Political (Mis)selection: The Role of Historical Institutions

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Abstract

Is there a persistent impact of historical institutions on the selection of "bad" politicians? In this paper, we document the nuanced consequences of history on modern adverse political selection using variations in colonial land tenure systems during British rule in India. Politicians with criminal charges are significantly more likely to run for office, and win elections, in areas where extractive landlords historically held substantial property rights. Corrupt politicians who experience disproportionately large private financial gains in office, however, are significantly more likely to be in areas where individual cultivators historically held property rights. Our analysis establishes that these estimates are not biased by endogeneity concerns. Rather, a plausible mechanism indicates a comparative advantage for criminal politicians in the conflictual electoral environment of landlord areas. The relatively less competitive elections in non-landlord areas, instead, are susceptible to elite capture and subsequent wealth accumulation via corporate connections by politicians.

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1 Introduction

"... Yet many of the problems of government, especially those in emerging democracies, arise because the political class uses the state for self-dealing." – Timothy Besley (2005)

The assumption of office by unscrupulous politicians is a pervasive issue across countries. In developing economies, with limited formal sanctions on politician behavior, selection of good quality politicians is particularly important for good policy. Recent studies in political economy explore how political selection is influenced by institutional characteristics of the political environment.[1] For example, when available rents in office are higher, a larger pool of bad politicians is attracted to contest elections. Less explored, however, are the historical origins of present-day political selection. Do historical institutions have a persistent impact on contemporary politics? Does history, then, affect adverse political selection in emerging democracies?

To investigate these questions, we examine the long-run impacts of historical institutions on the adverse selection of politicians running for public office in India. The specific historical institution we consider is the land revenue collection system in place during British rule in India. In this paper, we exploit the historical natural experiment provided by spatial variation in the methods of land revenue collection in colonial India. For contemporaneous adverse political selection, we consider two types of bad politicians in modern Indian politics: politicians with criminal charges, and corrupt politicians who use public office for private financial gain.

The main findings of this paper are best explained in two stages. First, we illustrate that there is a strong persistent impact of historical institutions on present-day political selection. Then, we document a nuanced impact of history on the contemporaneous selection of poor-quality politicians: different types of bad politicians are not uniformly affected by variation in the historical institution. Districts where revenue collection from cultivators was assigned to a class of landlords are substantially more likely to experience criminal politicians running for, and getting elected to, political office.[2] In the most conservative specification, candidates and winners in landlord districts are 22 and 12 percent more likely, respectively, to face criminal charges, compared to politicians in non-landlord districts. However, districts where revenue was collected directly by the colonial government from individual cultivators, are more likely to elect corrupt politicians. These politicians experience disproportionately large gains in private wealth during their time in office. A conservative estimate shows that private assets accumulated by incumbents over a term in office are about 10 percent higher in non-landlord areas compared to landlord areas.

We undertake several exercises to establish that our findings are not biased due to endogeneity or omitted variables. First, we draw on related research (Banerjee and Iyer, 2005) to highlight the exogeneity of the land revenue collection systems. Second, we show that the findings for criminal politicians are stronger when the charges are for serious crimes. These

[1] See Besley (2005) for a thorough discussion on political selection and its relation to the recent political economy literature. Caselli and Morelli (2004) also develop a theoretical framework of the determinants of "bad" politicians, where they measure quality by honesty and competence.

[2] An Indian district is the administrative unit below that of a state. It is the rough equivalent of a US county.

charges require more scrutiny and are less likely to be politically motivated. This allays the concern that good, rather than bad, politicians are more likely to both be falsely accused and win elections. Third, we document that estimates using an instrumental variable confirm the validity of the baseline OLS results.[3] If anything, the IV coefficients are larger, indicating the conservative nature of the baseline OLS specifications. Finally, we show that, in addition to substantial asset accumulation, politicians in non-landlord districts enjoy a significantly higher "winner's premium" (Fisman et al., 2014). The winner's premium estimates also hold under a close-election regression discontinuity design. These results lend further credence to the findings on corruption.

We propose that the variation in historic land tenure regimes has heterogeneous implications for the present-day political environment across Indian districts. These differences, in turn, affect the selection of distinct types of bad politicians. We argue, in the landlord districts, a sustained historical tryst with the extractive landlord institution creates a strong dislike for political elites. This creates a conflictual environment driven by class-based divisions. In elections, it leads to a comparative advantage for criminal politicians. Criminal politicians can signal their willingness to defend constituents against elite interests at all costs, plausibly through their crimes. The relatively higher perceived chance at electoral success further increases the pool of criminal candidates. Once in office, criminal politicians expend effort to derive non-tangible benefits in addition to tangible ones, such as wealth. These non-tangible benefits could come in the form of legitimacy and reputational gains. In non-landlord districts, on the contrary, there is no equivalent hostility of the mass electorate towards elites. The relatively less animosity allows a greater elite capture of the political process. Once in office, powerful and experienced elite politicians expend relatively more effort on tangible benefits like wealth accumulation.

In the final part of the paper, we provide suggestive evidence for three reduced-form implications of our framework. First, we show that elections are more competitive in the conflictual environment of the landlord districts. Second, we present that the susceptibility of elite capture is greater in non-landlord districts. Lastly, we document that politicians are more likely to be board members of publicly listed firms in non-landlord districts, indicating higher corporate-political connections. Combined together, these results suggest that a conflictual environment driven by the historical land tenure institution leads to competitive elections, which diminish the scope of elite capture via corporate-political connections.

This research, as we discuss in subsequent sections, is most closely related to Banerjee and Iyer (2005). Using the novel institutional variation in colonial land revenue collection systems, their analysis documents that long-run economic development across a range of outcomes is significantly worse in the landlord districts. They argue that class-based antagonism against a historically extractive landlord elite with significant political and economic power persisted in landlord areas well after Indian independence. The hostile setting made collective action difficult. Consequently, landlord districts had lower public investments and worse economic outcomes. Our results on political outcomes complement their findings on historical persistence. The nature of persistence we document, however, is more subtle. We

[3]The instrument is a dummy variable that takes the value of 1 if the district was annexed by the British between 1820 and 1856. More details on the choice and suitability of the instrument are discussed in section 4.

show that criminal politicians are more likely to participate in, and win, elections in landlord districts. But corrupt politicians with substantially large financial gains in office are relatively more likely to do so in non-landlord districts.

Our research contributes to two broad literatures. First, we add to a growing research agenda in economics on the persistent effect of historical institutions on current economic performance. Seminal works developing this field of study include Acemoglu et al. (2001, 2002), Engerman and Sokoloff (2000), and La Porta et al. (1997). These works exploit cross-country variation in experience with colonial powers to establish the link between history, and the strength of present-day institutions and economic outcomes. For example, Acemoglu et al. (2001) document that European powers were more likely to set up extractive institutions in places where they faced high mortality rates. They show that these institutions persisted and have substantial effects on the long-term economic development of countries. Recent works by Banerjee and Iyer (2005), Dell (2010), and Pandey (2010) expand this line of research by focusing on variation within a country ruled in entirety by a single colonial power. Focusing on a single country allows these papers to identify sharp sources of variation in specific historical institutions. For example, Dell (2010) shows that regions in Peru under the mita, a forced mining labor system under the Spanish Empire, have worse economic outcomes in the present day. Their paper identifies features of land tenure systems and public goods provision as the channels instituting the persistence.

Our paper contributes to this research by showing that historical institutions also have a persistent impact on contemporary political selection. We document how the persistence of history shapes the present-day political environment, affecting the quality of politicians being elected to office. Related to this research, some recent works examine the interaction of historic land institutions and the present-day political influence of elites (Beg, 2021; Acemoglu et al., 2014). We complement these works by showing that the quality of politicians, in addition to economic and social development outcomes, are systematically affected by a history of landed elites with significant political and economic power.

We also contribute to a second broad literature on political selection. Through our research, we highlight the role of history leading to "bad" politicians. The traditional focus of the political economy literature has been on improving political incentives, rather than the quality of politicians. More recent literature, both theoretical and empirical, examines political selection and in particular, the determinants of heterogeneity in politician quality (Caselli and Morelli, 2004; Besley, 2005; Besley et al., 2005; Banerjee and Pande, 2009). These papers document the roles of misgovernance, returns from office and identity politics in affecting the adverse selection of politicians. For example, Banerjee and Pande (2009) show that if voters care about the ethnic identity of their elected representative, it may lead to the selection of lower-quality politicians in regions with a numerical dominance of that ethnic group. Our research adds to this strand by showing that the quality of politicians in current politics is also affected by a lasting impact of historical institutions.

