

# Decentralisation and Public Goods Provision

EC307 ECONOMIC DEVELOPMENT

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## Lecture 11

created on July 21, 2011

# READINGS

Tables and figures in this lecture are taken from:

Besley, T. and Ghatak, M. (2004). Public Goods and Economic Development. Mimeo, Department of Economics, LSE.

Miguel, E. (2004). Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania. *World Politics*, 56(3):327–362.

Shliefer, A. and Vishny, R. (1993). Corruption. *Quarterly Journal of Economics*, 108(3):599–617.

► **Class based on** Besley, T., Pande, R. and Rao, V. (2005), Political Selection and the Quality of Government: Evidence from South India. mimeo, Department of Economics, LSE.

♣ **Further Reading:** Besley, T. (2007). *Principled Agents?: The Political Economy of Good Government* (Lindahl Lectures). Oxford University Press.

# BESLEY & GHATAK

*“... it is an irony of the development process that it sows the seeds of **destruction** for the **basis of collective action by voluntary means**, necessitating the **creation** of more **formal institutions to provide public goods**.”*

# PUBLIC GOODS, POVERTY AND DEVELOPMENT

Poverty is measured in terms of private consumption

Mechanism to deliver public goods central to credible poverty reduction strategy

Large scale governments of North ensure delivery

- Rationales for strengthening government structure in developing world

# PUBLIC GOODS

Public Goods *non-rival* and *non-excludable*

e.g. water, clear air, immunization shot

*Under-provision* due to non-alignment of social and private incentives

Role of State in correcting this *under-provision*

- State only one actor in the nexus of institutions that can work in complementary ways

# MARKET AND GOVERNMENT FAILURE

Distinction between *market* and *government failure*

- government failure  $\nRightarrow$  government intervention

Crucial to achieve balance between the *state*, the *non-state* & *non-state* players to create optimal condition for delivery of public goods

# MARKET SUPPORTING PUBLIC GOODS

e.g. Law and Order –

- Weberian View: state's monopoly of force
- principal symptom of state failure

Legal framework

- Civil Law versus Common Law
- Glaeser & Shleifer (2002)

*civil Law more vulnerable to abuse by bad governments, leading to insecure property rights and poor governance in general*

# MARKET SUPPORTING PUBLIC GOODS

## Property Rights

- complete absence implies private goods become public goods
- enhances investment incentives

Acemoglu, Johnson, & Robinson

Field (2003):

*1996-2003: Effect of land titling in Peru*

*increase in labor supply away from work at home to work in the outside market*



# MARKET AUGMENTING PUBLIC GOODS

e.g. Health, Education, Infrastructure

- more circumspect about state provision of these

Dixit (2002)

*Private and Public providers coexist, who provides depends on nature of legal system and possibility of effective regulation*

- Public good element more limited

Electricity	<i>production</i>	<i>distribution</i>
Health	<i>curative treatment</i>	<i>vaccination</i>
Universities	<i>teaching</i>	<i>research</i>

# SPONTANEOUS PROVISION OF PUBLIC GOODS:

Conditions that favour spontaneous provision of public goods through collective action

1. repeated interaction with scope of punishment
2. no information partition amongst the participants
3. strong social structure which can ostracize

Provision within social networks

- McMillan & Woodruff (2002):  
*provision of contract regulation in networks*  
*imperfect substitute for legal enforcement*

Patchy Solution: provision limited even if above condition met

# HETEROGENEITY AND SPONTANEOUS PROVISION

Public good provision

↑ with income heterogeneity if

- marginal benefit increasing in wealth heterogeneity

↓ with heterogeneity if

- heterogeneity reduces incentive for spontaneous collective action

Miguel & Gugerty (2002):

*ethnically diverse communities sustain lower level of collective action through social sanctions*

Bardhan (2000) & Dayton-Johnson (2000):

*Inequality in landholding  $\Rightarrow$  ↓ cooperation on irrigation*

# CONDITIONS FOR DECENTRALISATION

Conditions for successful decentralisation:

- i. Sufficient revenue generation by the centre.
- ii. Heterogeneity in local needs.
- iii. Limited spillovers.
- iv. Local institutional capacity.
- v. Responsiveness and accountability of local government.
- vi. High degree of political participation.

