Organizing for Peace and Prosperity
Collective action, political parties and the political economy of development

Philip Keefer
Development Research Group (DEC)
January 14, 2014
Student learning is only politically salient in some countries
Only some non-democracies encourage private investment

From this . . . .

. . . . to this
By being part of the Singapore Civil Service, you will have access to a myriad of opportunities. The Singapore Civil Service plans and executes policies, and works with the elected government to shape our nation’s destiny. The Singapore Civil Service forges a common vision amongst Singaporeans, and translates this vision into reality.

To (any of a hundred countries. . . )
Some militaries behave badly

Some armies/insurgencies abuse citizens more... some less.
Why? Absence of organizations that support citizen collective action

- **Education reform:**
  - Benefits citizens collectively.
  - Individual households have incentives to free ride.

- **Private investment:**
  - Organized investors/citizens can better punish expropriation.
  - Incentive to free ride when the expropriation happens to someone else.

- **Public sector reform:**
  - Well-functioning public sectors deliver collective benefits.
  - Individual political incentives: private use of public sector.

- **Military behavior:**
  - Organized citizens can better resist depradation.
  - But, again, incentives to free-ride.
More generally: collective action promotes accountability

- Key to accountability: Threat that citizens will replace leaders.
  - But when can challengers make such promises credibly?
  - When citizens can act collectively to punish politicians who fail to deliver.
Pre-electoral promises are only credible in some democracies
What if no organizational capacity to act collectively?

- No organizational capacity to act collectively means... Politicians’ promises aren’t credible.
- How does accountability work, in that case?
  - “Throw the bums out.” Ad hoc coordination does little to improve performance. (Ferejohn, Persson and Tabellini).
  - Clientelism. Only appeals to narrow groups (clients) are credible.
- This has consequences.
  - More narrowly targeted transfers, more rent-seeking (Keefer and Vlaicu)
  - No defense against powerful vested interests.

  “Politics [becomes] the art of preventing people from taking part in affairs which properly concern them.” (Paul Valery)
Vested interest response to reform harder for politicians to resist
Collective action and organization

- Why is collective action hard?
  - Free-riding
  - Heterogeneous preferences
  - Incomplete information

- Intrinsic motivation/social norms (experiments, Elinor Ostrom) – but:
  “Few long-surviving resource regimes rely only on endogenous levels of trust and reciprocity. . .” (Ostrom 2000)

- Need organization
  - Leaders allowed to discipline free-riders, enforce membership standards.
  - Members allowed to restrain leaders from shirking/renegeing.

- Hard – rare – because:
  - leaders prefer fewer restraints;
  - members don’t trust leaders.
Evidence that organization matters? Focus here on political parties

- One of the main organizational vehicles for collective political action.
- Two indicators of whether parties have solved collective action problems.
  - Are they programmatic?
  - Have they survived leader transitions?
- If not . . . unlikely to be organized to support member collective action.
  - Parties can’t sustain programmatic stance if they can’t limit free-riding by members and shirking by leaders.
  - Parties centered on leaders (rather than members) unlikely to survive leader transitions.
108 countries had competitively-elected governments in 2012.

In 1/3 or more of these:
- Largest gov. party not programmatic (=clientelist)
- Largest gov. party < 10 years older than leader tenure
- Avg. party age 21 years or less

Democracies with < vs. > median income/capita
- Fraction of governing parties programmatic: ~50% vs. >95%.
- Average party age: 21 years versus 42 years
- Average age of governing party when ruler took office: 19 years versus 39 years
Examples: party dysfunction ~ poor dev. outcomes

  - President Balaguer personally allocates the budget, gives out bicycles on the weekends.
  - Biggest banking crisis in Latin America, Teachers’ union is multi (non)-partisan, Among the worst education results in Latin America.
- Afghanistan: Incumbent president resists parties, pushes single non-transferable vote.
  - MP reported: “I wanted to get back into politics, so I started a party.”
Some experts don’t recognize political organization when they see it

- “I belong to no organized party. I am a Democrat.”
  Will Rogers

- “No one party can hope to fool all of the people all of the time. . . .
  . . .That’s why we have two parties.”
  Bob Hope

- They didn’t realize the cup was half-full.
  - Democratic/Republican Parties > 130 years old (survived many leadership changes);
  - programmatic (Democrats are not the party of low taxes, low redistribution; have stable relationships with labor unions);
  - exhibit member control of leaders; but also leader control of members – party support for extremists is thin.
Programmatic parties and public policy

- If programmatic parties solve citizen collective action problems, expect policies more in collective interests of citizens.
- Evidence: greater school enrollment, greater private investment, greater bureaucratic quality, lower corruption (Keefer 2011).
- Competitive elections insignificant.
  - Why? Don’t elections reduce costs of collective action?
  - Only allow “spontaneous” coordination – weak accountability effects.
- Robust to income, other controls.
Programmatic parties and public sector reform


- “Programmatic” politicians care more about public goods.
  - Public goods more difficult to supervise.
  - So these politicians also demand more financial/hiring controls to ensure public resources turned into public goods.

- “Programmatic” politicians can act collectively.
  - From point of view of individual politicians, public administration a public good.
  - Executives can prevent oversight by paying them to free-ride.
  - Collectively-organized politicians can prevent free-riding.
511 WB public sector reform loans.

Look at loans focused on civil service/financial management (as distinct from judicial/decentralization).

Examine two ratings by the Internal Evaluation Group:

- “Inst Dev Impact”
  - 136 substantially improve “the ability of a country to make more efficient, equitable and sustainable use of its human, financial, and natural resources.”
  - 172: modestly. 44: negligibly.

