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Party Leaders Against the Machine

In Part II of this book, we studied the micro-logic of broker-mediated distribution. Our focus was on understanding the incentives that guide the behavior of brokers, as well as those facing voters and party leaders. The goal of Part II was to understand what drives brokers to build ideologically heterogeneous networks of voters, ones that are notably heavy in loyal supporters. We sought to explain how brokers may extract rents from party leaders. Our formal model in Chapter 3 generated insights into the political inefficiencies that broker-mediated distribution of benefits can produce, from the point of view of vote-maximizing political leaders. Our evidence presented in Chapters 4 and 5 showed that the incentives of party leaders and brokers can indeed diverge in ways that have important consequences for the political logic of transfers both to individual voters and to aggregates of voters, such as those residing in provinces, municipalities, or districts. We have seen that brokers can help to make vote buying effective; yet the reliance on brokers can also diminish the political efficacy of clientelist parties as vote-seeking organizations.[1] Thus our argument suggests that clientelism carries electoral costs as well as benefits for political leaders.

What, then, explains the incentives of party leaders to perpetuate a system of broker-mediated distribution in the first place? This question takes us toward a broader terrain, one focused on the rise and decline of clientelism in various countries over time. Understanding what gives rise to clientelism, and what kills it, is more uncertain territory: the questions are bigger and messier, the evidence necessarily more tentative. Yet insights about the micro-logic of broker-mediated distribution contribute substantially to illuminating

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[1] Although the structure of our model is quite different, our focus on the inefficiencies that clientelism can generate due to the diverging interests of brokers and party leaders echoes the pioneering work of Camp 2010.

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the macro-history of clientelism. Explaining the rise and fall (and sometimes the reappearance) of clientelism in both historical and contemporary perspective is an important goal. In this third part of the book, we take several theoretical and empirical steps in that direction by showing how a focus on tensions between party leaders and brokers contributes to understanding this macro-history. Although we are not able to test conclusively all of the theoretical arguments we develop in this part of the book, we demonstrate the ways in which our broker-mediated theory can help explain transitions to and from clientelist systems and use comparative case-study evidence to probe the plausibility of our arguments.

In this chapter, we provide the theoretical foundations for our subsequent exploration of comparative case-study evidence. We extend the model of Chapter 3 to study the incentives of party leaders to invest in broker-mediated clientelistic spending, as opposed to nonclientelistic welfare benefits. These nonclientelistic benefits can be either programmatic or nonprogrammatic, in the terms of our conceptual typology in the first chapter; they may take the form of pork-barrel politics or the noncontingent delivery to individuals. Whether programmatic or not, here individuals' receipt of benefits are not contingent on vote choice or other political behaviors, and, in particular, benefits are not distributed through brokers. A central difference between machine politics and noncontingent modes of distribution is that in the latter, local armies of brokers are not required to mediate between party leaders and voters. Rather, benefits may be distributed through a relatively impersonal bureaucracy, in which the bureaucrats are not direct party employees, or they may even take the form of direct cash transfers into citizens' bank accounts – a form of benefit delivery that has become increasingly common in the twenty-first century.[2] Our analysis, then, is an effort to understand the political costs and benefits to party leaders of two broadly differing strategies: buying individuals' votes via brokers, or setting up systems of programmatic or nonprogrammatic spending that do not involve mediation by brokers.

Our analysis suggests several conclusions. Although nonclientelistic spending cuts out the brokers – thus potentially making the delivery of benefits to voters less costly to party leaders – unmediated transfers also entail political costs. With means-tested programs, for instance, all eligible individuals in a particular income category receive benefits, which may imply that "too many" voters receive benefits from the point of view of political optimality. In this case, from the standpoint of party leaders, some benefits are "wasted" on unresponsive voters who are eligible for transfers. The same was true under clientelism: brokers "wasted" significant resources on loyal supporters. Therefore, a crucial analytical question is, What conditions make unmediated distribution more or

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[2] Although nonclientelistic distribution may involve the construction of relatively depoliticized bureaucracies, it need not take this form. On conditional cash transfers, see De La O, 2012.

less inefficient for party leaders? We explore and compare these sources of inefficiencies in this chapter.

Given these sources of inefficiencies, we show that the total value of welfare benefits received by voters can be higher for nonclientelistic forms of spending, and the ability of party leaders to target benefits to swing voters can be even weaker under nonclientelistic than clientelistic systems. Thus despite the tendency of brokers to over-target loyalists, clientelism can still sometimes allow better targeting of voters than nonclientelistic spending. This observation also has normative consequences, to which we return in the final part of this book.

In light of the fact that clientelism also brings costs to leaders – in particular, agency problems imply that brokers can extract rents from party leaders – nonclientelistic spending can under some conditions be more attractive to leaders than clientelism, despite the electoral waste it can entail. Here, the comparative statics results we discussed in Chapter 3 are especially important for understanding the conditions under which nonclientelistic spending does become more attractive to party leaders, relative to clientelism. In this chapter, we develop predictions about several factors that help explain transitions from clientelism to nonclientelistic forms of spending, or vice versa.

In brief, our claims build centrally on the following observations about factors that shape the relative efficacy of clientelism:

- **Returns to Scale.** Adding an additional broker to a party machine expands the size of a party's voter network by a fixed amount, due to the intensity and frequency of interactions between brokers and voters that are required to sustain clientelism. By contrast, certain other forms of nonclientelistic mobilization, including expenditures on public goods, may involve increasing returns to scale. Investments in bureaucratic delivery systems can bring increasing returns, as can publicizing distributive platforms through the mass media. In our analysis that follows, we focus especially on the size of the electorate as a factor that conditions the influence of returns-to-scale considerations.
- **Capacity to Monitor.** The effectiveness of clientelism depends on the quality of the interactions between brokers and clients and especially on the discernibility of vote choice and other political behaviors. Institutional and social factors make brokers more able to monitor voters in some settings than in others.
- **Poverty.** Because diminishing marginal utility of income makes the votes of poorer citizens cheaper for brokers to buy (Chapter 6), political machines tend to target the poor. Although nonclientelistic spending can target the poor as well, rising incomes may intensify rent seeking by brokers, which makes clientelism less attractive to party leaders. Middle-class and high-income voters may also place greater value on the expressive utility of supporting preferred parties, whereas low-income voters may place more value on the material utility of accepting a payment.

- **Costs of Programmatic Communication.** The lower the costs party leaders face in circumventing brokers and communicating directly with voters, the greater the payoff from nonclientelistic strategies.

We expand on each of these claims in the next section before developing their formal underpinnings in the context of our model.

Two initial points about these observations should be made. First, our theoretical analysis here is focused on the *incentives* of party leaders to "subvert the machine" – that is, to shift to nonclientelistic modes of benefit provision that do not rely on party-affiliated local brokers. As our subsequent analyses make clear, however, the *capacities* of party leaders to do so vary widely across cases, sometimes as a function of institutional differences across settings. Our comparison of the U.S. and British cases in the nineteenth and early twentieth centuries highlights this point, as we find that the structure of U.S. federalism made a wholesale eradication of the machine much more difficult for national party leaders (Chapter 8).

Second, our macro account seeks to discern the factors that shape returns to scale, monitoring capacity, poverty, and the costs of communication. Thus we explain the rise, decline, and sometimes re-emergence of clientelism by focusing on factors such as the size of electorates, the degree of urbanization, average incomes in the electorate, and the possibilities for mass communication. These factors may themselves be powerfully shaped by economic development. For instance, the possible link between industrialization and these factors is discussed later (in connection with Figure 7.1) and explored more fully in Chapter 8, in which we emphasize that industrialization in Britain and the United States crucially shaped each of these factors. Thus our argument appears to share some features of classic modernization theories of political development.[3] Indeed, some arguments familiar from modernization theory are important in our argument.