# EMPIRICAL EVIDENCE

Three group based on conditions above:

*Low performing countries*

where virtually none of the conditions are satisfied,

*Middle performing countries*

where some conditions are satisfied and some are not and

*High performing countries*

where most of the conditions are satisfied.

# LOW PERFORMING COUNTRIES

*Fiscal Crises* ⇒ Central government's *abandonment of social protection* (both provision and funding)

Devolve responsibility for provision and funding to lower level of government

e.g. Eastern Europe, Central Asia, Russia (through decrees)

- De-linking social protection from central revenue
- Local tax base inadequate to maintain social expenditures
- Local government may not have incentive to comply

Dramatic regional inequalities

- Funding bases weakest where need for social protection greatest

# LOW PERFORMING COUNTRIES

Disadvantages of decentralisation under these conditions:

- Limited institutional capacity at level of local government
- Local elite capture
- Local spending typically opaque and responds only to pressure from local democratic process or from the centre

Russia, Kyrgyzstan, Kazakhstan, Uzbekistan & Tajikistan

sharp output fall, large-scale restructuring of industry and employment, rapid price increase and extreme budgetary crises leading to sharp fall in social indicators

Central governments needs a *stable revenue base* and *focus on providing basic public goods*, like macroeconomic stability, property rights, law and order, public health and protection for the poor.

# MIDDLE PERFORMING COUNTRIES

The experience of most countries that tried to decentralise some social protection in a situation where there was a pronounced variation in local institutional capacity and accountability

e.g. India:

“Panchayati Raj”: 73rd and 74th constitutional amendments which tried to revitalise democracy at the grass-root

Inadequate devolution of funding by the centre



# MIDDLE PERFORMING COUNTRIES

Dreze and Sen (1995, 1996):

*decentralisation has to be accompanied with other social programmes that enfranchise the people*

- decentralisation successful only in states where local institutions function well, there is no elite capture *e.g.* West Bengal
- unsuccessful states with strong caste system and politics of patronage *e.g.* Uttar Pradesh

Countries with similar experience

Sub-Saharan African countries such as Tanzania, Uganda, Zambia and Senegal and Indonesia

# MIDDLE PERFORMING COUNTRIES

**China** Decentralisation began in 1979

local public services, taxes & devolution of power

well function local institutions

- started from a favourable position – equitable access to land

Ran into problem because:

- Decentralisation of power over spending to the provincial and not country or village levels government
- Devolution of spending powers not matched by revenue contributions from centre  $\Rightarrow$  heavy dependence on local taxes

# HIGH PERFORMING COUNTRIES

Latin America especially Bolivia and Chile

Conditions for decentralisation met

- revenue devolution,
- institutional capacity building
- creation of democratic local institutions seriously

# HIGH PERFORMING COUNTRIES

**Bolivia** Faguet (1997):

*backward, high levels of corruption, poor infrastructure*

Reasons for its success:

- Revenue constraints and need to finance from a broad tax base taken seriously  
*share of national tax revenues devolved from central government to municipalities increased from 10% to 20%.*
- Title for all infrastructure related to public goods (health, education, etc.) transferred to municipalities free of charge.
- Vigilance Committees established to guarantee accountability and allow expression of local preference over projects
- Transparent local elections

# HIGH PERFORMING COUNTRIES

Faguet (1999):

- *reforms resulted in significant shifts in the composition of spending towards items which more **directly benefit the poor**.*  
**e.g.**, investments in health, education and civil works were expanded at the expense of those in industry and tourism, hydrocarbons and communications.
- *Poorer, smaller and more rural municipalities were instrumental in engineering this shift in the composition of spending.*

# CORRUPTION

Corruption: sale by government official of government property for personal gain

One strand of literature focusses on mechanism of reducing corruption, i.e., *efficiency wages* (Becker & Stigler, 1974), *indoctrination* (Klitgaard, 1991), *rules versus discretion* (Mullainathan et. al)

