

Universidad Nacional de La Plata (UNLP)
Maestría en Finanzas Públicas Provinciales y
Municipales
La Política de las Finanzas Públicas
Clase 7-8

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Grupos de interés y canales de influencia

El rol de los grupos de interés

- En una sociedad (democrática) ideal, la política económica es determinada a través de la fórmula “un hombre, un voto”.
- En las sociedades (democráticas) reales, los grupos de intereses especiales juegan un rol importante en el proceso de determinación de la política económica.
- Los grupos de interes (GIS) o grupos de presión representan intereses acotados, estrechos (cámaras, sector arrocero). Pero también pueden representar intereses generales, amplios (jubilados, capitalistas, ambientalistas)
- Existen varias formas de influencia de los GIS en la política económica.

Canales de influencia

- Existen varios posibles canales de –formas de “comprar”– influencia sobre la política económica:
 - A través de contribuciones/donaciones a campañas políticas
 - A través de pagos de coimas/sobornos a funcionarios y/o políticos en el Gobierno
 - A través de acciones directas (paros, movilizaciones, despidos)
 - A través de manifestar apoyo público (“endorsement”) de ciertos candidatos
- Los instrumentos de influencia no necesariamente se miden en dinero o en valores.

Midiendo la actividad de los GIS

- Resulta bastante difícil capturar y medir la actividad de los GIS por varias razones:
 - Deficientes marcos legales y regulatorios
 - Actividad ligada con la transparencia de intereses económicos
 - Falta de control y sanciones
- Algunas iniciativas ayudan: <https://www.opensecrets.org/>

Financiamiento político/electoral

¿Por qué estudiar financiamiento político?

- Analizar y explicitar las relaciones entre la forma de financiamiento y sus efectos –económicos y políticos– tema central de la economía política
- Diseño institucional (legal) → puede no ser neutral y favorecer a partidos grandes y disminuir niveles de transparencia.
- Permite aproximarse de manera más sistemática a un aspecto central de la corrupción política

Caso: lobby financiero y crisis 2007

- Entre las causas de las crisis financiera de 2007 se cita en ocasiones el rol de los grupos de interés asociados con el sector bancario y financiero.
- En el período previo a la crisis, hubo muchos donantes a campañas para favorecer legislación laxa e impedir legislación restrictiva.

Nombre	Periodo	Monto (mill)	Motivo
Ameritrust Mortgage	2002-06	20.5	pasa ley
Countrywide Financial	2002-06	8.7	pasar ley
Citigroup	2002	3	no pasar ley

Table: Lobby del sector financiero en USA

Caso: lobby financiero y crisis 2007 (cont.)

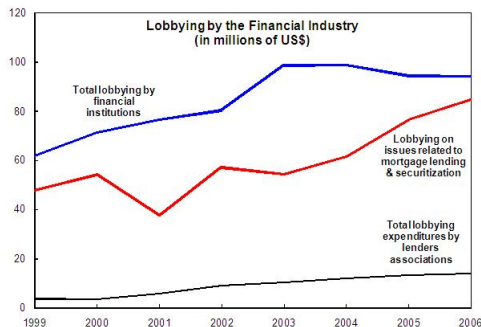


Figure: Evolución de actividad de lobby

Caso: lobby financiero y crisis 2007 (cont.)

- Igan et al (2012) en un excelente trabajo encuentran que los prestamistas (de créditos hipotecarios) más intensivos en lobby
 - dieron préstamos más riesgosos (mayor ratio préstamo/ingreso)
 - securitizaron una proporción creciente de estos préstamos
 - obtuvieron rendimientos negativos (anormales) pre-crisis; pero positivos (anormales) post-rescate
 - tuvieron una probabilidad mayor de ser rescatados que prestamistas menos intensos en lobby.
- Conclusión → los grupos de interés pueden **influenciar de manera crítica** las políticas adoptadas y tener impactos negativos sobre el bienestar individual y agregado.

