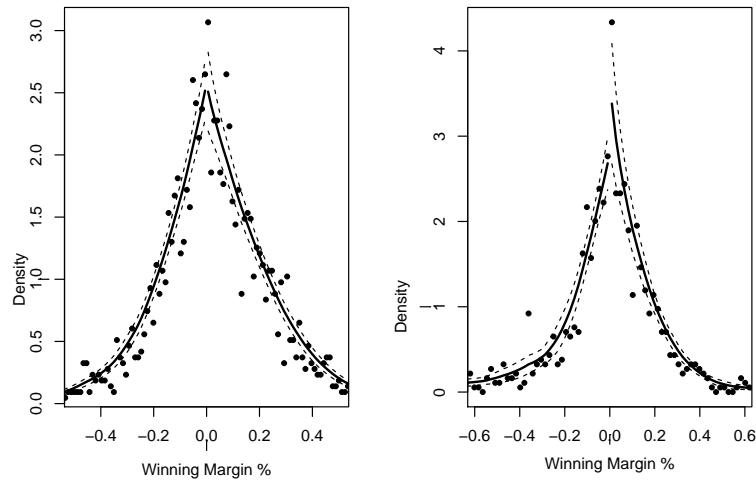


Figure 8.5: Plot of the McCrary Density Test of Continuity in Winning Margin for (a) PSDB 2000, (b) PT 2008

It is also possible to check the balance of observable characteristics for the starting characteristics (one year before the election) of treatment and control municipalities within the 3% winning margin. Appendix F documents this balance across numerous variables for the 2004, 2008 and 2012 elections. T-tests show no evidence of significant differences for any of the variables examined. Importantly, this includes the prior measures of the outcome variables, providing confidence that any subsequent differences between the treatment and control groups are attributable to the party that just won the next election and not to confounding variables.

#### 8.4.4 Regression Discontinuity Results

To simplify the results, the analysis was conducted on the pooled data for the four sets of municipal elections from 2000 to 2012. Each variable was standardized so that it is measured in standard deviation units around that year's mean. The dependent variable is then the relative over- or under-performance of the municipality compared to other municipalities

in the same year. Table 8.3 describes the central results for the main indicators using a 3% bandwidth. For clarity of interpretation the analysis is also presented in the following regression discontinuity plots. To provide robustness checks, Appendix G conducts the same analysis but using a 1% and a 5% bandwidth respectively, for which the results are qualitatively the same.

The overall impression from the results is that being an inclusive party has no significant effect on a range of downstream indicators of governance. At a standard 5% significance level only four out of 32 tests are significant. Even for those that are significant, the direction is not always as expected; while PT mayors may have succeeded in expanding coverage of the Programa Saúde da Família, fewer private health facilities are enrolled in the public health system (SUS). The only other significant findings are that the PT may have expanded the use of telephone hotlines and the PSDB has successfully raised the collection of sanitation rates. But these governance differences are minor in the context of the null findings for all of the employment and education indicators. Across the three bandwidth specifications (see Appendix G), the only consistent finding is that PT mayors appear to expand the coverage of the Programa Saúde da Família.

Table 8.3: Regression Discontinuity Estimates (in Standard Deviation Units) for 3 percent Bandwidth

Dependent Variable	PSDB Coefficient	PSDB P-Value	PT Coefficient	PT P-Value
Direct Employment	0.01	0.930	0.18	0.259
Indirect Employment	0.09	0.748	0.52	0.302
Temporary Employment	-0.05	0.724	0.12	0.352
Sanitation Rates Collected	0.60	0.037*	0.19	0.815
IPTU Computerized	0.07	0.847	1.08	0.168
Dedicated Public Hotline	-0.17	0.493	2.07	0.045*
IDEB Score	-0.46	0.087	-0.58	0.257
IDEB Gini	-0.16	0.530	0.21	0.684
IDEB 90:10 Ratio	-0.22	0.380	0.27	0.603
School Inputs Index	-0.09	0.652	-0.05	0.825
School Inputs Gini	0.03	0.821	0.16	0.482
School Inputs 90:10 Ratio	0.08	0.502	0.08	0.628
Bolsa Familia Beneficiaries	0.03	0.868	-0.42	0.167
Municipal Hospital Beds	-0.06	0.787	0.11	0.417
% Private Facilities Enrolled in SUS	-0.17	0.554	-0.50	0.041*
% Coverage Family Health Programme	-0.00	0.978	0.83	0.008**

The results relating to employment indicators are represented in Figure 8.6. There are negligible differences either side of the cutpoint; inclusive parties do not seem to take a different approach to employment than other parties despite the dramatic aggregate reductions in employment that take place over this period.

Institutional outcomes are presented in Figure 8.7. Reflecting the binary nature of the institutional indicators, the relationships are less ‘smooth’ than for the previous outcome variables. Nonetheless, the differences between inclusive and clientelist party performance are negligible.

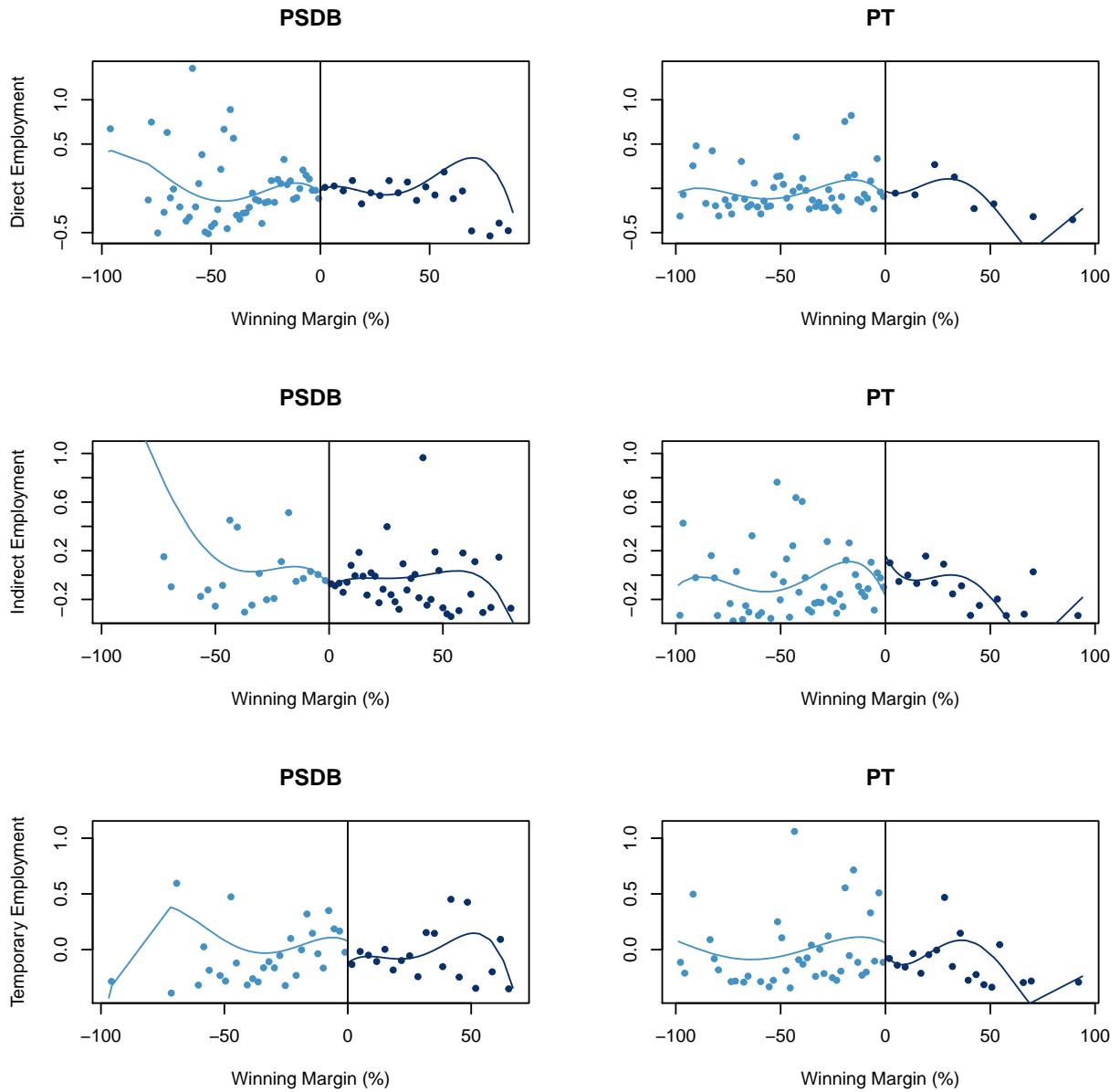


Figure 8.6: Regression Discontinuity Partisan Effects for Employment Outcomes

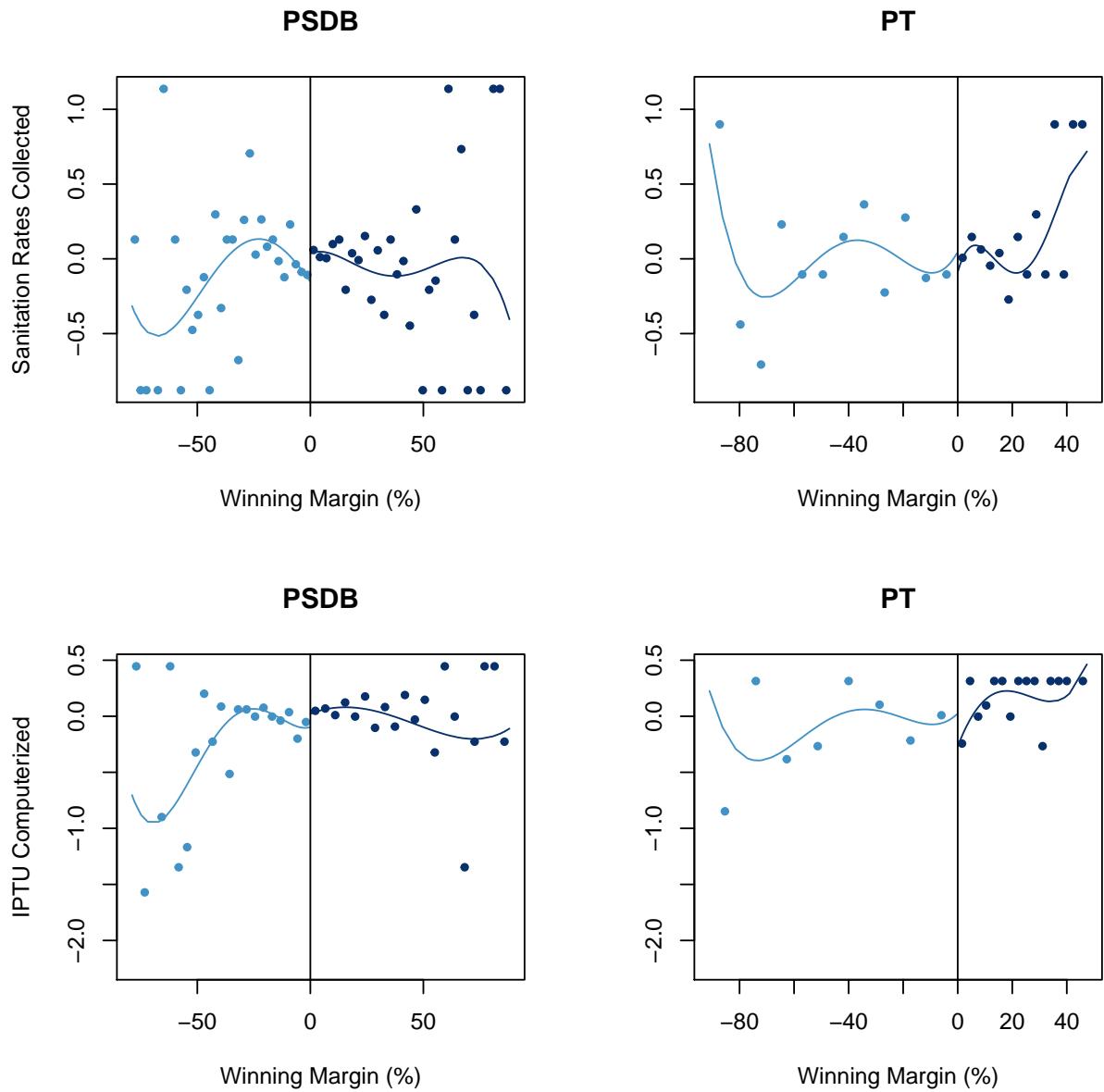


Figure 8.7: Regression Discontinuity Partisan Effects for Institutional Outcomes

The next battery of tests relates to differences in public service outcomes. Figure 8.8 indicates a lack of significant differences between inclusive and clientelist victors on three measures of education outcomes. Nor is there any difference in the distribution of school improvements *within* municipalities, as measured by the gini index and the 90:10 ratio measures of inequality. Since outcomes are shaped by a variety of factors, Figure 8.9 focuses instead on the public inputs to schools. Again, despite significant increases in inputs over time to schools nationwide there are no clear partisan differences in how those gains have been distributed. Moreover, significant reductions in the inequality with which inputs are allocated between schools *within* a municipality over this period do not manifest more sharply in municipalities run by inclusive parties.

Finally, Figure 8.10 examines patterns in the healthcare sector. There is no partisan difference in the number of municipal hospital beds provided, though the PT does marginally increase coverage under the family health programme. Across the specifications and time periods, only one of the tests for inclusive partisan effects is significant. In the time period 2000-2008, PT administrations exhibit a 29.4 percentage point *lower* enrolment of private facilities in the new SUS healthcare system.

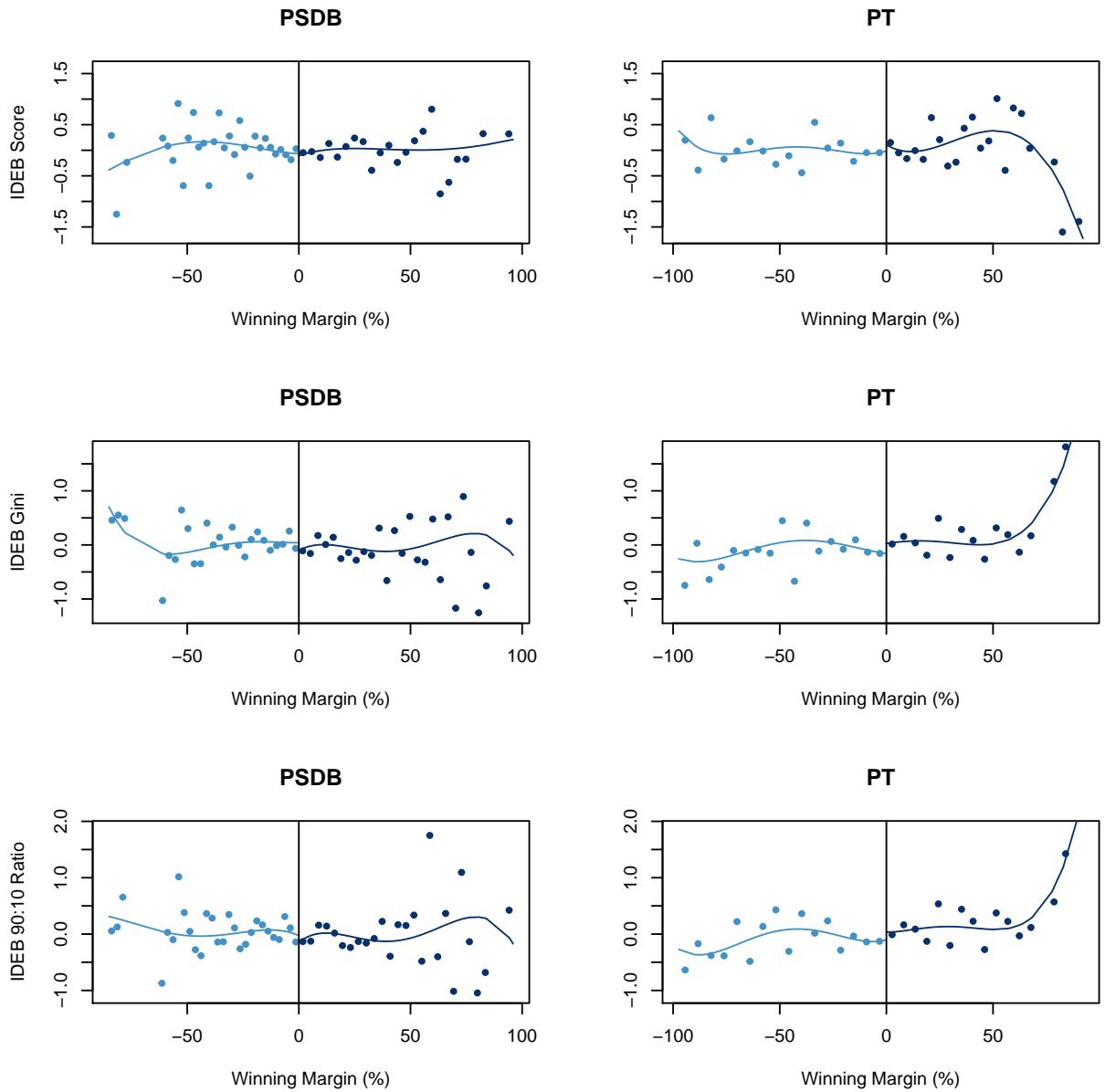


Figure 8.8: Regression Discontinuity Partisan Effects for IDEB Education Outcomes

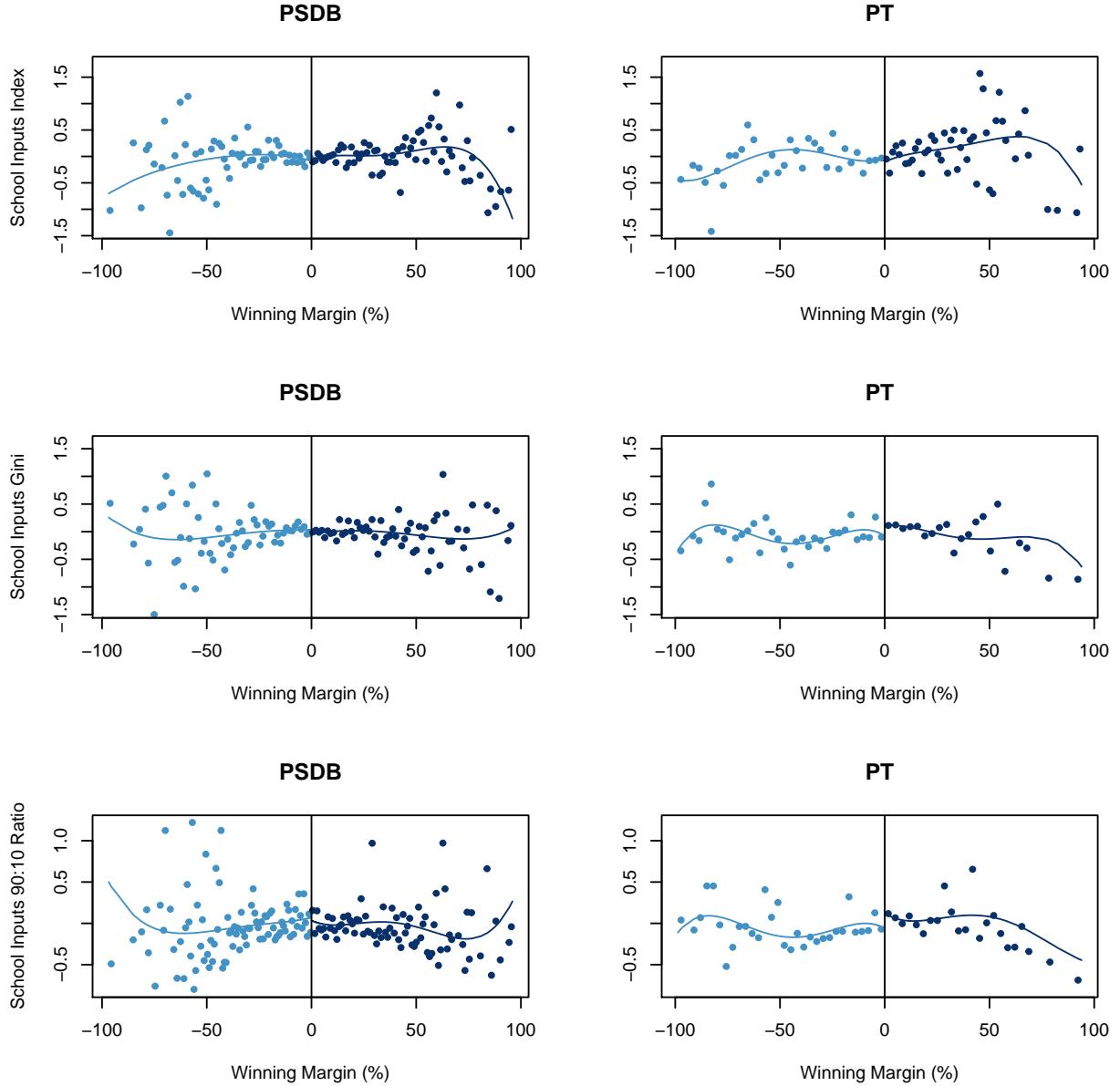


Figure 8.9: Regression Discontinuity Partisan Effects for School Inputs Outcomes

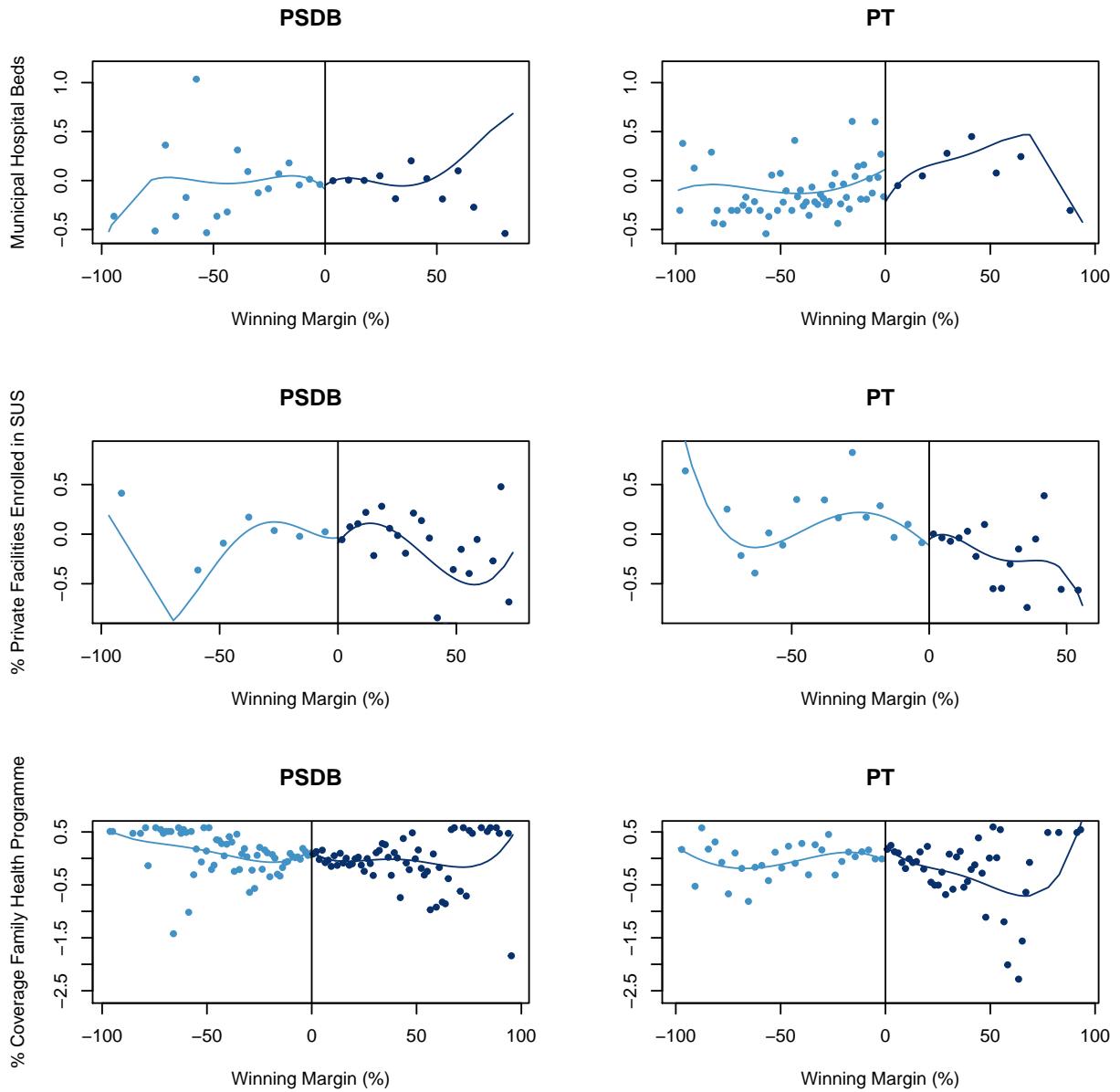


Figure 8.10: Regression Discontinuity Partisan Effects for Health Outcomes

The null effects from these models are not just the by-product of a lack of data and imprecise estimates. The null effects are often ‘precise nulls’ with narrow confidence intervals compared to the distribution of the original data, suggesting that any substantively important effects could have been detected by the analysis but were not. To demonstrate these precise nulls, consider the confidence intervals as measured in standard deviation units. For example, the effect of direct employment for the PSDB can be rejected at the 95% confidence level for effect sizes of -0.2 and +0.22. In this case, we can be confident that if there is any effect it is very likely to be smaller than a fifth of a standard deviation, a relatively small quantity. Where there is less data, as for the PT in earlier years or for the narrower bandwidth estimates, the confidence intervals are naturally wider, but in many cases the analysis suggests that whatever partisan effects might exist, they must be limited in magnitude. From another perspective, consider we knew that, out of two municipalities, one collected sanitation rates and only one was governed by the PT. If we used our knowledge of the PT’s disciplined party apparatus we might expect the PT to govern the municipality collecting sanitation rates; but from the estimated effect size that guess would be right only 57% of the time, only marginally more than the 50% chance offered by an uninformed guess.