**Shleifer & Vishny:** examines the *consequences* of corruption

Looks at organisation of corruption

Why even well organised corruption is more distortionary than taxation

# Why corruption turns out to be costly for economic development?

- **Weakness of central government:**
  - when entry into regulation is free, the cumulative bribe burden on private agents is driven to infinity
- **Secrecy of corruption:** *leads to more distortionary effect than its sister activity, taxation*
  - i. only investments which offer corruption opportunities are undertaken
    - shift countries' investment from high productivity projects like health and education into potentially useless projects like defence and infrastructure
  - ii. Economy controlled by a few leading to monopolies, outside innovators discouraged from joining the ranks of elite

# POLICY

Corruption could be discouraged by

**Economic competition:** competition amongst agencies providing services drive down corruption

**Political competition:** reduces corruption by reducing secrecy



# TRIBE OR NATION?

Empirical evidence on the effect of nation building activities

- Examines public policies initiative that tries to inculcate a sense of a *collective identity* based around the concept of *nation state*
- Compares outcomes across two nearby rural districts in Kenya and Tanzania
- Shared legacy yet followed radically different policy - in language, education and local institutional design

# TANZANIA AND KENYA

- Tanzania has consistently pursued more serious “*nation-building*” policies
- **Paper:** Tanzanian district has achieved considerably better local public goods outcomes than diverse communities in Kenya district
- Kenyan communities at mean levels of ethnic diversity have 40% fewer *desks per primary school pupil* than homogeneous areas on average,
- The comparable figure for the Tanzanian district is near zero and statistically insignificant.

# NGOs

- NGOs – Voluntary, non-profit, service and development orientated, autonomous,
- have a high degree of motivation, commitment and
  - some form of formal registration.

Typical NGO in a developing country

*“... is a small agency with a handful of staff, working in a cluster of villages in a particular locality.”*

(Riddell and Robinson, 1995)

Some very large NGOs,

*i.e.*, Grameen Bank or BRAC in Bangladesh.

NGOs funding private, institutional organisations and state

# NGOs

- Resources disbursed for development projects in the third world through NGOs increased steadily from 0.9 billion U.S. dollars in 1970 to 6.3 billion dollars in 1993 (Riddell and Robinson, 1995)
- Major donor countries in the OECD have allocated an increasing fraction of their official development assistance to NGOs for use in NGO-initiated activities: this rose from 0.7% in 1975 to 3.6% in 1985 (OECD, 1987)
- World Bank and other of multilateral and bilateral agencies. In From 1973 to 1993, World Bank projects had some degree of NGO involvement increased from 6% to 30%.
- There are more than 50,000 NGOs working at the grass-roots level in developing countries whose activities have affected the lives of 250 million individuals (UNDP, 1993).

# PARTNERSHIPS BETWEEN STATE, PRIVATE AND NGO ACTORS

New dimension in the analysis of public policy to reduce poverty

- i. private
- ii. public
- iii. NGOs
  - There has been a rapid blurring of the boundaries of the state.
  - We would like to look at each actor's comparative advantage.
  - We would also like to look at example of partnerships between public, private and NGO actors, e.g., social funds.

# PARTNERSHIPS: EXAMPLES OF BLURRING OF LINES

e.g.

**Bolivia** Agricultural research and extension services in Bolivia state has ceded task of communicating with farmers to NGOs while retaining research function for itself (Farrington and Bebbington, 1993).

**Bolivia** State contracted out management of public schools to local church organization, which reserved the right to appoint principals and teachers. A possible model for national educational reform (World Development Report, 1997)

# PARTNERSHIPS: EXAMPLES OF BLURRING OF LINES

e.g.