Financiamiento de campaña en Argentina

- Analizar y explicitar las relaciones entre la forma de financiamiento y sus efectos –económicos y políticos– tema central de la economía política
- Diseño institucional (legal) → puede no ser neutral y favorecer a partidos grandes y disminuir niveles de transparencia.
- Permite aproximarse de manera más sistemática a un aspecto central de la corrupción política
- Discusión de futuro marco legal para lobbies y conflicto de intereses.

Financiamiento de campaña en Argentina (cont.)

- Financiamiento privado → propuestas de políticas de partidos (candidatos) alineados con intereses específicos –i.e. alejados del mediano
- Financiamiento público → propuestas de políticas de partidos (candidatos) no alineados con ningún interés particular –i.e. coincidentes con el mediano
- Las existencia de ambos tipos de financiamiento provoca fuerzas opuestas en el posicionamiento de las políticas.
- Si definimos $CEPP = \frac{pri_{i,t}}{pub_{i,t}}$, entonces mientras mayor sea este ratio, mayor será la polarización en las políticas.

Financiamiento de campaña en Argentina (cont.)

- El tipo de financiamiento también puede estar relacionado con los votos obtenidos por los partidos. Dos casos:
 - Partidos simétricos ($p_1 = p_2$) \rightarrow votos son independientes de contribuciones e iguales
 - Partidos no simétricos ($p_1 \neq p_2$) \rightarrow votos no son independientes de contribuciones —ejemplo cuando uno es el *incumbent* y el otro es el *challenger*.
- Si el gasto en campaña influye sobre la popularidad de los partidos esto implicará diferentes porcentajes de votos para *incumbents* y *challengers*.
- Esta diferencia (ventaja del oficialista) pareciera estar relacionada inversamente con el ratio $CEPP = \frac{pri_{i,t}}{pub_{i,t}}$.

Financiamiento de campaña en Argentina (cont.)

- Partidos pueden recibir fondos públicos –suma fija para impresión de boletas más suma variable en función de votos previos- y fondos privados.
- Hasta 2009, los partidos podían recibir fondos de personas y empresas. La ley 26571 prohibió aportes de empresas.
- El régimen fue modificado tres veces durante el período 2003-2013. Los cambios mas relevantes fueron la prohibición de aportes de empresas, y la introducción de de tope de aportes de individuos y tope de gastos de campaña.

Financiamiento de campaña en Argentina (cont.)

Table: Structure of campaign contributions: Argentina, 2005-2013

Source	2005	2007	2009	2011	2013	Period avg
Public	0.48	0.77	0.69	0.87	0.77	0.72
Private	0.23	0.17	0.27	0.12	0.20	0.20
Other	0.29	0.06	0.04	0.01	0.03	0.08
Total	1.00	1.00	1.00	1.00	1.00	1.00

Financiamiento de campaña en Argentina (cont.)

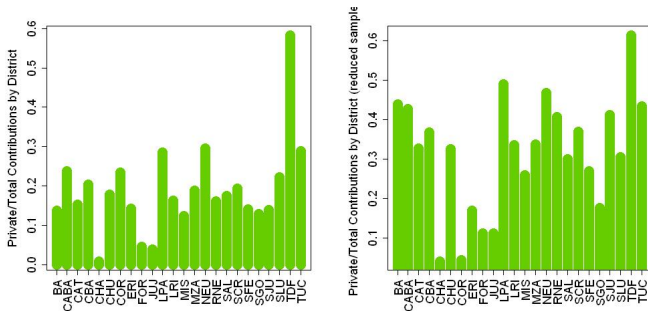


Figure: Private funds as fraction of total funds

Financiamiento de campaña en Argentina (cont.)