Our research speaks to the growing literature that links politicians and criminality as well. Recent papers have documented the correlations between the presence of criminal organizations and corrupt politicians, and the conditions under which politicians become targeted by criminal attacks (Pinotti, 2015; Pulejo and Querubín, 2023; Ramón Enríquez, 2023). For instance, Pulejo and Querubín (2023) find that politicians who receive higher wages are more susceptible to criminal attacks, implying how criminal organizations re-

spond to the incentives of politicians. In a similar vein, Ramón Enríquez (2023) presents that politicians whose costs of accepting bribes increase are more likely to become victims of criminal attacks. Thus, existing work has shed light on the susceptibility of politicians to criminal attacks under certain conditions. Our research findings instead imply that conflictual enviroments can foster criminal activities among political candidates as criminality can be seen as a comparative advantage.

In a narrower context, our research relates to a nascent empirical economic literature on the pervasive murky politics of India. This literature has considered both criminality (Prakash et al., 2019; Asher and Novosad, 2023; George et al., 2018) as well as corrupt activity (Sukhtankar and Vaishnav, 2015) and disproportionate wealth accumulation (Chauchard et al., 2019; Bhavnani, 2012; Fisman et al., 2014) in Indian politics. The impetus to this line of research has been given by the Right to Information Act (2005) which compels all individuals running for political office to submit sworn affidavits declaring their financial details and criminal histories. We discuss this data subsequently in section 3. Our research suggests that any policy attempting to "clean" Indian politics must take into account the differences in the political environments which facilitate the selection of varying types of poor-quality politicians.

The rest of the paper is organized as follows. Section 2 provides a brief overview of colonial India and discusses the historical land tenure institution relevant for this research. Section 3 highlights the Indian electoral context we use in this paper. It also presents the sources of data and illustrates our measures of politician quality. Section 4 describes the empirical strategy. Section 5 presents the main findings on adverse political selection and establishes the robustness of the results. Section 6 considers a framework discussing the main results and provides supportive evidence of reduced-form implications on electoral competition, elite capture, and corporate-political connections. Section 7 concludes.

2 Historical Overview

British rule in India began in the early-mid 1700s when the British East India Company started acquiring territorial control to pursue their trading interests.[4] It culminated with the independence of India in 1947. In section 2.1, we provide a brief timeline of the important events associated with British political control in India. In section 2.2, we discuss the historical institution of interest in this study – the land revenue collection methods used by the colonial government in India.[5]

2.1 British Administration in India

British political control in India formally began in 1765 when the Mughal Emperor Shah Alam II granted the Diwani (tax revenue collection rights) of Bengal to the British East India

[4] Dalrymple (2019) traces the history of the British East India Company (EIC) from its origins as a privately owned joint-stock company to being the most valuable corporation in the world.

[5] This discussion draws heavily on Banerjee and Iyer (2005). Interested readers should refer to their paper for a more detailed description of the evolution of landlord tenure systems from the pre-British era and their implications on modern economic outcomes.

Company (EIC), following the Treaty of Allahabad. The charter formally allowed the EIC to collect revenue directly from the people of the prosperous region spanning the modern Indian states of West Bengal, Bihar and Orissa as well as the country of Bangladesh. In 1857, the EIC rule ended after the Indian Uprising, which began as a mutiny by Indian troops of the colonial army. Political control was transferred directly to the British Crown and India was governed directly by the British Parliament through the Viceroy of India. The local administrative structures remained mostly unchanged. By this time, large swathes of Indian territory were annexed into the British Empire through territorial conquests, treaties, doctrines and misgovernance laws (Dalrymple, 2019). Over 60 percent of the modern countries of India, Pakistan and Bangladesh were directly under British governance, while remaining areas were indirectly governed through Indian rulers of Princely States (Bagchi, 2010).[6] In 1947, British rule in India came to an end with Indian independence. We summarize the timeline of the important political events in British India in Figure 1.

2.2 Land Revenue Collection Systems in British India

The historical institution we study is land revenue collection in the parts of British India directly administered by the colonial government. Land tax was the major source of revenue for the British administration in India from its early days till the late 19th and early 20th centuries when other tax bases were established (Roy, 2011). Systems for land revenue collection were firmly established by 1850s and changed little till independence in 1947 (Banerjee and Iyer, 2008). By the 1950s, erstwhile land tax collection systems were replaced by uniform laws across India. Further laws curbing the powers of large landowners and bringing about land and tenancy reforms were passed in subsequent years.[7]

There were 3 land revenue collection methods adopted by the British, namely landlord based (zamindari, talukdari or malzugari), village based (mahalwari) and individual cultivator based (raiyatwari). In the landlord system, the power to collect land revenue from a sizable number of cultivators (tenants) was vested to a landlord. The landlord held complete proprietary rights over his land, was free to set terms of taxation, and had the power to evict tenants who failed to comply with the taxation regime. The landlord would then pass on a predetermined share to the British administration and was free to keep the rest for himself (Kumar and Desai, 1983). The first major land reform law enacted the British in India was the Permanent Settlement Act of 1793. The law fixed these revenue shares and agreed to uphold them in perpetuity. Although these shares were revised in later decades, the system implied that substantial political and economic power was concentrated in the hands of a small landlord class in these areas. In individual based areas, revenue was collected from individual cultivators directly by the District Collector. Revenue rates in these systems were periodically revised by the colonial administration. In village based areas, the village as a unit was responsible for paying taxes. In reality, this often resembled one of the other systems, depending on how many people were effectively responsible for revenue collection within the village (Banerjee and Iyer, 2005). We show a map of land revenue collection regimes across Indian districts in Figure 3.

[6] Iyer (2010) exploits this variation across direct and indirectly ruled areas to estimate the long-run impact of colonial rule on economic development.

[7] For an overview of these laws, see Besley and Burgess (2000).

In this paper, we examine the lasting impact of landlord and non-landlord based systems on political selection in present-day elections. A key concern with this relationship is the possibility of endogenous selection of landlord districts. If there were inherent differences in productivity and other economic potential of landlord districts compared to non-landlord districts, then these differences, rather the land revenue collection systems, could affect long-run outcomes. If the British administration imposed revenue collection methods based on these potential differences, it would be difficult to credibly isolate the long-run effect of the revenue systems from other systematic differences across districts. Drawing on the argument of Banerjee and Iyer (2005, 2008) and other related historical accounts, we highlight that the adoption of land revenue collection regimes across districts was largely exogenous to inherent district specific characteristics. Later in the paper, we describe the several other exercises we undertake to establish that our findings are not biased by omitted variables or concerns of endogeneity.

How were land revenue collection systems chosen? In the early years of British conquest in India, the landlord regime was the preferred taxation system. By delegating authority to landlords, the British could successfully avoid setting up a large administrative machinery. Further, early administrators like Governor General Lord Cornwallis (1786-93) encouraged the zamindari system believing that landlords had systemic knowledge and incentives to develop Indian agriculture (Baden-Powell, 1892). In some cases, there was an intent to continue an existing regime of what the British believed to be landlords to maintain "a clear line of continuity in the zamindari system of Bengal in the pre and post Permanent Settlement era" (Raychaudhuri, 1983).[8]

Later years, about 1820 onwards, saw a gradual shift away from landlord based systems in newly annexed territories. This was driven by a preferential shift in British elites who were in favor of the emerging utilitarian philosophy. Proponents of this theory wanted the government to directly deal with the peasant class and protect their interests against exploitative landlords. For example, Sir Thomas Munro posited that individual based systems would enhance property rights and incentive cultivators to undertake productive investments. Munro and Holt Mackenzie in 1822 also suggested that direct tax collection by British officers would offer legitimacy and strengthen British political control in local regions (Cohn, 1969). As a result, most territories conquered after 1820 until the Uprising of 1857 had non-landlord systems. Banerjee and Iyer (2005) draw attention to the striking fact that none of the areas conquered between 1820 and 1856 had a fully landlord based system. The only anomaly was the province of Oudh. Oudh was annexed in 1856 under the pretext of misgovernance by the *Nawab*.[9] The British then instituted a village based taxation system which was prevalent in neighboring regions. However, after suppressing the Uprising of 1857, of which Oudh was an epicenter, the British sought the support of an aristocratic class to prevent future

[8]Several scholars including Roy (2002) and Banerjee and Iyer (2005) argue that the British were often mistaken about this existing system as they could not differentiate, for instance, between military chiefs and large landowners. They argue that the overwhelmingly dominant reason for instituting the landlord system was ease of administration.

[9]The annexation on grounds of misgovernance was enabled by the controversial Doctrine of Lapse. Under this law, any territory which was a British subsidiary governed by an Indian ruler could be annexed if ruler was declared incompetent or he died without a male heir. This law was one of the sources of widespread discontent that ultimately brewed into the Indian Uprising of 1857.

uprisings. Therefore, the British instituted a powerful class of talukdari landlords (talukdars were estate managers under the erstwhile Nawab) and placed control of all estates in Oudh with this class.