## 8.5 Conclusion

Inclusive reform by national leaders can have a dramatic levelling effect on local governance. When national bureaucracies are directed to enforce technocratic rules and reward rule-compliance, the public services available to citizens can be rendered much less vulnerable to clientelist control. Crucially, this effect may also extend to core areas of subnational responsibility (either sole or shared) such as the primary education findings reported here. Consistent improvements in public services can drown out the influence of local partisan differences and homogenize the governance experiences of citizens. National inclusive reform can therefore place a minimum ‘floor’ under local governance. Creative politicians will try to find a way to hide from national oversight, intensifying their manipulation of other

dimensions of local policy out of the remit of national policy, but those efforts are likely to be more costly and less effective. Where inclusive reform is pursued on many dimensions, as it was in Brazil, the avenues for the conditional distribution of public resources become narrower and less reliable (Proposition 6).

## 9 | Creating Voter Autonomy: Boosting Demand for Inclusive Politics through National Inclusive Social Policy

Over the past two decades, Brazil's national government has initiated the most dramatic political transformation since democratization. Today, access to many public services and income transfers in Brazil is inclusive, determined only by objective needs, rights or entitlements (Hunter 2014). This is in stark contrast to Brazil in the 1980s and before, when the claims that citizens could make on the state were tied to their support for political elites (Hagopian 1996). In parts of Brazil, national inclusive reform continues to operate against the grain of local politics. Despite national policy interventions, clientelist strategies remain common at the *local* level today; between 18 and 35% of citizens report personal experience of vote-buying efforts in parts of the Northeast (Sugiyama and Hunter 2013). This clash in governance practices creates a complex political environment for voters. How do the beneficiaries of inclusive national policy respond? Having demonstrated in the previous chapter how national inclusive policy can restrict the supply-side of local clientelism, this chapter asks whether national inclusive reform can also boost the demand for inclusive governance among beneficiaries.

### 9.1 The Local Impact of National Inclusive Policies

Existing theories say little about what happens when there is a collision of national inclusive governance with local clientelist politics. Are citizens empowered by Bolsa Família and the Programa Saúde da Família (among others) better able to reject local clientelist

politicians? Do local political entrepreneurs grasp the opportunity to promote complementary inclusive reforms? Or do local elites simply switch their reins of control to myriad other local programs? These questions are of crucial normative significance to the reliability with which Brazil's citizens can access public services but are also at the heart of contrasting theories of political change. In fact, the motivation for the inclusive policies documented in the previous chapter was tied as much to their political as to their economic consequences. Lula himself argued three years before his election as President when justifying national investments, "unfortunately, you have a part of society that, because of its great poverty, is led to think with its stomach and not with its head. That's why there are so many food baskets and milk packs distributed, because this is a kind of trade at election time. And in this way, you depoliticize the electoral process".<sup>1</sup> The intention of inclusive policy reform was not simply to offer payoffs to a new political constituency, but to liberate that constituency from the pressures of clientelism.

While the implications of national policy for national political support have long been recognized (Zucco 2010), the spillover effects for *local* politics remain under-studied. Voters now have apolitical access to a range of public services and benefits, including pensions, income support, healthcare, housing and free education (a highly valued good as suggested by the size, and fees, in the private sector). Who they vote for will have very little impact on the access to and quality of these programmes. These are profound changes in citizens' relationship with the state which also have consequences for the local political environment.

The policy spillover of most relevance to the analysis here is how national inclusive policy affects the strength of the clientelist trap in local politics. As (Lyne 2007) argues and the formal model demonstrates, this vulnerability is much more a function of dependence on government than simply wealth or income. *Guaranteed* access to public services, or at least making receipt independent of political behaviour, should then considerably mitigate the clientelist trap. Provided the national bureaucratic apparatus is sufficiently powerful to detect and sanction local political interference, as the previous chapter has argued it often

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<sup>1</sup>Quoted in Ansell (2014, 30-31).

has been, then voters can be confident that a large portion of their income is not subject to clientelism. If voters' public services are secure, the threat of clientelist control rings hollow and will be much less effective at inducing political support. While the consequences are similar to the role of locally-initiated inclusive governance as studied in Chapter 6, the mechanism is quite different - rather than signaling a specific inclusive candidate for voters to coordinate on, national policy directly weakens the clientelist trap by rendering voters less vulnerable.

The idea that national policy can transform local politics is widely speculated but rarely studied in depth. The most compelling evidence comes from Mexico where [Larreguy, Marshall and Trucco \(2015\)](#) provide evidence that centrally-enforced land reform was effective at reducing the vote share of local incumbents. Because those incumbents use clientelist pressures to extract support from residents with insecure land tenure, the authors argue that this represents a repudiation of clientelism by voters. However, aggregate shifts in vote share are subject to the ecological inference problem and provide little indication of *how* voters' attitudes and expectations changed. More research is also required to evaluate how the effects of inclusive policy vary according to the pattern of local politics and for policies beyond land reform.

## 9.2 Comparative Statics: Insulating Voter Incomes

In the terms of the model, the introduction of national inclusive social policy corresponds to an increase in  $B$ , the individual's income insulated from political manipulation.<sup>2</sup> An increase in  $B$  is only material to the extent that voters are risk-averse.<sup>3</sup> Contrary to the sweeping nature of assumptions in the literature, and even with risk-aversion, the reinforcement of inclusive voting is not automatic as  $B$  increases. There are two effects. As

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<sup>2</sup>In many cases, insulating national policy means reducing the discretionary budget available to local implementation. While this effect is not incorporated here, it is clear that this would only serve to reinforce the effect by reducing the local budget  $D$ .

<sup>3</sup>A range of studies, including [Binswanger \(1980\)](#), [Haushofer and Fehr \(2014\)](#) and [Vieider et al. \(2015\)](#) have confirmed that citizens in poor contexts are typically risk-averse, at least where the stakes are significant.

illustrated in Table 2.1, the choice between voting clientelist and voting inclusive is a choice between two lotteries. Clientelism is a relatively ‘safe’ lottery (between  $B + F$  and  $B + G$ ) while inclusive voting is a relatively risky lottery (between  $B$  and  $B + G$ ). An increase in  $B$  reduces the riskiness of inclusive voting proportionally more than for clientelism. However, clientelism remains the safer lottery and voters have a small influence over the election outcome through the use of their vote. That influence can be used to raise the weight on the clientelist outcome in the safer clientelist lottery, which is more desirable when  $B$  is higher. In practice, this effect can be quickly overridden by a sufficiently large electorate or a reasonably large clientelist offer  $F$ . A sufficient (but not necessary) condition is:

**Assumption 6.**  $N$  is sufficiently large so that:

$$\frac{(1 - I_p(\frac{N+1}{2}, \frac{N-1}{2}))}{(1 - I_p(\frac{N-1}{2}, \frac{N+1}{2}))} < \left(\frac{B+F}{B}\right)^{1-z} \quad (9.1)$$

Figure 9.1 indicates how a representative voter’s trade-off between the inclusive opportunity and the clientelist threat adjusts as  $B$  rises.<sup>4</sup> Both the expected gain and expected punishment lines fall, but with Assumption 6 the punishment line falls further, pushing the equilibrium cutoff  $\hat{G}$  further to the left. This means that more voters are willing to support the inclusive candidate for the same set of signals. Politicians respond by raising  $G$ , but by a smaller amount (Lemma 5), increasing the overall gap  $\hat{G} - G$  and increasing the rate of inclusive voting. This also shows up in citizens’ confidence and collective action; where the incumbent is in fact a high type, higher  $B$  causes voters to be more confident that others will support the incumbent, pushing voters’ expectations  $p$  from an average of 81.2% to 84.5% using the illustrative parameters.

The final comparative static is therefore:

**Comparative Static 7.** *When voters’ income insulated from local political interference ( $B$ ) is larger:*

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<sup>4</sup>This uses the baseline parameters holding fixed the politicians’ offers at  $G_H = 0.9$  and  $G_L = 0$  and a risk-averse utility function of  $u = u(.)^{\frac{3}{4}}$ . The change is from protected income of  $B = 0$  to  $B = 5$ .

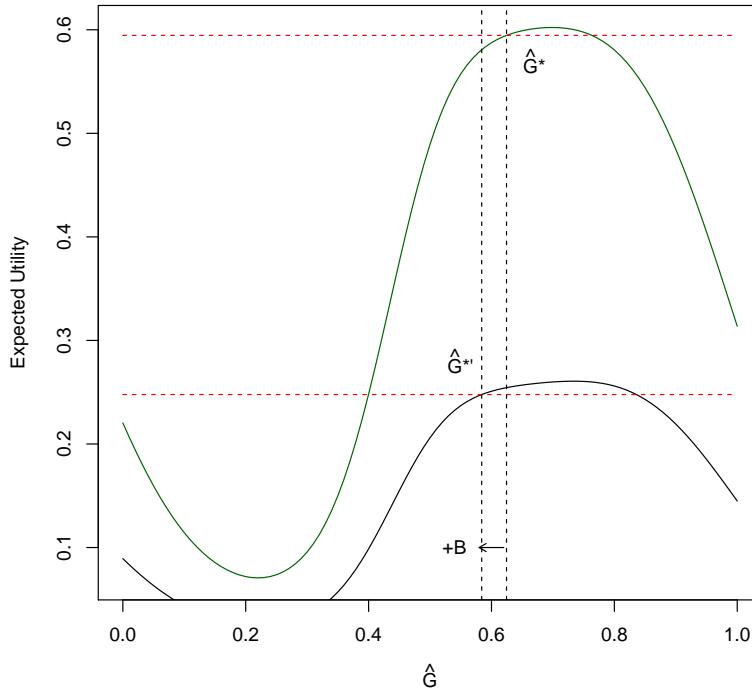


Figure 9.1: Effect of an increase in  $B$

- a Their beliefs  $p$  about other voters' likelihood of voting for the inclusive candidate are higher;
- b They are more likely to vote for the inclusive candidate, so  $\phi$  is higher;

### 9.2.1 Local Clientelist Response

A second-order effect of national inclusive policy is that it encourages local politicians to reorganize their political strategies. One positive effect is to induce more candidates to opt for an inclusive strategy, since inclusive strategies are now more cost-effective. This possibility is discussed in Appendix D. However, the more easily observed and relevant effect is to understand how national policy alters the efforts of local clientelist incumbents. Specifically, when faced with more resilient voters, will local clientelist politicians abandon their traditional practices or intensify the use of selective rewards? In terms of the model,

how does a change in voters' protected income  $B$  alter optimal clientelist offers  $F_O$ ?

The trade-off a clientelist incumbent faces is always between re-election and the opportunity cost of expending resources. How does that trade-off change when citizens have a higher income that cannot be subject to political conditionalities? In the formal model that analysis can only be conducted outside of the global games framework because the inclusive candidate is not in office to send any signals of their performance. Instead, consider how a clientelist candidate would set their reward  $F$  in the simple model in Table 2.1 where voters choose between candidates according to Equation 2.4. Voting is now deterministic, so all voters choose the same candidate. To pin down voters' expectations, which are undefined without an incumbent signaling, I take the neutral position that voters perceive equal likelihood of others voting for either candidate, so  $p = \frac{1}{2}$ . The clientelist incumbent is now able to adjust their offer to directly outbid the inclusive candidate, responding to voters' neutral expectations of the type of inclusive candidate the opponent is. To win with certainty, the clientelist candidate sets:

$$F^* = \frac{u^{-1} [u(B+G)\frac{1}{2}^{N-1} \binom{N-1}{N-1-i} + u(B)\frac{1}{2}^{N-1} \sum_0^{\frac{N-1}{2}} \binom{N-1}{N-1-i}]}{1 - \frac{1}{2}^{N-1} \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i}} - B \quad (9.2)$$

$$\frac{\partial F^*}{\partial B} = \frac{u'^{-1} [u'(B+G)\frac{1}{2}^{N-1} \binom{N-1}{N-1-i} + u'(B)\frac{1}{2}^{N-1} \sum_0^{\frac{N-1}{2}} \binom{N-1}{N-1-i}]}{1 - \frac{1}{2}^{N-1} \sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i}} - 1 \quad (9.3)$$

The partial derivative with respect to  $B$  is ambiguous, but with Assumption 6 the derivative is positive: more resilient voters are more willing to support the inclusive candidate and the clientelist candidate must raise their offer to be sure of victory. Of course, the clientelist candidate may not be willing to make this extra investment - they may prefer to make no effort at re-election and simply empty the treasury. That calculation will depend on the degree to which they control clientelist networks, which reduces the opportunity cost

of decentralizing funding. Nonetheless, for a wide range of parameter values the clientelist incumbent will respond to a national inclusive policy by intensifying clientelism.

### 9.2.2 The Heterogeneous Effects of National Policy

The effects of national inclusive policy are produced by their ability to weaken the clientelist trap and facilitate collective confidence in voting for the inclusive candidate. That suggests that the degree to which voters' expectations and confidence change will depend on the broader context of the policy, not just each citizen's personal experience. Two contextual factors are particularly likely to mediate the impact of national inclusive policy and produce heterogeneous responses. First, the proportion of citizens who experience the policy. Second, the degree of clientelism in the local political context in which it is introduced.

On the first dimension, the preceding analysis assumes that the increase in  $B$  is universally experienced. Where national policy is targeted to benefit only a subset of citizens, and where this is public knowledge, there are two mitigating effects. First, fewer voters experience a protective boost and are willing to vote for the inclusive candidate for lower signals. Second, even beneficiaries are aware that only a subset of other voters are more secure, and so their confidence in other voters joining them is lower ( $p$  remains low). As a result, even the beneficiaries themselves will be reluctant to switch to voting for the inclusive candidate - the collective action problem continues to bite. Only where national inclusive policy is sufficiently broadly experienced is it likely to be a central factor in shifting individual voter behaviour.

Second, local political context also conditions voters' responsiveness.<sup>5</sup> In particular, where clientelist politicians control local politics they are unlikely to stay idle as the national government challenges the efficacy of their primary mobilization strategy. If the equilibrium response of local clientelist politicians is to intensify their selective rewards and threats - as the previous section suggested is likely - the protective effects of national in-

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<sup>5</sup>Zucco (2010) focuses on economic mediators and finds substantial contextual effects in how voting responds to socioeconomic context (municipal HDI).

clusive policy may be rapidly cancelled out. The ability to intensify their clientelist threats may be limited while the national government is tightening the rules on social policy and monitoring rule compliance. However, in federal systems reserved responsibilities for local and state governments place limits on national regulatory capacity. Local politicians can respond to restrictive inclusive reforms in areas of shared policy responsibility by intensifying or refocusing their clientelist efforts on policies for which they have sole responsibility. This typically includes core transport, sanitation, market and licensing functions. In addition, inclusive constraints are rarely absolute. Incentives and penalties may be evaded if clientelists are willing to bear the cost, and even national policy may be diverted to local political purposes in extreme cases.

By contrast, voters living under an inclusive subnational government may not be exposed to the same clientelist counter-attack. Clientelist elites in opposition may not be able to make credible promises to intensify their threats, particularly on new dimensions of policy, if they do not have the finances and access to office to demonstrate their intent. Moreover, the ability of an inclusive incumbent to signal their capability disadvantages clientelist competitors and may reduce their willingness to intensify competition. Finally, the difference produced by local governance regimes will be even greater if local inclusive candidates are able to raise their own public service performance.

Other considerations may also alter the way voters interpret national inclusive policy. Even if the actual degree of policy control local actors exert is minimal, voters may retain the *impression* of control by inference from the broader reputation of the local administration. The protective effects of national inclusive policy depends on citizens understanding that control of the program lies at the national level, and that belief is itself likely to be shaped by local political discourse.<sup>6</sup> This will dilute the protective effect of national inclusive policy in clientelist-controlled localities. There may also be a differential effect through statistical

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<sup>6</sup>For example, pilot surveys in Sapeaçu, Bahia, revealed that some citizens continued to fear their Bolsa Família benefits could be cut off by a vengeful mayor, even though the objective enrolment process has been shown to be overwhelmingly rule-based. This fear arose from the fact that sanctions for violating conditionalities are decided in Brasilia but communicated to families by the Mayor, who is often blamed and perceived to have political influence.

discrimination - the poor are more vulnerable to local clientelist threats, and to the extent enrolment in Bolsa Família is an indicator of poverty receipt of the programme may provide a strong indicator in clientelist localities that the voter is subject to clientelist pressures on other policy dimensions. Beneficiaries may therefore be perceived to be less likely to vote for inclusive candidates.

Yet, the marginal effects of national policy may not always be greater in the more inclusively-governed subnational contexts. In the extreme cases where clientelism has been eradicated, receiving a national inclusive policy will do nothing to alleviate the clientelist trap because there is no such trap affecting voters. Non-beneficiaries may therefore be just as responsiveness as beneficiaries, recognizing that others are now more resilient to clientelism and raising their own confidence in supporting the inclusive incumbent. In contrast, in clientelist contexts policy feedback effects may depend much more on the *personal* experience of policy because citizens are skeptical of the inability of local politicians to interfere with the programme until they have experienced its neutrality for themselves. It is even possible that by providing more resources to fuel political engagement *within* a clientelist equilibrium, these policies may increase the demand for clientelist goods from politicians (Nichter and Peress 2016).<sup>7</sup> Whether national inclusive policy is a complement or substitute for local governance reform is therefore unclear from theory alone, justifying an empirical investigation.

### 9.3 The Local Political Effects of Bolsa Família

As one of the largest and most inclusively-operated social policies in Brazil, the conditional cash transfer Bolsa Família provides household-level variation in exposure to a national inclusive policy that greatly facilitates the analysis. The aim is to establish whether the extension of assured income support to the poor by Brazil's federal government over the past decade has empowered beneficiaries politically and raised demands for more inclusive

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<sup>7</sup>I thank Professor Jawdat Abu-El-Haj for this insight.

governance in local politics. The programme has generated optimism about the potential to reshape political relationships, with Hall (2012) stressing how it can create “a new form of leverage through which [voters] can collectively put pressure on politicians to deliver the goods rather than just empty promises”, while Pereira (2015, 4) argues that programmes like Bolsa Família can “build confidence in a system of citizenship rights for all”. These changes can produce ‘a new political market’ (Melo, Njuguna and Manor 2012) and seem baked into the programme’s design - the Bolsa Família card used to be called the ‘Cartão de Cidadania’ (‘Citizenship Card’). Swamy (2016) makes similar claims for the effect of conditional cash transfers in the Philippines.

Existing studies of Bolsa Família fail to evaluate the local political effects of the programme. Zucco (2010) focuses on aggregate changes in national voting patterns. Sugiyama and Hunter (2013) address opinions about the programme itself. The ‘Vozes do Bolsa Família’ project provides qualitative evidence of economic empowerment, with fungible cash benefits boosting individual autonomy and promoting engagement with markets (Rego and Pinzani 2014). Both income and cognitive effects can change the relationship of the recipient with their sociopolitical network, and “can lead to the dissolution of traditional links, as well as connections and structures of personal domination” (Rego and Pinzani 2014, 74). However, the study provides only circumstantial evidence of these effects and no evidence of whether attitude changes support or undermine inclusive governance.

There are also reasons to be skeptical about the empowering effects of Bolsa Família. Local politicians may continue to find new margins on which to implement clientelism, switching away from policies subject to national rules and focusing on alternative policies they can effectively control (Trucco (2015), Nichter (2014), Kaufmann, Ferrara and Brollo (2013)). Decoupling local politicians from responsibility for key public services that the national government now dominates may also limit the space for local competition over inclusive policy. Rather than see programs such as Bolsa Família as an alternative to clientelism, critics contend that it has actually perpetuated a form of clientelism - a demobilizing ‘assistencialismo’ - that does nothing to change the contours of political power. For ex-

ample, in an earlier critique Hall (2008) suggests how Bolsa Família may become a tool of populism due to its strong personal association with President Lula. Rothstein (2011) contends that the effects of social policy depend on its characteristics, with universal eligibility programmes building generalized trust through shared receipt but means-tested policies (including Bolsa Família) reinforcing pre-existing divisions and inequalities and only producing in-group trust. A rigorous individual level analysis of the programme's political effects is therefore needed.

In practice, the political effects of the programme are likely to vary locally. In parts of the Northeast, Brazilians are able to pick from a roster of proven reformers, engage directly with responsive and neutral bureaucracies, and even participate directly in budgeting and other procedures. In other locations, Brazilians still fear voting against their local political boss, know that the bureaucracy will not listen to them unless they use their political connections, and see the budgeting process as distant. The marginal effect of national inclusive policy is likely to be different in these polarized circumstances. Rather than posing a barrier, this diversity provides an opportunity to understand how national and local politics interact.

The major challenge to investigating policy effects is the lack of suitable data - existing surveys ask very few questions about political attitudes towards local politics and do not inquire about preferences over inclusive and clientelist practices. Moreover, they lack the detailed socioeconomic information to make effective controlled comparisons and are unrepresentative at the municipal level, preventing an examination of heterogeneous effects. Accordingly, a new dataset of political attitudes was collected in Northeast Brazil, where the tension between local clientelism and high coverage of Bolsa Família is most acute.

### 9.3.1 Sampling Methodology

A household survey of the Northeast region of Brazil was implemented in February - May 2017. A total of 1,881 surveys were collected in 27 municipalities in three states.<sup>8</sup> The

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<sup>8</sup>The trade-off between the number of municipalities and the number of respondents per municipality was optimized using multi-level power calculations in MLPowSim in R, (Browne, Golalizadeh Lahi and Parker 2009).

sampling structure was designed to balance diversity in the local political context with the logistical constraints of collecting data over such a large area. Rather than aim for perfect representativeness, the survey was designed to maximize inferential leverage on the key hypotheses. The three states were sampled from across the spectrum of local governance practices. At one end lies Ceará state, a flagship of locally-led inclusive reform ([Tendler 1998](#)). At the other end, Alagoas state continues to be dominated by a select group of traditional political families, and has taken very limited steps to tackle clientelism in local public services. To provide a case closer to the median governance experience of the Northeast I also include Bahia state. Here, the ongoing contrast between traditional politics - Bahia was the home state of one of the most high profile coronels, Antônio Carlos Magalhães (ACM), whose grandson remains Mayor of the capital - and governance reform is particularly visible.

Within each state, municipalities were classified into three equal sized strata on each of two dimensions; by the proportion of Bolsa Família beneficiaries, and by the degree of rule-conformity in Bolsa Família programme implementation, as measured by the IGD-M index ([Ministerio Desenvolvimento Social 2017](#)). This both ensured representative variation in local socioeconomic and political conditions and enabled the assessment of heterogeneous effects as hypothesized. While high or low rates of social policy enrolment may well be endogenous to local politics, the research does not seek to leverage causal variation in this variable, but to understand how individual responses vary in different municipal contexts. One municipality was randomly sampled from each strata, with the probability of inclusion weighted according to municipal population.

Within each municipality, 80 respondent households were selected randomly, with clustering at the census sector level. Four census sectors were selected proportionate to population and stratified between urban and rural sectors. Within each sector, a central location was selected and enumerators used a random walk methodology to select households. Within each household the individual respondent whose birthday came next was selected. Efforts were also made to balance gender, though in many locations this was extremely challenging.

One additional screening indicator was used to target the survey to households that were

most comparable in their experiences of social policy; only households that were registered in the national government's Cadastro Único - a register of low income families - were eligible to respond. This truncates the distribution of income of the respondents, so that the survey is not fully representative, but does greatly facilitate comparisons between recipients and non-recipients, which is the inferential objective.

### **9.3.2 Measuring Differences in Political Expectations, Attitudes and Behaviour**

The survey sought to understand differences along multiple dimensions of the demand-side of citizen behaviour, which can be grouped into four categories.