However, it is important to be clear that in our account, each of these factors matters because of our central focus in this book: the reliance of political machines on armies of brokers (or electoral "agents" as they were called in nineteenth-century Britain). For each of the preceding bulleted observations, understanding the micro-logic of broker-mediated distribution – our focus in Part II of the book – is key. This micro-logic suggests *why* factors such as population growth, poverty, or industrialization should relate to the rise, fall, and sometimes re-emergence of clientelism. Our process-tracing historical accounts thus pinpoint specific ways in which economic development and other factors shaped the costs and benefits of clientelism to political leaders – and, in particular, influenced the agency costs involved in broker-mediated

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[3] Lipset 1959.

distribution – and thus illuminate how such macro factors serve to perpetuate or undermine clientelism.

7.1 BROKER-MEDIATED THEORY AND THE RETURNS TO CLIENTELISM

Party leaders must decide whether to expend a marginal scarce resource (money, time, effort) on clientelist or nonclientelistic (programmatic or non-programmatic) distributive strategies. To maximize the party's vote share, the leaders seek to spend on the strategy with the highest marginal return in votes. Expenditures on clientelism go toward buying votes, paying brokers, and sustaining the networks on which clientelism relies. Expenditures on programmatic strategies are for governing-related costs (e.g., expanding public services or creating new universal policies)[4] and for campaign-related costs – e.g., communicating and announcing programs (perhaps through the print and broadcast media).

In comparing the electoral returns to programmatic versus clientelistic distribution, it is worth keeping in mind that the time frame of decisions to allocate to the two strategies may be different. Public spending priorities and programmatic commitments evolve over relatively long periods of time and hence are sunk costs by the time of election campaigns. Still, a party that finds itself in a transitional situation between clientelism and programmatic strategies will need to decide whether to deploy scarce resources on benefits to individuals channeled through the machine or on campaign pronouncements extolling past policies and proposing future ones.

What, then, explains the marginal value of deploying resources on clientelist strategies? Our model of Chapter 3 already provides several predictions about what makes clientelism more or less politically efficient for leaders. Principally, these are factors that increase or decrease the incentives of brokers to extract rents, either for their pecuniary benefit or to build their own local power bases. For example, when voters value benefits over ideology, the return to brokers of targeting responsive voters is greater, relative to extracting rents – because targeting more sharply elevates the probability that their party wins. By contrast, a more ideological electorate makes clientelism more wasteful, in that brokers have stronger incentives to extract rents.[5] Similarly, the ability of brokers to turn resources into votes – which depends on their own capacity to monitor voters and their local knowledge of voter preferences and behaviors – also shapes the returns to clientelism: when brokers are more effective as monitors of voters, the political efficacy of clientelism increases.[6] Average income in the electorate also matters: poverty may increase the returns to clientelism by making voters (who on average will have larger marginal utilities of income in

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[4] Programmatic strategies can also entail costly efforts to impose programmatic unity on a party.

[5] This is captured by the κ term in the model of Chapter 3.

[6] This is captured by the comparative statics of η in the model of Chapter 3.

poorer societies) more responsive to transfers, whereas the growth of average income weakens these returns and thus increases the incentives of brokers to extract rents. Finally, the impact of individual brokers on electoral outcomes, and the extent to which they care about these outcomes (e.g., the extent to which they care about winning office) also influences brokers' incentives: when the variability of electoral outcomes increases, so that valence shocks become more important, or when elections are less competitive, clientelism is less efficient from the point of view of party leaders, in that brokers have stronger incentives to extract rents. (For a full discussion of these comparative statics results, see Section 3.1.)

What are the returns to unmediated forms of spending, whether programmatic or nonprogrammatic? To investigate fully the choice of leaders between clientelist and nonclientelist strategies, we also need to understand the costs and benefits of these latter strategies. A central issue here revolves around returns to scale. Clientelism, as we argue here, involves relatively constant returns to scale: the small-scale linkages between voters and brokers that are so central to the monitoring and information gathering role of brokers must be replicated for each broker, always for relatively small groups of voters. Each broker can only feasibly engage in the necessary long-term relationships with a certain number of voters, and so the returns to adding an additional broker to the network may therefore be relatively constant.

By contrast, unmediated spending may involve increasing returns to scale, with heavy initial or sunk costs but constant or declining fixed costs. This may be especially true, for instance, of efforts to cultivate a partisan "brand" and programmatic identity that a party may use to persuade or mobilize voters. It may also be true of the creation of bureaucratic agencies that use income, employment, or demographic characteristics to award eligibility for benefits – rather than using partisan orientation or actions on election day, which may require intense and frequent contact between brokers and voters as opposed to the more distant and occasional contact between bureaucrats and citizens. (We expand on these themes later.) Scale matters in another way as well: establishing group-based eligibility criteria may expand the number of people who receive benefits – because loyal, swing, and opposition voters must all be included if they fit the impersonal criteria – but it may also contract the size of the eligible groups, because now benefits can be delivered directly on the basis of eligibility criteria rather than through brokers who may end up targeting too many of the "wrong" kinds of voters. Thus understanding how returns to scale shape the attractiveness of nonclientelistic strategies is critical.

In the next section, we further assess the relative costs and benefits of clientelist versus nonclientelist strategies on theoretical grounds by extending the model of Chapter 3. One important lesson of this analysis is that a number of factors can influence the returns to distributive strategies, and so seeking to identify a master causal variable may not always be productive. Industrialization and economic development, however, often play a crucial role, as our case

studies suggest: they can shape the returns to both kinds of strategies through a number of channels. Most crucially, our analysis suggests specific reasons why economic growth and development matter for transitions to programmatic politics – an explanation rooted in the micro-logic of broker-mediated distribution. In particular, our theory suggests four factors that influence the marginal electoral return to clientelist and nonclientelist strategies, each of which is in turn shaped by industrialization and economic development. We expand on these four factors now before turning to our model.

7.1.1 Returns to Scale

Given the smaller returns to scale in mediated strategies, the larger the electorate, the more attractive we expect programmatic strategies to be. Clientelist parties are elaborate information-gathering devices, with implications for party organization. To monitor voters effectively and deliver benefits in a fine-tuned manner, brokers must be in constant and close contact with small numbers of voters. In Chapter 4, we saw many examples of the ways in which brokers in Argentina, Venezuela, and elsewhere gather fine-grained information about "their" voters: brokers know the partisan proclivities of voters in their network, observe their participation in rallies and other events, and believe they can infer the vote choices of these voters, even in the presence of a secret ballot. Yet the intimate quotidian interactions required to obtain this knowledge cannot be sustained with each voter if a broker's network grows too large. Hence the foundations of the machine must be replicated over and over again as the electorate grows. Moreover, because of the complexity of organizing armies of brokers, adding additional brokers may increase vote shares less when the number of brokers is already large. For this reason, clientelism may involve diminishing rather than constant returns to scale.