After 1857, administrative control of all British territories in India passed from the EIC to the Crown. Large annexations were limited in this period, but the landlord system was once again preferred when territorial expansion did take place. The belief was that the anglophile elite landlord class would continue to represent British interests and would prevent the type of incidents which led to the Uprising of 1857.

These features suggest that revenue collection systems were chosen by administrators with limited local knowledge and often for large contiguous areas which were simultaneously annexed. Further, the timeline indicates that (often mistaken) observations and ideological beliefs of administrators and political events, rather than inherent local characteristics, were key determinants of institutional choice. Figure 3 briefly summarizes the British Administration's preferred choice of land tenure systems over time.

Finally, as Roy (2011) emphasizes, if the British decided to retain direct control over revenues in more productive places, their likely choices would have been the highly productive Bengal province. However, Bengal was under full political control by 1765 and yet, the British chose to almost exclusively implement the landlord based system across the province.

The above discussion lends credence to the exogeneity of the choice of land revenue collection regimes in British India. We return to this discussion in section 4 where we describe the empirical strategy.

3 Political Selection

The notion of politicians with differing levels of quality goes back several decades in the political economy literature. Stigler (1972) compares competitive elections producing good quality candidates analogously to competitive markets inducing economic efficiency. Ferejohn (1986) considers a setting where all politicians are self-interested and interests, once in office, must diverge from those of their constituents. Yet, the traditional focus on the political economy literature has been driven by the idea that getting incentives right, rather than improving the quality of politicians, achieves good policy (Besley et al., 2005). In recent years, a growing literature has considered how institutional features affect political selection. Faced with growing anecdotal and empirical evidence that elections have limited control over politicians, it is evident that improving the quality of politicians is potentially important. However, empirical measures of politician quality are not straightforward. There is no unique indicator that unambiguously separates a politician of superior quality from an inferior one.[10]

In this section, we first provide a brief description of the electoral context in modern India we analyze. Then, we discuss the motivation and data which we use to identify "bad" politicians in this setting. Finally, we describe the other sources of data that are used throughout this analysis.

[10]Some examples used in the literature include measures of human capital (Martinez-Bravo, 2017), outside options in the private sector (de Paola and Scoppa, 2011), personality (Callen et al., 2015), and possession of a BPL card (Besley et al., 2005).

3.1 State-Level Electoral Context in India

India is a multi-party parliamentary democracy. Politicians are elected from single-member constituencies. In this paper, our focus is on politicians contesting elections to be members of state legislative assemblies (MLAs). There are about 4000 assembly constituencies across 31 states and union territories. State elections take place every 5 years and the largest party by number of seats won is invited to by the state Governor, appointed by the President of India, to form the state government.

States in India have significant autonomy over most policy matters except defense and foreign policy. The MLAs are lawmakers at the state-level and are involved in industrial growth, mining rights, health, local development, and education policies, amongst other responsibilities. However, greater responsibility lies with the state government's council of ministers, who are selected typically from ruling party MLAs.

The unit of analysis of this study is the Indian district. The main explanatory variable of this research, the proportion of a region historically under the landlord revenue system, is available at the district level. We describe this in greater detail subsequently in the subsection on data. Each district comprises about 6 to 7 assembly constituencies. No assembly constituency spans over multiple districts, allowing for a many to one match between several constituencies and a unique district.

3.2 Identifying "Bad" Politicians

We use two measures to identify "bad" politicians. First, we examine the politician's criminal charges. Second, we consider corruption. These two measures are the bases for the main dependent variables in our analysis.

The availability of data on these outcomes is owed to the Right to Information Act (2005). The legislation compels all candidates running for any level of political office must submit sworn affidavits declaring personal details including their education, financial assets and criminal records. A natural concern would be to question the truthful reporting of the data. However, both institutional features and recent research suggest that the likelihood of misreporting is relatively low. First, false declarations are offences punishable under the law by debarment, and fines or imprisonment. Second, scholars using this data (Fisman et al., 2014; Prakash et al., 2019) also argue that misreporting is not as high as one would expect because of the incentives of the media, independent watchdogs and opposition candidates to expose suspicious reports to the independent election commission.[11] Vaishnav (2017) goes further to propose that perceived misdeeds reported in the affidavit may even benefit, rather than harm, the candidate. We consider this argument in our framework in section 6. The main source of data that we use in our analysis comes from affidavits digitized and organized by the Association for Democratic Reforms (ADR), an independent election watchdog.[12]

We first consider a politician's criminal record. In our data, as many as 19 percent of all candidates face criminal charges. This figure rises to 35 percent for election winners. A few recent studies explicitly consider politicians with criminal backgrounds undesirable

[11] Criminal charges are also in the public record.

[12] The affidavits data organized by ADR is publicly available at www.myneta.info. A large part of this data is also scraped, cleaned and made publicly available by Asher et al. (2021).

(Banerjee and Pande, 2009; Banerjee et al., 2014). Prakash et al. (2019) use the criminality of a similar sample of politicians in Indian states to directly estimate their impact on aggregate economic outcomes. Using a close election regression discontinuity design, they document that electing a criminally charged politician causes 2.4 percentage points slower GDP growth in the constituency. We justify the relevance of a politician's criminal background as a signal of their quality based on these precedents.

In spite of the low probability of misreporting criminal records, politically motivated criminal charges may be a concern. If candidates more likely to win elections are also more likely to be falsely accused of criminal activity to harm their electoral campaign, our measure may pick up good, rather than bad, politicians. For instance, charges such as "defamation" are a common tool to hinder the bid for office by popular politicians. Vaishnav (2017) finds that this is true less often than one might imagine. He shows that accusations are uncorrelated with prior performance, incumbency, and time immediately prior to elections. He interprets these as criminal accusations not being associated with perceived electoral performance.

To allay further concerns of politically motivated accusations, we also consider only serious charges against the politician. Classification of a crime as serious is inherently ambiguous. Therefore, we rely on ADR's classification of serious crimes.[13] These involve crimes such as assault, murder, kidnap and rape. In addition to the severity of these crimes, these accusations must be charge-sheeted under the authority of a magistrate and are therefore less likely to be simply politically motivated (Vaishnav, 2017). In our data, about 7 and 14 percent of all candidates and winners, respectively, face charges relating to serious criminal activity.

The second measure we use to identify "bad" politicians is corruption. While anecdotal and survey evidence suggest corruption is rampant in developing countries, there are few reliable estimates that actually detect and measure corruption (Olken and Pande, 2011). Our estimate builds on the argument that "corruption adversely affects growth when politicians use public money for private use" (Bardhan, 1997). To this end, our focus on the private financial gains accumulated by politicians while in office.

It is imperative to mention here that we treat criminality and corruption as distinct concepts in our setting. On one hand, not all criminal acts, in particular the serious crimes discussed above, are not inherently corrupt. On the other hand, corrupt acts might be criminal but, as the literature points out, are notoriously difficult to detect (Olken and Pande, 2011).[14]

Anecdotal evidence on returns to public office displays a large number of cases where Indian politicians exploit public office for large financial benefit. Several high profile scams have implicated high ranking members in the state legislatures, including multiple chief

[13] ADR's classification is based on several criteria. A crime is considered serious if: i) it carries a maximum punishment under the law of at least 5 years, ii) it is a non-bailable offence, iii) it involves electoral violation, iv) it pertains to the loss to exchequer, v) its nature relates to assault, kidnap, rape, murder, vi) it is under the Representation of the People Act, vii) it is under the Prevention of Corruption Act, viii) it is an offence related to crimes against women. https://adrindia.org/content/criteria-categorization-serious-criminal-cases reports the full list of cases under the Indian Penal Code (IPC) which ADR classifies as serious crimes.

[14] A thorough overview of the large literature documenting measures and adverse impacts of corruption is beyond the scope of this paper. Interested readers could refer to Olken and Pande (2011) for a comprehensive discussion of these issues, particularly in developing countries.

ministers.[15] Surveys by Transparency International, a corruption watchdog, frequently show high perceived corruption of politicians and political parties.[16]

We treat private financial gain in office as a proxy for corruption based on two precedents in the recent literature. First, several studies document the high rents available in political office in India (Banerjee and Pande, 2009; Fisman et al., 2014; Asher and Novosad, 2023). Second, and more importantly, these studies associate the documented wealth accumulation with corrupt behavior. For example, Chauchard et al. (2019) find that voters strongly disapprove of wealth accumulation in office and associate it with corruption. Fisman et al. (2014) document that while there is a "winner's premium" across a wide sample of Indian politicians, the premium is substantially larger when opportunities for corruption are greater – in corrupt states, and by powerful members of the ministerial cabinet. For emphasis, the authors declare that "while this does not detect corruption directly, the rapid wealth accumulation of higher-level officials necessarily implies access to income beyond official wages".