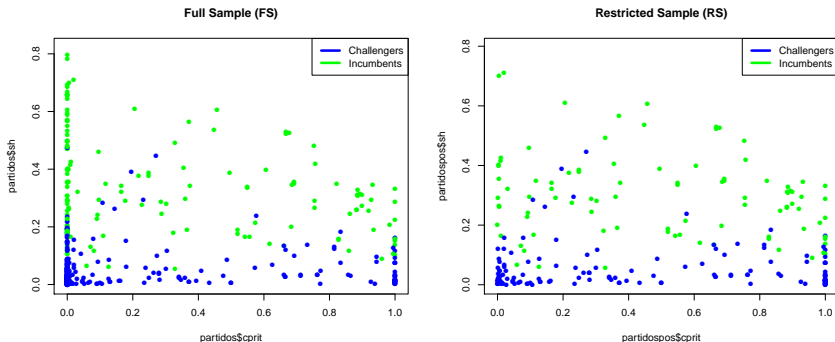


Figure: Vote shares and private financing: Incumbents vs Challengers

Financiamiento de campaña en Argentina (cont.)

<i>Dependent variable: sh</i>				
	Inc	Ch	Inc (RS)	Cha (RS)
	(1)	(2)	(3)	(4)
cprit	-0.06* (0.03)	0.04*** (0.01)	-0.07* (0.04)	-0.01 (0.04)
comp	-0.01*** (0.002)	-0.002*** (0.0004)	-0.01*** (0.002)	-0.001 (0.002)
marginpre	-0.03 (0.09)	0.02 (0.02)	0.06 (0.09)	0.13* (0.08)
shpre2	0.45*** (0.08)	0.25*** (0.03)	0.34*** (0.08)	0.67*** (0.07)
Constant	0.32*** (0.04)	0.06*** (0.01)	0.32*** (0.04)	0.05 (0.03)
Observations	123	265	80	112
R ²	0.42	0.32	0.43	0.51
Adjusted R ²	0.40	0.31	0.40	0.49
F Statistic	21.35***	31.12***	14.08***	28.15***

Note:

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Financiamiento de campaña en Argentina (cont.)

- Segmentando la muestra para incumbents y challengers, vemos que los resultados cambian significativamente.
- *cprit* signo positivo para challengers y signo negativo para incumbents.
 - La única explicación razonable que encontramos es que el signo negativo para incumbents refleje parte de un efecto sustitución asociado a tipos de financiamiento –i.e. formal vs informal.
 - Una forma de capturar esto sería tomar el gasto en publicidad oficial del incumbent en tiempos pre-electorales en determinados rubros –i.e. TV, cadena nacional, avisos FPT, etc. Aún así, no hay a priori una forma de asignar que fracción de ese gasto pueda asignarse a campaña.

¿Por qué donar a partidos políticos?

- Existen dos motivos principales asociados a la donación por parte de actores:
 - Motivación ideológica → actores contribuyen sobre bases ideológicas
 - Motivación lobby → actores contribuyen sobre la base de beneficios esperados
- En el segundo caso, los contribuyentes tienen incentivos a contribuir a mas de un partido –ie incumbent y principales challengers
- ¿Cuánto contribuir? Grossman & Helpman (1994, 1996) dicen hasta que el IM del ultimo peso invertido iguale al CM.

¿Por qué donar a partidos políticos?

- Existen varias maneras en que un representante elegido puede “devolver” favores a sus contribuyentes.
 - Política comercial (demanda de protección)
 - Regulaciones bancarias/financieras
 - Licitaciones/contratos
- Problema central → commitment –no hay mecanismo de enforcement que obligue al gobierno.
- Timing → donante determina monto donación; gobierno implementa política; donante refuerza/retira apoyo.

¿Cuánto aportan los diferentes sectores a las campañas?