- Ratings of “overall outcomes.”
  - 10 received highest rating;
  - 151 second highest; 95 third; 26 fourth; 68 fifth.
Results...

Other controls: IEG Quality at Entry, Initial ICRG Bureaucratic Quality, GDP per capita, population, land area, loan size, loan duration, % allocated to Public Sector Reform, regional dummies
Political budget cycles and programmatic parties

- Pre-electoral spending greater when:
  - citizens have less information on politician competence/ what politicians do for them (Shi and Svensson; Brender and Drazen).
  - politicians cannot credibly commit to future policies – have to buy votes (Hanusch and Keefer 2013).
- Is vote-buying really so large?
Vote-buying large enough to trigger PBCs (Uganda)

2011 pre-election survey, 1,200 respondents
17% offered a gift.
33% paid a “great deal” of attention to campaign rewards distributed by candidates.

Elections, February 2011
Political budget cycles and programmatic parties

- Older parties more likely to exhibit organizational arrangements that solve information and credibility problems.
  - Parties provide information on competence/policy preferences – but only if they are organized to screen candidates and reject the incompatible.
  - Parties make commitments more credible, but only if they are organized to punish members who free ride/renege.
- Prediction: PBCs smaller in presence of older parties.
Results – PBCs and parties

Marginal effect of election years on expenditure

Average Age of Parties
Lots of “post-baby boom” parties.
Age of democracy, party age and PBCs

- Previous literature: PBCs more likely when democracies are new (Brender and Drazen 2005).
  - Robust to age of democracy x election year.
  - Party age matters, age of dem. does not.
  - Parties are potentially the mechanism that explain age of democracy effect on PBCs.
- Not a consequence of other political variables:
  - Political polarization x election year; pres/parl x election year; plurality/PR x election year; income x election year; etc.
  - Party age x election year always significant, most of the others are not.
Private investment in non-democracies

- Problem: collective action by entrepreneurs can restrain predation – autocrats tend to resist.
- Gehlbach and Keefer (2012): Some autocrats allow a more organized ruling party – party members then drive private investment.
- Example: Chinese investment/growth not just preceded by dramatic policy change.
  - After Mao, under Deng: institutionalization of the CCP
  - Information more transparent and personnel rules codified.
  - Adjustments to party size.
  - Party cadres had less fear of expropriation – and drove investment.
- Empirical evidence: Private investment in non-democracies significantly higher when the ruling party has survived leader transitions.
Collective action and conflict

- Can citizens act collectively to demand effective security?
  - If they can, insurgency and military threats to civilian rule are less likely.
  - If they cannot, rulers are more likely to prefer an unorganized military, to reduce coup threats.
In some countries (you know who you are), leaders discourage intra-military coordination:

- Joint commands and exercises are rare
- Cross-branch cooperation requires presidential approval.
- Information flows across units prohibited
- Promotions, transfers, names of unit commanders, and unit designations are all frequently classified.

Reduces coup threats and . . . military readiness to combat insurgency (or other countries).
Parties and conflict

- 3 measures of citizen collective generally associated with lower probability of civil conflict (Keefer 2008).
  - Whether the government and opposition parties programmatic
  - Age of government party when leader took office
  - Years of continuous competitive elections

- Implications for interpretation of rigorous, causal studies.
  - Most famous, Miguel, et al: income, predicted by rainfall, significantly increases risk of conflict in sub-Saharan Africa.
  - But sub-Saharan Africa is where citizen collective action is weakest.
  - Where collective action stronger, rainfall is less likely to translate into conflict (or income) (no cattle wars in Texas).
Leaders threatened by military organization do not encourage discipline, which is necessary to prevent civilian abuse

- Leaders concerned about threat from their own soldiers prefer children to adults, even at the cost of military efficacy
- Costs of doing this are least when citizens disorganized
Policy? Information

- Easiest donor intervention.
- Khemani, Keefer: access to media broadcasting increases demand (prerequisite for collective action).
  - It also increases preferences for hypothetical candidates who promise to provide these services.
  - But it doesn’t change actual government performance.
  - Why? One reason: no effect on citizen organization.
- Other information and transparency initiatives might work better (Khemani)
  - Inform citizens about politician performance
  - Organize voters around transparency initiatives (info + organization). Report cards?
Policy? Community-driven development

- Hard to solve citizen organization problems at the national level.
- CDDs could solve locally.
  - Link community grants to elections, reserved seats for disadvantaged
  - Thin evidence of success (Ghazala and Rao)
- Why?
  - Big focus on changing formal institutions (elections) – or even assuming that “local works”.
  - Elections not sufficient for organization
  - Traditional organization trumps democracy without organization
Prohibitions on collective action
- Not a usual focus of WB lending.
- Historic Tunisia DPL after Arab Spring

In post-conflict settings
- Often recommend power-sharing.
- But this is fragile when competing (ethnic) groups are unorganized.

In public sector reform
- We focus heavily on individual incentives, internal structure of bureaucracy. Banuri and Keefer - what motivates civil servants?
- Reforms of these may have limited effect when there are political obstacles to intra-public sector cooperation.
Most research (political economy, development, etc.) assumes collective organization. But:

- Significant variation in degree of citizen organization.
- Significant variation in how much organization (military, bureaucratic, citizen) that leaders allow.

This variation matters for development.

- macro phenomena
- public administration
- service delivery
- governance and conflict.

And there is substantial space to adapt policy interventions to take organization into account.