3.3 Data

We combine data from several sources for this research. The spatial coverage of the data consists of over 2700 constituencies across 20 states, comprising about 84 percent of the Indian electorate. The three main sets of data we use for the analysis include politician information on the affidavits, historical information on landlord areas and data on Indian state election characteristics.

Politician Information. As mentioned in the previous section, data on the criminal records and financial disclosures of politicians are drawn from their sworn affidavits required under the Right to Information Act (2005). These are submitted by candidates to the election commission of India. The Association for Democratic Reforms (ADR), an election watchdog, digitizes and assembles these affidavits for all national and state, as well as some local elections.

For criminality, we observe whether the politician has been charged for criminal activity or not. The data also indicates the total number and the nature of charges the politician faces. For serious crimes, we use data compiled by Prakash et al. (2019). Our data includes all state elections in the 10 year period during 2007-2016.[17] The final sample contains about 50,000 candidates.

[15] The $200 million Fodder Scam implicated the chief minister of Bihar. The National Rural Health Mission Scam of 2011 involved the health minister of Uttar Pradesh and billions of dollars. Housing development scams have implicated MLAs in Maharashtra. Mining scams implicated MLAs in Karnataka and Jharkhand. Fisman et al. (2014) provide a more comprehensive discussion of several recent scams.

[16] "Government Officials" and the "Legislature" are perceived to be second and third most corrupt institutions in India, ranking only after the Police, which is again under the purview of the state interior minister. Further, as many as 86% respondents thought political parties were very corrupt (Transparency International, 2013).

[17] As mentioned before, the main source of the criminality information from the clean affidavit data is Asher et al. (2021). At the time of writing this paper, SHRUG had complete coverage of elections only until 2016.

For financial disclosures, we observe the declared assets of politicians before each election they contest. The affidavits require politicians to declare assets also owned by their immediate relatives and dependents. Following other works using these financial disclosures (Fisman et al., 2014; Vaishnav, 2017), we use the total sum of financial assets declared in these affidavits. To investigate the financial gain experienced by politicians in office, it is necessary to observe the politician in two successive elections. While ADR aims to match affidavits submitted by the same politician over successive elections, we supplement this data by manually matching politicians across elections.[18] For the base year, our data contains all state elections between 2007-2014.[19] Our final sample consists of about 3,000 politicians.

Finally, the affidavits also contain information on the age and education of the politician and the party they represent. We use these as control variables in our regression specifications, detailed in section 4.

Landlord System. The main explanatory variable in our analysis, as we describe subsequently in the empirical strategy, is the proportion of a district under the control of landlords during British rule. We obtain this data from Banerjee and Iyer (2005). Using several historical sources, they compute, for each Indian district in 1991, the proportion of the district where landlords had the power to collect land revenue from cultivators. Their data also contains the year of annexation of the district by the British. For districts in a few present-day states, the landlord proportion is mostly coded as 1 as these regions were overwhelmingly landlord areas.[20] For districts in other states, Banerjee and Iyer (2005) construct a continuous measure of landlord proportion from historical administrative land tenure records. Since 1991, a few districts have been split to form new districts. If a new district is fully constituted of the parts of a single 1991 district, we assign it the same landlord proportion as the original district. If the new district comprises areas from two or more original districts, then we use a weighted average of the original districts to assign the landlord proportion.[21]

Finally, all the information on proportion of landlord control come from districts directly under British administration. That is, the princely states are excluded. As Indian rulers of princely states had sufficient autonomy in internal administration, the institutional context is likely different and as such, there is inadequate historical data on local administration and land tenure from those areas (Iyer, 2010).

Elections. We use data on several measures of electoral competition in section 6. These include turnout, margins of victory, winner vote shares, and effective number of parties. We gather this data from the Indian election data repository at the Trivedi Centre for Political Data (Bhogale et al., 2019). As above, we consider all state elections in the 10 year period

[18] This is non-trivial as several politicians have similar names, and spelling errors are commonplace.

[19] We need, for each politician, information from two successive election years. So, if a politician ran in 2014, we observe his/her financial disclosures in 2014. If s/he chooses to run again in 2019, we observe disclosures again in 2019. In this setting, we call 2014 the "base year".

[20] These states include Bihar, Karnataka, Orissa and West Bengal.

[21] This is quite rare. The 1991 data had 276 districts with information on landlord proportion. The most common new districts were those formed due to the bifurcation of original districts. Approximately 14 districts were bifurcated. New districts comprising areas from multiple original districts is even rarer — in the data we observe there are only 5 which had parts of 3 original districts.

during 2007 to 2016.

4 Empirical Strategy

The main objective of this research is to compare the adverse selection of politicians between landlord and non-landlord areas. To estimate these, we run regressions of the form

$$Y_{ijpkt} = \alpha + \beta Land_k + \delta_t + \omega_p + \gamma X_{ijpkt} + \mu Z_k + \epsilon_{ijpkt}, \quad (1)$$

where outcome Y is for politician i contesting in constituency j for party p in district k during election year t. The main independent variable is Land which varies at the district level. Therefore, the main coefficient of interest is β. Year fixed effects δ_t account for changes affecting all politicians in a given election year in the same way. ω_p are a set of party dummies to exploit only within party variation to account for tendencies to select bad politicians differing across parties. X and Z represent politician and district level controls, respectively, including age, education levels of politician i and geographic characteristics of district k. Since $Land_k$ varies only at the district level, all standard errors are clustered at the district level to account for within district correlation of outcomes.[22]

The OLS coefficient of interest β identifies the average effect of the historical landlord-based system on the nature of political selection in current elections. The causal interpretation relies on the exogeneity of the choice of land revenue collection systems across districts. Section 2.2 provides a detailed discussion on why the land revenue collection regimes are unlikely to have been systematically related to inherent district characteristics or economic potential. The preceding discussion suggests that the choice of land tenure system was more likely to have been driven by the influence of individual administrators (ex: Lord Cornwallis, Thomas Munro), political events (ex: Uprising of 1857), year of annexation of the district and a (often mistaken) belief of a system of continuity from the pre-British years. We do not include state fixed effects for two reasons. First, state boundaries have changed several times since the land revenue collection systems were first instituted. Boundaries of erstwhile provinces during British rule did not translate always to state boundaries after independence when states were primarily linguistically organized. Some states were further divided in later years following local demands for greater administrative autonomy and efficiency. District boundaries, however, have remained largely unchanged since the British era. Second, a few states have little variation in the landlord proportion across districts. In particular, the early conquered districts in the modern states of West Bengal, Bihar and Orissa tended to have almost exclusively landlord-based systems. Including state fixed effects would in effect entirely drop these states from the estimates.

Following Banerjee and Iyer (2005), we conduct two additional exercises to establish the validity of our results. First, we include a variable which controls for the length of time under British rule. If the districts conquered early on by the British were systematically different from ones conquered later, the length of the rule could have independent impacts on modern outcomes. Controlling for the length of British rule therefore accounts for the direct

[22]The clustering is done at the level of the 1991 districts obtained from Banerjee and Iyer (2005) as that is the level at which the main independent variable varies.

effects of the more (or less) intense colonial rule. Second, we use an instrumental variable to assuage any remaining endogeneity concerns in the land revenue system. Extending the discussion of section 2.2, districts conquered between 1820 and 1856 have predominantly non-landlord systems. Scholars suggest that this is driven by the wider ideological shift towards utilitarianism in England. Thus, areas conquered between 1820 and 1856 had a much higher likelihood of having a non-landlord system because of reasons orthogonal to characteristics local to the region, or possibly colonial India as a whole. For this reason, an indicator for the district being conquered between 1820 and 1856 is a valid instrument for landlord proportion. For all regressions using the IV, we also continue to include the control for length of British rule to account for the direct effects of time under British rule.

As we briefly allude to in the previous section, the main regressor $Land_k$ is a continuous measure of the proportion of the area of district k which was under the authority of landlords. As a robustness check, we also estimate the main regressions using a binary measure of landlord control. A brief discussion and results are presented in appendix 1.

4.1 Criminal Politicians

We consider two sets of outcomes to estimate the effect of the historical land revenue collection systems on the selection of criminal politicians. First, we use a binary variable that takes a value of 1 if the politician faces any criminal charges. Second, we use a binary variable that takes a value of 1 only if the politician faces any serious criminal charges. We do not consider the total number of charges. We argue that it conveys no meaningful interpretation as a single criminal incident could lead to multiple charges being filed against the accused.