By contrast, campaign expenditures on policy signals yield increasing returns. The broadcasting of messages through radio and newspapers involves large start-up costs, but the marginal cost of reaching an additional community or voter is negligible. Parties that bypass brokers and rely on bureaucracies to distribute benefits also reduce the agency problems inherent in clientelism.[7] Where once the criteria for distribution were an individual's partisan orientation, the depth of his partisan affinities, and his actions on election day, now the criteria are his income, employment status, or demographic characteristics. Securing reliable information needed to make clientelism work requires that brokers maintain close contact with their constituent neighbors. Securing reliable information needed to make programmatic distribution work can be achieved through more distant and occasional contact. In the absence of the pronounced information asymmetries that brokers have vis-à-vis party leaders,

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[7] Of course, agency problems can persist under programmatic politics, especially when bureaucratic capacity is low. See, especially, Huber and McCarty 2004.

bureaucrats are more reliable agents of the leaders who employ them, at least relative to political brokers.

The growing efficiency of programmatic politics as the national and district electorates grow is one link between industrialization and the decline of clientelism. Industrialization can expand the size of the electorate in two ways. In its early stages, industrialization often fosters population growth.[8] Not just the national electorate, but electoral districts, may become more populous under the stimulus of industrialization. When constituencies are attached to towns or boroughs, as they were in Britain, a growing population will mechanically increase the number of voters in the constituency. Of course, legislatures may also be increased in size, for instance, by creating new districts; yet it is plausible that an upper bound on the size of legislatures exists in representative democracy, so that population growth implies that each legislator represents an increasingly large electorate.[9] What's more, the same kinds of political pressures that lead to expansions of the franchise with industrialization also make small constituencies appear increasingly anachronistic. Larger constituencies, as much as a larger electorate writ large, tend to reduce the efficiency of clientelism.

In Chapter 8, we discuss further the ways in which industrialization may shape characteristics of the electorate. Our focus here on returns to scale, then, provides one plausible reason why industrialization encourages a shift away from clientelism and to programmatic strategies: it engenders a larger electorate (see Figure 7.1).

7.1.2 Discernibility of Vote Choice

The less discernible voters' choices, the smaller the marginal electoral returns from clientelism.[10] Voters whose choices are completely opaque can defect from the implicit agreement that lies behind the bribe. They can accept payoffs and vote as they please. Such voters cannot credibly commit to complying. When this is true, vote buying should unravel.[11] Again, the micro-logic of

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[8] Industrialization eventually leads to a "demographic transition" to lower birth rates. However, the early stages of industrialization produce large income differentials between agricultural and industrial sectors, causing movements of people into industrial economies. Hence polities and regions that industrialize initially experience sharp population increases. This was the British and American experience in the nineteenth century.

[9] For instance, as we note in Chapter 8, the average size of a constituency in the U.S. House of Representatives at the time of the Civil War (1861–1865) was around 16,000 voters; today, the figure is more than 640,000 citizens (Frederick 2008).

[10] *Discernible* is better than *observable*: the activity of monitoring voters' actions goes beyond observing their vote in a poll book or on a ballot.

[11] Of course, voters may believe their vote is not private, even without brokers and with a well-enforced secret ballot: see Gerber et al. 2011 for evidence that substantial proportions of the electorate in the United States today believes the vote is not secret.

broker-mediated distribution is central, because brokers provide the monitoring capacity necessary to make vote choice discernible to political machines. Both voting technologies and social contexts can shape the discernibility of vote choice.

In tying the increasing opacity of the vote to the reduced effectiveness of vote buying, we do not wish to suggest that distributive politics has no impact on voters' choices even when these choices are completely secret and undiscernible. Programmatic and highly bureaucratized parties engage in programmatic distribution, pork-barrel politics, and nonconditional benefits to individuals, all aimed at winning votes; none relies on parties' discerning individuals' votes. When voters' choices are opaque to parties and parties lack the ability to hold individual voters to account for their votes, voters may still be responsive to distributive strategies. They may be responsive to the extent that they view current largess as predictive of future largess, should the party in power be reelected; or to the extent that largess engenders good will, which then translates into electoral support; or to the extent that voters who receive largess are pressed by norms of reciprocity to return the favor with a vote.[12]

These alternative mechanisms – expectation of future benefits even without accountability, good will, or a normative need to reciprocate – are likely, however, to be less robust than is "perverse accountability," meaning credible threats by the party to withdraw rewards to individuals.[13] The voter who gives his vote to a party that built schools in his district because he expects future benefits to flow to his district does not cause future community investments to happen with his vote, in the sense that he can cause an on-going flow of future benefits to himself and his family (or avoid their withdrawal) when he trades his vote for benefits. Recalling the broker quoted earlier, "if you do not have money, if you can't give [voters] things, they can't support you. They support whomever has things to give away."[14]

Given the particular forcefulness of distributive strategies when parties can discern voters' choices, what are the factors shaping this discernibility? The most obvious factor is voting technologies. Under public or *viva voce* voting, individuals' votes are fully observable, though keeping track of whether voters turn out and which party they vote for, and conditioning delivery of rewards on these actions, still requires some organizational depth. Written ballots provide greater secrecy, especially when they are filled out in closed booths and when they have a standardized format. The Australian ballot most diminishes the observability of voters' choices. The Australian ballot is produced by public entities (not parties), distributed on or shortly before election day, and bear the names of all parties' candidates for a given office.

[12] On the last, see Lawson and Greene 2011. These alternative mechanisms can also be at work under clientelism. That is, voters who are in danger of having benefits withdrawn will be all the less likely to defect to the extent that good will or norms of reciprocity are at work.
[13] See Stokes 2005.
[14] Szwarcberg 2013, p. 27.

Parties and reformers keen to encourage programmatic politics and to under-mine party machines pursue ballot reform, often – as we shall see – against the objections of brokers who anticipated their role being undercut.[15] In this sense ballot reform is an indicator of shifts away from clientelism, rather than a cause. Yet as Aidt and Jensen demonstrated with data from Britain, the U.S. states, and Latin America, economic development increased the probabil-ity of parties' shifting to the secret ballot. Indeed, although causal inferences about the effects of economic development are surely tricky, these authors conclude that "modernization can predict the timing of the secret ballot very well."[16]

In addition to voting technologies, the social context of voting also influ-ences the discernibility of the vote. Voting behavior can be monitored at a lower cost in rural communities and small towns than in big cities; the mul-tifaceted nature of social relations in smaller communities makes it easier for brokers to infer electoral choices.[17] Bensel made this point with respect to mid-nineteenth-century America: "Because rural voters were thickly embedded in their communities, they invariably carried their social and political histories to the polls with them. Their neighbors, serving as party observers or election judges, knew their names and political leanings . . ."[18] The interconnectedness of rural life can to some degree be replicated by party machines that oper-ate in urban settings and make use of brokers who are tightly integrated into neighborhood social networks.

By moving people from small towns to more anonymous cities, and by encouraging political leaders to adopt the secret ballot, industrialization and economic growth undermine vote buying.

7.1.3 Numerical Weight of Low-Income Voters in the Electorate

Because the responsiveness of voters to electoral bribes diminishes with income, brokers may have greater incentives to extract rents or engage in other polit-ically wasteful activities when voters are on average richer. By contrast, the responsiveness of voters to programmatic appeals does not diminish with income. Indeed, because literacy rates and print media exposure tend to be higher among wealthier voters, responsiveness to programmatic strategies tends to be a positive function of income. The relative numbers of poor versus middle-class voters, in turn, decline with declining poverty in the larger society. When the electorate is on average poorer, mediated distribution is more attractive

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[15] In the United States, the push for the Australian ballot was in part an effort to eliminate bribery and circumvent machines, but another motivation was to reintroduce de facto literacy requirements, through the back door. See the discussion in McCormick 1981a and Keyssar 2001.
[16] Aidt and Jensen 2011, p. 6.
[17] For evidence, see Stokes 2005, Faughnan and Zechmeister 2011.
[18] Bensel 2004, p. xii.

to party leaders, whereas rising incomes increase the appeal of unmediated strategies.