1. **Political Efficacy** - Are recipients more likely to believe that democracy is functioning well; that they understand how it functions; that it operates in the interests of the many rather than the few, that institutions can be trusted, and that corrupt politicians will be caught and punished?
2. **Attitudes towards Clientelism** - Are recipients more likely to opt for candidates that make inclusive rather than clientelist promises?; do they reject vote-buying offers and believe that this is a normative obligation?; are they likely to follow politicians recommendations of who to vote for?
3. **Demand-Making** - Where and how do recipients channel their demands? Towards bureaucrats or politicians? Through protest or municipal meetings? Do they participate through voting turnout, political party membership, attending rallies or acts of 'declared support'?
4. **Perceptions of Bolsa Família Programme** - Does receipt of the grant change perceptions about how well it is managed, whether it is a tool of vote-buying and whether it is an obligation of government rather than a favour of politicians?

Given the risk of social desirability bias and self-censorship in reporting, survey experiments were used to encourage honest responses. One experiment focused on experiences with clientelist offers such as vote-buying using a list experiment where the sensitive item was having “Been offered a gift, some food or money in exchange for your vote” (Blair and Imai 2012).<sup>9</sup> Differential responses by those receiving the three and four-item lists then provide an estimate of the rate of exposure to vote-buying offers. A second experiment sought to identify clientelist voting by separating two aspects of the question; near the start of the survey respondents were asked to specify which candidate in recent municipal elections was most similar to a hypothetical candidate who made clientelist promises; and at the end of the survey (about 20 minutes later) respondents were asked which candidate they voted for in that same election. The third experiment, described in the section on mechanisms below, is adapted from a conjoint experiment and aimed to measure respondents’ expectations of how *other* voters would prioritise inclusive or clientelist candidates.

### 9.3.3 Estimating Causal Effects

Ideally, experimental methods would be used to causally identify the effect of rule-based social policy exposure on citizenship attitudes. However, Bolsa Família has never been randomized, and the fact that almost no municipalities have refused participation (and the few who have are highly unrepresentative) means that comparisons based on eligibility cannot be robustly made across municipalities. Intertemporal comparison using a difference-in-differences approach is also infeasible, since the dependent variable has not been precisely measured at any point in the past. Therefore the survey was designed to accommodate three alternative inferential methodologies: (i) a fuzzy regression discontinuity design on income; (ii) comparisons between recipients and eligible non-recipients on the programme’s waiting list; and, (iii) an observational method that controls for selection on observables.

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<sup>9</sup>The three non-sensitive items were: “Voted”, “Attended a town hall meeting” and “Travelled to the state capital”.

## A Regression Discontinuity on Bolsa Família Eligibility

The regression discontinuity methodology takes advantage of the eligibility criteria for Bolsa Família. Beneficiary families must fall into one of two categories; they must receive less than R\$85 (about \$27) per person per month, or less than R\$170 (about \$54) per person per month and have children aged under 17. Receipt is therefore discontinuous in income, conditional on the number of children. These income characteristics are assessed through the Cadastro Único registration process, which was mimicked in the survey by screening respondents for registration in Cadastro Único (which includes all those with income less than half a minimum salary, R\$468.5 (about \$150)) and using identical survey questions to the formal enrolment process. Figure 9.2 illustrates the distribution of income from the survey and the two cutoff points.

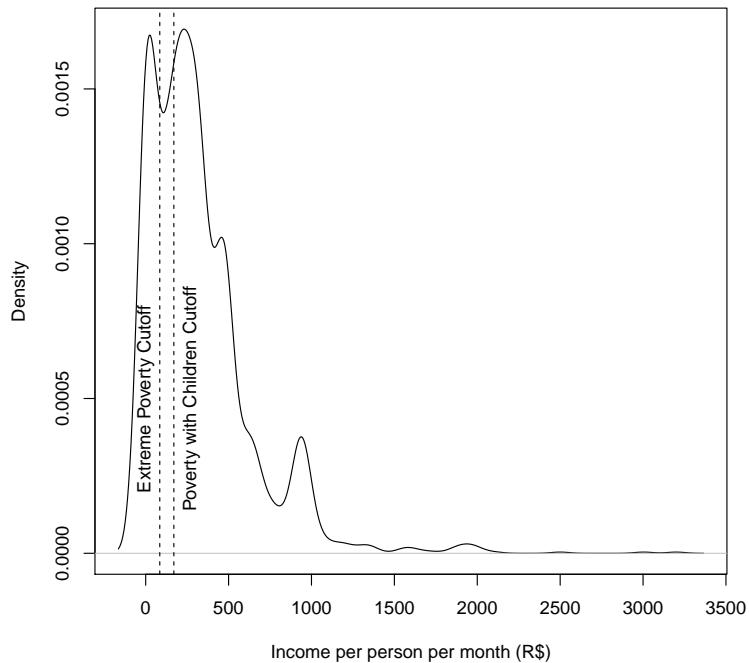


Figure 9.2: Density of Income Distribution from Household Survey Showing Bolsa Família Eligibility Cutoffs

Due to measurement errors and imperfect targeting of Bolsa Família, some eligible re-

spondents do not receive benefits and many ineligible respondents do receive benefits. Accordingly, the appropriate design is a fuzzy regression discontinuity where being either side of the cutoff has a discontinuous but probabilistic (rather than deterministic) impact on receiving Bolsa Família (Trochim 1984). This strategy was successfully employed by Cruz and Ziegelhofer (2014). However, unfortunately the small sample size and challenges of measuring income did not produce a strong ‘first stage’; the cutoffs did not have a statistically significant impact on receipt of the programme. Figure 9.3 illustrates the first stage for both cutoffs. The extreme poverty cutoff has a p-value on the discontinuity of 0.733 and the poverty-with-children cutoff has a p-value of 0.519. As a result the regression discontinuity analysis is not used in the main analysis.<sup>10</sup>

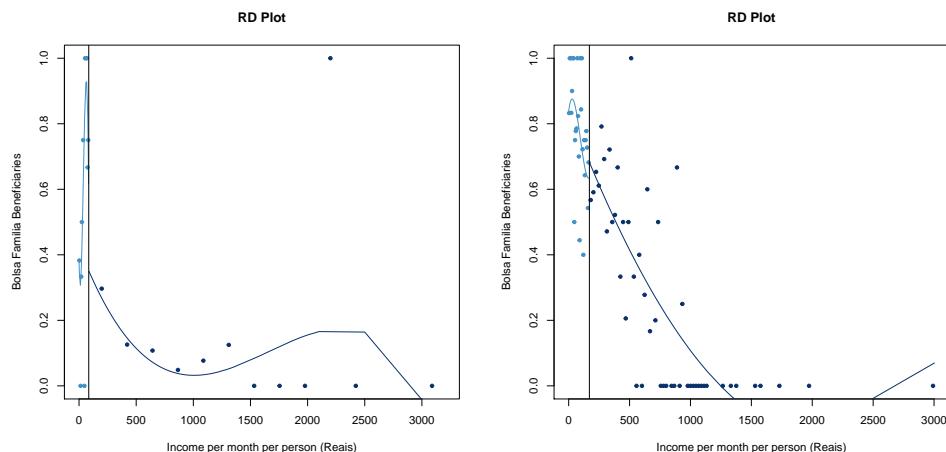


Figure 9.3: First Stage: Does Income Predict Bolsa Família Receipt at the Cutoff?

### Comparison between Recipients and Individuals on the Waiting List

The second methodology is opportunistic and relies on budgetary shortfalls in implementation that have restricted policy receipt. In identifying a suitable counterfactual for beneficiaries, the primary concern is that there is an unobserved selection process determining who receives Bolsa Família. However, the current implementation of the programme

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<sup>10</sup>The reason Cruz and Ziegelhofer’s 2014 use of the same strategy succeeded is likely down to sample size, as their use of pooled survey data provided a sample size around 100 times larger.

creates a gap between passing the eligibility criteria and actually receiving the grant, because there is a waiting list for receipt. This waiting list reflects the fact that the programme is not an entitlement but is constrained by available budgetary resources. The recent economic recession has both pushed more families below the programme threshold and reduced available financing resources ([Contas Abertas 2017](#)), so this group is large and constitutes about 20% of the survey sample. Since both beneficiaries and those on the waiting list have passed through the selection process - however it operates - the selection mechanism should not confound the results. The difference in treatment is attributable only to timing and exogenous budget pressures. Accordingly, these comparisons should be more resilient to selection on unobservables and provide robust results. Table 9.1 provides supporting evidence that most variables, particularly income, do not predict whether an eligible household receives or is on the waiting list for Bolsa Família. In Alagoas and Bahia having more children seems to predict receipt, which may reflect targeting prioritization. The only other significant predictive variables arise in Alagoas where being younger, privately employed and lacking piped water access seem to predict programme receipt. These limited differences can be controlled for in the analysis.

Table 9.1: Predicting Bolsa Família Recipient versus Waiting List Status by State

	Ceará Coef	Ceará P-value	Alagoas Coef	Alagoas P-value	Bahia Coef	Bahia P-value
Intercept	2.218	0.115	21.661	0.986	18.387	0.997
Income per Person per Month	-0.001	0.384	-0.001	0.532	-0.001	0.422
Income Below Extreme Cutoff	0.787	0.488	-17.392	0.993	-18.316	0.995
Income Below Conditional Cutoff	-0.128	0.903	17.52	0.993	17.283	0.995
Male	-0.542	0.114	0.362	0.378	-0.275	0.476
Asset Index	-0.288	0.083	-0.107	0.580	0.023	0.896
Partial Paved Road	-0.368	0.263	0.654	0.051	-0.699	0.250
Fully Paved Road	0.264	0.323	0.337	0.368	0.064	0.889
Number of Rooms	-0.052	0.675	0.013	0.923	0.031	0.797
Indoor Piped Water	0.464	0.517	-1.385	0.320	1.242	0.419
Water: well, spring	0.221	0.711	1.286	0.175	13.729	0.998
Water: network	0.158	0.694	-1.447	0.047*	-21.529	0.994
Indoor Bathroom	0.364	0.732	-15.448	0.989	-16.849	0.997
Publicly Employed Household Member	-0.672	0.251	-1.288	0.048*	0.121	0.837
Age	-0.022	0.173	-0.046	0.002**	-0.003	0.831
Education: fundamental	0.406	0.642	8.599	0.996	9.448	0.994
Education: incomplete secondary	0.364	0.630	8.886	0.995	8.634	0.995
Education: secondary	0.901	0.191	5.569	0.996	7.649	0.994
Education: incomplete university	-0.403	0.535	3.308	0.995	4.292	0.994
Education: university	0.235	0.682	1.352	0.994	2.316	0.993
Have Children Under 17	0.783	0.130	1.716	0.003**	1.099	0.027*
Income Below Extreme Cutoff*Children	-0.087	0.945	17.315	0.993	19.468	0.995
Income Below Conditional Cutoff*Children	0.349	0.751	-17.954	0.993	-18.133	0.995

## Controlling for Observables: Propensity Score Matching

The third methodology focuses on directly modelling the selection process for becoming a beneficiary. The lack of sharp variation in beneficiary status at the eligibility threshold is an obstacle for the regression discontinuity method but an explicit advantage for observational methods which rely on overlap in covariates to make reliable inference. Income is now used as a continuous control variable rather than as a running variable for a discontinuity. By incorporating other covariates as well, including gender, age, an asset score, house characteristics, education and employment, we can control for much of the selection bias and ensure a comparison between otherwise similar beneficiaries and non-beneficiaries. A number of factors make an observational analysis reasonably reliable in this case. First, since these policies are known to be implemented in a predominantly rule-based manner, being a recipient is strongly correlated with objective socioeconomic criteria. Second, because targeting is nonetheless imperfect ([Zucco 2013](#)) there is sufficient overlap - ‘common support’ - in socioeconomic characteristics between recipients and non-recipients so that the results are not highly dependent on arbitrary modelling assumptions. Finally, the expected bias from the observational comparison goes in the opposite direction to that predicted by the theory outlined above. Those eligible for rule-based policy are poorer and have greater needs, which according to standard modernization theory would make them more politically dependent and vulnerable to clientelist offers. By contrast, the theory above suggests that recipients should be more politically empowered. Therefore, any evidence that experiences of social policy increase inclusive demands should be particularly compelling.

The specific methodology I use is propensity score matching, a method successfully applied to Bolsa Família in the past ([Shei et al. 2014](#)) and which has produced comparable results to experimental designs for Mexico’s PROGRESA programme ([Diaz and Handa 2005](#)). The first-stage regression predicts receipt of Bolsa Família from the recorded covariates. Since these covariates document the same information as available to the government for selection from the Cadastro Único, they should be able to account for a large propor-

tion of the variation in beneficiary status. Beneficiaries and non-beneficiaries with the most similar propensity scores are then matched using the nearest neighbour algorithm and a caliper of 0.2 standard deviations to ensure close matches (Ho et al. 2011). Importantly, since the rigour and focus of the selection process may vary depending on local governance circumstances, a separate first-stage regression is used to predict policy receipt in each state, with the resulting matched datasets subsequently combined. The data are then balanced on important covariates that might explain political attitudes and on any selection process that might have determined exposure to the policy. A second-stage regression of Bolsa Família on the relevant dependent variable is then conducted, including the same controls as in the first-stage and using multiple imputation to account for missing data (Honaker, King and Blackwell 2015).

The propensity score matching procedure is largely successful at reducing covariate imbalance and ensuring covariate overlap. Figure 9.4 illustrates how in each state the matching procedure produces a dataset where both recipients and non-recipients had the same ex ante probability distribution of receiving Bolsa Família based on their socioeconomic characteristics. Beneficiaries are depicted with a solid line and non-beneficiaries with a dotted line. Focusing on the balance of individual covariates, Figure 9.5 shows the reduction in the standardized mean differences for each state as a shift from the crosses (before matching) to the circles (after matching). The Count R-squared measure indicates that the model successfully explains the large majority of respondents' beneficiary status; 81.7% of predicted values are correct in Ceará, 75.2% in Bahia, and 74.9% in Alagoas.<sup>11</sup> While it is not possible to rule out the influence of unobserved covariates, this suggests that the model accounts for the major factors that explain selection into Bolsa Família.

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<sup>11</sup>There is no direct equivalent to the OLS R-squared as the proportion of explained variation in logistic regression.

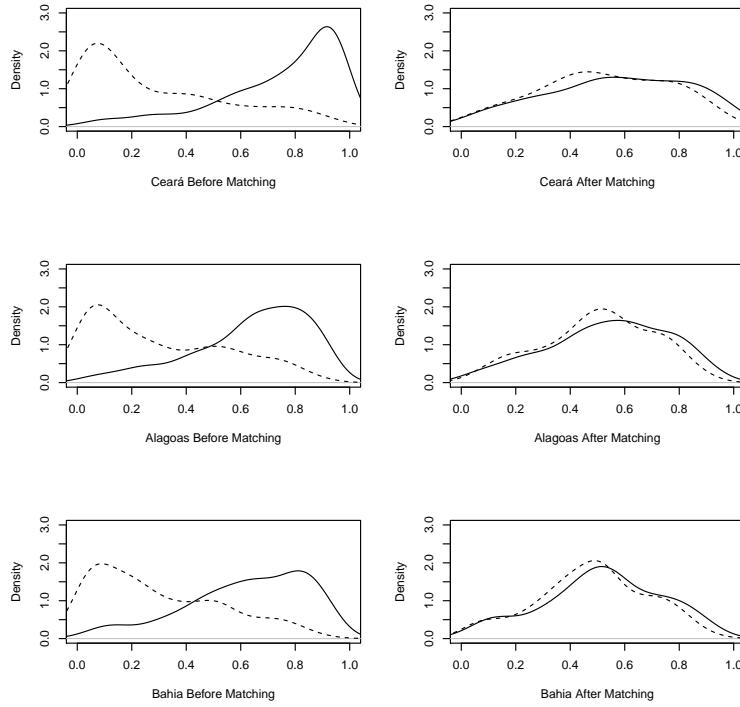


Figure 9.4: Balance and Overlap in Propensity Score Before and After Matching by State

### 9.3.4 Heterogeneous Effects

#### Differential Responses to State Politics

The research questions focus on two distinct levels of inference. First, at the individual level - across Northeast Brazil - does exposure to rule-based social policy alter political attitudes and behaviour? Second, does this effect vary depending on the subnational context, or has universal policy had a uniform impact on citizenship practices? To understand how effects vary depending on the state context, the regression model after propensity score matching is augmented with an interaction between Bolsa Família receipt and the respondent's state. The sign and magnitude of the interaction term will then indicate whether the effect of policy works differently in each state. In the regression equation below,  $\beta_1$ ,  $\beta_4$  and  $\beta_5$  are the coefficients of interest, with  $X_i$  representing additional covariates.

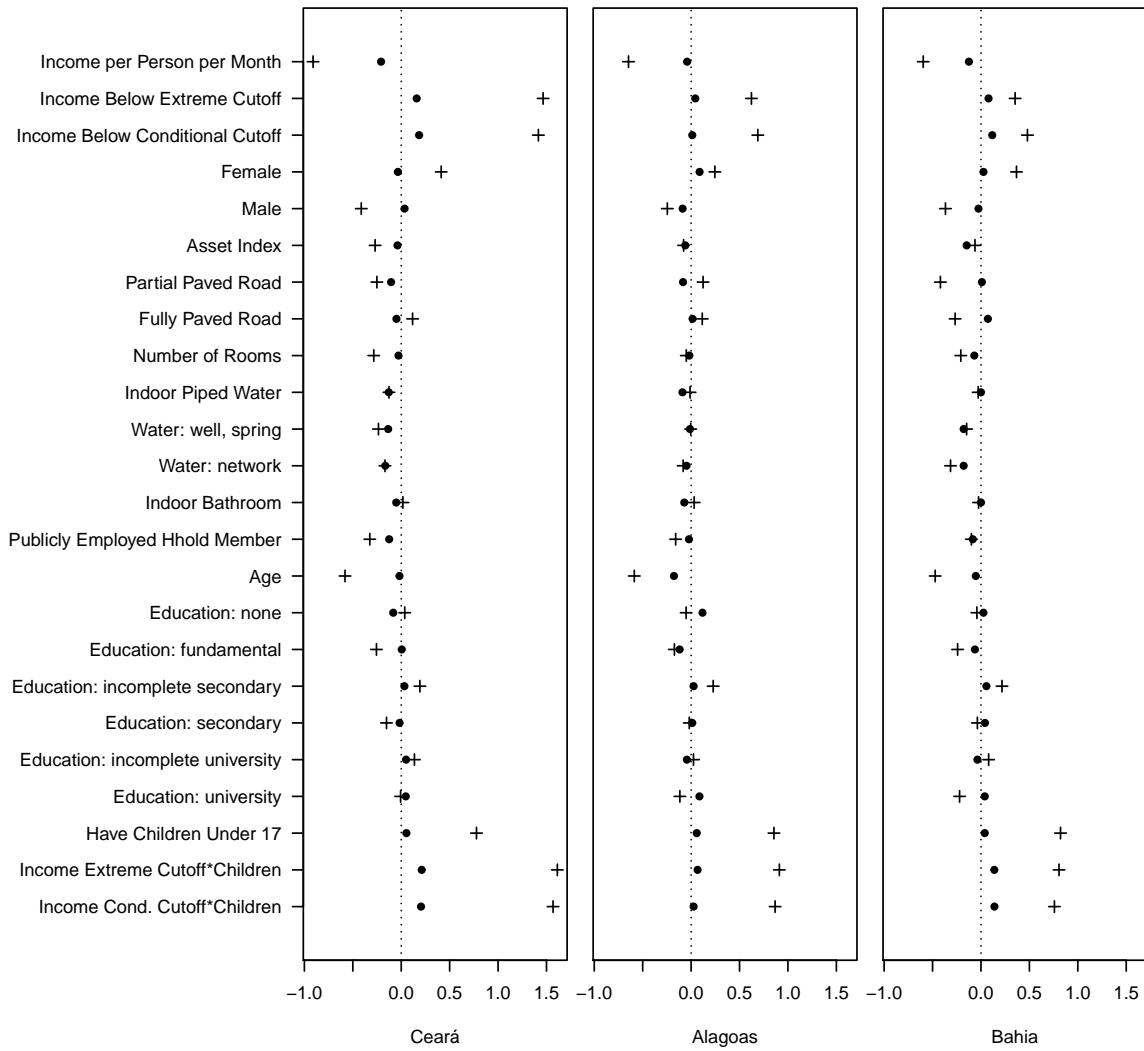


Figure 9.5: Standardized Mean Difference in Covariates between Recipients and Non-Recipients of Bolsa Família Before (crosses) and After (circles) Propensity Score Matching

$$\begin{aligned}
 Pr(y_i = 1) = & \text{logit}^{-1}(\alpha + \beta_1 BF_i + \beta_2 Ceara + \beta_3 Bahia \\
 & + \beta_4 BF_i \cdot Ceara + \beta_5 BF_i \cdot Bahia + \beta_x X_i) \quad (9.4)
 \end{aligned}$$

A premise of the analysis is that there remain substantial differences in the way that

politics is conducted in each of the states. It is expected, for example, that residents of Alagoas are exposed to a greater degree of clientelism and elite political control than in Ceará. These can be verified by assessing citizens' own experiences of politics as reported in the survey. Table 9.2 illustrates key indicators of respondents' experiences with government in each state, and the significance of these differences. The final column conducts a one-way ANOVA test for differences in the mean values of each indicator between each state, and reveals significant differences on all but three indicators.

Table 9.2: Supply-Side Measures of Political Practices by State

	Ceará	Bahia	Alagoas	ANOVA Test P-values
Experienced a Vote-Buying Offer (%)	10.25	10.13	8.43	0.482
Believe do/do not get BF for Inclusive Reasons (%)	96.01	92.68	95.42	0.100
Believe BF used in Exchange for Votes (%)	20.58	35.13	16.27	0.000***
Believe Municipal Recruitment Primarily based on Qualifications (%)	21.72	13.50	24.33	0.000***
Frequent Hospital Broker Fee (%)	26.57	40.96	17.10	0.000***
Expect to Lose BF if a Citizen Angered the Mayor (%)	20.14	27.09	15.12	0.000***
Bureaucrat did NOT ask for Something before Helping (%)	94.78	95.19	96.43	0.802
Bureaucrat Stuck to Rules (%)	79.09	71.57	60.94	0.009**
Frequently Talk to Politicians (%)	7.30	12.16	9.05	0.012*
List Experiment for Vote-Buying (%)	18.24	25.79	21.15	-

However, these indicators are not immediately supportive of the expectation that Ceará would exhibit less clientelist practices than Alagoas. Bahia appears to exhibit a stronger supply of clientelism than Alagoas. For a couple of indicators, residents of Ceará actually perceive a stronger incidence of clientelism than those in Alagoas; they are more likely to believe that Bolsa Família is used in exchange for votes or can be withdrawn as a political punishment, and more frequently observe payments to bypass queues. On the other hand, they are more confident that when speaking to bureaucrats they stick to the rules, and they have less frequent interactions with politicians.

This tension is largely explained by a differential degree of social desirability bias, which biases downwards the measures of direct clientelist practices such as vote-buying in Alagoas.

This is most clearly revealed by the list experiment, which has the virtue of masking respondents' exact replies and therefore mitigating social desirability bias. It suggests that vote-buying experiences were 7% points more common in Alagoas than in Ceará. That reverses the pattern of the direct question, where vote-buying was reported to be 2% points higher in Ceará. This difference in willingness to respond to political questions was also evident in the rate of refusals to respond, and in the rate of "Don't know" responses to sensitive questions. Table 9.3 shows higher rates of non-response and refusal in Alagoas for all the measures.

Table 9.3: Non-Response and Refusal Rates

	Alagoas	Bahia	Ceará
Somebody asked for your vote (%)	1.80	0.60	0.60
Accepted the vote-buying offer (%)	4.20	1.80	0.80
Asked to vote for which candidate (%)	8.90	6.90	6.20
Political connections required for municipal jobs (%)	15.90	12.50	9.90
Refused to say who voted for in 2016 municipal election (%)	16.70	12.50	5.90
Refused to say who most clientelist candidate is (%)	31.70	17.20	12.10
Refused to say who most inclusive candidate is (%)	21.00	10.90	5.40

Finally, survey enumerators reported that 87.8% of respondents were comfortable or very comfortable during the interview in Ceará while this was true of only 76% in Alagoas (and 86.6% in Bahia). Qualitative reports from the fieldwork also indicated a much greater reluctance to respond in Alagoas, primarily based on the fear that responses may be used to limit access to public benefits. In aggregate, these findings indicate that politics operates with significantly greater fear and threat of clientelist retaliation in Alagoas.