For each outcome, we separately estimate effects for both the entire pool of candidates contesting elections and for the sub-sample of winners who are eventually elected to the state legislature. If the likelihood of criminal politicians winning, rather than contesting, elections is small, it would indicate the power of elections to crowd out bad politicians. If, however, that is not the case, it would raise the possibility of institutional mechanisms preventing elections from being efficient in terms of mitigating adverse selection. We consider these frictions in section 6.

Following equation 1, the regression specification is as follows

$$(Criminal\ Record)_{ijpkt} = \alpha + \beta Land_k + \delta_t + \omega_p + \gamma X_{ijpkt} + \mu Z_k + \epsilon_{ijpkt}, \tag{2}$$

where $Criminal\ Record$ is an indicator for charges faced for either any crime or a serious crime. All other variables are as in equation 1.

4.2 Corrupt Politicians

To estimate corruption, we restrict attention to the sample of politicians who run in two successive elections and win the first. Assets declared by incumbents prior to re-contesting in the second election indicates the wealth accumulation experienced during their term in office.

We use two main outcomes to measure politicians' financial gain in office. First, we consider the log of assets declared in the second election. Second, we calculate the annualized percentage growth rate in assets during their term in office. This takes the form as below.

$$Annual\ \%\ Asset\ Growth = \frac{Assets\ in\ Election\ 2 - Assets\ in\ Election\ 1}{Assets\ in\ Election\ 1} \times 100\% \times \frac{1}{Years\ in\ Office} \quad (3)$$

For both these outcomes, regressions are of the form in equation 1. A key addition is an explanatory variable for the log of assets declared in the first election. This allows us to interpret the differential financial gain by politicians in percentage terms. If politicians from landlord areas are poorer on average, a uniform level return to office is going to be a higher proportional return in landlord areas than in non-landlord areas. Therefore, our measure for corruption estimates the proportion by which the politician's wealth grew during years in office, after controlling for initial wealth at the beginning of the term.

One limitation with comparing differences in politicians' financial gain in office across landlord and non-landlord areas is the absence of a comparison group of politicians. While a regression of the form in equation 1 identifies the difference across regions with varying land revenue collection systems, it cannot incorporate differences within regions. If both winning and losing politicians accumulate more wealth in a particular region over a given length of time, compared to politicians in other regions, the differences may not reflect corruption. Since opportunities for corruption are arguably higher in office, large financial gains for both winners and losers may reflect a superior quality of politicians or higher outside options, rather than corrupt activity.

To address this limitation, we estimate how the "winner's premium" (Fisman et al., 2014) politicians receive varies across districts with different historic land tenure systems. The winner's premium estimates the additional financial gain winner politicians enjoy by virtue of them being in public office, compared to similar politicians running in a similar electoral environment but not winning the election for office. To compute the winner's premium, the sample of politicians is restricted to first and second-placed candidates in a given election. Then, the sample is further restricted to only those winner and runner-up pairs that compete against each other from the same constituency in successive elections. These ensure that the two politicians being compared appeal to similar constituents and face similar electoral environments. By comparing asset disclosures of these politicians over successive elections, we estimate the winner's premium in public office. In short, the winner's premium is the difference in the increase between the winner's and runners-up's assets between the two successive elections, during which only the winner has nearly completed a term in office. Our term of interest is the interaction term in the following regression equation 4 which tests for the heterogeneity in the winner's premium across districts with the varying historic land institutions.

$$\begin{aligned} Y_{ijkt} =& \alpha + \theta E1Winner_{ijpkt} + \beta E1Winner_{ijpkt} \times Land_k \\ &+ \phi E1Assets_{ijpkt} + \delta_t + \gamma X_{ijpkt} + \mu Z_k + \epsilon_{ijpkt} \end{aligned} \quad (4)$$

where Y represents assets declared prior to the second election, or the net asset growth in office. $E1Winner$ is an indicator for the winning politician in the first election. The coefficient of interest is β, associated with the interaction term $E1Winner \times Land$. It

measures how much higher the winner's premium is when the landlord proportion of the district increases. The sample of politicians used in these estimates come from Fisman et al. (2014). Extending their reasoning and rich dataset, we include additional controls which could affect corrupt activity. These include indicators for whether the politician has been a prior member of the state assembly, whether the politician is a minister in the state government, and whether the district lies in one of the Indian states perceived to be traditionally more corrupt.[23]

Finally as a validation exercise, we repeat the exercise on heterogeneity in the winner's premium using a close elections regression discontinuity design. By focusing only on close elections, concerns of unobservable characteristics affecting the electability of winners and runners-up are further mitigated. The main drawback with the RD design is the sample size. Restricting the sample to only those elections won even within a margin of 10 percent reduces an already small initial sample of 780 politicians to only 548 politicians.

5 Results

In this section, we present and discuss the results investigating how the historical landlord institution on the quality of politicians in current elections. We first discuss the main findings of this research using the baseline OLS specifications for criminality and corruption. We then describe the validation exercises with the instrumental variable for both sets of outcomes, and the close elections RD for estimates on corruption.

5.1 Main Findings

Criminality. Table 1 displays the results for criminal politicians, based on equation 2. Columns 1-2 show results for all candidates, while columns 3-4 show results for winners only. In the baseline specification in column 1, the coefficient is positive and statistically significant at the 1 percent level. The magnitude indicates that compared to a fully non-landlord district, politicians in a landlord district are about 22 percent more likely to face criminal charges. In column 3, the estimate for winners indicate a similar positive relationship but it is not statistically significant. However, a point worth noting is that the average likelihood of a winner facing a criminal charge in a fully non-landlord district is about twice as large than that of all candidates. This could suggest that winning politicians are likely to face criminal charges in any region. Based on the discussion in section 3.2, these charges could be politically motivated and aimed at deterring the politician's bid for office.

To overcome these concerns, in table 2 we report results for serious charges faced by politicians.[24] The baseline specification in column 1 shows that for all candidates, the likelihood of facing a serious charge is once again positive and strongly significant in landlord districts. In terms of magnitude, compared to a fully non-landlord district, the likelihood of a politician facing a serious criminal charge is 55 percent higher in a landlord district. Unlike

[23]These states include Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh, colloquially referred to as BIMARU, after the Hindi word for "sick".

[24]Sample sizes are smaller compared to table 1 as the data on serious criminal charges is only between 2007-2012.

the results for all criminal charges, winners are also differentially affected by serious criminal charges. As column 3 indicates, in a landlord district, winners are 54 percent more likely to face a serious criminal charge, compared to winners in fully non-landlord district. This estimate is also significant at the 1 percent level. These results are very similar to estimates obtained using a binary, rather than continuous measure of a district's landlord proportion. We describe results with the binary measure in Appendix 1.

The results demonstrate that the likelihood of criminal politicians contesting, and winning, elections in substantially higher in landlord areas. Further, the relationship is much stronger when only serious criminal charges are considered.

As an aside, on one hand Prakash et al. (2019) find that criminal politicians have a large negative causal effect on economic performance. On the other hand, Banerjee and Iyer (2005) show that landlord districts in the present-day are worse off across several measures of economic development. Therefore, the results we obtain here indicate criminal politicians could be a possible channel leading to the worse economic outcomes in landlord districts.

Corruption. In table 3, we consider the estimates on corruption based on the private wealth accumulation of politicians during their time in office. Columns 1-2 display the impact on their assets at the end of the term in office, while columns 3-4 describe the average annual growth rate of assets as described in equation 3.

The first point of note for these results is that the coefficient on landlord proportion is always negative. This indicates that the estimates of corrupt activity are relatively higher in non-landlord areas. For results relating to the overall growth of assets, the baseline specification in column 1 indicates that politicians in landlord districts experience a 9.7 percent greater increase in wealth during their time in office, compared to politicians in non-landlord areas. These results are significant at the 5 percent level, and remain significant at the 10 percent level even after controlling for the length of British rule. The results for the growth rate of assets is consistent. Column 3 indicates that politicians' assets in non-landlord districts grow 15 percent faster annually during their terms in office. These estimates are strongly significant at the 1 percent level.

Table 4 describes the results for the winner's premium based on the regression in equation 4. As row 1 indicates, there is a strong direct evidence of the winner's premium both as measured by assets at the end of the term and annualized growth rate of assets. That is, winners in office experience larger gains in financial assets over the duration of their terms, compared to similar politicians in similar environments but not in office. Of interest here, however, is the interaction term reported in row 2. The interaction term measures heterogeneity in the winner's premium across landlord and non-landlord districts. As the results show, these coefficients are always negative. As with the earlier results in table 3, this is evidence of greater private wealth accumulation and, by extension, corrupt activity in the non-landlord areas. That is, the winner's premium is significantly larger in non-landlord districts. As before, the winner's premium is higher in non-landlord districts both in terms of the percentage increase in assets and the rate of growth of assets. For instance, politicians' annual growth in assets is an additional 6.6 percent higher in non-landlord districts. Both sets of results, in tables 3 and 4, are similar when a district's landlord proportion is measured using a binary, rather than continuous, measure. If anything, they are more precisely estimated.