If poor voters are more responsive to a bribe or a treat than are higher-income voters, are they not also more responsive to material programmatic appeals?[19] Indeed, they will be. However, with programmatic distribution, the spigot is not turned off when a person fails to vote the "right" way. Consider a low-income voter who faces the choice between inducing an ongoing flow of benefits by voting for the machine or contributing what is basically a symbolic or expressive vote for the party offering programs that will help him or her materially. (His or her vote is "symbolic" in that it is not pivotal, and the party, should it win, will extend benefits to the voter independent of his or her actions on election day.) The urgency of need might well lead the poor voter to vote for the machine. If the voter's income rises and the treat or bribe appears to be more and more trivial, we would expect the voter to be more willing to register support for the party whose program is most attractive.

Moreover, diminishing numbers of poor voters in the electorate makes the vote-buying activities of brokers less effective. In our model, this increases the incentives of brokers to divert their efforts to rent seeking. Maintaining large armies of local brokers therefore becomes a less optimal vote-getting strategy for party leaders as poverty declines, providing another way that economic development can serve to undermine clientelism.

The impact of industrial growth on the mean income of the electorate is not unidirectional, however. On the one hand, industrialization increases the income of the population. To the extent that income levels of the subset of the population that has the right to vote reflect those of the broader population, industrialization exerts upward pressure on the median income of voters. This effect occurs because poverty, by absolute measures, becomes less widespread as societies industrialize, purely as a function of economic growth. What's more, industrialization in the advanced democracies eventually produced greater income equality than in the pre-industrial period.[20]

But on the other hand, economic growth creates political pressures to extend the franchise. Each extension brings into the electorate people who before were excluded by income or literacy requirements: the lower economic strata.[21] Therefore, a short-run effect of industrial growth is to make the electorate poorer. In general, the decline of poverty in the electorate due to economic growth is gradual, its increase due to expansions of the franchise is discontinuous and abrupt.

In sum, by (eventually) engendering a wealthier electorate, industrialization undermines vote buying.

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[19] This point has been made by Lippert-Rasmussen 2011.
[20] See Lindert 2000.
[21] Extension of the suffrage to women was an exception.

7.1.4 Costs of Mass Communication

Programmatic politics involves expenditures on public goods and targeting of individuals. Both kinds of expenditures are publicly pronounced. As a consequence, other things being equal, the lower the costs party leaders face in circumventing brokers and communicating directly with voters, the greater the pay-off from programmatic strategies. Higher literacy rates, allowing for wider circulation of newspapers, encourage programmatic strategies, as do greater penetration of print and broadcast media.[22]

The costs of communicating with voters may be mediated through electoral systems. Executive elections, legislative elections under plurality rules, and open-list proportional systems give individual candidates incentives to broadcast their personal policy intentions and traits to voters, incentives that are much muted in proportional and closed-list systems. It is often assumed that voting systems that encourage a "personal vote" also encourage clientelism.[23] In fact, choosing candidates based on their personal appeals and clientelism are better conceived as substitutes than as complements. The reason is that candidates who can make personal appeals can also circumvent the party machinery.

Anyone who has lived through the communications revolution of the late twentieth century knows that technological innovation can be an autonomous driver of reduced costs and heightened speed of communication. Yet it is also the case that the industrial revolution of the nineteenth century played a role in expanding the scope, and reducing the costs, of communications that politicians deployed to reach voters directly. The industrial revolution also enlarged the market for newspapers and fed breakthroughs such as the telegraph. We shall see that in Britain, innovations in communications were probably not immediate drivers of the rise of programmatic politics. However, they did mean that inexpensive techniques were available to politicians who wanted to sidestep party machines and campaign by communicating directly with voters.

Another reason, then, why industrialization undermined vote buying in today's advanced democracies is that it encouraged the rise of modes of direct communication with voters, allowing political leaders to sidestep brokers.

In sum, industrialization and economic development may be neither necessary nor sufficient to cause nonclientelistic politics. Yet because development may often influence the effectiveness of brokers, the responsiveness of voters, and the relative costs and benefits of clientelistic politics, it can tip the balance toward the erosion of clientelism – as our historical and contemporary case studies in the next chapter suggest. The countervailing effects of industrialization on income levels of the electorate and on the ultimate prevalence of vote buying are illustrated in Figure 7.1.

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[22] Our assumption here is that voters can't directly observe government activities and that parties incur costs when they signal their programmatic achievements and intentions.

[23] On electoral systems and the personal vote, see Carey and Shugart 1995.
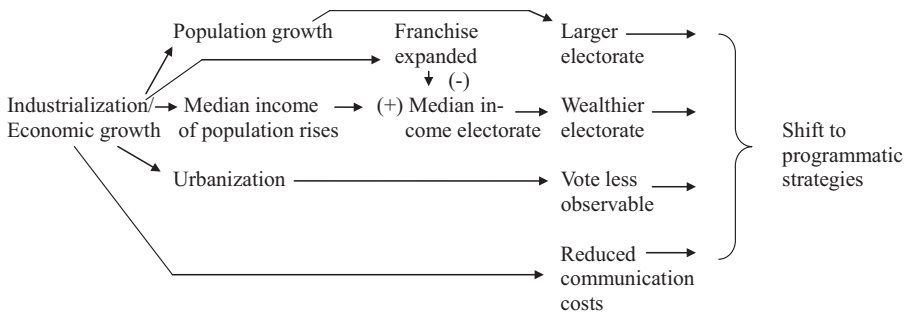
FIGURE 7.1. Factors Encouraging Shift to Programmatic Politics.

We return to these themes in the next chapter. However, to further ground our analysis in the interplay between party leaders, brokers, and voters, and to generate further comparative statics predictions that we investigate next, we first return to the formal model developed in Chapter 3.

7.2 CLIENTELISM AND PROGRAMMATIC POLITICS: A MODEL

To analyze the incentives of party leaders to invest in clientelism or instead in other forms of non–broker-mediated spending, we modify the model of Chapter 3, now allowing for a prior choice of leaders over types of spending.[24] The timing of the game is similar as in Chapter 3, with the main difference being that leaders now must allocate their budget between clientelistic (broker-mediated) and nonclientelistic (nonmediated) spending. Thus:

1. Each broker organizes a network of followers, promising each follower a benefit of b^i if the voter participates in her network.
2. Leaders of the machine party M observe the size of brokers' networks and decide which broker to hire. The party also allocates non–broker-mediated, group-specific transfers f^J for all J (described later) and distribute remaining resources of size $\Omega = \Delta - \sum_J \alpha^J f^J$ to their chosen broker (the budget constraint is also described later).
3. Elections take place. If party M wins office, the broker distributes resources to voters in his network, extracts any unspent resources as rents, and reaps the continuation value of his or her party staying in power.

As in Chapter 3, this reduced-form game assumes commitment to brokers' distributive strategies; again, the rationale is that brokers and voters are in fact

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[24] We reiterate key features of the model here, but to follow the discussion, readers may find it helpful to have read Chapter 3.

immersed in a repeated game that allows commitment to distributive strategies.[25] Modeling this full repeated game would come at the cost of additional complexity but would not substantially illuminate the core issues we highlight. Despite its simplicity, analysis of this game sheds light on several key issues that may shape leaders' incentives to invest in clientelism or instead in nonclientelistic group-specific transfers.