Table: Mean contributions, by type of donor

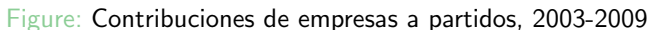
Tipo	Promedio	Nro aport
Agro, ganaderia, caza	9828	50
Industria Alimentaria	7222	24
Industria Tabacalera	18500	3
Industria Madera, Papel, Impresiones	12089	29
Industria, Acero Metales y Herramientas	5734	36
Industria Automotriz y Transporte	5373	15
Industria Electrica y varios	11375	16
Transporte Energia y Gas	19000	2
Construccion y Edificacion	5925	88
Ventas al por mayor	4197	92
Servicios Transporte y Alm. Datos	11600	32

Principales donantes (Argentina)

Table: Mean contributions, by type of donor

Name	Party	Type	Amount
Asencio, Eduardo Marcelo	Concertacion UNA	Ind	510000
Sitrack.com Arg. SA	FPV	Emp	400000
Marsans Internacional SA	FPV	Emp	400000
CreaUrban SA	FPV	Emp	400000
Proldeas SA	MPU	Emp	400000
La Inversora SA	MPU	Emp	390000
Encuentro para la Esperanza	Concertacion UNA	Emp	390000
Multipharma SA	FPV	Emp	380000
Patriti SA	MPU	Emp	380000
Iter Medicina SA	Emp	FPV	360000
Global Pharmacy SER SA	FPV	Emp	310000

TRANSACTION AMT



Grupos de intereses en Argentina (cont.)

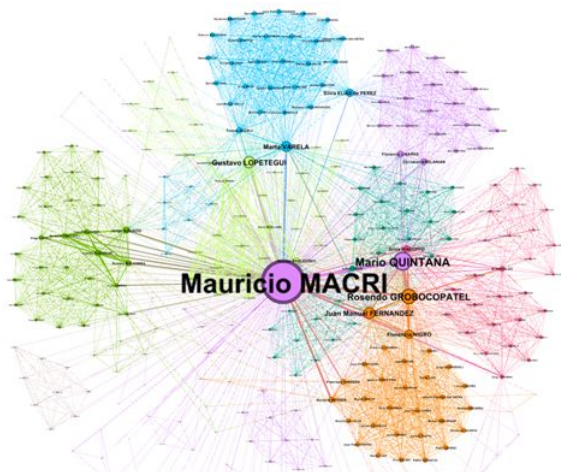
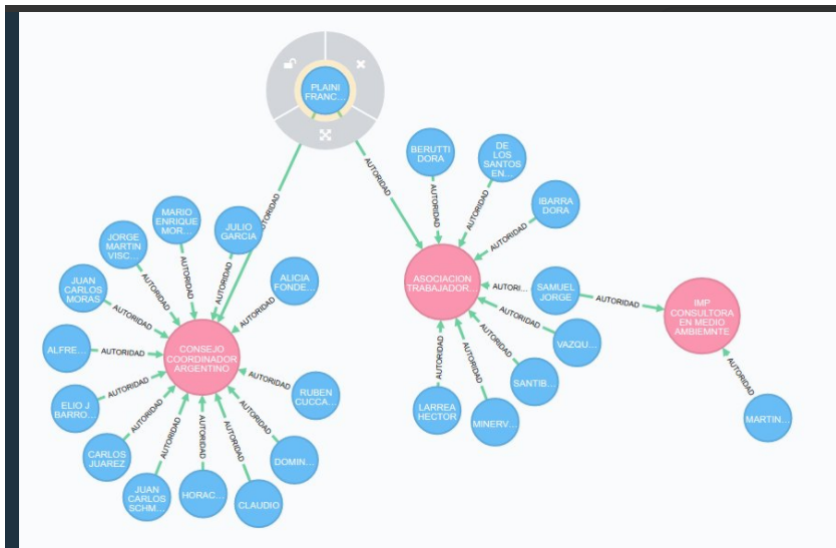


Figure: Audiencias con el presidente Macri (Fuente: elanalistaderedes.wordpress)

Grupos de intereses en Argentina (cont.)



Lobby y conexiones políticas

Motivation I - Little money

Tullock's puzzle: Why is there so little money in US politics?