These results on corrupt activity are in contrast to the results for criminal politicians.

Corrupt politicians are more likely to be in office in non-landlord areas. These politicians experience disproportionately larger and faster gains in assets during their terms in office. It is imperative to mention here that our estimates capture the differential increase in private assets for politicians in non-landlord districts. It cannot comment on the factors driving aggregate asset increases experienced by Indian politicians. While politician assets increase everywhere, the increase is substantially larger in non-landlord areas.

Summary. These findings highlight a nuanced lasting impact of historical institutions on the selection of bad politicians in modern elections. While criminal politicians are much more likely to be involved in landlord areas, corrupt activity by politicians are much more likely to take place in non-landlord areas. Perhaps unexpectedly, these findings demonstrate that "bad" politicians are not pervasive only in landlord areas. This is in spite of the lasting impact of the historically extractive landlord institution leading to worse economic development outcomes (Banerjee and Iyer, 2005; Pandey, 2010).

In the next section, we first establish that these findings are not biased by omitted variables or endogeneity problems. Then, in section 6, we describe a brief framework that explores plausible mechanisms driving these nuanced results.

5.2 Robustness

The primary goal of the robustness exercises is to address any remaining concerns of endogeneity in the choice of land revenue collection systems by the colonial British administration. Following the discussion in section 4, we use an indicator for the district being conquered between 1820 and 1856 as an instrument for low landlord proportion in the district. That is, districts conquered between 1820 and 1856 were overwhelmingly less likely to have a landlord based land revenue collection system. Table 5 documents the first stage results of this IV based on the following regression.

$$Land_k = \alpha + \beta(Instrument)_k + \mu Z_k + \epsilon_k \tag{5}$$

The coefficient of interest β is negative and significant at the 1 percent level, confirming there is a strong first stage, even after controlling for the length of British rule in the district.

Tables 6 and 7 document the IV results for all and serious criminal charges, respectively. In each case, the coefficients are positive and strongly significant. More starkly, the magnitudes are larger than the OLS estimates. This indicates that the OLS estimates may be downward biased.

Table 8 documents the IV estimates for corrupt activity. The sign and significance of the coefficients confirm the validity of the main OLS findings. The difference in magnitude is even larger than that of the IV estimates for criminal activity. The IV estimates for wealth accumulation in office and the net growth rate of assets is about 4 and 3 times, respectively, larger than the OLS coefficients. This further suggests the downward bias of the OLS estimates. However, to be conservative, we treat the OLS findings as the baseline benchmark for this research.

Finally, in table 9 we show results for heterogeneous effects on the winner's premium across landlord and non-landlord areas, as estimated by the close elections RD. The results

are consistent with the main findings. The winner's premium is higher in non-landlord areas, both through the percentage increase in total wealth in office, and the annualized asset growth rate. Even with the small sample size, these results are significant at the 5 or 10 percent level. Only in column 2, the estimate is slightly weaker but it is still significant at the 12 percent level.

6 Discussion Framework

So far this paper has documented the persistent impact of the historical land revenue collection institutions on present-day adverse political selection. Criminal politicians are substantially more likely to be involved in elections in areas where land revenue was collected by the historically extractive landlord institution. Corrupt politicians accumulating large private wealth in office, however, are more likely to assume office in non-landlord districts where the colonial government directly collected revenue from individual cultivators. In section 5.2, we established that these findings are not due to omitted variables or endogeneity. Why do criminal politicians run and win elections in landlord areas? Why do politicians in non-landlord areas accumulate more wealth in office? To explore these questions, we describe a simple framework incorporating the types of politicians voters may prefer across landlord and non-landlord areas and the relative benefits different politicians may derive from office.

We consider a setting with 3 types of politicians: ordinary, elite and criminal. If elected to office, politicians can expend effort to obtain two types of benefits B. First, there are benefits such as administrative control and prestige. We call these benefits non-tangible (NT). Alternatively, politicians can also gain tangible (T) benefits, such as financial gain. We argue that the relative value of non-tangible benefits is highest for criminal politicians. Being in office affords criminal politicians control over law enforcement, and protection for persecution, as well as gain legitimacy for their plausibly illicit actions.[25] The relative value of tangible, compared to non-tangible, benefits is highest for elites. Elites already possess influence and recognition, and once in office cares most about wealth accumulation.

The long tryst with the extractive landlord institution results in a relative dislike for elites in the landlord areas. For a long period of history, substantial political and economic power was concentrated in the hands of a small elite and this foments a persistent mistrust. Although the historic revenue collection methods have been abolished in independent India, elite landlords continue to wield political and economic influence (Beg, 2021). As a result, the social structure in landlord areas is characterized by a conflictual environment.[26] Why would criminal politicians benefit from this dislike of elites? We argue that the conflictual environment spills over into politics. There are misaligned interests between historically powerful elites and the historically less-empowered mass electorate. Criminal politicians can derive a comparative electoral advantage in this setting if they use their crimes as a signal of their willingness to protect constituents' interests "at all costs" (Vaishnav, 2017). If there are indeed spillovers of the conflictual environment into politics, voters may even prefer to vote

[25] Vaishnav (2017) suggests that the most reliable way for criminals to avoid persecution is indeed to enter politics. suggests that the most reliable way for criminals to avoid persecution is indeed to enter politics.

[26] Banerjee and Iyer (2005) show, for instance, that violent crime rates are higher in landlord areas.

for criminal politicians in elections.[27] In such a situation, criminal candidates will perceive a higher likelihood of electoral success. This would have two related ripple effects. First, higher chance of success will directly increase the entry of criminal candidates. At the same time, if criminal candidates constitute negative externalities to "good" candidates, it would reinforce criminality in the selection pool. All of this would suggest that criminal politicians in landlord areas, relative to other areas, are more likely to contest elections, and be elected to office.

In non-landlord areas, the political environment is less conflictual. All else equal, there is less of an overhang of an extractive historical institution. Voters may not have a relative preference towards criminal politicians. The relatively less antagonism towards elites allows elites a lower barrier to entry. Once in office, elites expend effort on tangible benefits such as wealth accumulation. A question that arises is why elites are elected, over other non-criminal ordinary politicians. Elites may be perceived to be better politicians by virtue of name recognition and longer terms in office, and could be backed by ethnic or other identity groups.[28] Yet, these characteristics can also facilitate greater opportunities for corrupt activity once in office.

Two testable implications form the basis of our framework. First, we have argued that there are electoral spillovers of the conflictual environment in landlord areas. To test this, we estimate how several measures of electoral competition vary across landlord and non-landlord districts. We test for differences in turnout, effective number of contesting parties, victory margin and winner's vote share, across districts. We run simple regressions as follows

$$Y_{jkt} = \alpha + \beta Land_k + \delta_t + \epsilon_{jkt}, \tag{6}$$

where Y_{jkt} represents outcomes from elections in constituency j in district k during year t. Year fixed effects δ_t control for common shocks to all elections in a given year. The coefficient of interest β measures how the landlord proportion affects the competition outcome Y. As before, all standard errors are clustered at the district level.

For the second testable implication, we turn to elite capture. We argue that there is greater elite capture in non-landlord areas which ultimately results in private wealth accumulation in office. To test this, we use two indicators of elite capture: wealth and the number of terms in office. We use wealth as a crude proxy for the economic or socio-political authority lying with the politician. Measuring the number of terms in office is motivated by the direct relationship between opportunities for corrupt activity and length of time in office (Fisman et al., 2014). As before with results on criminality, we estimate results for both the entire pool of candidates and winners, separately. The regression framework is the same as

[27] See Vaishnav (2017) for a comprehensive discussion on the overall appeal of criminal politicians in societies with deep identity divisions, inequal distribution of resources and weak enforcement of law. He also puts forward the argument that "Bad politicians can simultaneously engage in bad behavior and good politics, at least for some segment of the electorate".

[28] This is particularly true in the politics in India dominated by ethnic and social networks, as well as by dynastic politics. Caste and religion play major roles in most elections. Several political dynasties in India extend several generations. Three Prime Minsters of India, and the current Leader of Opposition have come, for instance, from the powerful Nehru-Gandhi family. George et al. (2018) estimates at least 10% of current parliamentarians are dynasts, and the figure is likely much higher in state assemblies, across all regions and parties.

6, except observations now vary at the individual politician level.