**India** DISHA, an NGO in Gujarat, works with landless laborers providing legal assistance to them protecting their rights under labour laws

**Brazil** Environmental NGOs working with rubber tappers in Amazonian forests to force the government to protect rainforests

**Philippines** Succeeded in passing legislation to arrest reckless logging by big timber companies.

# SOCIAL FUNDS

**Idea:** Social projects are often most effective when communities have some role in their design (see Bigio, 1998).

- Builds on Chile and Bolivia's (and elsewhere) fairly successful experiences with social funds.
- Communities with the help of NGOs directly bid for fiscal resources to carry out particular social projects, (Fizbein and Lowden, 1999)
- Central government provides fiscal resources, to ensure an equitable distribution of projects across the country



# SOCIAL FUNDS

- central government has a comparative advantage over local government or NGOs, as regards revenue generation, redistribution and regulation (see Faguet, 1997; Bigio, 1998)
- The government provides financing, monitors the projects and ensures that the operation and maintenance of projects is adequate. By deciding where social funds are invested, it also retains its *redistributive function*.
- Private sector provides technical expertise, materials, labour and organisation skills to implement the projects. Cost kept down through competitive bidding between private firms.

# ORIGIN OF SOCIAL FUNDS IN BOLIVIA

## Bolivia

**Phase I:** Emergency Social Fund was set up in 1986 and concentrated on employment programmes as a means of dealing with the extreme social consequences of structural adjustment.

**Phase II:** (1991-1993) As crisis abated, the Emergency Social Fund was transformed into a Social Investment Fund with focus was on extending the quality and coverage of basic health and education services as a means of alleviating poverty. More recently the fund has expanded its range of development projects.

# *Political Selection and the Quality of Government: Evidence from South India*

A significant political economy experiment:

*The 73<sup>rd</sup> Amendment to Indian Constitution in 1993.*

*By 2000, constitution of 227,698 new village governments (gram panchayats) staffed by over two million elected representatives. Gram panchayat members elected at ward level.*

- Overall leader of gram panchayat is called a pradhan.
- Reservation for two groups, which are viewed as politically disadvantaged
  - A third of positions for women
  - Scheduled caste/scheduled tribe [SC/ST] in line with population shares

Table 2: Individual Characteristics and Politician Selection

Sample	Politician			Pradhan		
	All	Female	SC/ST	All	Female	SC/ST
	(1)	(2)	(3)	(4)	(5)	(6)
Eligible for reservation	0.007 (0.007)			0.003 (0.010)		
Education	0.007*** (0.001)	0.006*** (0.001)	0.011*** (0.002)	0.005*** (0.001)	0.004** (0.002)	0.006* (0.004)
Land owned	0.007*** (0.002)	0.003 (0.002)	0.002 (0.004)	0.008*** (0.002)	0.002 (0.002)	0.032** (0.014)
Family political history	0.122*** (0.021)	0.137*** (0.032)	0.068 (0.045)	0.095*** (0.029)	0.086** (0.039)	0.059 (0.090)
Fixed effects	Village	Village	GP	Village	Village	GP
R-squared	0.08	0.12	0.11	0.09	0.11	0.22
N	5397	2644	1245	2065	1011	436

Notes:

1. OLS regressions reported with robust standard errors, clustered by village, in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%

2. Pradhan regressions restrict sample to Pradhan and non politician households in the Pradhan's village. All regressions include control for respondent age.

3. Eligible for reservation is an indicator variable which equals one if respondent is female or SC/ST. Land ownership is the land (in acres) owned by the respondent's household. Education refers to respondent's years of education. Family political history is an indicator variable which equals one if any family member of respondent has held/holds a political position.

# GRAM PANCHAYAT

## *Gram (Village) panchayat*

- Limited tax powers but
- play role in *beneficiary selection* for government transfer programs and *construction* and *maintenance* of local public goods.
- Ideal opportunity to look at who becomes a politician?
- How institutional characteristics of villages affect political selection and whether politicians benefit from transfer programs.

# IDENTITY OF THE LEADER

**Academic question:** *Does identity of the leader really matter?*

- In the older political economy literature, the answer is no. New literature on CEOs and political leaders is revising this view and suggesting that this is not correct.
- Formal institutions of democracy are no guarantee of effective government.

# DATA

Data collected by authors in collaboration with world bank and commercial survey organization. They combine household survey with information from village meetings.

259 villages surveyed,

- 5180 non-politician and
- 265 politician households from neighbouring districts across adjacent states.

