Policies, Politics
Can Evidence Play a Role in the Fight against Poverty?

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Has all of this been useless?

- Most of my work, and that of many development economists today, is devoted to design, and evaluate, effective policies to fight poverty.
- The big world's events seem to have more to do with politics than with policies.
  - In the West: enough aid was given to Egypt every year to pay 20 dollar per African child.
  - In the South: What good would it be to know how to best encourage mothers to immunize their children in Ivory Coast?
- Bill Easterly

> *"RCTs are infeasible for many of the big questions in development, like the economy-wide effects of good institutions or good macroeconomic policies(...)Embracing RCTs has led development researchers to lower their ambitions."*

Political Economy

- The institutionalist view, fairly dominant among political economists today, is that the main question of development is to figure how to sort out the political process
  - Without good politics: no good policies.
  - With good politiics: good policies will follow
- Acemoglu-Robinson *Why Nations Fail*.
  - *INSTITUTIONS* (property rights, political system, etc.) are the main driver of success of a country.
  - They are also hard to change: long shadow of history:
  - Banerjee-Iyer: Places in India that had a more egalitarian system for collecting tax revenue are still doing better today.
  - Huilery: Places in West Africa were the colonial powers spent more money on schools still have better education today.

Stuck where you are?

- Romer: subcontract a part of your country to people who know how to do it.
- Collier: Invade when needed
- Easterly. Freedom: Leave countries and people alone. Let them find their own way.
- Acemoglu and Robinson: need an accident, a revolution (french revolution, British glorious revolution are favorite examples): may be middle east is escaping now? May be not?
- If institutional change cannot be imposed whole-sale from outside, and is not guaranteed to happen on its own, can anything be done?
- I am going to argue that there is more slack than we think within the political game, and that even taking the politics as given, there is tremendous slack for better policy.