Moreover, in order to complement the analysis for the second testable implication, we investigate the importance of corporate connections for politicians. We specifically examine whether politicians are connected with publicly listed firms in non-landlord areas. For this analysis, we use the indicators that equal to 1 if politicians are board members of publicly listed firms in the constituency where politicians run for elections. Again, we analyze the corporate connections for both candidates and winners, separately. The regression framework is the same as 1, except the outcome variable indicates corporate-political connections.

Table 10 presents results on electoral competition. Although we do not find significant differences in turnout, the other measures do indicate that elections in landlord districts are more competitive. Landlord districts are associated with more effective number of parties competing for each seat, lower victory margins and lower overall vote shares for the winning candidates. The estimates are significant at the 5 percent level.

Table 11 presents results on elite capture. We find that politicians are substantially wealthier in non-landlord areas. Since the main independent variable is the landlord proportion following equation 6, the results displayed in the table capture the inverse relationship between elite capture and landlord areas. Compared to a fully landlord district, the average candidate in a non-landlord district is about 57% wealthier, and the average winner is about 76% wealthier. Further, both candidates and winners are likely to spend more terms in office in non-landlord areas. Perhaps this is not so surprising given the less competitive electoral environment in the non-landlord districts. All the estimates in table 11 are statistically significant at the 1 percent level. Note that these results also directly reinforce the main findings on corruption. The earlier results in section 5.1 show that controlling for initial wealth, the percentage increase in assets during the term in office is significantly higher in non-landlord districts. The results on elite capture highlight that the winning politicians are also wealthier to begin with, in non-landlord districts. Taken together, these imply that politicians in non-landlords experience a disproportionate amount of financial gain during their terms in office.

Table 12 presents the results on corporate connections. We find that both politicians and candidates are significantly less likely to be board members of publicly listed firms in landlord areas. Combined with the elite capture results, we argue that the cost of corporate-political connections is higher in landlord districts due to the higher electoral competition and increased political uncertainty, which leads to less accumulation of financial assets.

These findings provide suggestive evidence consistent with the framework. While we cannot rule out the existence of other complementary channels, we argue that differences in the electoral environment across landlord and non-landlord districts is one important mechanism that contributes to the main findings on bad politicians.

7 Conclusion

This paper investigates whether there is a persistent impact of history on adverse political selection in present-day elections. We consider the long-run effects of one specific historical institution: the colonial land revenue collection systems during British rule in India. We explore whether history can provide an explanation for the prevalence of bad politicians

running for elections and assuming office, particularly in the emerging democracies of developing countries. We study two types of bad politicians that have plagued Indian politics: namely, criminal and corrupt politicians.

The findings of this paper document the persistent causal impact of the historic land revenue collection systems on modern adverse political selection. However, the effect across the different types of bad politicians is nuanced. Contrary to expectations, not all types of bad politicians are concentrated in Indian districts where extractive landlords controlled significant economic and political power. We show that criminal politicians are substantially more likely to be contesting elections, and be elected to state legislatures, in landlord districts. For instance, politicians are almost 55 percent more likely to face a serious criminal charge in landlord districts compared to a fully non-landlord district. However, corrupt politicians are more likely to be in office in non-landlord areas. Politicians in office in non-landlord areas accumulate wealth substantially faster and in larger magnitudes compared to their counterparts in landlord areas. Further, they also experience a winner's premium that is differentially greater by over 6 percent than in landlord areas. Several validation exercises confirm that the results are not driven by concerns of endogeneity.

To explore mechanisms driving the results, we discuss how the land revenue collection systems could have affected the contemporary electoral environment. Elections in landlord areas are reflective of the broader divisions in society. The conflictual environment between historically powerful elites and the mass electorate leads to more competitive elections than in non-landlord areas. Criminal politicians are able to exploit this environment by signaling, through their crimes, a willingness to protect their constituents' interests at all costs. In non-landlord areas, relatively less hostility towards elites allows for greater elite capture of the political process. Once in office, these politicians are able to accumulate wealth beyond their plausibly legitimate sources of income. We argue that this accumulation of wealth is driven by corporate-political connections, which are lower in landlord districts due to higher political uncertainty.

Developing economies have a pervasive problem of bad politicians. This paper documents the causal effect of history on the selection of poor-quality politicians in modern elections. In short, history matters. However, as this paper shows, history does not matter uniformly. Therefore, a simplified policy prescription is unlikely to be sufficient in overcoming the ill effects of historical persistence on adverse political selection. For this case of India, systematic empowerment of non-elite groups could be one way of promoting cleaner politics and better politicians in both landlord and non-landlord areas. Future research should examine the persistence of other channels and policies, which could successfully dismantle their negative impacts.

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Table 1. **Main (OLS) Results for Politicians Facing Criminal Charges**

Dependent Variable:	Indicator for Any Criminal Charge			
Political Sample	All Candidates		Winners	
	(1)	(2)	(3)	(4)
Landlord Proportion	0.036***	0.037***	0.034	0.028
	(0.010)	(0.010)	(0.033)	(0.034)
Fully Non-Landlord District Mean	0.168	0.168	0.317	0.317
No. of Politicians	48,436	48,436	5,119	5,119
No. of Districts	276	276	276	276
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 2 provides the regression specification. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 2. **Main (OLS) Results for Politicians Facing Serious Criminal Charges**

Dependent Variable:	Indicator for Serious Criminal Charge			
Political Sample	All Candidates		Winners	
	(1)	(2)	(3)	(4)
Landlord Proportion	0.040***	0.041***	0.074***	0.073***
	(0.008)	(0.009)	(0.026)	(0.026)
Fully Non-Landlord District Mean	0.074	0.074	0.133	0.133
No. of Politicians	27,097	27,097	3,094	3,093
No. of Districts	276	276	276	276
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 2 provides the regression specification. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 3. **Main (OLS) Results for Politicians Private Financial Gain During Term in Office**

Dependent Variable:	log(Final Assets)		Annual % Asset Growth	
	(1)	(2)	(3)	(4)
Landlord Proportion	-0.097**	-0.086*	-14.929***	-12.900***
	(0.045)	(0.044)	(5.136)	(4.983)
No. of Politicians	2,889	2,889	2,889	2,889
No. of Districts	276	276	276	276
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 1 provides the regression specification. Equation 3 displays how the annualized percentage net asset growth is calculated for columns 3-4. Final assets refer to the financial assets at the end of the term in office, declared in the financial disclosures prior to running for office in the second election. Politician controls include age, education, initial financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 4. **Main Results for Heterogeneous Effects on Politicians' Winner's Premium**

Dependent Variable:	log(Final Assets)		Annual % Asset Growth	
	(1)	(2)	(3)	(4)
Election 1 Winner	0.276***	0.248***	0.062***	0.056***
	(0.086)	(0.085)	(0.021)	(0.020)
Election 1 Winner ×	-0.259**	-0.217*	-0.065**	-0.056*
Landlord Proportion	(0.118)	(0.123)	(0.029)	(0.031)
No. of Politicians	781	781	781	781
No. of Districts	178	178	178	178
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 4 provides the regression specification. The coefficient of interest in the interaction term captures *heterogeneous* effects on the "winner's premium." Final assets refer to the financial assets at the end of the term in office, declared in the financial disclosures prior to running for office in the second election. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 5. **Instrumental Variable First Stage Results**

Dependent Variable:	Landlord Proportion	
	(1)	(2)
Instrument	-0.494***	-0.270***
	(0.048)	(0.052)
No. of Districts	276	276
R-Squared	0.25	0.42
British Rule Length Control	N	Y

Note: All coefficients are from separate regressions. Equation 5 shows the regression specification. The instrument is an indicator that takes value of 1 if the district was conquered by the British between 1820 and 1856. This is the first stage regression confirming the validity of the instrument. *** 1%, ** 5%, * 10% significance levels.

Table 6. **IV Results for Politicians Facing Criminal Charges**

Dependent Variable:	Indicator for Any Criminal Charge			
Political Sample	All Candidates		Winners	
	(1)	(2)	(3)	(4)
Landlord Proportion	0.080***	0.125***	0.151**	0.173**
	(0.023)	(0.038)	(0.074)	(0.087)
No. of Politicians	48,436	48,436	5,119	5,119
No. of Districts	276	276	276	276
Kleibergen-Paap Wald rk F-Stat	105.95	21.48	84.37	42.68
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 2 provides the regression specification. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels. Landlord Proportion is instrumented by an indicator taking value of 1 if the district was conquered by the British between 1820 and 1856, and 0 otherwise. these results show the second stage IV estimates.