Table 1: Descriptive Statistics

		Mean	s.e.
<b>Respondent characteristics</b>			
Education	All	4.49	(0.06)
	Politicians	7.58	(0.27)
Land Owned	All	2.26	(0.06)
	Politicians	5.98	(0.54)
% Eligible for reservation	All	60.90	(0.70)
	Politicians	48.70	(0.31)
% with Family political history	All	6.70	(0.3)
	Politicians	25.30	(2.7)
<b>Perceptions and Voting Behavior</b>			
% of non-politician households who			
Believe Pradhan looks after village needs		38.40	(0.7)
Believe Pradhan keeps election promises		36.10	(0.7)
Vote for group identity		8.72	(0.39)
Vote for candidate quality		36.08	(0.66)
<b>Household characteristics</b>			
% with BPL card	All	21.70	(0.6)
	Politicians	24.20	(2.6)
% with Home improvements	All	6.40	(0.32)
	Politicians	7.59	(1.14)
Institutions			
Fraction households of single largest non SC/ST caste		42.19	(.30)
Pradhan reservation (% of GPs)		32.17	(2.91)
Female non SC/ST		19.79	(0.52)
SC/ST		13.08	(0.44)
Salary		1.64	(0.01)
Literacy rate		42.20	(1.16)
Gram Sabha meetings (% of villages)		77.95	(2.60)

Notes:

1. Education refers to respondent's years of education. Land owned is amount of land, in acres, owned by respondent's household. A respondent is eligible for reservation if female or SC/ST. A respondent has a family political history if any member of his/her household holds or as held a political position.

2. Vote dummies refer to Gram Pradhan election. The Vote for group identity dummy equals one if respondent says he voted for the candidate with the same caste/religion/gender/place of residence. The Vote for candidate quality dummy equals one if respondent says she voted for candidate with good policy promises/candidate active in the village/good reputation.

2.BPL card refers to having a Below the Poverty line card. Home improvements refers to having had improvements to own house, home electricty, private drinking water or toilet facility under a government scheme since the last election.

3. Salary is defined as the ratio of log Pradhan salary to log Village male agricultural wage rate. Literacy rate is the village literacy rate according to the 1991 census. Gram Sabha is a dummy for whether the village conducted a Gram Sabha meeting in the last year.



Table 2: Individual Characteristics and Politician Selection

Sample	Politician			Pradhan		
	All	Female	SC/ST	All	Female	SC/ST
	(1)	(2)	(3)	(4)	(5)	(6)
Eligible for reservation	0.007 (0.007)			0.003 (0.010)		
Education	0.007*** (0.001)	0.006*** (0.001)	0.011*** (0.002)	0.005*** (0.001)	0.004** (0.002)	0.006* (0.004)
Land owned	0.007*** (0.002)	0.003 (0.002)	0.002 (0.004)	0.008*** (0.002)	0.002 (0.002)	0.032** (0.014)
Family political history	0.122*** (0.021)	0.137*** (0.032)	0.068 (0.045)	0.095*** (0.029)	0.086** (0.039)	0.059 (0.090)
Fixed effects	Village	Village	GP	Village	Village	GP
R-squared	0.08	0.12	0.11	0.09	0.11	0.22
N	5397	2644	1245	2065	1011	436

Notes:

1. OLS regressions reported with robust standard errors, clustered by village, in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%

2. Pradhan regressions restrict sample to Pradhan and non politician households in the Pradhan's village. All regressions include control for respondent age.

3. Eligible for reservation is an indicator variable which equals one if respondent is female or SC/ST. Land ownership is the land (in acres) owned by the respondent's household. Education refers to respondent's years of education. Family political history is an indicator variable which equals one if any family member of respondent has held/holds a political position.