### Differential Responses to Municipal Characteristics

To understand variation in responses depending on municipal-level characteristics, a multi-level (hierarchical) model is used, permitting the modelling of the random effects for each municipality (Gelman and Hill 2006). The question is for which combination of beneficiary coverage and implementation quality are Bolsa Família's individual-level effects strongest? The findings will indicate when inclusive social policy is most politically trans-

formative. The equation of the multi-level logistic model, for the case of the interaction with the IGD score and using the notation of Gelman and Hill (2006, 302) where  $X$  represents covariates,  $i$  indexes individuals,  $j$  indexes municipalities and  $j[i]$  indicates the municipality of individual  $i$ , is:

$$Pr(y_i = 1) = \text{logit}^{-1}(\alpha_{j[i]} + \beta_1 BF_i + \beta_2 IGD_j + \beta_3 BF_i * IGD_j + \beta_x X_i) \quad (9.5)$$

$$\alpha_j \sim N(\mu_\alpha, \sigma_{mun}^2) \quad (9.6)$$

The coefficients of interest are  $\beta_1$  and  $\beta_3$ .

### 9.3.5 Mechanisms

In the model, the mechanism that connects individual-level receipt of a national inclusive social policy to supporting inclusive politics is reduced vulnerability to the clientelist trap for each beneficiary. Causal mediation analysis will be used to ascertain if exposure to inclusive policy arises through a change in survey measures of vulnerability and dependency on government (Imai, Keele and Tingley 2010). However, the identification assumptions are restrictive and the available measures of dependency are crude. Accordingly, I take advantage of another implication of the model - that changes in the vulnerability of voters to the clientelist trap alters the expectations of *other* voters about their voting behaviour. Indeed, this expectations effect is crucial to creating the collective confidence to overcome the clientelist trap. To investigate this expectations effect I conduct a survey experiment that asks respondents to consider how they think *other* voters will choose between clientelist and inclusive candidates. By manipulating the characteristics of the hypothetical ‘other’ voter we can estimate how their exposure to inclusive social policy alters expectations of their political behaviour. To avoid framing effects, reduce social desirability bias and provide benchmarks against which to measure the scale of any effect I adapt the conjoint survey experiment design. Typically, conjoint surveys ask the respondent to make a choice between two individuals that vary on multiple attributes. The adaptation instead presented the

respondent with a single individual - a hypothetical voter - whose characteristics varied randomly on three dimensions; gender, education and receipt of Bolsa Família. Respondents were then asked to report which of two hypothetical candidates' promises - one clientelist, one inclusive - they expect the hypothetical voter to vote for.<sup>12</sup> Since each voter attribute could take on two values, this produced 8 possible types of voter which respondents could be prompted to evaluate, as shown in Figure 9.6. In order to minimize the confounding of the characteristics with income, interviewers also explicitly stated that all hypothetical voters had an income of half a minimum salary in every case.

The design can be analyzed with a simple regression and enables us to integrate two sources of variation - the characteristics of the hypothetical voter and the characteristics of the respondent. This enables us to test for a number of interaction effects implied by the theory. First, whether expectations of inclusive voting are most likely to be produced when *both* the hypothetical voter and the respondent are recipients. Second, whether the change in expectations is greater in inclusive Ceará or clientelist Alagoas.

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<sup>12</sup>The inclusive candidate description was: "I will guarantee that all families that are below the poverty line receive a monthly food allowance for free. You only need to visit the CRAS [Reference Centre for Social Assistance] to complete the evaluation form." The clientelist candidate description was: "I know the people in our city which are in need. Anyone who comes to my office will get their food for free without filling out long forms or talking to bureaucrats".

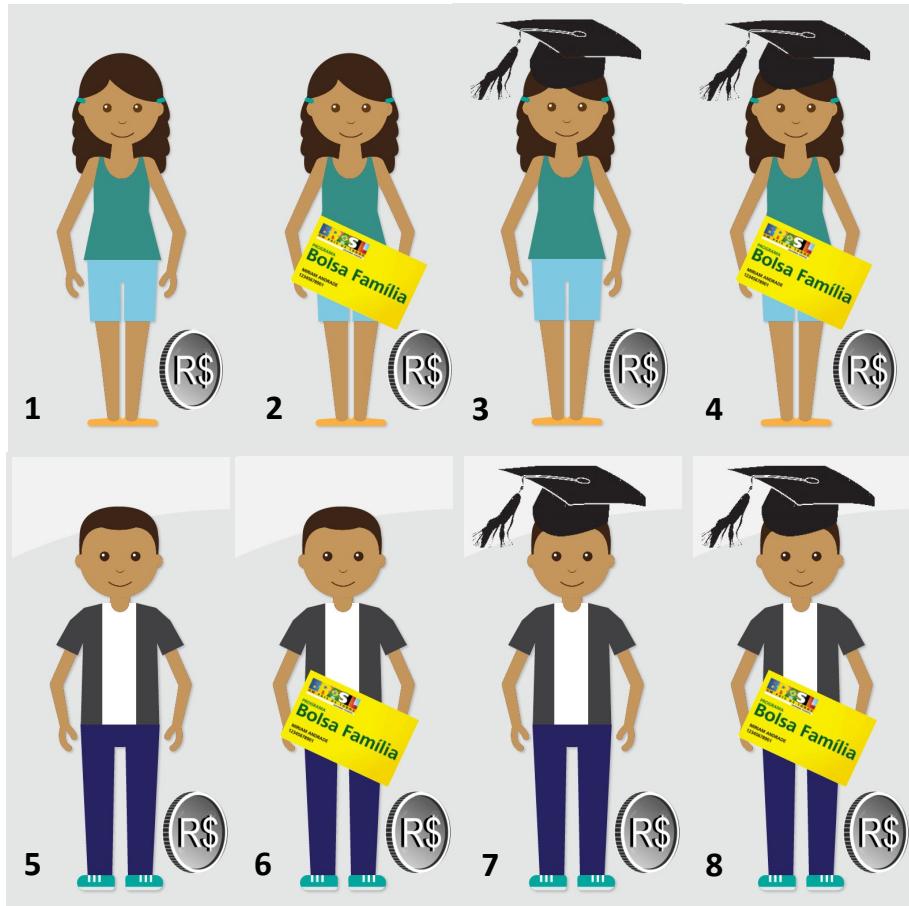


Figure 9.6: Conjoint Hypothetical Voter Profiles

## 9.4 Results

### 9.4.1 Descriptive Demand-Side Differences in Local Politics

First, consider descriptive differences in how citizens express their political demands in each state. The ANOVA test, reported in Table 9.4, indicates that there are significant differences between states on nearly all indicators. Residents of Ceará have greater political efficacy on most measures. Compared to residents of Alagoas they are more interested in politics, understand it better, are more confident that other citizens use their vote responsibly, are more trusting in institutions and are more confident in accountability for public

servants. The only measures on which they have significantly weaker efficacy is in lower expectations that a request to repair public facilities would be responded to effectively and in whether people have real legal rights. Compared to residents of Bahia, respondents in Ceará were more trusting in institutions and other citizens but slightly less interested in politics and marginally less confident in their understanding of politics.

Attitudes to clientelism are more similar, and a larger proportion of residents of Alagoas report voting for an inclusive type of candidate and rejecting real-world vote-buying offers than the other two states. It may be that these measures, as by far the most politically sensitive, are also affected by a greater degree of social desirability bias in Alagoas. Bahians also seem to express a strong aversion to clientelist practices.

There is a relatively clear split in the channels of political participation and demand-making. In Ceará, institutional participation is greater, including during elections, through political parties, in municipal meetings and even in political rallies. In Alagoas, the more common forms of participation are direct requests of politicians and bureaucrats and public declarations of political support through stickers and clothing. These factors support the argument of [Nichter and Peress \(2016\)](#) and others that in a clientelist equilibrium such as Alagoas, citizen demand is just as important as elite supply. Bahia represents a mix of the two channels, with similar institutional participation to Ceará but with much higher levels of declared support, contact with politicians and protests.

Finally, attitudes towards Bolsa Família are counter-intuitive. Respondents in Bahia had the strongest belief that the programme was used for vote-buying, and the weakest confidence that municipal workers were professionally appointed. At the same time they possessed the strongest belief that the programme was an obligation rather than a favour. Despite its greater incidence of clientelist practices, Alagoas exhibits the strongest confidence in the programme.

Table 9.4: Demand-Side Measures of Political Practices by State

	Ceara	Bahia	Alagoas	ANOVA Test p-value	
<b>Political Efficacy</b>					
Interested in Politics	12.92	15.40	8.47	0.001**	
Understand Politics	53.97	54.49	43.81	0.000***	
Government Run in the Interests of All	37.60	35.86	34.56	0.555	
Other Citizens Vote Responsibly	70.17	57.12	61.20	0.000***	
Requested Repairs to Mayor are Likely to be Executed	30.70	35.09	42.70	0.000***	
Teachers who don't turn up to work will be Punished	60.57	55.48	49.45	0.001**	
People have Real Legal Rights	30.69	26.21	33.52	0.028*	
Other Voters will Sanction Mayors who use Patronage	54.31	51.24	47.27	0.065	
Trust in National Government	65.27	35.57	56.66	0.000***	
Trust in Mayor	62.66	54.53	61.26	0.010*	
Trust in Political Parties	43.13	31.39	30.73	0.000***	
Trust in Judiciary	74.83	65.02	72.96	0.000***	
<b>Attitudes to Clientelism</b>					
Chose Inclusive Candidate Speech	72.85	71.45	70.94	0.759	
Voted for Self-Identified Clientelist Candidate	22.78	17.90	25.10	0.096	
Voted for Self-Identified Inclusive Candidate	37.63	47.80	52.27	0.000***	
Rejected Vote-Buying Real Offer	39.64	52.33	54.34	0.045*	
Rejected Vote-Buying Hypothetical Offer	82.52	91.51	80.93	0.000***	
Citizens Should Reject Clientelist Offer for School Places	31.61	32.27	31.83	0.969	
Citizens Should Reject Clientelist Offers of Bricks	39.77	49.74	37.38	0.000***	
Would Follow the Voting Recommendation of the Mayor	12.95	5.80	13.80	0.000***	
<b>Demand-Making</b>					
Made any Requests of Politicians	5.44	5.48	10.09	0.002**	
Contacted a Bureaucrat for Assistance with a Government Program	17.72	16.48	21.68	0.049*	
Publicly Declared Support for Politician	21.45	37.66	25.85	0.000***	
Frequency of Talking with Politicians	15.87	21.56	16.48	0.017*	
Participated in Protest or Signed Petition	7.62	15.23	7.78	0.000***	
Participated in Municipal Meetings	6.15	7.21	3.24	0.007**	
Member of Political Party	4.13	4.14	1.01	0.002**	
Attended Campaign Rally in Last Year	44.13	42.42	27.79	0.000***	
Turnout in Municipal Election	93.52	92.98	86.02	0.000***	
Turnout in Presidential Election	87.29	87.69	79.49	0.000***	
<b>Attitudes to Bolsa Familia</b>					
Bolsa Familia is an Obligation not a Favour	84.47	89.97	87.97	0.016*	
Bolsa Familia is used for Vote-buying	20.58	35.13	16.27	0.000***	
Municipal Workers are Professionally Qualified, not Politically Appointed	260	21.72	13.50	24.33	0.000***

#### **9.4.2 Aggregate Effect of Bolsa Família on Political Attitudes**

Comparing households who are Bolsa Família recipients with those on the waiting list, Table 9.5 helps identify the few significant effects. With respect to political efficacy, Bolsa Família has a positive effect on expectations that citizen requests will be addressed by government. Recipients are more likely to reject hypothetical vote-buying offers. Finally, they are less likely to engage in protest or sign a petition. While these effects are broadly consistent with the hypotheses - political efficacy increases and voters are more resistant to clientelism - the fact that there are not more significant effects may be because the control group here is already anticipating receipt of the grant and has internalized many of the attitudinal changes which also affect eventual recipients. It is therefore helpful to also analyse the comparison for those who are not even on the waiting list.

The propensity score methodology contrasting current recipients with ineligible respondents is presented in Table 9.6. The belief that government is run in the interests of all increases rapidly and, while not significant, trust in the national government rises substantially, which makes sense given the primary responsibility for the scheme is at this level. Finally, recipients are less likely to believe that the programme is used for vote-buying and more likely to attend a campaign rally. One finding contrary to expectations is that recipients appear less likely to select hypothetical inclusive candidates, which deserves further investigation. While these results rely on modelling assumptions more than the waiting list comparison, another explanation for why the significant variables differ between the two methods may be that some of the effects arise through the anticipation of receiving the grant, rather than actual receipt. Any such effects would not show up in the waiting list comparison.

Table 9.5: Effects of Currently Receiving Bolsa Família Compared to Being on Waiting List

Variable	Coefficient	P-value
<b>Political Efficacy</b>		
Interested in Politics	-0.42	0.287
Understand Politics	0.29	0.291
Government Run in the Interests of All	0.21	0.437
Other Citizens Vote Responsibly	0.28	0.299
Requested Repairs to Mayor are Likely to be Executed	0.67	0.017*
Teachers who don't turn up to work will be Punished	0.01	0.958
People have Real Legal Rights	-0.02	0.936
Other Voters will Sanction Mayors who use Patronage	-0.04	0.887
Trust in National Government	-0.02	0.944
Trust in Mayor	0.29	0.276
Trust in Political Parties	-0.05	0.848
Trust in Judiciary	0.03	0.920
<b>Attitudes to Clientelism</b>		
Chose Inclusive Candidate Speech	-0.30	0.319
Voted for Self-Identified Clientelist Candidate	-0.21	0.730
Voted for Self-Identified Inclusive Candidate	0.24	0.572
Rejected Vote-Buying Hypothetical Offer	1.05	0.025*
Citizens Should Reject Clientelist Offer for School Places	0.19	0.488
Citizens Should Reject Clientelist Offers of Bricks	0.39	0.131
Would Follow the Voting Recommendation of the Mayor	0.36	0.381
<b>Demand-Making</b>		
Made any Requests of Politicians	0.36	0.551
Contacted a Bureaucrat for Assistance with a Government Program	-0.58	0.065
Publicly Declared Support for Politician	-0.05	0.873
Frequency of Talking with Politicians	-0.19	0.545
Participated in Protest or Signed Petition	-0.96	0.031*
Participated in Municipal Meetings	0.04	0.945
Member of Political Party	0.10	0.869
Attended Campaign Rally in Last Year	0.28	0.301
Turnout in Municipal Election	-0.07	0.889
Turnout in Presidential Election	-0.06	0.879
<b>Attitudes to Bolsa Família</b>		
Bolsa Família is an Obligation not a Favour	-0.38	0.369
Bolsa Família is used for Vote-buying	-0.32	0.348
Municipal Workers are Professionally Qualified, not Politically Appointed	0.41	0.267

Table 9.6: Effects of Currently Receiving Bolsa Família Compared to Never Having Received

Variable	Coefficient	P-value
<b>Political Efficacy</b>		
Interested in Politics	0.06	0.793
Understand Politics	0.13	0.402
Government Run in the Interests of All	0.42	0.005**
Other Citizens Vote Responsibly	0.11	0.471
Requested Repairs to Mayor are Likely to be Executed	-0.14	0.355
Teachers who don't turn up to work will be Punished	0.01	0.956
People have Real Legal Rights	0.19	0.249
Other Voters will Sanction Mayors who use Patronage	0.06	0.707
Trust in National Government	0.26	0.072
Trust in Mayor	0.17	0.253
Trust in Political Parties	0.24	0.112
Trust in Judiciary	-0.06	0.684
<b>Attitudes to Clientelism</b>		
Chose Inclusive Candidate Speech	-0.35	0.040*
Voted for Self-Identified Clientelist Candidate	-0.32	0.201
Voted for Self-Identified Inclusive Candidate	0.16	0.435
Rejected Vote-Buying Real Offer	0.63	0.159
Rejected Vote-Buying Hypothetical Offer	0.00	0.987
Citizens Should Reject Clientelist Offer for School Places	0.23	0.134
Citizens Should Reject Clientelist Offers of Bricks	0.16	0.268
Would Follow the Voting Recommendation of the Mayor	0.07	0.764
<b>Demand-Making</b>		
Made any Requests of Politicians	0.41	0.147
Contacted a Bureaucrat for Assistance with a Government Program	0.26	0.146
Publicly Declared Support for Politician	0.14	0.360
Frequency of Talking with Politicians	0.24	0.187
Participated in Protest or Signed Petition	-0.10	0.682
Participated in Municipal Meetings	0.59	0.064
Member of Political Party	0.57	0.140
Attended Campaign Rally in Last Year	0.44	0.004**
Turnout in Municipal Election	0.30	0.239
Turnout in Presidential Election	0.30	0.152
<b>Attitudes to Bolsa Família</b>		
Bolsa Família is an Obligation not a Favour	-0.07	0.749
Bolsa Família is used for Vote-buying	-0.40	0.023*
Municipal Workers are Professionally Qualified, not Politically Appointed	-0.05	0.813

### 9.4.3 Heterogeneous Effects

#### Differences by State

We can gain much more insight by disaggregating these effects based on the political context. Following Equation 9.4 interaction terms are included between exposure to Bolsa Família and the two states other than the baseline of Alagoas, enabling us to calculate state-specific policy effects. This extension is important because some of the null effects in the aggregate analysis mask significant and opposing processes in each state. Table 9.7 presents the coefficients and p-values on Bolsa Família and the interaction term for the respondent's state where the contrast is between recipients of Bolsa Família and those on the waiting list. Figure 9.7 visualizes the coefficients and confidence intervals for each state for those measures where either interaction term is significant.

The effects broadly suggest that being a beneficiary in Ceará is more strongly associated with positive and more anti-clientelist political attitudes than in Alagoas. In Ceará, Bolsa Família increased respondents' interest in politics and their willingness to participate in protests or petitions while *reducing* that tendency in Alagoas. Similarly, while recipients in Alagoas were more likely to vote for a self-identified clientelist candidate, recipients in Ceará were less likely to do so. In Alagoas, receiving the programme boosted the belief that it was used for vote-buying, but had no such effect in Ceará. Only on one measure - expectations of government responsiveness to community requests - were beneficiaries' expectations boosted less in Ceará than Alagoas, though here the difference is in the magnitude of the response rather than its direction.

Bahia exhibits an interesting mix of responses. Similar to Ceará, Bolsa Família tends to reduce clientelist expectations and practices. However, more similar to Alagoas, the programme also reduces interest in politics and willingness to participate in protests or petitions.

The implication of these results is that it is in the already inclusively-reformed context of Ceará that Bolsa Família has had its most transformative effect, boosting political efficacy

and reducing the tendency to vote for clientelist candidates. By contrast, in Alagoas (and to a lesser extent Bahia) where local governance continues to operate under clientelism, there appears to be a real risk that national inclusive policy leads to political *disengagement*, and perhaps even an increase in clientelist demands, rather than channeling support for inclusive governance. This evidence is consistent with the argument of Hite-Rubin (2015) that liberation from clientelist networks provides an opportunity to escape political pressures and leads to a withdrawal from political life.<sup>13</sup> The implications of a more passive citizenry would require further study. With no difference in turnout rates this may be less problematic for electoral accountability, but reduced confidence and efficacy may impair other channels of accountability.

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<sup>13</sup>These effects accord with the most famous critique of inclusive politics and the potential for bureaucratic-led change. Ferguson's 1994 discussion of the 'anti-politics machine' argues that the 'governmentality' of development efforts strengthened bureaucratic power, complete with its own discourse and self-justification, at the expense of political - and therefore public - decision-making. One effect may be the withdrawal of citizens from political life.

Table 9.7: Effects of Currently Receiving Bolsa Familia by State Compared to Being on Waiting List

Variable	BF Coefficient	BF value	P-value	Ceara Interaction Coeffi-cient	Ceara Interaction P-value	Bahia Interaction Coeffi-cient	Bahia Interaction P-value
<b>Political Efficacy</b>							
Interested in Politics	-1.97	0.028*	2.54	0.024*	1.66	0.132	
Understand Politics	0.05	0.930	0.70	0.328	-0.06	0.930	
Government Run in the Interests of All	0.79	0.155	-0.20	0.784	-1.27	0.072	
Other Citizens Vote Responsibly	-0.46	0.381	1.24	0.078	0.84	0.228	
Requested Repairs to Mayor are Likely to be Executed	1.79	0.001**	-1.25	0.092	-1.66	0.020*	
Teachers who don't turn up to work will be Punished	0.79	0.114	-1.11	0.100	-0.98	0.142	
People have Real Legal Rights	0.30	0.617	-0.56	0.484	-0.45	0.562	
Other Voters will Sanction Mayors who use Patronage	0.55	0.284	-1.28	0.066	-0.37	0.581	
Trust in National Government	-0.19	0.709	0.47	0.489	0.10	0.882	
Trust in Mayor	0.63	0.237	-0.56	0.416	-0.62	0.368	
Trust in Political Parties	0.07	0.892	-0.28	0.688	0.05	0.948	
Trust in Judiciary	0.27	0.670	-0.27	0.740	-0.39	0.629	
<b>Attitudes to Clientelism</b>							
Chose Inclusive Candidate Speech	-0.08	0.889	-0.09	0.910	-0.73	0.342	
Voted for Self-Identified Clientelist Candidate	1.21	0.276	-1.84	0.211	-2.45	0.105	
Voted for Self-Identified Inclusive Candidate	-2.01	0.103	2.27	0.110	2.85	0.035*	
Rejected Vote-Buying Hypothetical Offer	0.90	0.250	-0.11	0.919	0.27	0.822	
Citizens Should Reject Clientelist Offer for School Places	0.49	0.330	-0.63	0.353	-0.02	0.973	
Citizens Should Reject Clientelist Offers of Bricks	0.35	0.476	-0.18	0.773	0.35	0.594	
Would Follow the Voting Recommendation of the Mayor	0.72	0.276	-0.49	0.617	0.66	0.629	
<b>Demand-Making</b>							
Made any Requests of Politicians	0.14	0.891	-0.20	0.893	0.84	0.566	
Contacted a Bureaucrat for Assistance with a Government Program	-0.30	0.612	-0.18	0.820	-1.02	0.245	
Publicly Declared Support for Politician	-0.52	0.333	1.01	0.194	0.40	0.567	
Frequency of Talking with Politicians	-0.93	0.139	1.18	0.161	0.97	0.232	
Participated in Protest or Signed Petition	-2.02	0.082	3.04	0.035*	0.16	0.905	
Participated in Municipal Meetings	1.23	0.359	0.81	0.645	-2.80	0.097	
Member of Political Party	-0.47	0.770	1.93	0.370	0.03	0.987	
Attended Campaign Rally in Last Year	-0.41	0.441	1.02	0.145	0.90	0.201	
Turnout in Municipal Election	-0.94	0.272	0.81	0.542	1.86	0.176	
Turnout in Presidential Election	0.37	0.635	0.42	0.696	-1.58	0.149	
<b>Attitudes to Bolsa Familia</b>							
Bolsa Familia is an Obligation not a Favour	0.22	0.802	-0.89	0.405	-1.24	0.288	
Bolsa Familia is used for Vote-buying	1.22	0.141	-1.08	0.295	-2.38	0.015*	
Municipal Workers are Professionally Qualified, not Politically Appointed	-0.61	0.344	1.62	0.060	1.04	0.276	

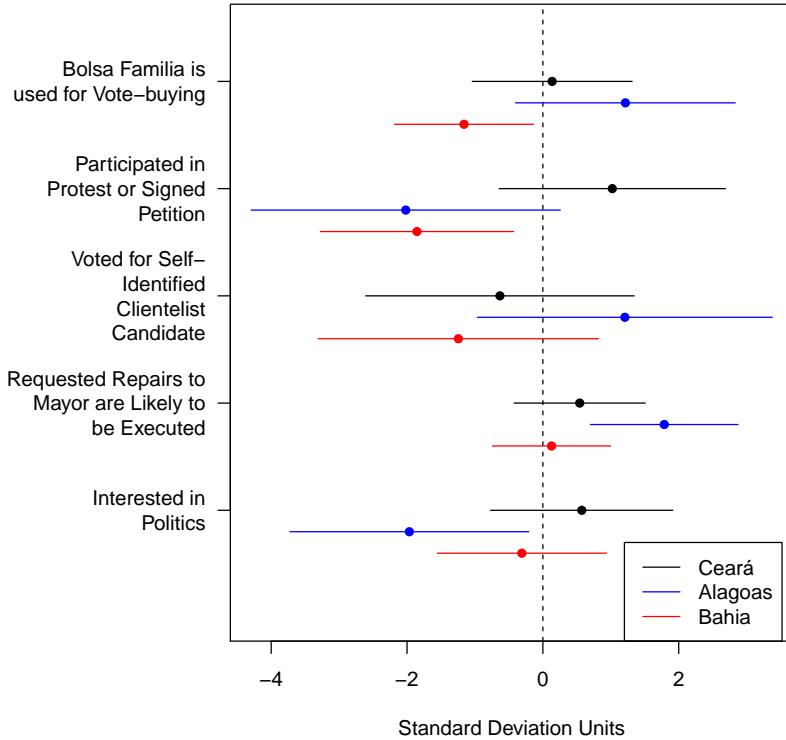


Figure 9.7: Effects of Exposure to Bolas Família Compared to Being on Waiting List by State for Significant Variables

### Differences by Municipal Characteristics

A separate analysis using the multi-level model enables a comparison of the effects of Bolsa Família depending on local municipal characteristics. This analysis uses the contrast between recipients and those on the waiting list. First, consider how variation in the proportion of programme beneficiaries at the municipal level alters the individual-level effect of Bolsa Família. The relationship is plotted with 95% confidence intervals in Figure 9.8 for key outcome variables which were earlier shown to respond strongly to the programme at the aggregate or state levels. The results are contrary to expectations: Bolsa Família's ability to boost political efficacy tends to deteriorate as a larger proportion of the municipal population benefits. The effect is strongest for interest in politics and willingness to protest,

which deteriorate for Bolsa Família recipients in the places where the programme most saturates the population. These findings do not fit the expectation that the more broadly shared the experience of national inclusive policy, the more positive the effect of one additional person receiving the programme. Instead, the findings indicate that the effects of the programme may generate more inclusive attitudes where there are few other recipients. One possibility is that the programme also changes the expectations and aggregate behaviour of *non*-beneficiaries, so that where a large majority benefit from the programme large effects have already accrued and the *marginal* effect is correspondingly weakened. This would be consistent with the theory and model of collective confidence, but cannot be tested with this research design.

