Discussion at ABCDE 2018
Session 1B. Elections: Social Networks, Competition and Affirmative Action
Links between the 4 papers in this session

- **Role of competition in political markets**
  - We learn that competition in politics does not have monotonically “good” effects (as it does in canonical models of economic markets)
  - Effects on public goods depend upon the nature of competition: what issues does it revolve around?
- Afridi-Dhillon-Solan find that corruption can increase with competition
- Das-Mukhopadhyay-Saroy show that the effect of competition is influenced by “co-ethnic” preferences
- Cruz-Labonne-Querubin argue that fragmented social networks are likely to encourage competition around more public (less private) goods
- Pierskalla-Sacks find that incumbents distribute jobs in the government bureaucracy when beginning to face electoral competition
On Afridi-Dhillon-Solan

- Elections are blunt institutions for accountability—moral hazard yields positive rents in equilibrium
  - Greater competition $\iff$ lower voter coordination on optimal threshold of re-election (Persson and Tabellini, 2000; Ferejohn, 1986)
  - Theoretical innovation here is about the role of competition, and how voter demand for ideology can be detrimental

- Empirics raises more questions than it answers
  - Why not first show results of the “effect” of 2006 competition (pre-determined) on subsequent irregularities (measured over 2006-2010)
  - And then show the “effect” of irregularities (2006-2010) on incumbent’s perception of re-election (measured in 2011, on the eve of the next elections after 2006).
    - Figure 2 is very puzzling (when incumbent has been elected with a small margin in 2006, and has undertaken few irregularities, more/equally likely to be pessimistic about re-election in 2011?)
    - Page 17, point 2: “when electoral bias is against the incumbent corruption remains high regardless of competition”. But Figure 2 suggests that corruption is lower in this case.
On Afridi-Dhillon-Solan

- ADS and DMS papers need to address each other and reconcile differences
  - Andhra Pradesh seems very different from other states (3 contenders on average compared to 6 in Rajasthan; higher win margins than in Rajasthan)
  - Link with targeting of “core-support” versus “swing” versus “opposition” voters literature: exploit the fact that INC held the Chief Minister post over the whole period 2006-2010

- What are the results for the inclusion of vote shares of INC and TDP in state elections?

- What are the results on the “political entrenchment” variable?
  - Testing implications of a model in the data *versus* allowing the data to reveal robust patterns, then learning from that and taking it to theory
On Das-Mukhopadhyay-Saroy

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<th>Theoretical innovation: in the presence of co-ethnic preferences, affirmative action (political reservation) can increase competition within ethnic groups</th>
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<td>Win margins are narrower in Reserved elections relative to open elections in villages where “Other” (assumed Reserved) group is large</td>
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<td>This higher competition increases the delivery of NREGA jobs.</td>
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<td>Why is there a trade-off by assumption between public spending and co-ethnic preferences? Co-ethnic preferences may be rooted in ability of co-ethnics to bring in public monies targeted at the ethnic group.</td>
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<th>Problem with outcome variable: number of NREGA person-days</th>
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<td>Efficiency in service delivery or corruption (as in ADS)?</td>
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<td>Authors’ defense: variable is positively correlated with reported demand for work and by household reports of whether they got work on NREGA (in fact, in the results reported in Table 12, the correlation is noisy--significant only at 10 percent level)</td>
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<td>this does not tell us whether that part of the variation in the outcome that is driven by the variation in reservations interacted with population share is due to corruption or greater work provision.</td>
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On Das-Mukhopadhyay-Saroy

- Possibility of reverse causality in both ADS and DMS
  - higher opportunities for corruption/rents through NREGA brings in more candidates and yields, simultaneously, higher corruption, more NREGA jobs, and higher competition.

- Cautionary note: how much are we trying to do with NREGA data?
  - Implications of NREGA for other areas of service delivery in Gram Panchayats?
  - Mediated through NREGA’s effects on characteristics of political competition?
Variation across 15,000 observations (of barangays or villages) reveals that places with greater social fragmentation:
- are more likely to have schools, markets, health centers, waterworks
- have greater electoral competition
- larger number of individuals named as “influential”
- higher share of villagers participating in bayanihan (local collective action; mutual insurance)

What about variation in vote-buying? Cruz, Keefer, Labonne (2018) which is cited as the source of the 2013 survey seems to have vote-buying data.

In lieu of public goods, what do municipal politicians provide barangays with concentrated clans? Anything to provide evidence of deliberate political strategy that treats concentrated vs. fragmented villages differently?
Without any evidence on what do places with concentrated clans receive, it is difficult to interpret the results.

Authors’ interpretation is elite capture—any outcome variable that might proxy for that?

Why would clan elites not care about providing services to their family members?

- Clans are different from “Chiefs” in Sierra Leone (Acemoglu et al, 2014) who compete for support from the masses.

Alternate interpretation: competition between concentrated clans is detrimental to public/collective goods.

- When family ties are weaker, villagers need to rely on other social and political institutions for services and insurance (bayanihan).
On Pierskalla-Sacks

- Persuasive evidence that in the early years of direct elections of district heads in Indonesia, which coincided with large increases in education spending, there is political manipulation of
  - teacher hiring
  - teacher certification

- Robust across multiple specifications, including bivariate? (since there is a persuasive case for the exogeneity of the election schedule)

- Appendices? Especially Appendix 10 on Golkar vs. Opposition vote share results. Do the results on elections survive?
• Importance of evidence: politics matters not only for the incentives of elected representatives, or only at election times, but for the selection and incentives of service providers in the day-to-day business of service delivery

• Difference between teachers and health workers?
  o compare with results in Weaver, 2017, on corruption in the promotion of community health workers in India

• Voter demand matters for whether politicians opt out of clientelism (Weitz-Shapiro, 2012)
• Electoral competition yields selection of a point on the Demand curve in political markets

  o Voter preferences for ideology in Afridi-Dhillon-Solan is a form of distributive conflict which has a cost for the “public good” of honesty (lack of corruption) among public officials

  o Similarly, voter preferences for co-ethnic leaders in Das-Mukhopadhyay-Saroy is traded-off against leaders’ performance towards public goods

  o Family ties in the Philippines shapes demand for publicly provided collective goods (Cruz-Labonne-Querubin)
Figure 1: Demand curve for public policies

P: Policy Index, reflecting the cost of distributive conflict in terms of foregone public goods

D(P): Number of citizens who are willing to support P

Number of citizens

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Connecting these papers and looking ahead

- Supply curve of political entrepreneurs in political markets is shaped by prevailing political institutions (including history—path dependency) and by feasible political “technology”
  - Monopolistic/oligopolistic competition: no supply curve
  - Lowering of barriers to entry, but weak institutions (Pierskalla-Sacks): supply curve located at lower levels of public goods (higher levels of distributive conflict)
  - Lower efficacy of technology of vote-buying, owing to fragmented social networks (Cruz-Labonne-Querubin): supply curve located at higher levels of public goods (lower levels of distributive conflict)
Figure 3: Supply curve for public policies

S(p): Number of citizens who enter to seek government position to pursue $p$