Table 3: Institutional Form and Politician Selection

Institution	Political Dominance			Formal returns and literacy	
	Caste Dominance	Female Reservation	SC/ST Reservation	Salary	Literacy Rate
	(1)	(2)	(3)	(4)	(5)
Eligible for reservation	0.013 (0.013)	-0.014** (0.006)	-0.01 (0.006)	-0.069 (0.064)	-0.022 (0.016)
Eligible for reservation* Institution	-0.005 (0.025)	1.039*** (0.006)	1.036*** (0.007)	0.046 (0.039)	0.073** (0.034)
Education	0.007*** (0.002)	0.006*** (0.001)	0.006*** (0.001)	-0.006 (0.007)	0.003 (0.002)
Education*Institution	0 (0.003)	-0.005*** (0.001)	-0.003*** (0.001)	0.008* (0.004)	0.010** (0.004)
Land owned	0.003 (0.003)	0.006*** (0.002)	0.008*** (0.002)	-0.026* (0.015)	0.002 (0.004)
Land owned* Institution	0.011* (0.006)	-0.006*** (0.001)	-0.007*** (0.002)	0.021** (0.010)	0.016 (0.011)
Family political history	0.059 (0.044)	0.086*** (0.019)	0.114*** (0.020)	0.045 (0.217)	0.068 (0.051)
Family political history* Institution	0.146 (0.096)	-0.081*** (0.020)	-0.131*** (0.022)	0.048 (0.133)	0.109 (0.108)
Fixed effects	Village	Village	Village	Village	Village
R-squared	0.08	0.25	0.26	0.09	0.09
N	5397	5397	5397	5376	5187

Notes:

1. OLS regressions reported with robust standard errors, clustered by village, in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%
2. All regressions include respondent age as a control variable. Explanatory variables are as defined in Table 2 notes.
3. Caste Dominance is the fraction of households belonging to the largest non SC/ST caste. Female reservation equals one if the politician's post is reserved for all women, and SC/ST reservation equals one if the position is reserved for a SC/ST individual. Salary is log Pradhan salary/log male agricultural wage. Literacy rate is the village literacy rate in the 1991 census.

Table 4: Politician Characteristics and Beneficiary Selection

Dependent variables	BPL card			Home improvement			Public works		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SC/ST household	0.164*** (0.019)	0.162*** (0.019)	0.166*** (0.019)	0.059*** (0.012)	0.059*** (0.012)	0.056*** (0.012)	0.055*** (0.012)	0.054*** (0.012)	0.053*** (0.012)
Household head's education	-0.008*** (0.002)	-0.008*** (0.002)	-0.004*** (0.001)	-0.002** (0.001)	-0.002** (0.001)	-0.003*** (0.001)	-0.0001 (0.001)	-0.0003 (0.001)	-0.0002 (0.001)
Respondent's education	-0.003* (0.001)	-0.003** (0.001)	-0.008*** (0.002)	0.0004 (0.001)	0.0003 (0.001)	-0.002** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Land owned	-0.004*** (0.001)	-0.004*** (0.001)	-0.003* (0.001)	-0.002*** (0.001)	-0.002*** (0.001)	-0.003*** (0.001)	0.0004 (0.001)	0.00002 (0.001)	-0.001 (0.001)
Family political history	-0.011 (0.020)	-0.02 (0.020)	-0.029 (0.019)	-0.007 (0.013)	-0.01 (0.013)	0.002 (0.015)	0.024* (0.013)	0.017 (0.013)	0.021* (0.012)
Politician		0.076** (0.033)	0.235*** (0.086)		0.022 (0.016)	-0.046 (0.034)		0.054*** (0.019)	0.054 (0.051)
Pradhan			-0.091 (0.065)			0.048 (0.036)			0.0002 (0.043)
Politician*Reserved			-0.105 (0.071)			0.083** (0.035)			0.033 (0.041)
Politician*Education			-0.015** (0.007)			0.002 (0.004)			-0.004 (0.005)
Politician*Land owned			0.001 (0.003)			0.005* (0.003)			0.004 (0.003)
Politician*Family political history			0.073 (0.083)			-0.084*** (0.030)			-0.024 (0.040)
Fixed effects	Village	Village	Village	Village	Village	Village	Village	Village	Village
R-squared	0.36	0.36	0.36	0.11	0.11	0.11	0.12	0.13	0.13
N	5366	5366	5366	5366	5366	5366	5335	5335	5335

Notes:

1. OLS regressions with robust standard errors clustered by village in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%
2. All regressions include as household controls: household size, head's age, fraction elderly and fraction children. Other variables are as defined in Table 2 notes.
3. The dependent variables are indicator variables: BPL card=1 if respondent's household has a BPL card. Home improvements=1 if respondent's house had improvements, or it got drinking water, electricity or toilet facility under a government scheme since last election. Public works=1 if any member of the respondent's household worked on a government public works program over the last 365 days.