Note in particular that we now suppose that the party's budget consists of two types of spending: resources transferred to brokers for vote buying and group-specific transfers that bypass brokers. Thus the party leader now has a total budget $\Delta \equiv \Omega + \sum_J \alpha^J f^J$. As in Chapter 3, Ω is the amount of resources transferred to brokers. By contrast, here f^J is a per-capita transfer to group $J \in R, M, P$, with R for "rich," M for "middle-class," and P for "poor."[26] These per-capita transfers $\{f^R, f^M, f^P\}$ are unmediated, and, although they can be targeted to specific groups, everybody in the targeted group is eligible for and receives the transfer. That is, although a program might be means-tested (so that only, say, poor citizens receive the benefit), eligible beneficiaries can't be discriminated against or favored on the basis of their partisan preferences or political behaviors. Because α^J is the population share of group J, $\sum_J \alpha^J f^J$ is the total amount of the group-specific transfers.[27]

The key point is that the group-specific transfers cut out the intermediaries: brokers are not required for their distribution.[28] These transfers may be programmatic, in the sense of Chapter 1, or they could also involve nonprogrammatic group-based transfers; our main objective here is to investigate the incentives to spend on broker-mediated clientelist benefits or on nonmediated transfers. Thus we assume that total spending can be allocated toward either clientelistic or nonclientelistic spending, or both; the goal of the analysis is to determine the optimal mix of types of spending, as a function of the model parameters.

Individual income is then the sum of the group-specific endowment y^J, the group-specific per-capita transfer f^J provided by the incumbent party, and the individual benefit provided by the broker, b^{iJ}. Quasilinear utility over endowment income and transfers is thus

$$H(y^J + \eta b^{iJ}) + f^J. \tag{7.1}$$

As in Chapter 3, b^{iJ} is the benefit paid by the broker to voter i in group J, and η measures the "effectiveness" of the broker hired by party M in targeting

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[25] See Stokes 2005.

[26] The notation here uses upper-case $J \in R, M, P$, in contrast to Chapter 3.

[27] It is also the average amount of transfers: recall that the total population size is normalized to 1.

[28] Here, we constrain the f^J and Ω to be nonnegative: this implies, for instance, that resources can be dedicated to clientelism via brokers, but party leaders cannot leave brokers with negative income. These assumptions are not essential for what follows, however.

resources to voters.[29] Unlike in Chapter 3, voters now add to their endowment incomes an additional type of income that they receive from parties: the group transfer f^J. Notice that η does not multiply utility over the group transfer f^J, because the broker's effectiveness does not influence the enjoyment of this transfer (because the transfer is not mediated by the broker). Also, although the benefits b^{iJ} are indexed by i because each voter can receive a differently sized benefit, the group transfers f^J cannot be targeted this precisely. More fine-grained targeting would require brokers. To capture possible returns-to-scale effects, we assume that utility is linear in f^J; this contrasts with $H(\cdot)$, a concave utility function.

As in Chapter 3, non-network participants, and those who prefer party M on ideological grounds, vote sincerely. An opposition voter i in group J may be induced to participate in the network of party M's broker, and to vote for party M, if and only if

$$\kappa[H(y^J + \eta b^{iJ}) + f^J] - c \geq \kappa H(y^J) + \sigma^{iJ} + \delta. \tag{7.2}$$

As in Chapter 3, κ is a parameter measuring the value that voters place on material benefits, relative to ideology, whereas c is the (material) cost in terms of time and effort of network participation. Also, as before, σ^{iJ} is the "ideological" preference of voter i in group J. This variable is distributed uniformly on $[\frac{-1}{2\phi^J}, \frac{1}{2\phi^J}]$; thus it has mean zero in each group, with positive values indicating a preference for party B and negative values indicating a preference for party M. Finally, δ is again the aggregate popularity shock and is distributed uniformly on $[\frac{-1}{2\psi}, \frac{1}{2\psi}]$. Thus a large positive realization of δ helps party O, whereas a large negative realization helps party M.

Brokers behave in the current model just as in the one in Chapter 3. A broker who is hired by party M to distribute resources to voters receives a postelection payoff R if her party wins. In addition, the broker may extract pecuniary "rents" r by failing to pass on some measure of resources to voters. If a broker k is hired by party M, her expected utility is therefore

$$EU^k = p_M(r + R). \tag{7.3}$$

Here, p_M is the probability that the broker's party wins office, which gives the broker access to the continuation value of holding office, R. However, r gives the (endogenous) rents chosen by the broker. If a broker is not hired by party M, his or her reservation utility is normalized to zero.

7.2.1 Analysis

With these preliminaries, we can begin the analysis of the model. First, we derive the expected vote share and the probability of victory of party M as a

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[29] For convenience we drop the subscript k on η.

function of its policy choices. Note that an arbitrary voter in group J who is indifferent between parties M and O has ideology parameter σ^{ij} given by

$$\sigma^{ij} = \kappa[H(y^J + \eta b^{ij}) + f^J) - H(y^J)] - c - \delta. \tag{7.4}$$

In general, given some equilibrium choice f^{J*} and some realization of δ, there could be multiple pairs (σ^{ij}, b^{ij}) for which equation (7.4) would hold. In fact, just as in Chapter 3, if brokers target voters who prefer party O on ideological grounds (i.e., voters who prefer party O when there are no group transfers or individual benefits, and δ is set at its expected value of zero), they will set b^{ij} such that (7.2) holds with equality. Thus it is again useful to define the *largest* value of σ^{ij} such that the equality in (7.4) holds, conditional on some equilibrium choice f^{J*} and on the benefit distribution schedule of brokers. We use the notation $\tilde{\sigma}^{J*}$ for this value:

$$\tilde{\sigma}^{J*} = \kappa[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c - \delta. \tag{7.5}$$

Again, this is simply definitional: given some benefit distribution schedule and some choice of f^J, $\tilde{\sigma}^{J*}$ is the "most opposed" voter in group J who is made just indifferent between the parties by the combination of transfers. As in Chapter 3, it is straightforward to show that any voter i in group J with $\sigma^{ij} \leq \tilde{\sigma}^{J*}$ votes for party M: voters with $\sigma^{ij} < \kappa H(y^J) - \delta$ – that is, those who prefer party M on ideological grounds, even absent any per-capita transfers or clientelistic benefits – will by definition have ideological preferences at least as small as $\tilde{\sigma}^{J*}$. In addition, any voters whose votes are bought will be paid their reservation value by brokers, so voters in group J with $\sigma^{ij} < \tilde{\sigma}^{J*}$ will be paid $b^{ij} < b^{J*}$.