Table 7. **IV Results for Politicians Facing Serious Criminal Charges**

Dependent Variable:	Indicator for Serious Criminal Charge			
Political Sample	All Candidates		Winners	
	(1)	(2)	(3)	(4)
Landlord Proportion	0.061***	0.072***	0.107**	0.112*
	(0.015)	(0.019)	(0.054)	(0.059)
No. of Politicians	27,097	27,097	3,094	3,094
No. of Districts	276	276	276	276
Kleibergen-Paap Wald rk F-Stat	123.77	60.06	66.20	42.76
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 2 provides the regression specification. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels. Landlord Proportion is instrumented by an indicator taking value of 1 if the district was conquered by the British between 1820 and 1856, and 0 otherwise. these results show the second stage IV estimates.

Table 8. **IV Results for Politicians Private Financial Gain During Term in Office**

Dependent Variable:	log(Final Assets)		Annual % Asset Growth	
	(1)	(2)	(3)	(4)
Landlord Proportion	-0.366**	-0.325**	-47.739***	-36.864**
	(0.151)	(0.156)	(15.440)	(16.727)
No. of Politicians	2,889	2,889	2,889	2,889
No. of Districts	276	276	276	276
Kleibergen-Paap Walk rk F-Stat	52.03	43.88	52.03	43.88
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 1 provides the regression specification. Final assets refer to the financial assets at the end of the term in office, declared in the financial disclosures prior to running for office in the second election. Politician controls include age, education, initial financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels. Landlord Proportion is instrumented by an indicator taking value of 1 if the district was conquered by the British between 1820 and 1856, and 0 otherwise. these results show the second stage IV estimates.

Table 9. **RD Estimates of Heterogeneous Effects on Politicians' Winner's Premium**

Dependent Variable:	log(Final Assets)		Annual % Asset Growth	
	(1)	(2)	(3)	(4)
Election 1 Winner	0.184	0.168	0.049	0.046
	(0.133)	(0.132)	(0.032)	(0.032)
Election 1 Winner ×	-0.212*	-0.189	-0.059**	-0.056*
Landlord Proportion	(0.121)	(0.126)	(0.030)	(0.031)
No. of Politicians	549	549	549	549
No. of Districts	157	157	157	157
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 4 provides the regression specification. The coefficient of interest in the interaction term captures *heterogeneous* effects on the "winner's premium." Final assets refer to the financial assets at the end of the term in office, declared in the financial disclosures prior to running for office in the second election. Politician controls include age, education, financial assets, and party dummies. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 10. **Higher Electoral Competition in Landlord Districts**

Dependent Variable:	Turnout %	Effective No. Parties	Win Vote Margin %	Win Vote Share %
Level of Observation:	Assembly Constituency			
	(1)	(2)	(3)	(4)
Landlord Proportion	1.350	0.299***	-2.514***	-3.020***
	(1.554)	(0.092)	(0.713)	(0.953)
No. of Observations	3,550	3,550	3,550	3,550
No. of Districts	274	274	274	274
Election Year FE	Y	Y	Y	Y

Note: All coefficients are from separate regressions. Equation 6 provides the regression specification. The data covers all state elections during 2007-2016. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). *** 1%, ** 5%, * 10% significance levels.

Table 11. **Lower Elite Capture in Landlord Districts**

Dependent Variable:	log(Assets)		No. of Terms in Office	
Level of Observation:	Assembly Constituency			
Political Sample	Cand.	Winners	Cand.	Winners
	(1)	(2)	(3)	(4)
Landlord Proportion	-0.573***	-0.766***	-0.087***	-0.328***
	(0.085)	(0.117)	(0.016)	(0.098)
No. of Politicians	51,772	5,274	36,486	3,003
No. of Districts	276	276	240	240
Election Year FE	Y	Y	Y	Y

Note: All coefficients are from separate regressions. Equation 6 provides the regression specification. The data covers all state elections during 2007-2016. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). The data on number of terms in office comes from EIC and is cleaned and coded by TCPD. Some data on individual politicians is missing from this dataset and thus the sample sizes in columns 3-4 are smaller than in columns 1-2. *** 1%, ** 5%, * 10% significance levels.

Table 12. **Lower Corporate Connections in Landlord Districts**

Dependent Variable:	Corporate Connections			
Political Sample	All Candidates		Winners	
	(1)	(2)	(3)	(4)
Landlord Proportion	-0.011***	-0.015**	-0.011***	-0.012***
	(0.004)	(0.006)	(0.003)	(0.003)
No. of Politicians	48,032	48,032	5,055	5,055
No. of Districts	276	276	276	276
Election Year FE	Y	Y	Y	Y
Politician Controls	Y	Y	Y	Y
British Rule Length Control	N	Y	N	Y

Note: All coefficients are from separate regressions. Equation 6 provides the regression specification. The data covers all state elections during 2007-2016. All standard errors are clustered at the 1991 district level from Banerjee and Iyer (2005). The data on publicly listed firms comes from Prowess. *** 1%, ** 5%, * 10% significance levels.

Figure 1. **Timeline of Major Political Events During British Rule in India**

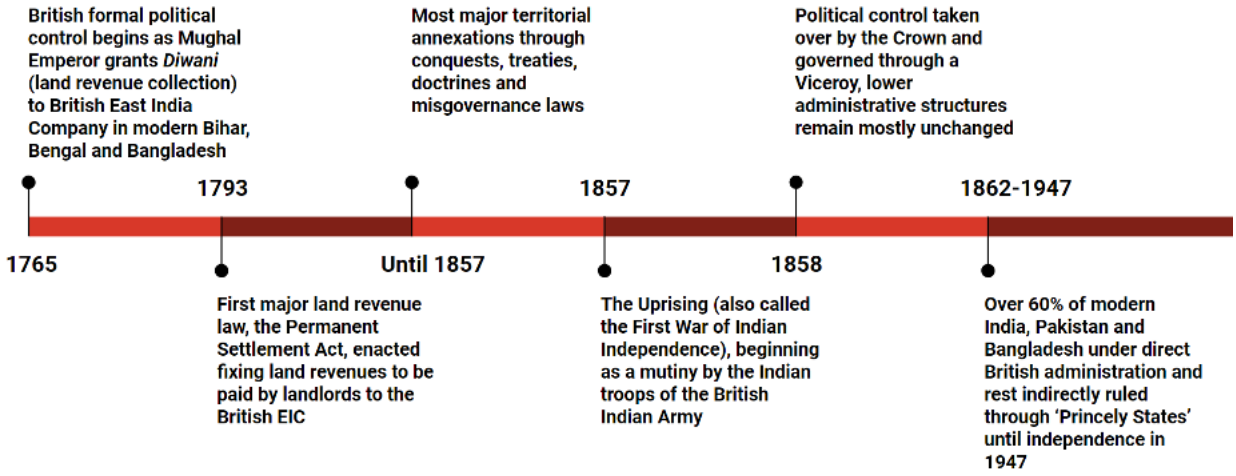

Figure 2. **Timeline of the British Administration's Preferred Choice of Land Revenue Collection System**

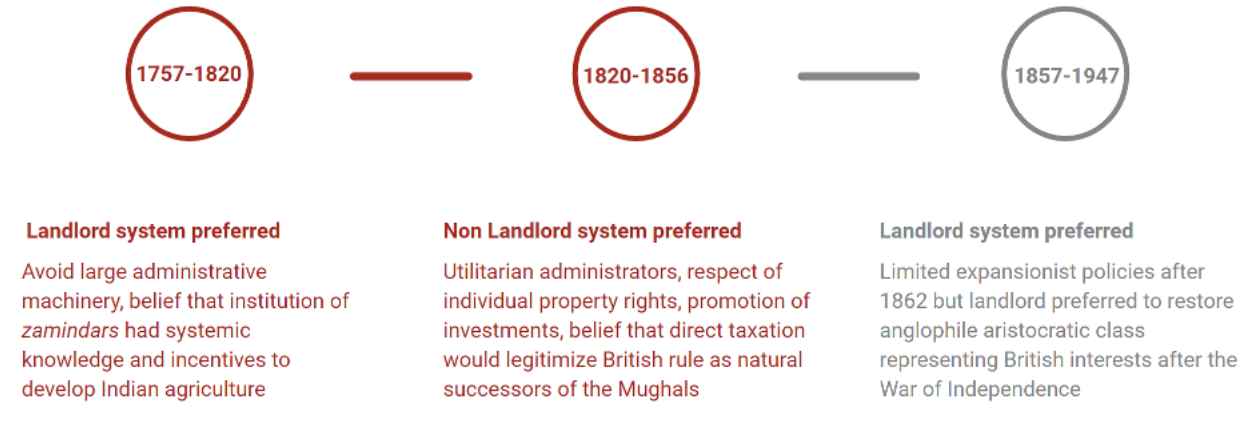

Figure 3. **Variation in Proportion of District where Landlords Responsible for Land Revenue Collection**