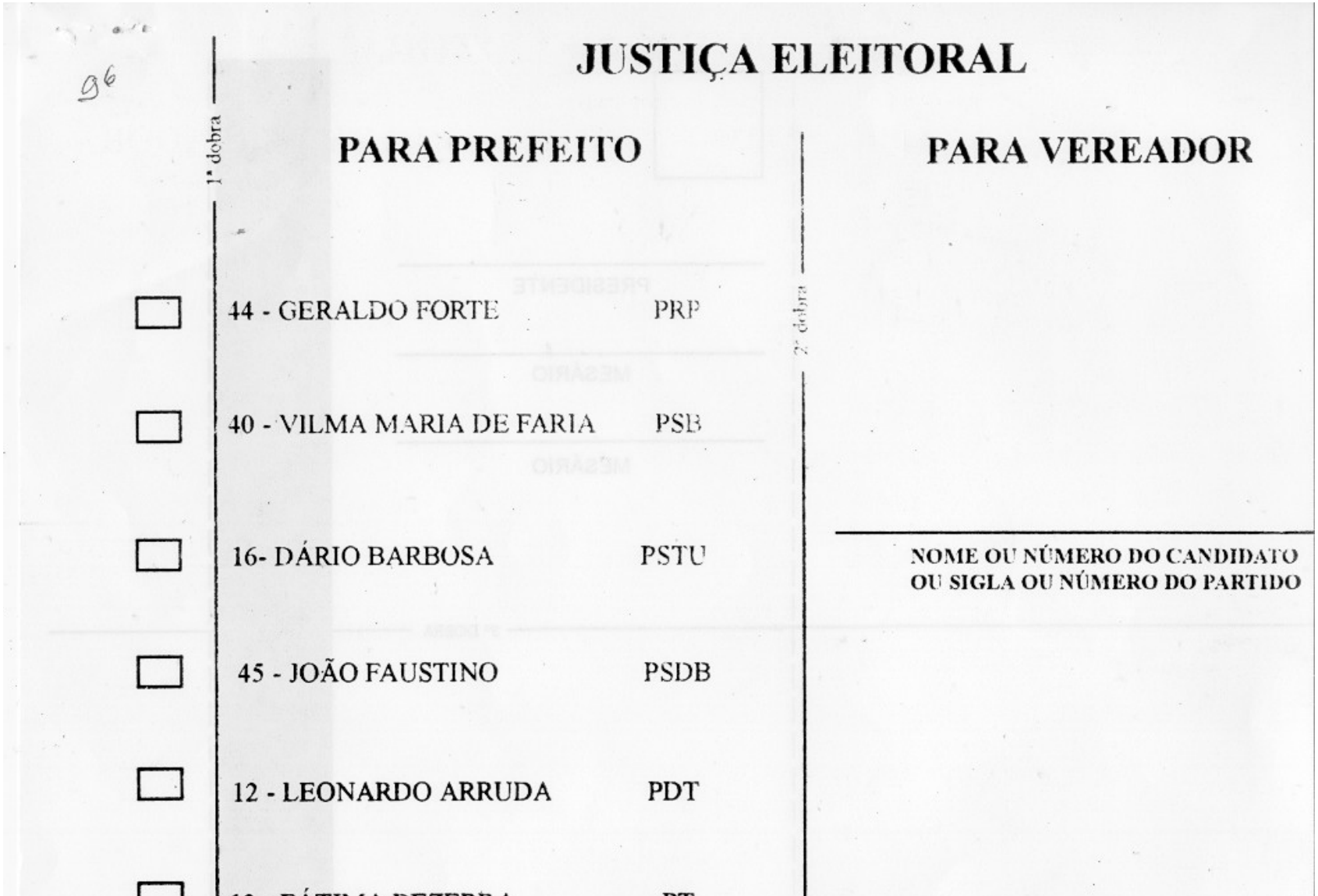
Progress within bad institutions

- One rarely see wholesale institutional change, and they are certainly hard to predict or provoke.
- But incremental democratic changes do happen at the margin, even within fairly autocratic regimes: Indonesia, Brazil, Mexico, China. Even Yemen, Saudi Arabia...Highly imperfect elections.
  - Are they just for show? In China: Qian and Patro-i-Miguel find that after a village starts holding elections, the village chiefs are more likely to relax unpopular central policies, such as the one-child policy. The reallocation of farmland, which happens from time to time in Chinese villages, is more likely to benefit middle-class farmers.
- Same for corruption: Olken, Indonesia, found that theft on roads reduced from 27 cents on the dollars to 18 cents on the dollar, just by threatening audits.

Failures within good institutions

- Perhaps more importantly, good INSTITUTIONS are *not* a guarantee for good functioning of the institutions
- Brazil (Fujiwara, 2010).
  - Had a complicated paper ballot system, ended up rejecting 11% of the vote.
  - Replaced it by electronic voting
  - Led to elimination of invalid votes, poor uneducated leaders more likely to be elected
  - States that had more cities affected by the votes early had a larger increase in health expenditures (a pro-poor policy)
  - A technical fix accidentally re-enfranchised over 10% of Brazil's voters!

Paper Ballot



JUSTIÇA ELEITORAL

96

1ª dobra

PARA PREFEITO

☐	44 - GERALDO FORTE	PRP
☐	40 - VILMA MARIA DE FARIA	PSB
☐	16- DÁRIO BARBOSA	PSTU
☐	45 - JOÃO FAUSTINO	PSDB
☐	12 - LEONARDO ARRUDA	PDT