We can now generically define party M's vote share in each group J, which is just the proportion of voters with $\sigma^{ij} \leq \tilde{\sigma}^{J*}$, given the choice of f^J for each group J. That is, defining $\tilde{\pi}^J$ as the vote share in each group J, we have

$$
\begin{aligned}
\tilde{\pi}^J &= \int_{\frac{-1}{2\phi^J}}^{\tilde{\sigma}^{J*}} \phi^J \, dz \\
&= \int_{\frac{-1}{2\phi^J}}^{\kappa[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c - \delta} \phi^J \, dz \\
&= \frac{1}{2} + \phi^J \left[\kappa[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c - \delta \right]. \tag{7.6}
\end{aligned}
$$

Next, the party's overall vote share is the weighted sum of the vote share in each group, where the weights are given by the proportionate size of each group:

that is, $\sum_J \alpha^J \tilde{\pi}^J$. The probability that party M wins office is thus

$$
\tilde{p}_M = Pr\left(\sum_J \alpha^J \tilde{\pi}^J \geq \frac{1}{2}\right)
$$

$$
= Pr\left(\sum_J \alpha^J \left[\frac{1}{2} + \phi^J[\kappa[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c - \delta]\right] \geq \frac{1}{2}\right)
$$

$$
= Pr\left(\frac{\kappa}{\phi}\sum_J \alpha^J \phi^J[\kappa[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c \geq \delta\right), \qquad (7.7)
$$

where as in Chapter 3, $\phi = \sum_J \alpha^J \phi^J$ is the average of ϕ^J across the three groups $J = P, M, R$. We denote this probability by $\tilde{p}_M$ to distinguish it from the probability defined in Chapter 3. To define this ex-ante probability of victory, we simply integrate the density of the random variable δ over its domain, up to the critical value defined in (7.7). Thus

$$
\tilde{p}_M = \frac{1}{2} + \psi\left[\frac{\kappa}{\phi}\sum_J \alpha^J \phi^J[H(y^J + \eta b^{J*}) + f^{J*} - H(y^J)] - c\right]. \qquad (7.8)
$$

We assume that party leaders will maximize this probability of victory. The question then becomes whether they will do so by prioritizing clientelist transfers through brokers or instead by prioritizing unmediated, group-based transfers. We turn next to this question.

7.3 WHEN DO LEADERS CHOOSE MACHINE POLITICS?

To understand leaders' incentives, it is useful to analyze an extreme case. Suppose that leaders have a dichotomous choice between dedicating all funding to nonclientelistic transfers or to devoting all resources to mediated distribution through brokers. If they opt for an entirely nonclientelistic strategy, $\Omega = 0$ and $b^{ij} = 0$ for all i and all J. If they opt entirely for a clientelistic strategy, $f^J = 0$ for all J, and we simply have the setting of Chapter 3, in which unmediated group-based transfers were not available.

Clearly, it can only be optimal for office-seeking party leaders to set $\Omega = 0$ if the probability of winning without clientelism is greater than the probability of winning with clientelism, so the analysis comes down to comparison of these two probabilities. Let $\tilde{p}_{M,NC}$ be the probability of winning conditional on $\Omega = 0$, that is,

$$
\tilde{p}_{M,NC} = \frac{1}{2} + \psi\left[\frac{\kappa}{\phi}\sum_J \alpha^J \phi^J f^{J*}\right], \qquad (7.9)
$$

where "*NC*" represents "no clientelism." Note that here the terms for clientelist benefits b^{ij} and the cost of network participation c both drop out: there is no

broker-mediated distribution. Next, let $\tilde{p}_{M,C}$ be the probability that party M wins conditional on $f^J = 0$ for all J, and thus $\Omega = \Delta$. That is,

$$\tilde{p}_{M,C} = \frac{1}{2} + \psi \left[\frac{\kappa}{\phi} \left[\sum_J \alpha^J \phi^J H(y^J + \eta b^{J*}) - H(y^J) \right] - c \right], \quad (7.10)$$

where "C" stands for "clientelism."

A sufficient condition for $\tilde{p}_{M,NC} \geq \tilde{p}_{M,C}$ to hold is then that $H(y^J) + f^{J*} \geq H(y^J + \eta b^{J*})$ for all J.[30] When will this condition be met? Examination of the relevant budget constraints suggests a first answer. In the "no clientelism" case, the budget constraint is simply $\Delta = \alpha^R f^R + \alpha^M f^M + \alpha^P f^P$, because here all spending goes to nonmediated group-specific transfers. In the "clientelism" case, however, the budget constraint is $\Delta = \Omega$. As in Chapter 3, $\Omega = \sum_J \bar{b}^J + r^*$, where $\bar{b}^J$ is the total resources the party's broker distributes to each income group, and r^* gives equilibrium rents extracted by the broker. Note then that in the clientelistic case, the amount of resources spent on direct transfers in each group J – and thus the value of b^{J*} – depends on equilibrium rent extraction r^*.

The first observation to make here is that some portion of the resources dedicated to clientelism by party leaders are extracted as rents by brokers – and thus have no impact on the party's probability of victory. Indeed, without nonclientelistic transfers, the structure of the model is just as in Chapter 3. There, we showed that equilibrium rents extracted by the party's broker are given by

$$r* = \frac{\tilde{p}_{M,C}\phi}{\eta \psi \kappa \sum_J \alpha^J \phi^J H'(y^J + \eta b^{J*})} - R, \quad (7.11)$$

where here we have simply substituted $\tilde{p}_{M,C}$ for p_M in Chapter 3. Recall that here, ϕ is again the average group-specific density of the ideology parameter σ^{iJ}, and R is the exogenous value to brokers of their party holding future office; other parameters are as defined in the previous subsection. The intuition behind equation (7.11) is that brokers trade off the utility from rents they can extract from party leaders against rent-seeking's negative impact on the probability of victory.

This equation, already analyzed in Chapter 3, provides several initial comparative statics results. As before, brokers will be less prone to extract rents, and hence party leaders will be more prone to retain their machines, when:

1. The density of the random variable δ – that is, ψ – is larger. When ψ increases, electoral outcomes become less noisy; thus brokers have less

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[30] This follows because $\tilde{p}_{M,NC} \geq \tilde{p}_{M,C}$ if $c \geq \frac{\kappa}{\phi}[\sum_J \alpha^J \phi^J [H(y^J + \eta b^{J*}) - H(y^J) - f^{J*}]$. Because c is non-negative, this is satisfied whenever $H(y^J + \eta b^{J*}) - H(y^J) - f^{J*} \leq 0$. Rearranging terms gives the sufficient condition noted in the text.

scope for extracting rents without sharply driving down the probability of victory.

2. Voters value benefits more highly relative to ideology, that is, κ increases. A preference for material over ideological or expressive benefits makes voters more responsive to brokers' transfers, which heightens the returns to targeting swing voters relative to extracting rents.

3. The broker is more effective, that is, η is higher, again because in this case voters are more responsive to transfers.

4. The exogenous returns to winning office, R, increase; as brokers care more about winning elections, they increasingly target voters with benefits instead of extracting rents.

5. Voters are on average poorer, that is, the average group-specific marginal utility of income is higher, so that brokers have stronger incentives to target voters. Thus poverty increases the marginal benefit of a clientelistic transfer, making voters more responsive to transfers and reducing the incentives of brokers to extract rents.

6. Elections are more competitive (formally, when the probability of victory declines; here, with one incumbent party transferring resources, the ex-ante probability of victory is more than one-half, so a decline in the probability of victory means elections are becoming more competitive). Again, here targeting voters becomes more attractive to brokers, relative to extracting rents.

All of these factors make clientelism more attractive for party leaders, relative to unmediated strategies – group-specific programmatic or nonprogrammatic transfers that are not targeted to individuals and made conditional on their vote choice.

Because our focus is on the role and importance of brokers, we emphasize the parameter η. This parameter measures the effectiveness of brokers in transferring resources into benefits for voters and thus into votes for the party. These benefits are conditional on network participation (and at least implicitly on vote choice).[31] Where vote choice is less discernible, the electorate is larger, and clients are more urbanized (or less concentrated in particular ethnic neighborhoods), η may reasonably be expected to be lower, driving up the returns to rent-seeking by brokers.