In 1972, total campaign spending in federal elections was about \$200 million and total federal spending was \$400 billion. In 2000, total campaign spending was around \$3 billion while total federal government spending was around \$2 trillion. The Federal government awarded \$134 billion in defense contracts in 2000 while defense contracting firms and individuals associated with those firms donated only around \$13.2 million. In sum, value of policy much larger than campaign contributions.

What about Argentina?

In 2007, the national government awarded \$886 million in all public contracts whereas the total amount of campaign contributions *by all firms and individuals* were \$15 million. The figures for 2013 were \$1.62 billion and \$18 million, respectively

Motivation II - Informal connections

- How do IGs influence politics and policies in Argentina?



Figure: The day McDonalds Argentina ran out of ketchup

- Delays in DJAI; problem was solved within a day or two when the then chief of cabinet took notice of the situation.

Channels of influence

"In Argentina there are two ways to exert influence: one, more traditional, through formal meetings and opinion leaders, and another, directly related to electoral campaigns and the amount of *under-the-table* contributions in exchange of future favors" [Unnamed lobbyist source. Link: La Nacion]

Motivation III - Policy relevance

Changes in political finance regime

There were three major reforms to the regime of political finance in Argentina in the last 15 years: the first was aimed at formalizing the mixed system of political finance (2002); the second sought to increase transparency and accountability (2007) and the third prohibited contributions from firms and other legal persons (2009). Little to no evidence as to how these changes impact on several outcomes.

Regulation of lobby activity

There is currently a draft for a project bill regulating the activity of interest groups. It is familiarly known as the project of “Ley de Lobby” although the official project merely extends on the current practice of recording hearings of interests.

Related literature

- Long-standing literature on campaign contributions and roll-call voting [Green and Krasno (1988), Palda and Palda (1998), Ansolabehere et al (2003), Stratmann (2005)]
- Electoral competition with special interest groups → Baron (1994), Grossman & Helpman (1992, 1996, 2001)
- Beyond campaign finance → political connections and the revolving door [Vidal, Draca & Fons-Rosen (2012), Acemoglu et al (2016)]
- Timing of political influence → You (2014) states that around 50% of lobbying activity in the US takes the form ex-post lobbying –i.e after Congressional vote.
 - Our focus is on executive rather than legislative lobbying –extensive evidence that roll-call voting in Argentina is highly partisan [Jones (2001), Jones, Wang and Micozzi (2009)].

What we do

- Build a theoretical model where IGs decide on the optimal allocation between ex-ante and ex-post contributions aiming to obtain the highest share of public contracts awarded by the government [already]
- Test (partially) some of the theoretical implications regarding the size and direction of effects and the relationships between both channels of influence [in progress]
- Derive policy implications contributing to debate on institutional reform [in progress]

Intuition and implications

- If IGs have similar preferences, ex-ante and ex-post contributions are perfect substitutes
- The higher the value of public contracts, the higher the incentive to engage in costly ex-post lobbying → depends on value of contracts and amount of ex-ante contributions
- Also, there is likely to be room for cooperation rather than competition between IGs (especially when it comes to ex-post lobbying) –i.e some evidence of UTE formation to apply for public tenders.
- If IGs have extremely opposing preferences, then IGs have no incentive to make costly lobbying if they have contributed ex-ante; otherwise, they contribute a minimum amount of lobbying.

Set up

- Election game between two candidates, A and B
- A wins the election with probability P ; B with $1 - P$.
- Total expenditure on public contracts $V^k > 0$ for the winning candidate k , where $k = A, B$
- Two interest groups, $i = 1, 2$. Can make:
 - Campaign contributions *before* the election, $C_i > 0$
 - Lobbying contributions *after* the election, $L_i > 0$
- IG's compete ex-post for the highest share, α^k of the committed spending