The results from variation in the IGD index of Bolsa Família implementation quality are shown in Figure 9.9. They are more ambiguous, and do not point to consistent or significant conclusions.

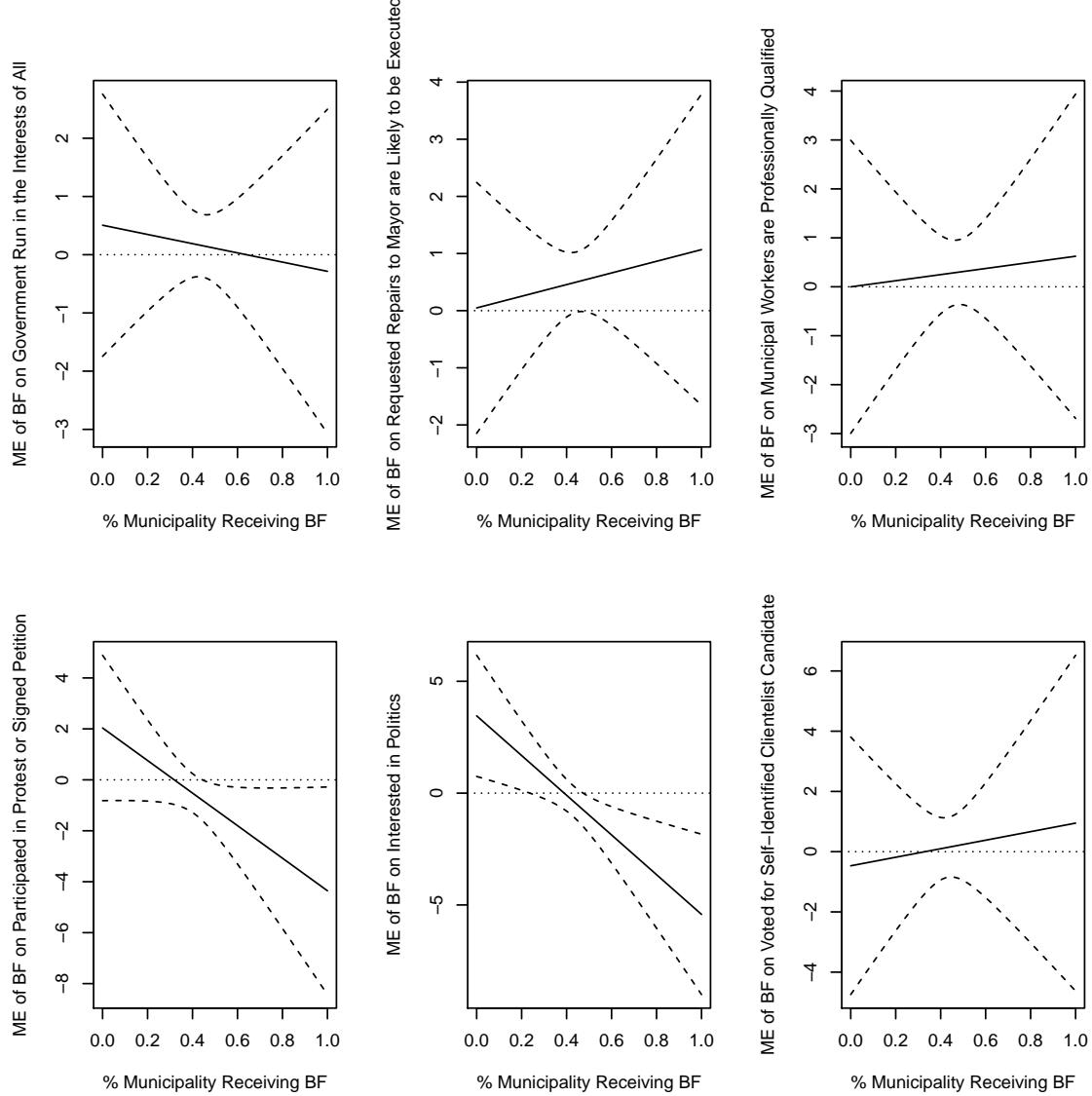


Figure 9.8: Marginal Effects (ME) of Exposure to Bolsa Familia as Percentage of Beneficiaries in Municipality Varies for Key Variables

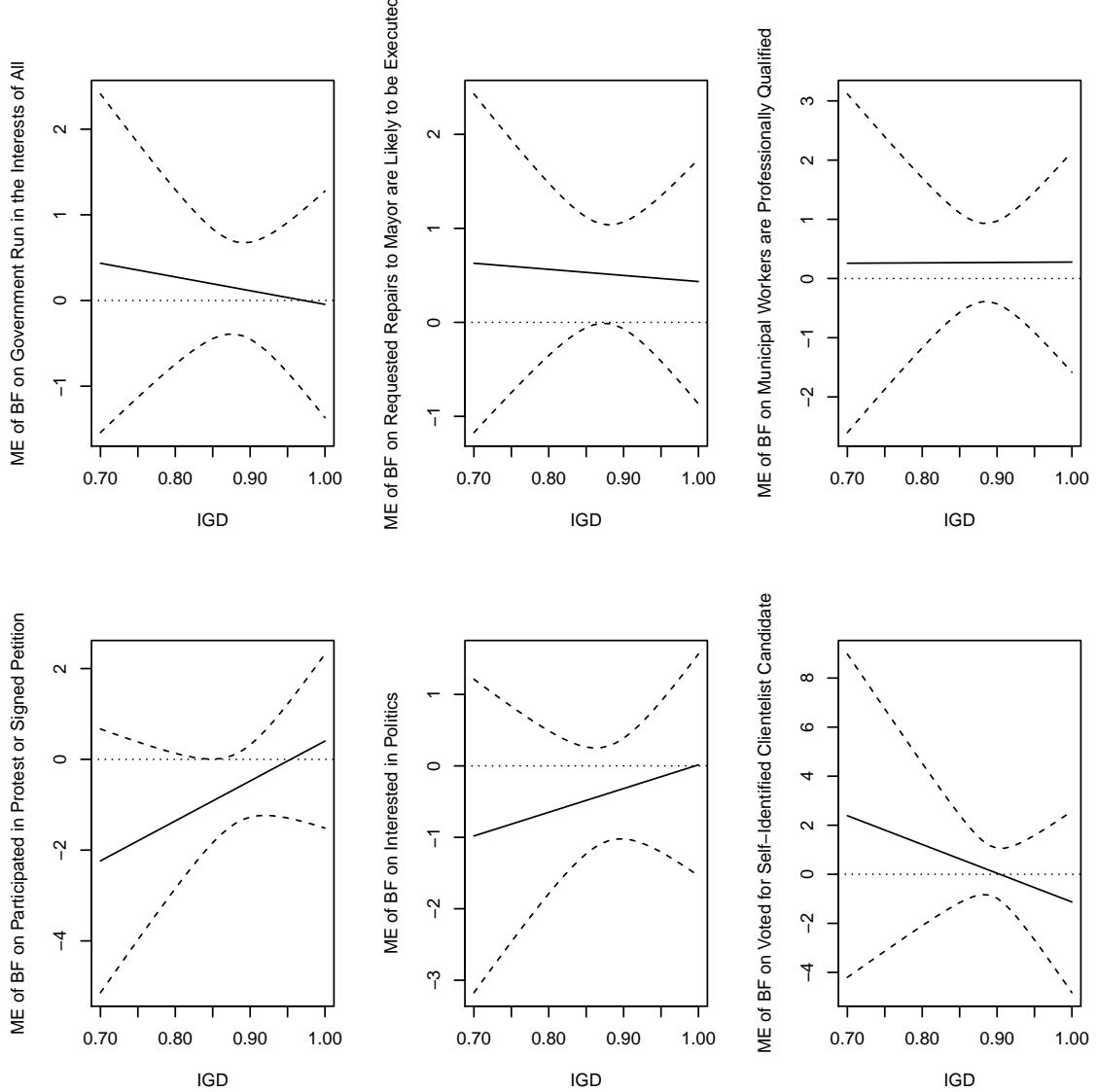


Figure 9.9: Marginal Effects (ME) of Exposure to *Bolsa Família* as IGD Implementation Quality Index Varies for Key Variables

#### 9.4.4 Mechanisms

##### Reduced Vulnerability to Clientelism

Bolsa Família has a negative effect on vulnerability to political threats and perceived dependence on the government for other social goods such as employment, education, health-care and housing, though the effects are not statistically significant. Causal mediation analysis indicates that the two variables of vulnerability and dependence do not explain the effects. Neither does an indicator of whether any household member is employed by the state or local government. The null findings may be due to the relatively crude nature of these measures.

##### Changing Expectations of Other Voters

One of the hypotheses of the model is that voters perceive other recipients of inclusive policy as less likely to accept vote-buying offers and more likely to support inclusive candidates. Drawing on the adapted conjoint experiment, Table 9.8 reports the regression estimates of the factors explaining respondents' belief that other voters will support the inclusive candidate.<sup>14</sup> There are two sets of explanatory variables - the characteristics of the hypothetical voter (gender, education and receipt of Bolsa Família) and the respondent's own characteristics (their state of residency and whether they themselves receive Bolsa Família). To test the hypotheses of the model a triple interaction is included between the hypothetical voter's receipt of the programme, the *respondent's* receipt of the programme and the respondent's state.

The findings are broadly supportive of the argument that national inclusive policy can create expectations of a demand for inclusive candidates. First, the direct effects indicate that respondents believe hypothetical voters who receive Bolsa Família are substantially more likely to support inclusive candidates by 55.7% points (converted from log odds-ratios

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<sup>14</sup>This analysis uses the contrast between respondents receiving Bolsa Família and those on the waiting list but the findings are very similar for the contrast between current-recipients and those who have never received the programme.

in the Table). While the *p*-value on this estimate is not significant ( $p = 0.14$ ), this evidence is encouraging. With respect to the other characteristics of the hypothetical voter, there is no difference in expectations based on gender, but higher education has a positive effect on expected voting for the inclusive candidate, consistent with modernization theory.

For the respondent's own characteristics there is no significant or substantial difference in the baseline expectations of how recipients of Bolsa Família believe others will vote. Differences between respondents in each state are also not significant. However, the interaction terms tell a more subtle story. In Alagoas, when the respondent receives Bolsa Família they became *less* likely to believe that other voters also receiving Bolsa Família would support an inclusive candidate. By contrast, in Ceará the respondent's receipt of the programme boosted their expectation that co-recipients would support inclusive candidates. The contrast between Alagoas and Bahia reveals a similar pattern, with the effects operating in the same direction but not reaching significance.

These findings are tentative, but they suggest that the local political context can dramatically influence voter expectations and the effects of inclusive social policy. When reinforced by a local inclusive environment, as in Ceará, national inclusive policy appears to create a collective confidence dynamic - programme beneficiaries are more likely to believe that other programme beneficiaries will support inclusive politics. This directly relaxes the clientelist trap by making each recipient believe it is less likely that a clientelist candidate will win. In Alagoas, however, where local politics remains tinged with clientelist practices, receiving the programme provides no such boost to voter confidence; instead, the *negative* effect on beliefs may be explained by two possibilities. First, if voters lack confidence in the inclusive implementation of the programme they may believe that beneficiaries are vulnerable to clientelist pressures and are therefore unlikely to support inclusive candidates. Second, even if beneficiaries are not targeted through the programme itself, their receipt of an income-contingent benefit may act as an indicator of poverty and therefore vulnerability to clientelist targeting through other policies that local politicians do control. The effects are the same - beneficiaries are perceived to be more vulnerable to the clientelist trap and may be expected to vote

against an inclusive candidate.

Table 9.8: Conjoint Experiment Regression: Beliefs about How Likely Other Voters are to Select the Inclusive Candidate

	Coefficient	P-value
Intercept	0.448	0.000***
Hypothetical Voter Female	-0.002	0.956
Hypothetical Voter Educated	0.126	0.001**
Hypothetical Voter Receives Bolsa Familia	0.231	0.139
Respondent Receives Bolsa Familia	0.047	0.695
Respondent in Bahia	0.098	0.496
Respondent in Ceará	0.188	0.181
Hypothetical Voter Receives Bolsa Familia *	-0.234	0.164
Respondent Receives Bolsa Familia	-0.359	0.083
Respondent in Bahia	-0.404	0.044*
Respondent Receives Bolsa Familia *	0.017	0.912
Respondent in Bahia	-0.152	0.319
Hypothetical Voter Receives Bolsa Familia *	0.189	0.401
Respondent Receives Bolsa Familia *	0.451	0.038*
Respondent in Ceará		

## 9.5 The Localized Effects of National Policy

Taken together, the findings of the survey underscore the capacity of national inclusive policy to alter the terms of the clientelist trap and shift the demand-side of local politics, consistent with Proposition 7. However, those effects are heavily mediated by the pre-existing content of local politics. Only in Ceará was inclusive policy able to generate collective confidence among voters that clientelism is unlikely to succeed, to encourage political participation and to deter voting for clientelist candidates. This suggests a powerful complementarity between national and local inclusive governance. One unexpected finding

was that the effect of Bolsa Família may be most transformative to political attitudes, and most supportive of inclusive demand, where there are few other beneficiaries. This suggests that the biggest impact of Bolsa Família may arise in inclusively-governed places with low coverage of national inclusive policy.

Despite the limitations of the survey the evidence helps resolve two puzzles about politics in the Brazilian Northeast. First, while other reformist experiments have burnt out or been subject to clientelist restoration, Ceará has sustained inclusive governance for two decades. A significant portion of this success may be attributable to the introduction of complementary reforms led by national governments from the late 1990s that have bolstered the economic security and political autonomy of Ceará's citizens. The second puzzle is how clientelism is able to survive in much of the remainder of the Northeast despite the scale and intensity of national inclusive policy. The results suggest that in states like Alagoas where local political control remains in the hands of traditional elites and clientelism remains common, national policies may serve only to turn beneficiaries into withdrawn skeptics who disengage from the local political environment. Believing that co-beneficiaries are also subject to intense clientelist threats or have withdrawn from politics, it is not possible to build the collective confidence needed to overcome the clientelist trap and support inclusive candidates. Promoting inclusive reform in adverse contexts may rely on alternative types of national intervention, for example reform to political institutions, or may simply need to wait for complementary local processes of reform.

# 10 | Conclusion

## 10.1 From Clients to Citizens

The terms on which individuals are able to access public services have deep normative implications for equality of access, the prospects for rapid poverty reduction and the quality of democratic participation. Among developing democracies today, the primary divide in individuals' relationship with the state is whether they can access public benefits without changing their political behaviour. Where governance remains clientelist, that relationship remains hierarchical and transactional; individuals are primarily dependent clients. Where governance is inclusive, that relationship is institutionalized and codified; individuals are primarily citizens with rights and autonomy. That distinction is likely more salient to individuals' economic and political opportunities than whether they live in a market-dominated or state-dominated economy, or in a presidential or parliamentary system. Inclusive governance indicates the proper functioning of democratic institutions, not just by the standards of the normative theories of Hobbes (1651) or Rawls (1971), but by the standards of democracies' own constitutions.

This dissertation has argued that even the poorest individuals can become full citizens. The subnational variation evident in the comparative analysis demonstrates the viability of a political path to inclusive governance even in the poorest societies. In practice, governance experiences can therefore be more similar across countries than within them. Residents of Jigawa, Bihar and Ceará have much more in common as consumers of public services and voters than they do with their neighbours in Bauchi, Jharkhand or Alagoas. The contours of the quality of democracy are therefore more fragmented and less contiguous than the ad-

ministrative boundaries of nation-states suggest. In a very real sense, inclusive governance is being experimented with in local political contests across the globe. Those experiments are motivated less by the normative appeal of inclusive governance and more by its political utility in certain contexts, but understanding variation in when politicians attempt and succeed in promoting rule-based inclusive governance is central to understanding the prospects for creating citizens in poor democracies.

## 10.2 Explaining Transitions to Inclusive Governance

This study began with two puzzles about political change. Why do politicians ever choose to tie their own hands by abandoning the selective rewards of clientelism? And why do voters ever vote against clientelism given the asymmetric risk of backing a losing inclusive candidate? The answers I have provided depend on a new, microfounded, understanding of how the clientelist trap alters the relationship between political actors and the incentives they face.

For elites, clientelism matters not just for the number of votes it can mobilize but for the distribution of financial rents and political loyalties that it produces among other elites. Typical models of clientelism treat clientelist exchanges as bilateral, with material rewards flowing down to citizens and political support (often voting) flowing up to benefit elites. In practice, clientelist networks nearly always consist of multiple links in a long chain, with material rewards accruing to patrons and intermediaries as a by-product of the process. Therefore, clientelism is not simply a decentralized form of vote mobilization but also an extractive mechanism for constructing and cementing elite coalitions using public resources. More recent models of clientelism recognize the role of decentralized rents but only as costs to be avoided and not for their role in structuring elite relations. Stokes et al. (2013) describe how monitoring voters is costly and relies on asymmetric information about voter loyalties and intermediary efforts, requiring rents to be used as incentives for brokers.<sup>1</sup>. But

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<sup>1</sup>“Leaders have difficulty inferring the impact of brokers on the electoral prospects of the party. Brokers can take advantage of this informational asymmetry to extract various kinds of rents” (Stokes et al. 2013,

their argument focuses only on the possibility that modernization undermines clientelism by shifting its aggregate cost, and not on the distributional consequences of clientelism *among* elites. Yet, as this dissertation establishes, this can greatly alter incentives to support or abandon clientelism. Reformist politicians who eulogize rules and efficiency, allying closely with bureaucrats and international development partners, may be motivated less by personal commitment and more by a desire to cut their opponents off from their political bases. The recognition that ‘political will’ may be the by-product of intra-elite competition is an invaluable link in our understanding of how political accountability and development policy can be improved. Outsider elites, playing an analogous role to externally-mobilized parties, may provide a reliable pathway as policy entrepreneurs to inclusive governance.

For voters, the impact of clientelism also depends on the broader relationships in which they are embedded, in this case with other voters. Rather than making a personal evaluation of each candidate’s policies, voters care whether their vote is likely to make them a winner or a loser. While that insight probably applies in all democracies, the collective action problem has added bite in clientelist contexts because the likelihood and magnitude of distributive benefits are tied to both the election outcome and to each individual voter’s choice. The influence of any one voter on any other’s choice is an extremely weak political force, but in aggregate the effect is to make voters’ collective confidence central to their willingness to reject clientelism. Inclusive policy itself can play the coordinating role in generating that collective confidence. [Lyne \(2007\)](#) and [Medina \(2010\)](#) recognize the interdependence of voters under clientelism, but this study provides the first application of those insights to inform the implications for governance trajectories.

These two answers are connected; voters will only vote for inclusive candidates if they are exposed first-hand to inclusive policy that enables them to coordinate, but outsider elites will be unable to come to power if voters do not have confidence in them and competing elites seek to block them. This chicken and egg situation indicates that the clientelist trap is both more powerful and more brittle than suggested simply by its role in making voters

hesitant to support inclusive politicians. By blocking the performance signals voters need to overcome their clientelist vulnerability, and by giving elites a vested financial interest in blocking outsiders from power, even temporary experimentation with inclusive governance is prevented. At the same time, that control is brittle in the sense that the clientelist trap may collapse if an outsider does manage to come to office. Even temporary experiences of inclusive governance can disempower clientelist elites and empower voters to reject clientelism.

This scenario of multiple equilibria in governance regimes is difficult for political science to analyze, since causation operates in both directions and switches between equilibria are rare. Yet, the answer of the existing literature is unsatisfactory - to concede victory to the clientelist trap and await the long, grinding process of modernization that will raise incomes to such a level that the clientelist trap becomes irrelevant. That perspective treats politics as a closed system where an initial clientelist regime can never be interrupted.

By recognizing that politics is not a closed and deterministic system I have sought to counter that pessimism. In subnational democracies in particular, the interlacing of national and local politics produces sporadic ruptures and surprises in who holds local political office. The efforts of national political actors to pursue their electoral and financial interests in subnational units provides a constant source of external interference. While the majority of these interventions may not tilt the balance of local power or overcome vested interests, occasionally outsider elites can be promoted into positions of executive authority that the ordinary course of local politics may never have permitted. National intervention may also be more systematic, using inclusive policy tools to reduce both the supply and demand of clientelism in local politics. This may accelerate political change much more rapidly than modernization theory by lowering the barriers to inclusive candidates.

The prospects for inclusive governance in poor places are, then, much more promising than existing analysis suggests. While surrendering the selective rewards of clientelism comes at a cost to the incumbent, it can be a rational and effective tool for specific politicians, a persuasive option for voters, and an important by-product of national politics.

### 10.3 The Long-term Consolidation of Inclusive Politics

The scope of this dissertation's argument leaves the longer-term fate of inclusive governance on a cliffhanger. Although providing an explanation for the initial transition to inclusive politics and for the re-election of an inclusive politician, the argument does not say anything about what happens next. In particular, it does not provide an explanation of *systemic* change involving the abandonment of clientelism by all elites and voters. It is quite possible, as the comparative analysis showed, for clientelist competitors to subsequently return to office. The mechanism of inclusive governance provided in the argument is intrinsically limited - voters who require clear signals of the incumbent's performance may fall back into the clientelist trap once the incumbent ceases to run for office and competitors are unknown quantities. Additional, complementary, political processes are likely to be required for systemic change to be consolidated.

In Ceará, pioneering local change has meshed with a leftward turn in national politics and a rapid expansion of inclusive national social policy to broadly reinforce rule-based governance. Jereissati was able to pass his reputation on to successors through endorsement and collaboration, aided by the construction of a new party, the PSDB, which later developed a clear reputation. In Bihar, the parliamentary system has permitted Nitish Kumar to remain in office almost uninterrupted for 12 years, allowing his personal reputation to remain the focal point of state elections even as the partisan composition of his coalition shifts. Indeed, Kumar's coalition now includes arch-clientelist rival Lalu Yadav as a response to changes in national politics. While the pace of governance reform has slowed, the long-term prospects for inclusive governance remain unclear. It is possible that the alliance with Yadav will reignite Kumar's incentive to beat back clientelist networks that empower his great competitor, but the imperatives of coalition government may also make that task impossible to execute. In Jigawa, the fate of inclusive reform hangs in the balance. As Sule Lamido left office and entered custody on charges of corruption, his successor from the APC, Badaru Abubakar, a businessman, took his place. While elected on a national

wave of anti-PDP sentiment, Abubakar has oscillated, promising populist measures such as a limit on burdensome teacher examinations but also reaffirming to international donors a commitment to many of the procedural reforms of the previous government. Lacking Lamido's initial motivation to out-compete clientelist competitors, inclusive governance may hinge on pressure from the national APC or international development partners bankrolling the state.

The factors shaping the downstream strategies adopted by competitors and their success once the inclusive entrepreneur has passed from the political scene broadly reflect the mainstream mechanisms that have been documented in other research. The booming tourist economy and manufacturing growth in Ceará from the late 1980s were central to the growth of a middle-class and to modernization processes that further drained support for clientelist candidates. The consolidation of the Nigerian opposition into a single and mostly externally-mobilized anti-corruption party that succeeded in capturing national office in 2015 may provide an important source of discipline and pressure to perform for new governors such as Abubakar in Jigawa. National social programs, as I have argued in Chapters 8 and 9 have played a substantial supporting role in pushing subnational politics in a more inclusive direction in Brazil. Bihar's vulnerability to clientelist reversal is linked to its continued poverty, failure to construct more disciplined party structures, and the malleability of national social policies for local clientelist ends.