Because party leaders are trading off the returns to clientelism against the returns to non–broker mediated spending, any factors that increase rent seeking by brokers will make the latter strategies more attractive. Indeed, group-based spending is more attractive when $H(y^J) + f^{J*} \geq H(y^J + \eta b^{J*})$. Because overall resources transferred to brokers are $\Omega \sum_J \bar{b}^J + r^*$, as $r*$ goes up, fewer (swing) voters will be bought in equilibrium, and the returns to clientelism to party leaders will decrease.

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[31] See Stokes 2005.

7.3.1 Returns to Scale and Group-Based Transfers

The analysis thus far only considers one side of the issue: how the extent of rent seeking by brokers shapes the returns to clientelism. What shapes the returns to unmediated group transfers in this model?

Here, issues of scale are key. Group-based transfers cut out the middleman and eliminate rent seeking by brokers. Yet, by getting rid of brokers, party leaders also restrict their ability to target individual voters – for instance, swing or weakly opposed voters. Indeed, all voters in a given group (here, defined by income category) receive the per-capita transfer targeted at their group. As a result, many voters who would vote for the party regardless of transfers (loyal voters), as well as those who are very opposed to the party and are probably not going to vote for it even given transfers, receive benefits. The amount of political "waste" could thus be even greater under nonmediated group-based transfers than under clientelism. Yet, because utility in group-based transfers is linear, the scale effects are different than for clientelist transfers, which are subject to diminishing returns. Finally, the payment of benefits to all voters in a given category implies that unmediated distribution can be an expensive strategy.

To see these points formally, let us derive an expression for $\sum_J \alpha^J \bar{b}^J$, the total amount of clientelistic benefits. Note that due to the competition between brokers, the broker who is hired by the party must offer network members at least as much as the next most productive broker, that is, the broker with η_{k-1}. The benefit b^{iJ} must also be large enough that voters in the network are just indifferent between participating and not, that is, $\kappa H(y^J + \eta_{k-1} b^{iJ}) - c = \sigma^{iJ}$. Thus, for all voters who participate in the broker's network,

$$b^{iJ} = \frac{1}{\eta_{k-1}}\left[H^{-1}\left(\frac{\sigma^{iJ} + c}{\kappa}\right) - y^J \right], \tag{7.12}$$

where H^{-1} is the inverse function of H.[32] In each group J, then, the total amount of resources $\bar{b}^J$ is given by

$$\bar{b}^J = \int \left[\frac{1}{\eta_{k-1}}\left[H^{-1}(\frac{\sigma^{iJ} + c}{\kappa}) - y^J \right]\right] d\sigma^{iJ}, \tag{7.13}$$

where the integral is taken over members of the broker's network. The total amount of the benefits is then just the weighted sum of this quantity over each group, that is, $\sum_J \alpha^J \bar{b}^J$.

How does this compare to the quantity spent on benefits with nonmediated group-specific transfers? Recall that if $\tilde{p}_{M,NC}$ is going to be as big as $\tilde{p}_{M,C}$, so that leaders do not choose clientelism, it must be the case that as many voters would vote for the party with nonclientelistic transfers as under clientelism. Thus the most expensive swing voter in the broker's network under clientelism

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[32] $H(\cdot)$ is monotonically increasing and thus one-to-one, so the inverse function $H^{-1}(\cdot)$ exists.

must also vote for the party under universalism. Again, a sufficient condition for this to be true is that $H(y^J) + f^J = H(y^J + \eta b^{J*})$. Recalling that b^{J*} is defined as the value of the benefit paid to the swing voter with $\sigma^{iJ} = \sigma^{J*}$ and substituting σ^{J*} into (7.12), we have

$$f^J = \frac{1}{\eta_{k-1}} H^{-1}\left(\frac{\sigma^{J*} + c}{\kappa}\right) - y^J \tag{7.14}$$

for all J.[33] Then, the total amount spent under universalism in each group J is

$$\bar{f}^J = \int_{\frac{-1}{2\phi^J}}^{\frac{1}{2\phi^J}} \left[\frac{1}{\eta_{k-1}} H^{-1}\left(\frac{\sigma^{J*} + c}{\kappa}\right) - y^J\right] d\sigma^{ij}, \tag{7.15}$$

with the total amount of universalistic benefits across all groups being the weighted sum $\sum_J \alpha^J \bar{f}^J$.

Comparison of equations (7.13) and (7.15) suggests that the benefits paid under unmediated strategies can be more expensive than clientelism for two reasons. First, under clientelism, the amount paid to each voter can be tailored to that voter's participation constraint. This can be seen formally by the fact that σ^{ij} appears in the numerator of the inverse function in (7.13), whereas σ^{J*} appears in the numerator in (7.15). This is the virtue of brokers for party leaders: brokers provide privileged information about the ideological or partisan proclivities of individual voters, and they can tailor payments in a way that is not possible when group-specific distributions are paid to every eligible voter in a group. With unmediated transfers, by contrast, party leaders have no way to discriminate between voters on the basis of their partisan or ideological affiliations, and so they must pay each citizen in a given group the same amount.[34] Here, b^{J*} is the largest value of b^{ij}, that is, it is the value paid to the "most expensive" voter in group J. So the inequality $f^J \geq b^{J*}$ implies that for each group J, the transfer that the party pays to all members of the group must be at least as large as the clientelist benefit paid to the most expensive voter in the broker's network. Unmediated spending thus also involves substantial electoral "waste," though the source is different than the waste under broker-mediated distribution: here, every voter in a particular group receives the subsidy for which he or she is eligible – regardless of political ideology or affiliation.

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[33] Notice that although we are analyzing here the cost of universalism, parameters relevant to clientelism – such as the productivity of the next most competent broker, η_{k-1} – appear in Equation 7.14 because the benefit of universalism must be as big as the benefit paid to the most expensive swing voter under clientelism, and these parameters are relevant to the latter.

[34] Obviously, in reality groups could be divided according to a variety of observable criteria, besides income. In principle, recorded measures of political tendency such as party membership could be used by leaders, even absent brokers. However, the point here is that without dense insertion into local social networks by brokers, conditioning benefit receipt on finer-grained information about political loyalties is typically infeasible.

What's more, not only is the per-capita transfer larger without brokers, but also the benefit is paid to every member of a given group. Formally, this can be seen from the fact that the integral in (7.15) is taken over all members in a group, whereas in (7.13) it is only taken over members of a broker's network. Again, this is due to the fact that all voters eligible for the benefit are paid the benefit. Thus nonmediated transfers forego the political advantages of clientelism – the fact that brokers can tailor the size of bribes to individual voters' circumstances.

In sum, both kinds of distribution involve electorally "wasteful" spending: clientelism involves distributing benefits through brokers, who extract rents and can also target inefficiently; nonmediated transfers eliminate rent seeking but may involve even more waste by targeting unresponsive voters. Which source of waste will be larger depends in part on the comparative statics results discussed previously.

7.4 TESTING THE THEORY

The analysis in this chapter captures some of the tradeoffs that party leaders face in deciding whether to build networks of brokers engaged in clientelistic transfers or engage instead in unmediated kinds of distributive politics – such as conditional cash transfers or various forms of bureaucratic, means-tested programs we consider in subsequent chapters.