Timing

Timing of the game

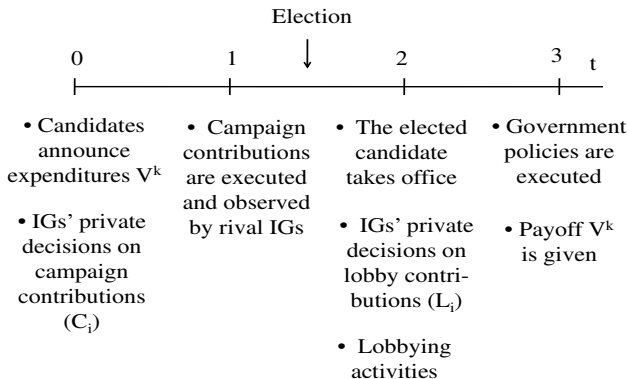


Figure: Time-structure of the model

Election outcome

- The probability of winning the election depends solely on the size and direction of the ex-ante campaign contributions C_1 and $C_2 \rightarrow P(C_1, C_2)$ probability that A wins the election.
- There are two scenarios:
 - “Aligned-preferences” \rightarrow both IGs align with same candidate
 - “Opposite-preferences” \rightarrow IGs support different candidates.

$$U_i = P(C_i, C_j) \left(\alpha^A V^A - L_i^A \right) + (1 - P(C_i, C_j)) \left(\alpha^B V^B - L_i^B \right) - C_i \quad (1)$$

- where the entire campaign contribution, C_i goes to the candidate who announces the highest spending, V^k .

Spending allocation rule

- An IG's own contribution is a positive externality for it in the post-election period; and both contributions (C_i , L_i) are substitutes intertemporally.

Spending V allocation rule (α^k)

	$C_i = C_i^k$	$C_i \neq C_i^k$
$C_j = C_j^k$	$\frac{L_i^k + C_i}{L_i^k + L_j^k + C_i + C_j}$	$\frac{L_i^k}{L_i^k + L_j^k + C_j}$
$C_j \neq C_j^k$	$\frac{L_i^k + C_i}{L_i^k + L_j^k + C_i}$	$\frac{L_i^k}{L_i^k + L_j^k}$

Table: In columns: cases in which i 's supported candidate wins and loses the elections, $C_i = C_i^k$ and $C_i \neq C_i^k$ respectively. In rows, cases in which j 's supported candidate wins and loses the elections, $C_j = C_j^k$ and $C_j \neq C_j^k$ respectively. Each element in the matrix indicates the value of α^k from the combination of such scenarios.

Case I: Aligned preferences (AP)

- If $V^A > V^B$, preferences of both IG are aligned. Any contribution go to candidate A.
- Ex-post problem \rightarrow how much lobby to exert after the election given a rival IG that also lobbies and given C_i and C_j
- Ex-ante problem \rightarrow how much campaign contributions given the ex-post (lobbying) optimal behavior

Case I: Aligned preferences (cont.)

Proposition 1

Ex-post lobby contributions are increasing in the total expenditure V^k , and if the ex-ante supported candidate:

- (i) takes office: ex-ante and ex-post contributions are perfect substitutes:
 $L_i^A + C_i^A = \frac{1}{4} V^A$, for: $i = 1, 2$ and $I = 1$.
- (ii) does not takes office: $L_i^B = \frac{1}{4} V^B$, for: $i = 1, 2$ and $I = 0$.

In both cases shares $\alpha^A = \alpha^B = \frac{1}{2}$.

Proposition 2

For A, there exist $\check{V}^A < \hat{V}^A$ such that the IGs' ex-ante contributions exhibit an inverted U-shaped form with respect to A's campaign expenditure V^A :

$$C_i^* = \begin{cases} C(V^A) & , \text{ if : } V^A < \check{V}^A \\ \frac{1}{2} - \frac{1}{4} (V^A - V^B) & , \text{ if : } V^A \in (\check{V}^A, \hat{V}^A) \\ 0 & , \text{ if : } V^A > \hat{V}^A \end{cases} \quad , \text{ for : } i = 1, 2 \wedge i \neq j$$

Case I: Aligned preferences (cont.)