The familiarity of the modernization and party organization mechanisms is one reason they have not been folded into the scope of this dissertation, which has instead focused on the less well understood dynamics driving the initial transition. Nevertheless, the two sets of arguments are not entirely disconnected, since there are powerful ways in which a short-term experience of inclusive governance may help create the conditions for further systemic change. First, candidates may be successful at transferring their personalized reputation to party structures. Given the fact that these parties remain splintered by a legacy of elites with strong clientelist networks, this may well entail forming an entirely new party with a new reputation (Cheeseman and Paget 2014). For example, in Ceará

Tasso Jereissati left the PMDB because of the constraints imposed by former clientelist elites and became a founding member of the PSDB which developed one of the strongest anti-clientelist brands and organizations in the country. The juncture of an outsider coming to office and adopting inclusive politics may then be only the first stage in a process of new party formation, a mechanism by which externally-mobilized *candidates* can produce inclusive and programmatic parties.

Second, inclusive reform can be an accelerator to modernization. Steady improvements in economic growth and poverty reduction over a couple of terms can accumulate to a substantial change in the overall level of wealth and financial independence among the electorate. Perhaps more importantly, as the statistics provided in earlier chapters highlight, a step-change in public service delivery can be effected within a few short years. When children are fully vaccinated, clinics are more readily available and children receive an effective education, the groundwork is being laid for the institutionalization of inclusive politics. Of course, the political consequences of these changes may take many years to play out, with a child educated today perhaps only becoming eligible to vote a decade or more down the line. Nevertheless, in the long-term these factors may be important contributors to systemic change.

Third, clientelist competitors may eventually be forced to adapt their strategy if the costs of clientelism escalate sufficiently. For example, if inclusive reformers are able to retain both local and national office for long enough the financing sources for clientelism may eventually run dry. Opponents may be forced into the position of externally-mobilized actors, triggering a change of strategy. This may be aided by a hysteresis effect similar to that which makes re-entering the labour force harder after a spell of unemployment; clientelist networks may atrophy and the bonds of obligation may fray if clientelist candidates are not successful at winning office. These connections deserve more detailed research, but indicate that the short-term experiences of inclusive governance documented here need not be transient anomalies, but could be the starting point for a sustained transformation in politics.

## 10.4 Inclusive Politics in Comparative Perspective

To what extent can these conclusions about inclusive politics be generalized beyond Nigeria, Brazil and India? There are many directions in which the scope of the study could be expanded and I briefly touch on three fruitful options here.

First, to other developing federal democracies where clientelism remains common. The most prominent are Mexico, South Africa and, though it is somewhat more developed, Argentina. The framework used here certainly has explanatory potential for subnational cases in these countries. For illustration, consider the case of Santa Fe, Argentina, where the continuation of a long history of Justicialist Party (PJ) control of the state government did not prevent Carlos Reutemann - a former Formula One racing driver - introducing a radically different governance strategy when he became Governor in 1991.<sup>2</sup> President Menem appointed Reutemann, against the complaints of local party leaders, as an ally who would support his national neoliberal economic reforms. Lacking a vested interest in clientelism and eager to develop an alternative political base, Reutemann's reforms sought to gain control of the state by enforcing public expenditure and employment rules. This weakened clientelist networks channelled through unions and neighbourhood associations ([Lascurain 2011](#)), and was not replaced by the machine politics that the PJ became a specialist in throughout the rest of the country ([Levitsky 2003](#)). While not as poor as the other cases, ranking near the middle of Argentine states on the Human Development Index, the Santa Fe case remains striking because of the contemporary threats of hyperinflation and economic dislocation from neoliberal reform. Despite these challenges Reutemann was able to deliver sufficient benefits to voters to create a positive impression of his performance. Though term limits prevented his re-election, his endorsement of Jorge Obeid was enough to secure a sympathetic successor, and Reutemann was re-elected at the first opportunity four years later. The role of national intervention, an 'outsider' elite, and coordinated voters are all

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<sup>2</sup>In [Kemahlioglu's 2000](#) study of patronage in Argentine provinces, Santa Fe was the only state which pro-actively published employment data.

evident in the political history of Santa Fe.

Can an elite-led theory also explain subnational inclusive change in *unitary* democracies? Without autonomous control over state structures and the delivery of public services subnational politicians in unitary states can be heavily constrained from both altering the degree of rule enforcement and from effectively claiming credit for any improvements in public services. This could stall the implementation of inclusive reform and undermine a politician's ability to coordinate voters around a personal reputation of high performance. Yet, while unitary systems may retain a final centralized veto, it is rare for them to centralize daily decision-making and politics so completely. Decentralization of public service responsibilities and regular local elections are just as common in unitary as in federal systems. Whether politicians are able to articulate, implement and benefit from an inclusive strategy is, then, an empirical question. The case of Medellín, Colombia, suggests that unitary systems may offer similarly fertile ground for local experiments in inclusive governance.

In Colombia, decentralization introduced elected mayors in 1988 and gave them new powers in the 1991 constitution. Until 2004, local Medellín politicians operated as extensions of the many factions competing - violently - for control of the city's slums, businesses and drugs networks. With the incumbent Luis Pérez surrounded in corruption scandals, and the national judiciary investigating politicians' ties to drug financing under Proceso 8000, national intervention created a window of opportunity for a candidate outside of the traditional parties. Sergio Fajardo, an academic and quasi-independent candidate running with the support of the civil organization Compromiso Ciudadano, who came third in 2000, was elected mayor in 2004. Yet, in office he faced a hostile city council, opposed by 19 out of 21 members ([Fajardo and Andrews 2014](#), 5) who were expected to "swallow [him] without even chewing" ([Devlin and Chaskel 2010](#), 3). Though Fajardo expressed a personal commitment to reform, this opposition surely strengthened the case for inclusive policy implementation since a continuation of existing practices would have directly empowered traditional parties. In office, Fajardo told the council that "that there were no contracts for anyone here ... that we were not going to give positions in the bureaucracy as loot to politicians." ([Devlin and](#)

Chaskel 2010, 5). Participatory budgeting and other innovations were also introduced. This state reform was matched with a rapid acceleration in public service delivery, including to the poorest parts of the city, in the form of PUIs (Integrated Urban Projects) which provided improved transportation, education and social opportunities. With 90% approval ratings at the end of his term, Fajardo succeeded in getting his Secretary of Government, Alonso Salazar, elected as his successor.<sup>3</sup> Despite operating at a city-level in a unitary state, the mechanisms identified in federal states are easily discernible in this account - national intervention disrupting local clientelist machines, an outsider candidate using reform to counter elite threats, and the delivery of inclusive public services to generate a new constituency of broad-based political support.

To what extent does the argument carry over to the national level? Is it simply by chance that the stark examples of elite-led inclusive reform discussed here were subnational cases, or is the structure of political relations within a federal hierarchy crucial to the emergence of inclusive politics? The role of national actors is to forge an electoral window for the promotion of outsider politicians to executive office. In the absence of an external actor willing to provide the resources and institutional authority to challenge clientelist incumbents, replicating such a disruption at the national level may be challenging. Barring conflict, international politics is unlikely to intrude so far into national politics. Nevertheless, disruptions to national politics are frequent, including impeachments of leaders, corruption scandals that sap public support, fiscal crises that drain the public purse (Hagopian N.d.), and unexpected illness or death (Jones and Olken 2009). The question is whether outsider elites can take advantage of these circumstances to propel themselves to national victory. Lacking the endorsement and party discipline provided by a national patron, their chances are poor. As so many examples suggest, these vacuums are typically filled by deputies selected precisely for their mainstream clientelist credentials - think of the cases of Goodluck Jonathan succeeding Umara Musa Yar'adua in Nigeria, of José Sarney taking Tancredo Neves' position in Brazil, or of the familial continuity in the passing of the baton from

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<sup>3</sup>Consecutive terms were outlawed.

Indira to Rajiv Gandhi after the former's assassination. While it may not be impossible, a national process of elite-led inclusive change will depend on a very specific process for shifting public opinion in favour of outsider candidates.<sup>4</sup>

## 10.5 An Emerging Research Agenda

The framework described here provides a number of productive opportunities to extend existing research agendas. There is, for example, a wide gap between political economy analyses that focus on elite leadership choices - for example, the African Power and Politics Programme, the Development Leadership Programme ([Booth 2013; Leftwich and Laws 2012](#)) - and the structural explanations for inclusive governance strategies provided by comparative politics. While the former has highlighted the importance of the 'political settlement' - elite coalitions and the distribution of rents - to policy choices, it has provided no systematic analysis to explain how those coalitions might endogenously change or under what conditions elites have an interest in actively abandoning clientelism. At the same time, comparative politics analyses have sidelined the role of individual elites as idiosyncratic, overlooking their potential to encourage voter coordination and shift political equilibria. To the extent this dissertation has provided new insights, it has done so by providing a synthesis of these two research perspectives. That approach can be applied more systematically to understand governance decisions.<sup>5</sup> More empirical research is needed to understand, for example, whether elites respond offensively or defensively to the constraints of their party and coalition. The choice between compromise and confrontation with competing elites is crucial to governance outcomes but each response is theorized separately. Evaluating which elite and organizational characteristics mediate elite responses to positions of weakness would

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<sup>4</sup>While other factors also played a role, to some extent this characterizes the Brazilian presidential victory of Fernando Henrique Cardoso, who benefited from close association with the successes of the Real plan, turning a technocratic Minister of Finance into a viable outsider candidate.

<sup>5</sup>For example, the Democratic Accountability and Linkages Project ([Kitschelt 2012](#)) would benefit greatly from disaggregating its database to the subnational level and from parties to individual leaders, and establishing more systematic coding of how leadership characteristics (similar to the indicators of employment history used in Chapter 5) relate to governance choices.

greatly enhance theories of governance.

More accurate accounts of political change will also rely on a more structured understanding of how public resources can be reorganized to incentivize different types of governance behaviour. There is a close affinity between political mobilization strategies, whether rules are enforced and the allocation of public rents. While clientelist mobilization relies on discretionary rule enforcement and decentralized ‘loyalty’ rents as incentives for using that discretion to monitor and reward political support (Stokes et al. 2013), inclusive mobilization relies on strict rule enforcement and ‘performance’ rents to encourage technocratic implementation. Neither is free of corruption, as Bussell (2012) stresses, but the flow of resources and their incentive effect on political behaviour is markedly different. A change in how voters are mobilized therefore also has implications for institutional strength, for public resource management, and for the dominant forms of corruption. Investigating these connected transitions may provide new insights into the measurement and process of political change.

On the voter side of the equation, existing paradigms for analyzing vote choice as a simple function of socioeconomic characteristics, experiences and attitudes may overlook major contextual influences. While important steps have been taken to recognize the importance of local geographical and demographic context to voter choice (Nathan 2016), the strategic nature of voting and the collective confidence problem in clientelist contexts has failed to receive sufficient attention. Yet, it is likely to be central to explaining rapid shifts in voter support and the potential to sustain reforms. The role of policy feedback effects have also been overlooked in the developing world, with nearly all studies focused on feedback effects in developed economies and mature democracies (Mettler and Soss 2004; Skocpol 1992; Pierson 1993). The perception that inclusive policy is politically inconsequential, as advanced by Imai, King and Velasco Rivera (2016), is not accurate in developing contexts subject to intense clientelism. Understanding how policies can create or undermine public confidence and spur voters into collective action may provide a powerful lens for explaining a range of political outcomes. Even for the widely celebrated Bolsa Família, the perception of

political interference remains common, in part because messages are communicated through the municipality. Analysing how changes in programme communication can alter collective confidence, beneficiaries' willingness to monitor the programme, and even non-beneficiaries' behaviour would greatly refine existing evidence.

The methods and theories applied in this dissertation could also be used to accelerate research in three conceptual frontiers of political science theory. First, while there has been increasing recognition of the role of informal institutions (Helmke and Levitsky 2006), and of when formal institutions are distorted for political gain (Holland 2014a), there remains a limited understanding of when political actors have positive incentives to actively *enforce* formal institutional rules. Enforcement choices are still too often framed as 'constrained' choices responding to institutional or voter pressure, rather than active tools for political gain. By focusing on how rule enforcement alters material payoffs among elites and selective rewards among voters, the argument here provides a generalizable framework for understanding how the content of a rule and the characteristics of enforcement agents can determine rule enforcement. Crucially, the incentives follow a pattern of relative (comparative) advantage rather than absolute advantage. The role of scholars is then to understand not just who stands to benefit from a policy, but who stands to benefit *most*; there may be no simple mapping from net benefit to policy choice if elites are focused on maximizing the harm to others. In other contexts, for example the enforcement of taxation rules, an analysis of the *relative* distributional consequences of policy rules may provide new insights.

Second, the conceptual apparatus for understanding critical junctures needs to be updated. On the one hand, junctures that are often presented as exogenous or unpredictable may be systematically analysed from a broader political perspective (Capoccia and Kelemen 2007). In the current case, what appeared to be an inexplicable or random decision to nominate an outsider candidate at the local level became rationalizable in the context of national elites' interests in maintaining local political support. Particularly when analysing subnational politics, placing political decisions in the context of national politics opens up new governance trajectories. On the other hand, how 'critical' a juncture is may not be

clear ex ante - the degree of path dependency is not pre-determined but evolves depending on voters' collective confidence, reactions from clientelist elites, support from the national level, and complementary mechanisms supporting inclusive governance. Rather than representing a permanent break with clientelism, these junctures may offer extended windows in which entrepreneurs can try to institutionalize inclusive governance but have no guarantee of success (Levi 1997; Pierson 2000).

Third, the analysis of subnational politics can provide new theoretical insights but must not be treated as a substitute for national-level analysis. Only by examining and comparing the trajectories of subnational units was it possible to demonstrate the scope for inclusive governance in poor places. As the comparative case studies suggest there may be stronger similarities between the political dynamics of subnational units in distant countries than between those of neighbouring subnational units. Understanding that diversity provides a powerful lens to study the influences on informal practices within otherwise similar formal institutional settings. However, the repeated and pivotal role of national actors in shaping local political fortunes underscores the fact that subnational units cannot be treated as independent observations amenable to direct statistical analysis (Snyder 2001). The value of subnational analysis derives instead from a deep understanding of how the relationship between subnational and national actors creates fresh possibilities for political entrepreneurs and opens up new equilibria for voters.

## 10.6 Policy Implications

How should advocates for inclusive governance interpret these findings? They suggest that some policy tools may be of surprisingly little use. Promoting democracy and electoral competition on its own may do little to help voters escape the clientelist trap where expectations are anchored by history. Nor is it necessary to bypass voters or politicians and protect policy-makers from democracy - the case studies demonstrate beyond doubt that governance improvements can be achieved and sustained through elections. Treating clien-

telism as a moral campaign against corruption may also backfire. Candidates who deliver extensive inclusive benefits may be most vulnerable to accusations of corruption as they rely on differentiating themselves from rent-seeking low-performance types. Moreover, the transition away from clientelism does not eliminate corruption but simply transposes it to centralized rent extraction.

Instead, the policy imperative must be to promote ‘outsider’ politicians and shift voter expectations towards the inclusive governance equilibrium. For reformers in national office, the available toolkit is extremely powerful - using national resources to promote local allies can generate an incentive to enforce public rules that elections alone cannot. By adapting the fiscal system to reward inclusive subnational allies and directly implementing national inclusive policy, the longevity of those local reformers can be extended. For subnational politicians considering the inclusive path, the results suggest that the scale, breadth and visibility of public benefits are critical. Securing external funding, ensuring rapid implementation, and claiming personal credit through intensive marketing are necessary to generate collective confidence among voters. Using centralized resources to coopt competitors or monopolize the media are likely to be particularly effective, and cultivating national allies will be essential.

For NGOs and international partners the toolkit is sparser. Advocates for inclusive governance will require patience and an awareness of when politicians face incentives to weaken the clientelist trap. Nevertheless, these actors can play an important role in ensuring a stock of ‘outsider’ politicians exists with the technocratic connections to consider an inclusive strategy feasible, and can be central to sustaining reform by providing the means of rule enforcement and the financing for new public benefits.

The research findings also highlight a number of limitations to the process of governance change which policy can help mitigate. First, the duration of inclusive reform may be time-bound in the poorest contexts and at some point is likely to require supplementary support to be sustained. Economic investments and political reforms encouraging party-building will be important complements. Second, both in Brazil and India the surveys provided

evidence that a by-product of inclusive reform may be political disengagement. Though the electoral consequences remain unclear, actively promoting participation, building trust in government and improving transparency may be necessary palliative responses. Third, where clientelist elites retain subnational control and national intervention is not forthcoming, the prospects for governance change are dim. While further research is required, even effective national inclusive policy appears unable to dislodge voters from a deeply-rooted local clientelist equilibrium. Policy options are therefore limited and for national actors may be restricted to minimizing the welfare costs through national inclusive policy and promoting longer-term forces of modernization that may eventually prove disruptive.

However, the purpose of this dissertation has been to show that these processes are not the only path to governance reform. Rather, long-term processes of economic change should be treated as a fallback; fortunately the unpredictability and inherent competitiveness of politics - particularly in federal systems - provides other avenues to kick-start inclusive governance in poor places.

# Part IV

# Appendices

## A | Inclusive Equilibrium in Large Electorates

The dynamics of the model depend on the incremental impact that each voter can have on the probability of the inclusive candidate's success. The nagging concern is that if the only incentive for voters to take a risk on the inclusive candidate is the possibility that their vote could be pivotal in bringing that candidate to power, then in a larger electorate the inclusive equilibrium might rapidly collapse. Certainly, an increase in the electorate limits each individual's influence, since the difference between  $\pi(1, \phi_i)$  and  $\pi(0, \phi_i)$  falls, and the constant risk of losing to the clientelist candidate carries increased weight over the diminishing potential to influence the outcome in favour of the inclusive candidate. Since this trade-off affects every voter, the mixed strategy Nash equilibrium  $\tilde{p}$  falls,  $\hat{G}$  rises, forcing all types to offer higher inclusive offers, and reducing the equilibrium probability of re-election for inclusive incumbents. However, this effect is itself diminishing as  $N$  increases. This can be observed by focusing on the simplified form of the game where  $G$  is fixed and observing how voters' required confidence, as measured by  $\tilde{p}$ , responds to a change in  $N$ . The striking conclusion is that this minimum level of confidence converges to  $\bar{p}$ , which is less than one, as  $N$  increases:

$$\lim_{N \rightarrow \infty} \tilde{p} = \bar{p} > 0 \quad (\text{A.1})$$

Deriving  $\bar{p}$  is straightforward if we introduce a change of notation. Define  $\tau(\gamma_i)$  such that  $\tau$  is the probability of a clientelist victory where the voter supports the challenging clientelist candidate with probability  $\gamma_i$ . This simply inverts the earlier expression for inclusive voting

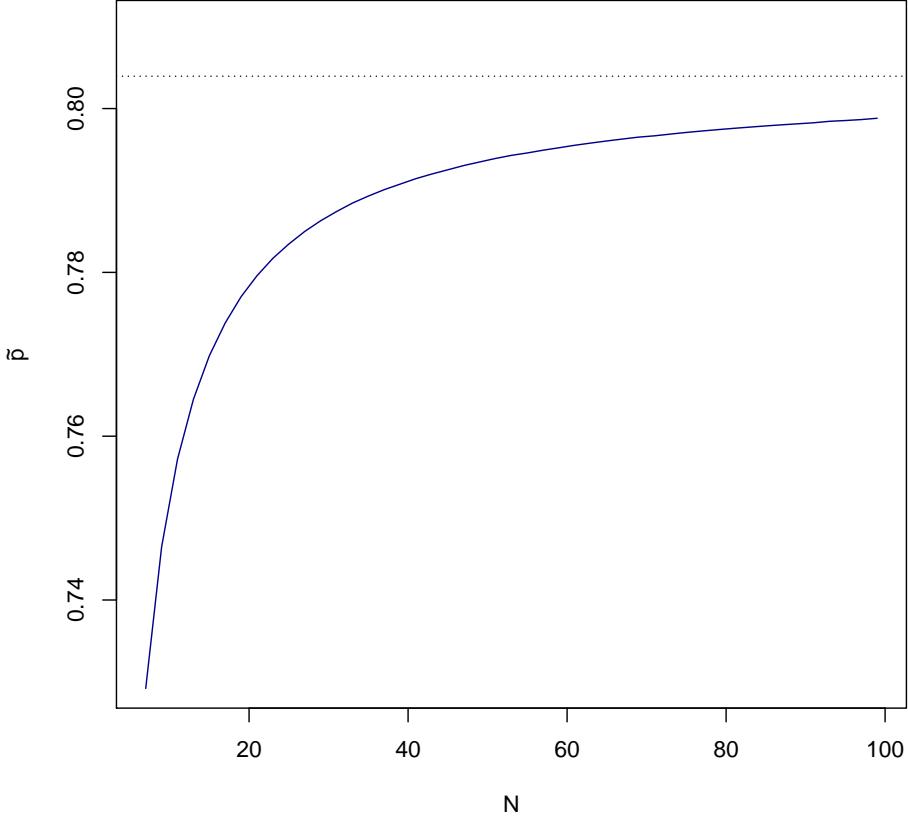


Figure A.1: Convergence of the Mixed-Strategy Nash Equilibrium as  $N$  increases

such that  $\tau(\gamma_i) = 1 - \pi(1 - \phi_i)$ . Equation 2.4 can now be rewritten as a ratio of the clientelist's probabilities of victory with and without voter  $i$ 's support:

$$\tau(1) \cdot u(B + F) + (1 - \tau(1)) \cdot u(B + G) = \tau(0) \cdot u(B) + (1 - \tau(0)) \cdot u(B + G) \quad (\text{A.2})$$

$$\frac{\tau(1)}{\tau(0)} = \frac{u(B + G) - u(B)}{u(B + G) - u(B + F)} = Z \quad (\text{A.3})$$

The constant on the right-hand-side can be defined as  $Z$ . The left-hand side probabilities of victory can be described by the cumulative distribution of the binomial distribution, evaluated over marginally different limits to reflect the contribution (or not) of the voter

to the clientelist's probability of winning. The derivation represents the incomplete beta function in its gaussian hypergeometric form (Temme 1996, 289).

$$\frac{u(B_i + G_i) - u(B_i)}{u(B_i + G_i) - u(B_i + F_i)} = Z = \frac{\tau(1, \gamma_{-i})}{\tau(0, \gamma_{-i})} \quad (\text{A.4})$$

$$= \frac{\sum_0^{\frac{N-1}{2}} \binom{N-1}{N-1-i} q^{N-1-i} (1-q)^i}{\sum_0^{\frac{N-3}{2}} \binom{N-1}{N-1-i} q^{N-1-i} (1-q)^i} \quad (\text{A.5})$$

$$= \frac{I_q(\frac{N-1}{2}, \frac{N+1}{2})}{I_q(\frac{N+1}{2}, \frac{N-1}{2})} \quad (\text{A.6})$$

$$= \frac{\frac{q^{\frac{N-1}{2}} (1-q)^{\frac{N+1}{2}}}{\frac{N-1}{2} B(\frac{N-1}{2}, \frac{N+1}{2})} \cdot F(N, 1; \frac{N+1}{2}; q)}{\frac{q^{\frac{N+1}{2}} (1-q)^{\frac{N-1}{2}}}{\frac{N+1}{2} B(\frac{N+1}{2}, \frac{N-1}{2})} \cdot F(N, 1; \frac{N+3}{2}; q)} \quad (\text{A.7})$$

$$= \frac{\frac{N+1}{2} \cdot (1-q) \cdot F(N, 1; \frac{N+1}{2}; q)}{\frac{N-1}{2} \cdot q \cdot F(N, 1; \frac{N+3}{2}; q)} \quad (\text{A.8})$$

This expression can now be evaluated as  $N - > \infty$ . The ratio of the first terms on the numerator and denominator,  $\frac{N+1}{2}$  and  $\frac{N-1}{2}$  converge to one for large  $N$ . The ratio of the last terms, the hypergeometric functions, also converges to one for large  $N$ . The result is the simple expression:

$$Z \approx \frac{1 - \bar{q}}{\bar{q}} \quad (\text{A.9})$$

$$\bar{q} \approx \frac{1}{1 + Z} \quad (\text{A.10})$$

$$\bar{p} = 1 - \bar{q} \approx \frac{Z}{1 + Z} = \frac{u(B + G) - u(B)}{2u(B + G) - u(B) - u(B + F)} \quad (\text{A.11})$$

In the risk-neutral case, this simply becomes  $\bar{p} = \frac{G}{2G-F}$ . Where  $F < G$ , as assumed at the start of the analysis, this guarantees that  $p < 1$ .