We have found that several factors may influence the attractiveness of clientelism to party leaders. First, the equilibrium value of rent seeking by brokers is critical. If brokers extract lots of rents, then much of leaders' total resource pie will be dissipated, implying that fewer resources are spent on targeted benefits for swing voters. Rent seeking should in turn increase when brokers are less effective at turning resources into votes and thus, on the margin, find it more attractive to capture rents instead. Such declining efficiency of clientelistic transfers may be due to changes in the size or composition of the electorate, institutional innovations that make inferring vote choice more difficult, or broader social changes that complicate the sustained interactions between brokers and their clients required to make clientelism effective. Poverty makes voters more responsive to clientelistic benefits, given diminishing marginal utility of income; when poverty declines, vote buying becomes more expensive, increasing the incentives of brokers to divert income to other purposes. Finally, the informational asymmetries that characterize relations between party leaders and their intermediaries imply that in evaluating brokers, party leaders may substitute observable metrics, such as the size of brokers' local networks, for unobservables, such as the extent to which brokers target and persuade swing voters. However, the use of such metrics may increase incentives for brokers to build large networks by mobilizing lots of "cheap" loyal voters, which makes clientelism as a whole a not-fully-effective form of distributive politics, and it undercuts a basic rationale for the existence of brokers – because their superior

local information should, in principle, allow them to target individual swing voters. Party leaders should well understand these difficulties. At high enough levels of rent seeking and inefficient targeting, leaders might be willing to do away with the machine and switch to more universalistic forms of social-service provision.

The analysis in this chapter highlights the fact that unmediated spending involves another kind of electoral "waste." Because every voter in a particular group receives the subsidy for which he or she is eligible – regardless of political ideology or affiliation – the ability to target swing voters with such spending may be even weaker than under clientelism. To make unmediated transfers "pay" politically as well as clientelism does, every voter in each group (here, poor, middle income, or rich) must be paid enough so as to make the most expensive "swing voter" bought under clientelism also willing to vote for the party if given unmediated transfers. This result implies that group-based unmediated spending can be an expensive form of distributive politics.[35] Still, if clientelism involves enough waste by brokers or enough inefficiencies in targeting, transitions to group-based targeting can be attractive. Moreover, if parties can target relatively narrow or well-defined groups of voters, leaders may happily slough off their machines and adopt unmediated distributive strategies. For instance, this would be the case if swing voters can be readily identified on the basis of some geographic or other attribute and then given group-based transfers. Another possibility – not explored in this theoretical chapter but implied by the analysis – is that, in light of the brokers' extraction of substantial funds in the form of rents under clientelism, transfers made through a universal welfare state win greater support from nonbeneficiaries than they do when made through clientelism.

In sum, transitioning from clientelism to unmediated distribution cuts out the middle man – the broker or electoral "agent." This shift eliminates the rents captured by the broker. It also eliminates payments to loyal voters by brokers, payments that are electorally suboptimal for party leaders. Yet unmediated distribution also carries political costs. Gaining greater theoretical understanding about when the costs of clientelism may outweigh its benefits, thus heightening incentives to transition to other forms of distributive politics, has been the goal of this chapter.

Perhaps the key theoretical move here is simply to highlight the importance of principal-agent problems in the relations between party leaders and brokers. Indeed, our analysis suggests that leaders tolerate their electoral agents with

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[35] There are a number of further normative as well as positive implications of this analysis. For example, notice that according our analysis, unmediated transfers lead to benefits for more people in a group. This has important implications. Suppose that the poor are to be targeted under both clientelism and under universalism. The analysis suggests that as a group, they will receive more under universalism. We investigate the positive implications of this observation in subsequent empirical chapters, and we reflect on the normative implications in Chapter 9.

some distaste; when underlying conditions become less favorable to clientelism, we might expect party leaders to hasten transitions to other forms of distributive politics. We investigate exactly this interpretation of the demise of clientelism – as an attack by leaders against the power of their inefficient brokers – in the next chapter and also evaluate the comparative statics predictions developed in this chapter.

Testing the ideas presented in this chapter is very far from straightforward. As we move from the micro to the macro realms, the questions become even bigger; the concepts fuzzier and more difficult to operationalize and measure, and the counterfactuals more challenging to evaluate. To mention but a few of the difficulties: (1) the size of rents extracted by brokers is typically unobservable in a systematic way, as is the value brokers place on winning office relative to rent extraction; (2) measures of the efficacy of clientelism (i.e., η in our model) or the weight voters place on benefits relative to ideology (i.e., κ) are similarly difficult to discern; and (3) for well-known reasons, the causal impact of factors that may shape the efficacy of clientelism is especially challenging to infer.[36] Moreover, the processes through which clientelist or programmatic forms of political competition and benefit provision are "chosen" can unfold over relatively long periods of time. Thus the impact of variables such as industrialization or economic growth may have a cumulative influence on leaders' incentives and (for example) undermine the attractiveness of clientelism relative to programmatic strategies, yet those impacts may be felt over a relatively long time period, and it is not clear as an a priori matter when a given degree of industrialization should cumulate enough to tip the balance from one strategy to another. This does not gainsay the theoretical usefulness of models of strategic choice that analyze sharp tradeoffs between menus of options, such as the model we have analyzed. It does suggest that moving from theory to testing is not going to be clear-cut in this more macro area. The challenges involved in operationalizing and measuring key variables, such as rent extraction by brokers or even vote buying itself, also imply that large-N cross-national empirical work (for instance, cross-national regression analysis) may not be the most suitable strategy for our research problem.[37]

In the next chapter, we opt instead for structured comparisons of two historical cases – Britain and the United States during the nineteenth and early twentieth centuries. These are cases in which clientelism, vote buying, and broker-mediated distribution were once rife but had largely dissipated by the end of the nineteenth century (Britain) or the mid-twentieth century (the United States). The causes of the decline in vote buying in these countries have been previously analyzed, and we draw extensively on this secondary literature. Our

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[36] For instance, although industrialization may shape the costs of communication or the size of the population, these latter factors may in turn spur industrialization and economic growth.

[37] Measurement of the key variables is only one of the major difficulties that may arise in cross-national regression analysis, of course; confounding by unobserved heterogeneity is another.

theoretical focus in this chapter on the potential inefficiencies of vote buying and on the advantages of programmatic strategies – and in particular on how industrialization and associated changes such as population growth and declining communication costs can increase the costs of clientelism as well as the benefits of alternative modes of persuasion and mobilization – brings new understanding of these historical cases. In particular, our focus on the tension between party leaders and brokers focuses our attention on how the intra-party dynamics of reform shaped inter-party agreements to reform the political system. Thus although much previous scholarship has focused on campaigns by outsiders and reformers in hastening the decline of electoral corruption and machine politics (and justifiably so, given their clearly important role), we argue that the transition from clientelism cannot be understood without understanding how social and economic changes altered the incentives of political leaders, as well as their capacities to shift away from a clientelist equilibrium. Although the British and U.S. cases demonstrate many similarities, important differences in their historical trajectories and in the timing of the transition from clientelism help us to test as well as to further refine the theory.

The strength of our within-case analyses is that they allow us to assess key elements of our theory – especially the ways in which tensions between party leaders and brokers over distributive strategies are apparent, and also how economic and social changes affect those tensions. Still, our comparative case-study strategy coupled with extensive within-case analysis is not without substantial inferential perils. Perhaps most importantly, assessing the causal impact of changes such as industrialization is challenging, for the reasons signaled earlier, and within cases, many factors change over time that may also affect the outcomes of interest. The evidence presented and conclusions reached in Chapters 8 and 9 are therefore necessarily tentative. Nonetheless, even if this evidence does not permit complete testing of our theory, it does suggest the usefulness of our focus on leaders and brokers. Clientelism does not always emerge or persist because of the wishes of political leaders alone, and when it dies, it often does so in part as a result of leaders moving against the machine.