Reaction function for ex-post lobby contribution

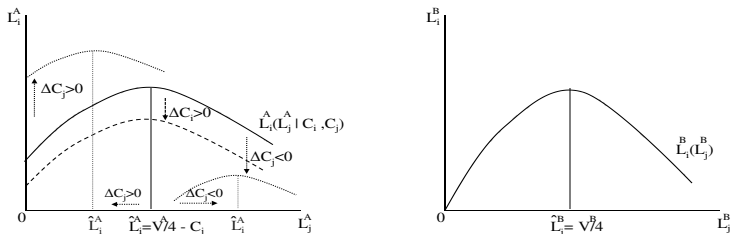


Figure: IG i 's lobby contribution L_i^k in terms of the rival's lobby L_j^k if the winner candidate was supported ex-ante (Left) and if it was not the case (Right). In both, the i 's optimal lobby response to j 's lobby behavior is to play aggressively each time that j lobbies less than some threshold \hat{L}_i^k , and to 'accommodate' the other way around. Threshold \hat{L}_i^k crucially depends on the political outcome V^k and also on the ex-ante contribution C_j in the winning candidate was the supported ex-ante.

Optimal behavior

Optimal contributive behavior

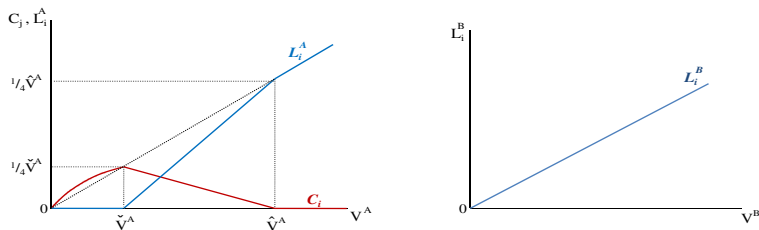


Figure: Optimal distribution of campaign and lobby contributions to the favorite candidate A in terms of the announced payoff V^A (Left), and optimal lobby contribution for the opposite candidate in terms of the announced payoff V^B (Right).

Case I: Aligned preferences (cont.)

- Campaign contributions, C_i are a useful instrument to bias the likelihood of winning for a given candidate; lobbying contributions (activities), L_i are (almost) a total waste of resources –i.e α^k do not depend on these.
- IGs may find it optimal to coordinate their strategies –especially, lobbying. They can improve their results by reducing their lobbying contributions to some minimum.

Data: Main databases

- Data compiled from several sources leads to three main datasets all at the individual level of observation
 - Data on campaign contributions → over 46000 individual-level campaign contributions for National elections from 2003 to 2015 [Sources: Cámara Nacional Electoral, Poder Ciudadano's Dinero y Política project and la Ruta Electoral project]
 - Data on hearings of interest (“audiencias de interés”) → nearly 70000 records of recorded hearings between members of the executive, the cabinet and directors and individuals representing themselves or an organized interest during 2003-2015 [Source: Registro Nacional de Audiencias de Interés]
 - Data on public procurement contracts → including individual and firms participating in public procurement contracts comprising purchases of goods and services and public works [Source: Boletín Oficial Nacional]

Data: Dictionary databases

- AFIP administrative records (padrón de contribuyentes) → over 4.6 million records containing names and IDs (CUIT number) for both natural and legal persons. activity codes for 480000 legal entities
- Registered legal entities and authorities (Inspección General de Justicia) → over 1.2 million records containing CUIT and membership type (partner, director, etc)
- Sistema Integrado Previsional Argentino (SIPA) → administrative records on size and type of firms.