While it remains an empirical question whether there is an equilibrium with large  $N$ , signals of  $G$  remain able to induce collective action because the level of confidence they need to generate in voters approaches a fixed limit well below certainty. Provided  $G$  is large

enough to meet this threshold of voter confidence, inclusive voting remains viable even in large electorates.

## B | Formal Model Proofs

**Proof of Lemma 1:** Equation 2.3 can be rewritten to express the summation terms, which represent the cumulative distribution function of the binomial distribution, in terms of the incomplete regularized beta function,  $I_p(k + 1, N - k)$  where  $k$  is the number of ‘successes’, in this context the number of votes for the inclusive candidate required for their victory.

$$u(B) + I_p\left(\frac{N-1}{2}, \frac{N+1}{2}\right)[u(B + E(G)) - u(B)] > \quad (\text{B.1})$$

$$u(B + F) + I_p\left(\frac{N+1}{2}, \frac{N-1}{2}\right)[u(B + E(G)) - u(B + F)] \quad (\text{B.2})$$

The derivative of the incomplete regularized beta function is  $\frac{\partial I_p(a,b)}{\partial p} = \frac{(1-p)^{b-1}p^{a-1}}{\text{Beta}(a,b)}$ , enabling us to compare the rate of change of expected utility for inclusive voting compared to clientelist voting:

$$\frac{\partial EU}{\partial p} = \frac{(1-p)^{\frac{N-1}{2}} p^{\frac{N-3}{2}}}{\text{Beta}\left(\frac{N-1}{2}, \frac{N+1}{2}\right)} \cdot [u(B + G) - u(B)] - \frac{(1-p)^{\frac{N-3}{2}} p^{\frac{N-1}{2}}}{\text{Beta}\left(\frac{N+1}{2}, \frac{N-1}{2}\right)} \cdot [u(B + G) - u(B + F)] \quad (\text{B.3})$$

Since the Beta distribution is symmetric, this simplifies to:

$$\frac{p}{1-p} = \frac{u(B + G) - u(B)}{u(B + G) - u(B + F)} \quad (\text{B.4})$$

$$\hat{p} = \frac{u(B + G) - u(B)}{2u(B + G) - u(B + F) - u(B)} \quad (\text{B.5})$$

$$\geq \frac{1}{2} \quad (\text{B.6})$$

The inequality follows from evaluating the expression for the minimizing values of  $G = 1$  and  $F = 0$  which satisfy the non-negativity and budget constraints.

**Proof of Lemma 2:** An increase in  $\mu$  has two effects on the voter's decision. First, from equation 2.11 and the fact that  $G_H > G_L$ ,  $p$  is increasing in  $\mu$ . From Lemma 1 we know that provided  $p < \hat{p}$  this increases the rate of inclusive voting. Second,  $\mu$  also increases  $E(G)$ , which raises the expected value of inclusive voting more than clientelist voting. This additional positive reward ensures that even for some values of  $p > \hat{p}$ , and for all  $p < \hat{p}$ , an increase in  $\mu$  has a positive effect on inclusive voting.

**Proof of Lemma 3:** Follows immediately from Assumption 2

**Proof of Lemma 4:** From the politician's optimization equation 3.17, consider how an increase in  $\theta$  affects each of the four terms. The first term,  $-(1 - \theta)$ , increases. The second term has three positively valued elements, the first of which is increasing in  $\theta$ . The second element is decreasing in  $\Phi(-(1 - (1 - \theta)G))$ , and is therefore increasing in  $\theta$ . The third term contains the same elements with a different multiplier of the same sign, and therefore also increases in  $\theta$ . The fourth and final term has elements with opposing signs so to assess its net impact, focus on the differentiation solely of the fourth term:

$$\begin{aligned} \frac{\partial}{\partial \theta} &= G(-\phi((1 - \theta)G - 1))\left(\frac{1 - \theta}{\sigma}\right)I_p\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right) \\ &\quad + (1 - (1 - \theta)G)(-G)((1 - \theta)G - 1)\phi((1 - \theta)G - 1)\left(\frac{1 - \theta}{\sigma}\right)I_p\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right) \\ &\quad + (1 - (1 - \theta)G)(-\phi((1 - \theta)G - 1))\left(-\frac{1}{\sigma}I_p\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right)\right) \end{aligned} \quad (\text{B.7})$$

For this expression, the second and third terms are positive while the first term is negative. However, it can be readily shown that the second term is larger than the first so that the derivative is unambiguously positive, with the final line below using the constraint that

$G < 1$ .

$$\begin{aligned}
& (1 - (1 - \theta)G)(-G)((1 - \theta)G - 1)\phi((1 - \theta)G - 1)\left(\frac{1 - \theta}{\sigma}\right)I_p\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right) \\
& > G(-\phi((1 - \theta)G - 1))\left(\frac{1 - \theta}{\sigma}\right)I_p\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right) \\
& \quad (1 - (1 - \theta)G)^2 > 0 \quad (\text{B.8})
\end{aligned}$$

Combining this with the positive responses of the first three terms of the politician's main optimization function, we can conclude that an increase in  $\theta$  increases the marginal return to  $G$  and therefore leads to a higher choice of  $G$ .

**Proof of Comparative Static 1:** In comparing the two expected utility expressions only the clientelist payoff depends on  $A_I$ . To show that  $EU_C$  is increasing in  $A_I$ , differentiate Equation 3.19 with respect to  $A_I$  to demonstrate that the sign is unambiguously positive:

$$\begin{aligned}
\frac{\partial EU_C}{\partial A_I} &= N \cdot (1 - F_O \cdot (1 - \frac{A_I}{A_I + A_C})) \cdot \frac{2F_O A_C}{(A_I + A_C)^2} \phi(F_O - \frac{F_O(A_C - A_I)}{A_I + A_C} - 1) \\
&\quad + (1 + (1 - \Phi((F_O(1 - \frac{A_C - A_I}{A_I + A_C} - 1)))))) \cdot \frac{NF_O A_C}{(A_I + A_C)^2} > 0 \quad (\text{B.9})
\end{aligned}$$

**Proof of Comparative Static 2:**  $\theta$  only appears in the expected utility from the inclusive strategy so differentiate this with respect to  $\theta$  to show it is unambiguously positive:

$$\begin{aligned}
\frac{\partial EU_I}{\partial \theta} &= N(1 - (1 - \theta)G) \cdot \phi(-(1 - (1 - \theta)G))G \cdot 1 \\
&\quad + I_{1 - \Phi(\frac{\hat{G} - G_H}{\sigma})}\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right) \\
&\quad + NG[1 + (1 - \Phi(- \cdot (1 - (1 - \theta)G))) \cdot I_{1 - \Phi(\frac{\hat{G} - G_H}{\sigma})}\left(\frac{N + 1}{2}, \frac{N + 1}{2}\right)] > 0 \quad (\text{B.10})
\end{aligned}$$

**Proof of Lemma 5:** To see that the effect of  $\hat{G}$  generally increases  $G$ , note that an increase in  $\hat{G}$  reduces programmatic voting  $\phi$ . In turn, this reduces the probability of inclusive victory  $I_p$  in equation 3.17. This term enters negatively in the marginal decision of the politician and so its fall encourages the politician to raise  $G$ . Two further effects are present in the second term in equation 3.17. First, since  $G_H > \hat{G}$ , the density of the normal distribution must increase as  $\hat{G}$  rises. Second, by the same logic, the CDF of the normal distribution must be less than half and is increasing in  $\hat{G}$ . This brings the two multiplied terms  $(1 - \Phi) \cdot (\Phi)$  closer to being balanced and therefore raises their product. All four effects therefore contribute unambiguously to an increase in the marginal utility of  $G$  and therefore lead to a higher choice of  $G$ .

**Proof of Comparative Static 5:** The effect of  $F$  only directly impacts the voter's equilibrium choice, raising the returns to clientelist voting. However, this creates an imbalance between voters' behaviour and expectations of that behaviour, requiring  $\hat{G}$  to adjust to re-equilibrate this part of the system. From Lemma 3 and Assumption 2 we also know that the only way to re-equilibrate voters' expectations is to raise  $\hat{G}$ . This naturally reduces the rate of inclusive voting.

However, equilibrium on the politician's side of the equation has now also been disrupted. From Lemma 5 an increase in  $\hat{G}$  will cause an increase in  $G$ . On its own (holding  $\hat{G}$  fixed from further changes), this increase in  $G$  leads to an increase in inclusive voting by raising the likelihood that voters receive a signal above the cutoff. The challenge then is to assess the net effect when  $\hat{G}$ ,  $G_H$  and  $G_L$  are re-equilibrated:

$$\frac{\partial \phi}{\partial F} = \frac{\partial(1 - \Phi(\frac{\hat{G}-G}{\sigma}))}{\partial F} \quad (B.11)$$

The direction of the aggregate change in voting behaviour therefore depends only on the gap between  $\hat{G}$  and  $G_H$ . If the gap narrows, inclusive voting behaviour  $\phi$  falls. In this

scenario,  $\frac{\partial \hat{G}}{\partial F} > \frac{\partial G}{\partial F}$ . Since  $F$  only impacts on  $G_H$  through its effect on  $\hat{G}$  we can apply the chain rule:

$$\frac{\partial \hat{G}}{\partial F} > \frac{\partial G}{\partial F} = \frac{\partial G}{\partial \hat{G}} \cdot \frac{\partial \hat{G}}{\partial F} \quad (\text{B.12})$$

$$\frac{\partial G}{\partial \hat{G}} < 1 \quad (\text{B.13})$$

Therefore the rate of pass-through from  $\hat{G}$  to  $G$  must be less than one if inclusive voting is to reduce. To demonstrate this, it is necessary to implicitly differentiate the politician's optimization expression, equation 3.17 with respect to  $\hat{G}$ . After considerable processing and rearrangement, it is possible to find an expression in terms of  $\frac{\partial G}{\partial \hat{G}}$ . The resulting fraction can then be compared to the value of one by assessing the sign of the denominator minus the numerator. Where this is positive, we are assured that the derivative exceeds one. The final step is then:

$$\begin{aligned} I_{1-\Phi(\frac{\hat{G}-G}{\sigma})}(\frac{N+1}{2}, \frac{N+1}{2})(1-\theta)[(1-\phi((1-\theta)G-1))\sigma + ((1-\theta)G-1)^2] + \phi((1-\theta)G-1)(1-(1-\theta)G) \\ > \frac{(1-p)^{\frac{N-1}{2}} p^{\frac{N-3}{2}}}{Beta(\frac{N-1}{2}, \frac{N+1}{2})} \phi(\frac{\hat{G}-G}{\sigma}) \end{aligned} \quad (\text{B.14})$$

Since this expression is ambiguous, we require Assumption 4 to conclude that  $\frac{\partial \phi}{\partial F_O} < 0$ .

**Proof of Comparative Static 6:** An increase in noise  $\sigma$  has three effects on the expression determining inclusive voting,  $\phi$ ; a direct effect on  $\sigma$ , an indirect effect on  $\hat{G}$  and an indirect effect on  $G$ :

$$\frac{\partial \phi}{\partial \sigma} = \frac{\partial(1 - \Phi(\frac{\hat{G}-G}{\sigma}))}{\partial \sigma} \quad (\text{B.15})$$

The first effect of an increase in  $\sigma$  is to reduce the proportion of signals falling above the

threshold. The second effect is through  $\hat{G}$ , including through  $\mu$ :

$$\frac{\partial \mu}{\partial \sigma} = \frac{\phi(\frac{\hat{G}-G_H}{\sigma})\phi(\frac{\hat{G}-G_L}{\sigma})\frac{1}{\sigma}\left[(\frac{\hat{G}-G_H}{\sigma})^2 - (\frac{\hat{G}-G_L}{\sigma})^2\right]}{(\phi(\frac{\hat{G}-G_H}{\sigma}) + \phi(\frac{\hat{G}-G_L}{\sigma}))^2} \quad (\text{B.16})$$

This demonstrates that the change in beliefs is ambiguous. With Assumption 5, however, so that  $\hat{G} - G_H < \hat{G} - G_L$ , we can conclude that  $\frac{\partial \mu}{\partial \sigma} < 0$ . The next step is to assess how  $p$  changes, which incorporates both the change in  $\mu$  and the change in the proportion of signals voters anticipate falling over the cutoff:

$$\begin{aligned} \frac{\partial p}{\partial \sigma} &= \frac{\partial \mu}{\partial \sigma} \cdot (1 - \Phi(\frac{\hat{G} - G_H}{\sigma})) + \mu \cdot (\frac{\hat{G} - G_H}{\sigma} \phi(\frac{\hat{G} - G}{\sigma})) - \frac{\partial \mu}{\partial \sigma} \cdot (1 - \Phi(\frac{\hat{G} - G_L}{\sigma})) \\ &\quad + (1 - \mu) \cdot (\frac{\hat{G} - G_L}{\sigma} \phi(\frac{\hat{G} - G}{\sigma})) \\ &= \frac{\partial \mu}{\partial \sigma} (\Phi(\frac{\hat{G} - G_L}{\sigma}) - \Phi(\frac{\hat{G} - G_H}{\sigma})) + \mu \cdot (\frac{\hat{G} - G_H}{\sigma} \phi(\frac{\hat{G} - G}{\sigma})) + (1 - \mu) \cdot (\frac{\hat{G} - G_L}{\sigma} \phi(\frac{\hat{G} - G}{\sigma})) \end{aligned} \quad (\text{B.17})$$

Since  $G_H > G_L$ , the first term is negative. The second term is also negative, since  $\hat{G} < G_H$ . The third term is positive and reflects the increased weight being put on a larger chance of signals from the low type politician passing the threshold. Assumption 5 is again useful because it ensures that  $\mu > \frac{1}{2}$ , so that there is more weight on the second term than the third term. In addition, Assumption 5 ensures that  $\phi(\frac{\hat{G}-G_H}{\sigma}) > \phi(\frac{\hat{G}-G_L}{\sigma})$ . Unfortunately, the final terms point in the opposite direction since  $(\frac{\hat{G}-G_H}{\sigma}) < (\frac{\hat{G}-G_L}{\sigma})$ . This reflects the possibility that the area under the low signal curve is changing much more rapidly than the high signal curve. Therefore, it is not possible to unambiguously sign the effect on  $p$ . However, this risk is most acute when  $G$  is very close to  $\hat{G}$  so that the change in area is small. To avoid this scenario we make the second part of Assumption 5. This enables us to conclude that  $\frac{\partial p}{\partial \sigma} < 0$ .

The importance of this is that with a fall in  $\mu$ ,  $E(G)$  and  $p$ , voters respond to a higher  $\sigma$  by raising  $\hat{G}$ , which makes it less likely that signals pass the threshold, reducing inclusive voting  $\phi$ .

The third and final effect is on the politician's choice of  $G$ . We can rely on Assumption 4 to ensure that any increase in  $G$  does not 'overshoot' the increase in  $\hat{G}$ . Since  $\hat{G} - G_H$  falls, the net effect of these changes is therefore that the probability of re-electing a high type politician falls,  $\frac{\partial \phi_H}{\partial \sigma} < 0$ .

**Proof of Comparative Static 7:**  $B$  appears only in Equation 2.3 and so the key is to understand how the relative utility from the inclusive and clientelist options changes as  $B$  increases. Assume that the power on the utility function is  $Z$  so that  $u(x) = x^Z$ . Then the differentiation of Equation 2.3 with respect to  $B$  is:

$$\begin{aligned} \frac{\partial EU}{\partial B} &= ZB^{Z-1} + I_p\left(\frac{N-1}{2}, \frac{N+1}{2}\right)[Z(B+G)^{Z-1} - ZB^{Z-1}] - Z(B+F)^{Z-1} \\ &\quad + I_p\left(\frac{N+1}{2}, \frac{N-1}{2}\right)[Z(B+G)^{Z-1} - Z(B+F)^{Z-1}] \\ &= Z(B+G)^{Z-1}[I_p\left(\frac{N-1}{2}, \frac{N+1}{2}\right) - I_p\left(\frac{N+1}{2}, \frac{N-1}{2}\right)] + ZB^{Z-1} - Z(B+F)^{Z-1} \\ &\quad + Z(B+F)^{Z-1}I_p\left(\frac{N+1}{2}, \frac{N-1}{2}\right) - ZB^{Z-1}I_p\left(\frac{N-1}{2}, \frac{N+1}{2}\right) \quad (\text{B.18}) \end{aligned}$$

As described in the main text, this expression is ambiguous. Where  $N$  is small,  $p$  is close to  $\frac{1}{2}$  and  $F$  is small, it may be that increased insulation leads risk-averse voters to 'lock-in' the clientelist payoff by using their voting power. However, more generally, when Assumption 6 is met, an increase in  $B$  will raise the relative returns to inclusive voting by making the clientelist threat less effective. In turn, we know from Lemma 3 that at the stable finite equilibrium this requires a fall in  $\hat{G}$  to re-equilibrate voter beliefs and actions. Lemma 5 ensures that this increase is only partially passed through to an increase in  $G_H$ . The resulting increase in the gap  $\hat{G} - G_H$  implies that in equilibrium a larger proportion of voters will receive signals above the threshold and therefore inclusive voting  $\phi$  will increase.

## C | Comparative Statics of Politicians' Choice of $G$

Even in the limited model where there are only two types of inclusive politician, the intensive margin of the value of inclusive benefits experienced also has a marked impact on voter behaviour. Setting aside the optimal choice of  $G$  by the politician themselves, an increase in  $G$  produces a higher distribution of signals to be experienced by voters. Holding  $\hat{G}$  fixed, this has a first-order effect of more voters passing the cutoff and voting for the inclusive candidate. The second effect is that voters are more able to distinguish the type of the inclusive politician, since they are sending more disparate signals. This boosts the expected benefit conditional on the inclusive candidate winning. The third effect is that voters are more confident that other voters will be willing to vote for the inclusive candidate (for the second reason), which weakens the clientelist trap and encourages more voters to bandwagon.

The effect of this is that more voters are voting inclusive than voters' beliefs had conjectured. To re-equilibrate the model and ensure that the marginal voter is indifferent at  $G_i = \hat{G}$ ,  $\hat{G}$  must rise. To see this, note that the marginal voter who receives a signal at the original  $\hat{G}$  is now much more of an outlier, with the density of the high type's distribution having shifted right, leading them to believe they are actually more likely to be facing the  $\theta_L$  type. This pushes down expected utility for the marginal voter from voting inclusive and requires  $\hat{G}$  to rise for expected utility to bounce back. Strikingly, what dominates the response here is not the effect of an increase in  $\hat{G}$  inducing fewer other voters to vote inclusive, which actually reduces expected utility, but the belief and payoff effects of the marginal voter

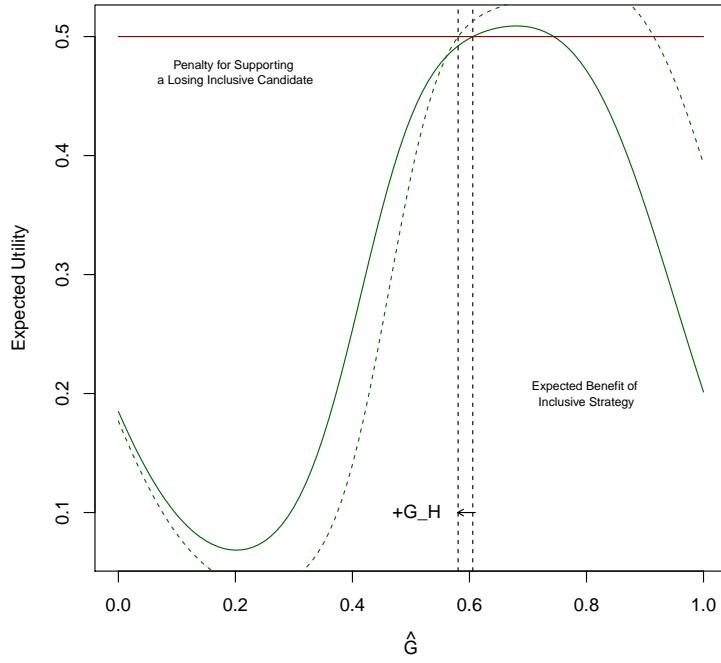


Figure C.1: Effect of an increase in  $G_H$

believing they are more likely to face a higher type who provides them a higher expected payoff.<sup>1</sup> At the new equilibrium, with a higher  $\hat{G}$ , the equilibrium voter is more optimistic that they face a high type and has a higher expected inclusive payoff.

As we allow  $\hat{G}$  to re-equilibrate, what is the net effect? Figure C.2 illustrates each voter's assessment of the proportion of other voters that will vote for the inclusive candidate. The mixture distribution depicted represents the weighted average of the two possible inclusive types, where the weight is given by the relative belief they are facing that type. The area to the right of the vertical line  $\hat{G}$  under this distribution then indicates the proportion of voters who are expected to receive signals above the cutoff. An increase in  $G_H$  shifts the mixture distribution right since voters will receive higher signals, but  $\hat{G}$  also shifts right. The former effect is more powerful and the new area is larger. Rising expectations of other voters' participation therefore create increased equilibrium participation.

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<sup>1</sup>At the other, unstable, equilibrium, the crowding-in effect dominates the belief and payoff effects.

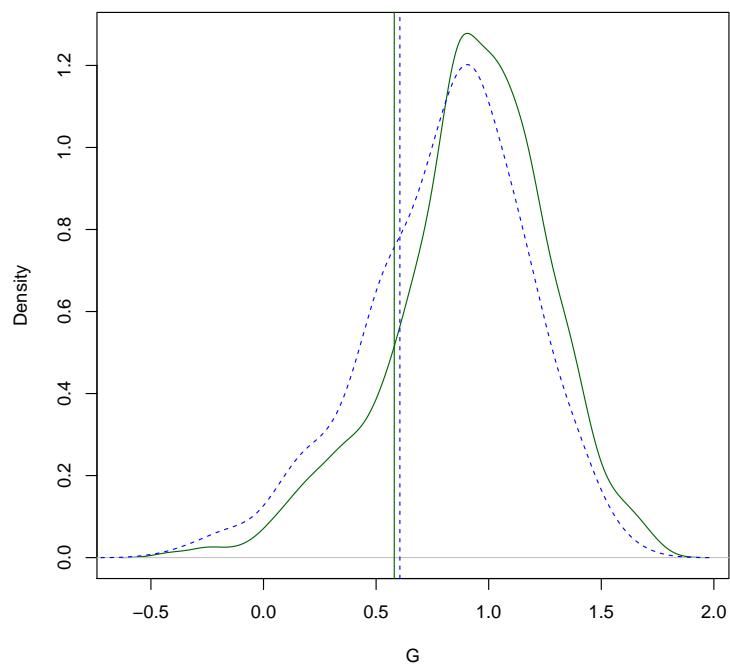


Figure C.2: Net Effect of an increase in  $G_H$  after  $\hat{G}$  adjusts. Original equilibrium in dashed lines; New equilibrium in solid lines.

## D | Inducing Local Inclusive Strategies through National Inclusive Policy

A second-order effect of national inclusive policy is to make local inclusive strategies more attractive for politicians. In marginal cases, a candidate who would previously have run on a clientelist platform may now prefer to adopt an inclusive position. The reason is that with a lower  $\hat{G}$ , offering an inclusive platform that voters are likely to reward is now cheaper in terms of foregone rents. For the same chance of re-election, a candidate can now make a lower offer  $G$ . In turn, this implies that for the marginal candidate with complementarity  $\tilde{\theta}$  who previously opted for clientelism, they can now achieve higher rents and the same probability of re-election through an inclusive strategy. This is demonstrated in Figure D.1 where the indifference line for politicians shifts up as  $B$  increases. Investigating this hypothesis is beyond the scope of this study and so no testable hypotheses are included here. However, this effect highlights that demand-side responses are unlikely to be the final stage of political change, and may themselves trigger a supply-side response from politicians.

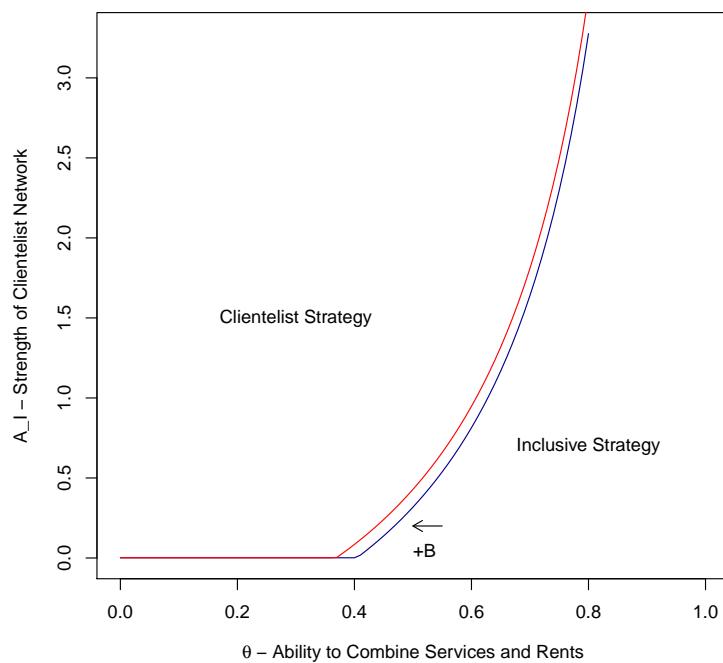


Figure D.1: Effect of an increase in  $B$  on Candidate Strategies

## **E | Balance in Matched Pair Villages and Respondents Either Side of the Bihar-Jharkhand Border**

### **E.1 Balance in Village Matched Pairs**

We can also assess continuity and balance in the sampled matched pairs. The aim of the matching procedure was to control further at a more localized level for the limited imbalance that exists at the border in order to provide the closest approximation possible to an experimental design. Using pre-treatment data from the 2001 census, Table E.1 provides comparisons of means and a matched-pair t-test. The balance is extremely good on all variables except for irrigation, which is marginally better in Bihar. Table E.2 makes the same comparison using the 2011 census. Here, imbalance is slightly larger on the governance variables where divergence has taken place since 2000.