Table 5: Institutional form and Beneficiary Selection for BPL cards

Institution	Political Dominance			Formal returns, literacy and information		
	Dominant caste	Female Pradhan	SC/ST Pradhan	Salary	Literacy rate	Gram Sabha
		reservation	reservation			
	(1)	(2)	(3)	(4)	(5)	(6)
Politician	-0.07	0.090*	0.133***	0.533*	0.445***	0.305***
	(0.093)	(0.048)	(0.050)	(0.294)	(0.101)	(0.098)
Politician*Institution	0.354*	0.472*	-0.416*	-0.252	-0.769***	-0.243**
	(0.193)	(0.249)	(0.214)	(0.176)	(0.184)	(0.104)
Reserved politician	0.117	-0.053	-0.102	1.052*	-0.13	-0.334**
	(0.157)	(0.081)	(0.081)	'(0.614)	'(0.178)	'(0.144)
Reserved politician*	-0.391	-0.470*	0.440*	-0.252	-0.769***	-0.243**
Institution	(0.348)	(0.275)	(0.245)	(0.176)	(0.184)	(0.104)
SC/ST household	0.181***	0.172***	0.129***	-0.386*	-0.039	0.112***
	(0.044)	(0.019)	(0.028)	(0.221)	(0.040)	(0.040)
SC/ST household*	0.001	0	0.130***	0.340**	0.512***	0.073
Institution	(0.100)	(0.000)	(0.050)	(0.136)	(0.092)	(0.045)
Economic Disadvantage	0.088***	0.091***	0.090***	-0.194	-0.031	0.054***
	(0.026)	(0.014)	(0.013)	(0.147)	(0.028)	(0.017)
Economic Disadvantage*	-0.001	-0.019	-0.051	0.171*	0.274***	0.039*
Institution	(0.051)	(0.021)	(0.040)	(0.090)	(0.071)	(0.023)
Family political history	-0.075*	-0.031	-0.015	-0.108	0.025	0.016
	(0.041)	(0.023)	(0.022)	(0.201)	(0.042)	(0.034)
Family political history*	0.111	0.017	-0.065	0.051	-0.109	-0.057
Institution	(0.088)	(0.049)	(0.064)	(0.124)	(0.097)	(0.041)
Fixed effects	Village	Village	Village	Village	Village	Village
R-squared	0.36	0.36	0.36	0.37	0.37	0.36
N	5202	5369	5369	5348	5159	5287

Notes

1. OLS regressions with robust standard errors clustered by village in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.
2. Regressions include the household controls defined in notes to Table 5, and a dummy for whether it is a Pradhan's household. Other variable definitions are in notes to Tables 2 and 5.

Table 6: Pradhan Characteristics and Villager Perceptions

Dependent variables	Pradhan looks after village needs		Pradhan keeps election promises	
	(1)	(2)	(3)	(4)
Pradhan has BPL card	-0.079*** (0.033)		-0.097*** (0.030)	
Pradhan eligible for reservation		-0.074*** (0.028)		-0.074*** (0.025)
Pradhan's education		0.006** (0.003)		0.005** (0.002)
Pradhan's land ownership		-0.002 (0.002)		-0.003* (0.002)
Pradhan's family political history		0.006 (0.028)		0.003 (0.029)
Individual controls	Yes	Yes	Yes	Yes
GP and Village controls	Yes	Yes	Yes	Yes
R-squared	0.2	0.19	0.2	0.19
N	4854	4674	4854	4674

Notes:

1. OLS regressions with robust standard errors, clustered by GP in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

2. The dependent variables are dummies: looks after village needs=1 if respondent says Pradhan looks after village needs, and keeps election promises=1 if respondent believes Pradhan keeps his election promises.

3. The GP control includes number of villages in GP. Village controls include literacy rate, pradhan village dummy, GP headquarter dummy, total households, fraction SC/ST households.