Matching IDs

- Common unique identifier in all databases → CUIT number.
 - Many missing data on CUIT –this is mostly a problem for both public contract and hearings of interest data.
 - The raw data on public contracts scrapped from the Boletín Oficial contained only about 15% of CUIT data. Since public contracts can be awarded to both natural and legal persons, one cannot know exactly who the contract was awarded to!
 - When “cuit” is non-missing, matching is straightforward –exact-matching on “cuit”.
 - When “cuit” is missing, we followed two procedures:
 - Manual recovery of “cuit” data →
 - String-matching (matching based on “name”) against a dictionary database.
 - Exact-string matching
 - Fuzzy-string matching algorithm based on “optimal string alignment”

Some descriptive data

Table: Private and public campaign contributions, 2005-2015 (All parties)

Concept	2005	2007	2009	2011	2013	2015
Pri (mill 2015 pesos)	77.21	193.54	301.63	95.00	242.08	226.37
Pub (mill 2015 pesos)	55.88	137.14	113.85	637.59	252.35	747.53
Total (mill 2015 pesos)	133.09	330.68	415.48	732.59	494.43	973.90
Pri (%)	58.01	58.53	72.60	12.97	48.96	23.24
Pub (%)	41.99	41.47	27.40	87.03	51.04	76.76
Total (%)	100	100	100	100	100	100

Some descriptive data (cont.)

Table: Distribution of public contracts, by year

Year	Contracts	Total amount (mill)	Avg amount (mill)
2003	954	1112.25	1.17
2004	1914	5840.57	3.05
2005	2385	7732.18	3.24
2006	2544	7953.07	3.13
2007	2722	11519.81	4.23
2008	3972	13631.77	3.43
2009	4368	18509.29	4.24
2010	3871	14626.33	3.78
2011	4891	16622.97	3.40
2012	4866	23759.95	4.88
2013	3267	24559.17	7.52
2014	2582	16213.58	6.28
2015	3264	9106.31	2.79
Total	41600	171187.24	

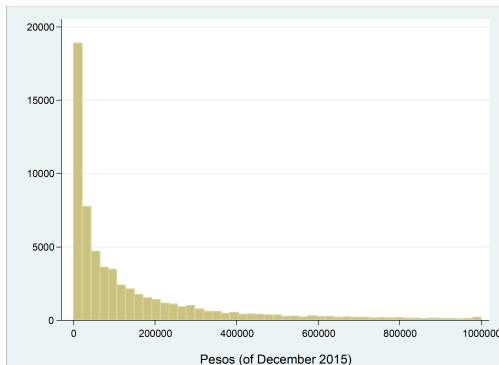
Some descriptive data (cont.)

Table: Distribution of public tender contracts - By firm/person and of contracts awarded

of contracts	firms/persons	%
1 a 5	11409	0.838650397
6 a 20	1552	0.114084093
21 a 50	450	0.033078506
51 a 100	132	0.009703029
more than 100	61	0.004483975
Total	13604	1

Some descriptive data (cont.)

Figure: Public tender contracts awarded (up to \$1 million 2015 pesos)



Empirical strategy

- We are to perform two types of analysis.

$$Y_i = \sum_{h=0}^H y_{i,t+h} = \alpha + \beta C_{i,E} + \gamma \sum_{h=0}^H \omega_{t+h} L_{i,t+h} + \epsilon_i \quad (2)$$

- we use only information on actors who obtained a positive amount of public procurement contracts, so that β and γ will reflect just the existence of correlations with the dependent variable; we expect both coefficients to be positive.

Empirical strategy (cont.)

- For the subsample in which we have both winners and losers of a given public procurement contract, specification (1) can be estimated with variable Y defined in a way that it takes only two possible values, 1 when an interested actor was granted at least one procurement contract, and 0 otherwise.

$$P_{i,j} = \alpha + \beta f(C_{i \in j, E}) + \gamma h(L_{i \in j, t+h}) + \epsilon_i \quad (3)$$

- where j identifies a specific bidding process; $f(\cdot)$ and $h(\cdot)$ are functions modelling the relationships between campaign contributions and lobby efforts among all interested actors that participated of the bidding process $j(i \in j)$. The variable $P_{i,j}$ takes the value 1 if interested actor i won the bidding process and 0 otherwise