### **E.2 Balance in Individual Respondents**

Finally, we can also assess whether sociodemographic variables vary smoothly in the household survey data. Table E.3 provides difference in means and t-test results comparing respondents on either side of the border. The reasonably large sample size means that there are a number of statistical imbalances, but the magnitude of these is very limited. It is unclear that one state is consistently more developed than the other; while Jharkhand has a marginally higher asset score and income, Biharis are more likely to possess a bank account and have more livestock, an important asset.

Table E.1: Pre-treatment Village Balance in Sample across the Bihar-Jharkhand Border, Census 2001

	Variable	Treated Mean	Control Mean	Mean of Differences	P Value
1	Population	857.02	776.83	80.19	0.324
2	% Scheduled Tribe	6.14	5.31	0.82	0.217
3	% Scheduled Caste	23.08	22.37	0.70	0.375
4	% Literate	26.88	26.82	0.06	0.927
5	% Aged Under-5	20.93	21.69	-0.77	0.108
6	% Women	48.07	48.09	-0.02	0.964
7	% Agricultural Workers	19.93	18.65	1.28	0.244
8	% Non-Agricultural Workers	3.91	3.60	0.31	0.562
9	% Marginal Workers	33.74	35.70	-1.96	0.487
10	Education Index	-0.27	-0.30	0.03	0.496
11	Medical Index	-0.14	-0.18	0.03	0.486
12	Water Index	-0.13	-0.18	0.05	0.597
13	Commercial Index	-0.19	-0.27	0.08	0.243
14	Banking Index	-0.03	-0.19	0.16	0.121
15	Road Index	0.01	-0.04	0.06	0.428
16	Urbanization Index	-0.35	-0.43	0.08	0.230
17	Irrigation Index	-0.07	-0.27	0.20	0.014*

Table E.2: Village Balance in Sample across the Bihar-Jharkhand Border, Census 2011

	Variable	Treated Mean	Control Mean	Mean of Differences	P Value
1	Population	1074.05	922.32	119.70	0.214
2	% Scheduled Tribe	7.43	4.57	2.81	0.023*
3	% Scheduled Caste	24.27	22.89	1.12	0.454
4	% Literate	41.94	43.95	-2.24	0.080
5	% Aged Under-5	19.57	19.39	0.21	0.769
6	% Women	47.70	48.37	-0.66	0.114
7	% Agricultural Workers	16.14	13.62	2.73	0.105
8	% Non-Agricultural Workers	2.79	3.58	-0.83	0.130
9	% Marginal Workers	45.20	47.31	-2.46	0.470
10	Education Index	-0.22	-0.18	-0.05	0.539
11	Medical Index	-0.16	-0.01	-0.16	0.193
12	Water Index	-0.23	-0.13	-0.11	0.329
13	Commercial Index	-0.31	-0.24	-0.10	0.236
14	Banking Index	-0.31	0.05	-0.40	0.000***
15	Road Index	-0.35	-0.08	-0.30	0.007**
16	Urbanization Index	0.12	-0.47	0.57	0.000***
17	Irrigation Index	-0.01	-0.15	0.12	0.135

Table E.3: Individual Balance in Sample across the Bihar-Jharkhand Border

Variable	Treated Mean	Control Mean	Standardized Mean of Differ- ences	P Value
1 Age	41.26	42.35	0.07	0.032*
2 Number in Household	7.61	7.03	-0.14	0.000***
3 Education	6.04	6.15	0.03	0.284
4 Asset Score	3.86	4.05	0.10	0.002**
5 House Materials	1.27	1.47	0.15	0.000***
6 Bank Account	0.73	0.67	-0.16	0.000***
7 Annual Household Income	2.02	2.30	0.16	0.000***
8 Land Area	21.75	20.09	-0.04	0.158
9 Number of Livestock	2.85	2.22	-0.19	0.000***

## F | Balance of Treatment and Control Municipalities in Brazilian Close Elections

Table F.1: Balance on 2003 Variables for Electoral Contests within 3% winning margin between Inclusive and Clientelist Parties in 2004

	Treatment Mean	Control Mean	t-test	P-value
Direct Employment	1064.675	1069.439		0.907
Indirect Employment	633.759	638.092		0.781
Collect Sanitation Rates	2.392	2.385		0.870
Computerized IPTU	2.756	2.757		0.985
IDEB Score	3.200	3.196		0.959
IDEB Score Gini	0.073	0.073		0.944
IDEB Score 90:10 Ratio	1.341	1.341		0.997
School Inputs Index	1.602	1.596		0.887
School Inputs Index Gini	0.103	0.104		0.912
School Inputs Index 90:10 Ratio	1.643	1.646		0.953
Number of Municipal Hospital Beds	36.875	36.982		0.983
Private Hospitals Enrolled in SUS (%)	0.152	0.149		0.895
Coverage of Community Health Agents (%)	84.159	85.069		0.681

Table F.2: Balance on 2007 Variables for Electoral Contests within 3% winning margin between Inclusive and Clientelist Parties in 2008

	Treatment Mean	Control Mean	t-test	P-value
Direct Employment	1081.032	1080.520		0.990
Indirect Employment	214.383	213.873		0.975
Temporary Employment	230.554	231.700		0.915
School Inputs Index	1.602	1.596		0.752
School Inputs Gini	0.096	0.096		0.870
School Inputs 90:10 Ratio	1.592	1.598		0.865
Number of Municipal Hospital Beds	14.997	15.462		0.871
Private Hospital Enrollment in SUS (%)	0.863	0.854		0.823
Coverage of Community Health Agents (%)	87.232	87.236		0.999

Table F.3: Balance on 2011 Variables for Electoral Contests within 3% winning margin between Inclusive and Clientelist Parties in 2012

	Treatment Mean	Control Mean	t-test	P-value
IDEB Score Gini	0.061	0.062		0.834
IDEB Score 90:10 Ratio	1.275	1.278		0.883
School Inputs Index	1.731	1.721		0.602
School Inputs Index Gini	0.084	0.086		0.648
School Inputs Index 90:10 Ratio	1.528	1.541		0.750
Coverage of Community Health Agents (%)	90.014	90.556		0.756

## G | Regression Discontinuities on Close Elections for Alternative Bandwidths

Table G.1: Regression Discontinuity Estimates (in Standard Deviation Units) for 1 percent Bandwidth

Dependent Variable	PSDB Coefficient	PSDB P-Value	PT Coefficient	PT P-Value
Direct Employment	0.05	0.607	0.31	0.067
Indirect Employment	0.08	0.659	0.57	0.205
Temporary Employment	-0.01	0.909	0.32	0.083
Sanitation Rates Collected	0.33	0.147	-0.47	0.463
IPTU Computerized	-0.04	0.896	0.04	0.948
Dedicated Public Hotline	-0.14	0.505	1.71	0.024*
IDEB Score	-0.42	0.062	-0.28	0.462
IDEB Gini	-0.04	0.866	0.15	0.704
IDEB 90:10 Ratio	-0.10	0.635	0.20	0.610
School Inputs Index	-0.17	0.247	-0.09	0.648
School Inputs Gini	0.06	0.611	0.30	0.114
School Inputs 90:10 Ratio	0.15	0.194	0.23	0.131
Bolsa Familia Beneficiaries	0.01	0.933	-0.23	0.300
Municipal Hospital Beds	0.03	0.829	0.06	0.720
% Private Facilities Enrolled in SUS	-0.11	0.643	-0.42	0.120
% Coverage Family Health Programme	0.05	0.737	0.54	0.023*

Table G.2: Regression Discontinuity Estimates (in Standard Deviation Units) for 5 percent Bandwidth

Dependent Variable	PSDB Coef-ficient	PSDB Value	P-Value	PT Client	Coeffi- cient	PT P-Value
Direct Employment	0.24	0.218	0.06		0.593	
Indirect Employment	0.55	0.409	0.49		0.109	
Temporary Employment	0.03	0.849	-0.01		0.921	
Sanitation Rates Collected	0.90	0.128	0.30		0.544	
IPTU Computerized	-0.41	0.572	-0.66		0.383	
Dedicated Public Hot-line	0.08	0.660	0.91		0.565	
IDEB Score	-0.80	0.082	0.10		0.921	
IDEB Gini	-0.48	0.166	1.96		0.050	
IDEB 90:10 Ratio	-0.52	0.117	1.82		0.060	
School Inputs Index	-0.17	0.665	-0.40		0.375	
School Inputs Gini	0.04	0.877	-0.08		0.837	
School Inputs 90:10 Ratio	0.05	0.771	-0.13		0.639	
Bolsa Familia Beneficiaries	0.02	0.936	0.10		0.857	
Municipal Hospital Beds	0.31	0.539	0.25		0.016*	
% Private Facilities Enrolled in SUS	-0.06	0.923	-0.36		0.296	
% Coverage Family Health Programme	0.05	0.897	1.98		0.002**	

## H | Elite Interview Record

Table H.1: Interviewees

Country	State	Date	Interviewee Name	Designation	Organization
Nigeria	National	19th May 2014	Amina Zakari	Commissioner	INEC
Nigeria	Jigawa	20th May 2014	Jamil	Political Activist	PDP
Nigeria	Lagos	21st May 2014	Mrs. Adedoyin-Ajoyi	Director (Reforms)	Office of Transformation, Lagos
Nigeria	Lagos	22nd May 2014	Rachel Inikpi Illah	Senior Technical Officer	SPARC, Lagos
Nigeria	Lagos	22nd May 2014	Chika Uwadi	Technical Coordination Manager	SPARC, Lagos
Nigeria	Lagos	22nd May 2014	Mr. B.Tayo Oseni-Ope	Director (Statistics)	Lagos Bureau of Statistics
Nigeria	Lagos	23rd May 2014	Mr. Tayo Fakolujo	Director (M&E)	Lagos State Government
Nigeria	Lagos	23rd May 2014	Mr. Akala	Lagos Bureau of Statistics Liaison Office	Lagos High Court
Nigeria	Lagos	23rd May 2014	Hon. Salami	Publicity Secretary	APC, Lagos
Nigeria	Lagos	23rd May 2014	D.A.Adewumi	Deputy Director (Land use & Allocation Committee)	Lands Bureau
Nigeria	Lagos	23rd May 2014	Mr. Azeez	Assistant Director	Lands Bureau
Nigeria	Lagos	24th May 2014	Femi	Director	INK

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
Nigeria	Lagos	26th May 2014	Hon. Kamal Ayinde Bajewu	Executive Chairman	Ajeromi-Ifelodun LGA
Nigeria	Lagos	26th May 2014	Hon. Dr. Adesola Adedayo	Executive Chairman	Apapa-Iganmu LCDA
Nigeria	Lagos	26th May 2014	Dr. Ahmad	Medical Officer for Health	Apapa-Iganmu LCDA
Nigeria	Lagos	27th May 2014	Mr. Tope	Consultant	Electronic Document Management System, Ministry of Lands
Nigeria	Lagos	27th May 2014	Mr. Akim Bakare	Electronic Certificate of Occupancy	Lands Bureau
Nigeria	National	28th May 2014	Mr. Agbola	Admin Secretary	INEC
Nigeria	Ekiti	29th May 2014	Mr Akin Omole	State Chairman	Labour Party
Nigeria	Ekiti	29th May 2014	Pastor Kola Oluwale	Publicity Secretary	Fayose Campaign, PDP
Nigeria	Ekiti	29th May 2014	Dipo, Anisulowo	Director General	Fayose Campaign, PDP
Nigeria	Ekiti	29th May 2014	Akin Rotimi	Personal Private Secretary to the Governor	Ekiti State Government
Nigeria	Ekiti	29th May 2014	Mr. Oladipo Ogunlete	SSA (Social Security)	Governor's Office, Ekiti
Nigeria	Ekiti	29th May 2014	Mr Tayo Ekundayo	Commissioner of Information	Ekiti State Government Justice
Nigeria	Ekiti	30th May 2014	Barrister Tosin	Program Officer	Development and Peace Initiative
Nigeria	Ekiti	31st May 2014	Chief Olajide Awe	State Chairman	APC, Ekiti
Nigeria	Ekiti	1st June 2014	Mr Adeoye	Youth Leader	Fayemi Campaign, APC
Nigeria	Ekiti	2nd June 2014	Mrs Erelu Bisi Fayemi	Wife of the Executive Governor	Ekiti State Government
Nigeria	Ekiti	3rd June 2014	Mrs Bunmi Dipo-Salami	SA(MDGs)	Ekiti State Government

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
Nigeria	Ekiti	3rd June 2014	Mr Patrick Olubunmi Famosaya	Head of Service	Ekiti State Government
Nigeria	Ekiti	3rd June 2014	Mr Kola Wale	Commissioner (Finance)	Ekiti State Ministry of Finance
Nigeria	Ekiti	3rd June 2014	Mr James Folorunsho	Director (Budget)	Ekiti State Ministry of Planning
Nigeria	Ekiti	3rd June 2014	John Kayode Fayemi	Executive Governor	Ekiti State Government
Nigeria	Ekiti	4th June 2014	Mr Michael Oguntimohin	Statistician General	Ekiti State Bureau of Statistics
Nigeria	Ekiti	4th June 2014	Prof. A.A. Agagu	Head of Department	Department of Political Science, Ekiti State University Centre for Peacebuilding
Nigeria	Ekiti	5th June 2014	Dr. Fagbemi	Head	and Socio-Economic Resource Development (CePSERD)
Nigeria	Jigawa	7th June 2014	Ismail	Chairman, Youth Forum SA to the	APC
Nigeria	National	7th June 2014	Hon. Saudatu Sani	President on National Assembly Matters	
Nigeria	Jigawa	9th June 2014	Abubakar Sadiq Dahla (& Mike)		SPARC
Nigeria	Jigawa	9th June 2014	Mustapha B Ahmad	State Team Leader	ESSPIN
Nigeria	Jigawa	9th June 2014	Dr. Bello I.M.	State Team Leader	PATHS2
Nigeria	Jigawa	10th June 2014	Adamu Garba	HMIS Officer	Ministry of Health

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
Nigeria	Jigawa	10th June 2014	Mr. Abdulkareem Dankanti	DPRS	Ministry of Education
Nigeria	Jigawa	10th June 2014	Auwalu Hamza	State Team Leader	SPARC
Nigeria	Jigawa	10th June 2014	Alhaji Sani Abdullahi Gumel	Executive Chairman	State Universal Basic Education Board
Nigeria	Jigawa	10th June 2014	Adamu Garungabas	Permanent Secretary	Budget and Economic Planning Directorate, Ministry of Planning, Jigawa
Nigeria	Jigawa	11th June 2014	Abdullahi Hudu	Permanent Secretary	Ministry of Education
Nigeria	Jigawa	12th June 2014	Jibrin Ali Giginyu	State Team Leader	SAVI
Nigeria	Jigawa	12th June 2014	Aminu Mammon	Director (Statistics)	BEPD, Ministry of Planning and Budget, Kano State
Nigeria	Jigawa	12th June 2014	Haruna	Assistant to legislator	PDP
Nigeria	Jigawa	13th June 2014	Shuaibu Musa	Permanent Secretary	Ministry of Planning and Budget, Kano State
Nigeria	Jigawa	13th June 2014	Prof. Habu Mohammed	Senior Lecturer	Federal University, Dutse
India	Karnataka	22/12/2015	Palakshaiah	Consultant on RtE	Commissioner of Public Instruction, Karnataka State Government
India	Karnataka	22/12/2015	M.Mohammed Basheer	Consultant on RtE	Commissioner of Public Instruction, Karnataka State Government
India	Karnataka	24/12/2015	Dr. Shreelata Rao Shishadvi	Premji University	Premji University

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
India	Bihar	14/01/2015 and 17/10/2016	Dr. Shaibal Gupta	Member-Secretary	Asian Development Research Institute George Washington University
India	Bihar	14/01/2015	Aditya Dar	PhD Student	
India	Bihar	14/01/2015	Chinmaya Kumar	Country Economist	IGC
India	Bihar	14/01/2015	Pankaj Verma	Country Economist	IGC
India	Bihar	14/01/2015	Sridhar C.	State Project Director	Bihar Education Project Council ML M (LN)
India	Bihar	15/01/2015	Dr. Manoj Prabhaker	Economics Lecturer	Mishra institute of Economic Development and Social Change
India	Bihar	15/01/2015	Dr. Rakesh Tiwary	Fellow	Institute for Human Development
India	Bihar	15/01/2015	Dr. Narrotam Pradhan	Deputy Director, Outreach	Care India
India	Bihar	15/01/2015	Ravi Ganshyam	Program Officer, MIS	Bihar Education Project Council
India	Bihar	16/01/2015	Tiwary (and Dr. Shaibal Gupta)		
India	Bihar	16/01/2015	Nilish Kumar	Spokesperson	Janata Dal (United)
India	Bihar	16/01/2015	Prof. Khalid Mirza	Professor	Patna University
India	Bihar	18/10/2016	Shri Bablu Ji	Secretary	JDU
India	Bihar	18/10/2016	Ajay Alok Kumar	Spokesperson	JDU
India	Bihar	18/10/2016	Niraj Kumar		JDU
India	Bihar	19/10/2016	Shripurna		
India	Bihar	19/10/2016	Bibha		OPM
India	Jharkhand	18/01/2015	Prof. Harishwar Dayal	Head	Institute for Human Development

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
India	Jhark-hand	18/01/2015	Dr. A K Singh	Former Chief Secretary State	Jharkhand State Government
India	Jhark-hand	19/01/2015	Dr. Avinav Kumar	Coordinator for Quality and Inclusive Education	Project Council, Jharkhand State Government
India	Jhark-hand	19/01/2015	Dr. Suranjeen Prasad Pallipamula	State Program Manager	Jhpiego
India	Jhark-hand	19/01/2015	Dr. Dinesh Singh	Senior Adviser, Clinical Services and Training	Jhpiego
Brazil	National	10/06/2015	George Avelino	Prof	FGV
Brazil	National	10/06/2015	Frederico Ramos	Post-Doc	FGV
Brazil	National	15/06/2015	Frederico Ramos	Post-Doc	FGV
Brazil	National	17/06/2015	Marta Arretche	Prof	USP
Brazil	National	18/06/2015	Fernando Limongi	Prof	USP
Brazil	National	24/05/2015	Renata Bichir	Profa. no Curso de Gestão de Políticas Públicas	USP
Brazil	National	30/06/2015	Fernanda Becker	Higher education dment	INEP
Brazil	National	30/06/2015	Jose Bonifacio	Higher education dment	INEP
Brazil	National	30/06/2015	Gleidilson Alves	Higher education dment	INEP
Brazil	National		Bruno Câmara		Senarc, MDS
Brazil	National	30/06/2015	Elaine Licio		Cadastro Unico, MDS
Brazil	National	30/06/2015	Miguel Carvalho		Cadastro Unico, MDS
Brazil	National	01/07/2015	Maurilio Santana Jr.		Assuntos Estrategicos

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
Brazil	National		Juan Pablo Chavine		HKS
Brazil	National	02/07/2015	Daniel Oliveira	In charge of I'nal stats	Censo Escolar, INEP
Brazil	National	01/07/2015	Carlos Moreno	Director, School Census	Censo Escolar, INEP
Brazil	National	03/07/2015	Walisson Mauricio de P. Araujo	Coordenador-Geral of support and dem management	SASE, MEC
Brazil	National	04/07/2015	Flavio Cireno	PhD student and at MDS	MDS, UFMG
Brazil	Bahia		Joao Reis	Prof. History	UFBA
Brazil	Bahia		Antonio Sergio Fernandes	Prof.	UFBA Escola de Administracao
Brazil	Bahia		Paulo Fábio Dantas	Prof. Polisci	UFBA
Brazil	Bahia		Alvino Sanches	Prof. Polisci	UFBA
Brazil	Bahia		Luciana	State Manager, Bolsa Familia	Bahia State Government
Brazil	Bahia		Emanuelle	Secretaria de Educacao	Municipio do Sapeaçu
Brazil	Bahia		Maria Luiza Nachado Salvi	Secretaria de Educacao	Municipio do Sapeaçu
Brazil	Ceará		Mauricio Holanda Maia	Education Secretary	State of Ceará
Brazil	Ceará		Jackson Alves de Aquino	Prof. Polisci	UFC
Brazil	Ceará		Jawdat Abu-El-Haj	Prof. Polisci	UFC
Brazil	Ceará		Paula Vieira	Doctoral (student), coordinator	Laboratório de Estudos sobre Política, Eleições e Mídia
Brazil	Ceará		Vitor Miro	IPECE	State of Ceará
Brazil	Ceará		Klinger Aragao	IPECE	State of Ceará
Brazil	Ceará		Valmir Lopes	Prof. Polisci	UFC
Brazil	Ceará		Linda Gondim	Prof. Laboratorio das Cidades	(UFC)
Brazil	Ceará		Armando Amorim Simioes	Secretaria Adjunto	State of Ceará

Table H.1: (Continued)

Country	State	Date	Interviewee Name	Designation	Organization
Brazil	Alagoas		Lorena Monteiro	Prof. Political Science	UNIT
Brazil	Alagoas		Luciana Santana	Prof. Political Science	UFAL
Brazil	Alagoas		Emerson Nascimento	Prof. Political Science	UFAL
Brazil	Alagoas		Diego Rodrigues	Prof. Political Science	UFAL
Brazil	Alagoas		Ranulfo Paranhos	Prof. Political Science	UFAL
Brazil	Alagoas		Pedro Simonard	Prof. Anthropology	UFAL
Brazil	Alagoas		Suely Silva	Education Secretary	State of Alagoas
Brazil	Alagoas		Sheyla		State of Alagoas Government
Brazil	Alagoas		Marta Palmeira		Maceió Municipal government
Brazil	Alagoas		Edvânia	Bolsa família Program	Maceió Municipal government
Brazil	Alagoas		Rafael Cardoso	Entrevistador, Cadunico, MDS	Maceió Municipal government

# I | Research Assistants

Table I.1: Research Assistants

Nigeria	Brazil	India
Oluwaseun Aderemi	Lidia Kelly Soares Pais	Mrigendra Shahi
Ann Olubimpe	Victor Hugo Micacio Ferreira	Navneet Kumar
Omotayo Adetilayo	Mariana Laviane Felix	
Adeola Olugbenga	Lucas Kelvin Soares Pais	
Kufre Uwem	Camyla Maria da Silva	
Bamidele Ogunniyi	Evylli Dayone da Silve Espin-dala	
Olasunkanmi Obasa	Erich Soares	
Olaniyi Adedokun	Daniel Attianesi	
Taiwo Oladeji	Andrea Apoliano	
Agbeleset Olulope	Breno Taveira	
	Erich Soares	
	Jonael Pontes	
	Nicolle Colares	
	Rebecca Coelho	
	Aline Martins	
	Leonardo Vieira	
	Flavio Fontanelli	
	Andrea Apoliano	
	Filipe Scarcella	
	Francisco Alisson	
	Liana Maia	
	Erberson Rodrigues	
	Joel Sousa Araujo	
	Danielle Fernandes	
	Jhonathan Phillips	
	Rodrigues Iago	
	Larissa Mendes	
	Lucilea Maria Silva	
	Elisio Junior	
	Lorena Almeida Sampaio	

Table I.1: (Continued)

<b>Nigeria</b>	<b>Brazil</b>	<b>India</b>
	Adelmo Fernandes	
	Caio Santos	
	Arthur Stuart	
	Anna Carolina Peixoto	
	Leticia Alves de Araujo	
	Evylli Espindola	
	Rhanna Albuquerque	
	Fernando Passos Caparelli	
	Kaio Cunha Pedreira	
	Gendley Ramos Nascimento	
	Vitor Guimaraes	
	Gabriel Brito	
	Iann Barberino	
	Rebeca Vicente	
	Fernanda Mesquita	
	Rodolfo Dourado	
	Carolina Castro	
	Cleber Papaterra	
	Daniel Ferraz	

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