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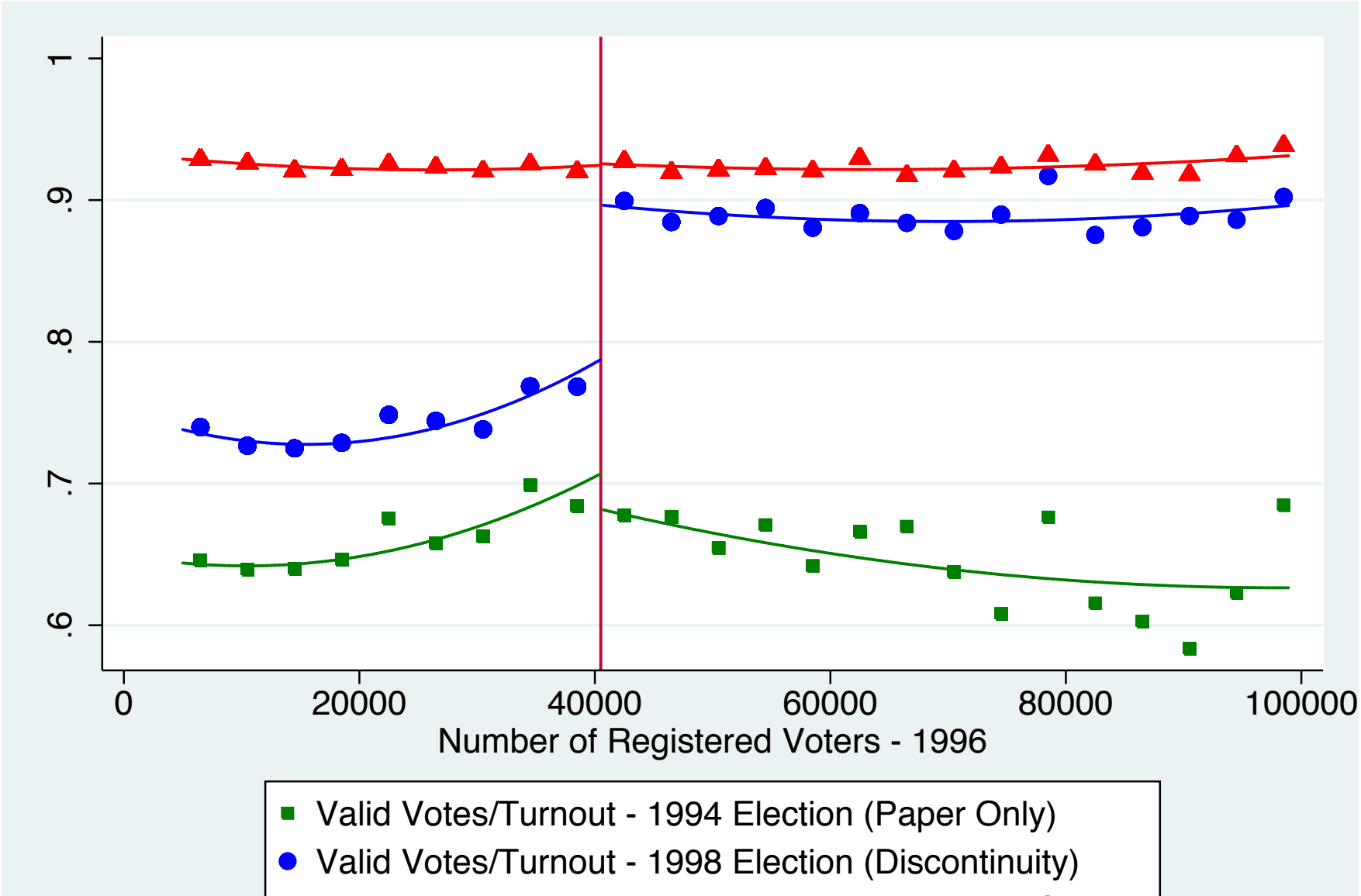
PARA VEREADOR

NOME OU NÚMERO DO CANDIDATO
OU SIGLA OU NÚMERO DO PARTIDO

Electronic Ballot

Impacts on voting



It ethnic voting a fatality?

- Many people believe that even democracy is bound to fail in many African countries because of the importance of ethnic voting.
- Wantchekon has two very interesting experiments that illustrate both facets of this problem. We will see one now, the other a little later in the talk.
  - ▸ Experiment One Show how an ethnically biased discourse helps you win election against a generally minded public good discourse

Ethnic Politics in Benin

- A study by Leonard Wantchekon, a former student activist from Benin, now a professor of politics at New York University, well connected with Benin's current political elite.
- Democratically contested presidential election between 4 candidates.
- Experiment took place in 8 non-competitive districts. In each districts, 2 villages were chosen.
- One was selected to receive a "clientelist" message, ▸ Example and the other to receive a "public policy" message. ▸ Example
- Which message carries the most votes?

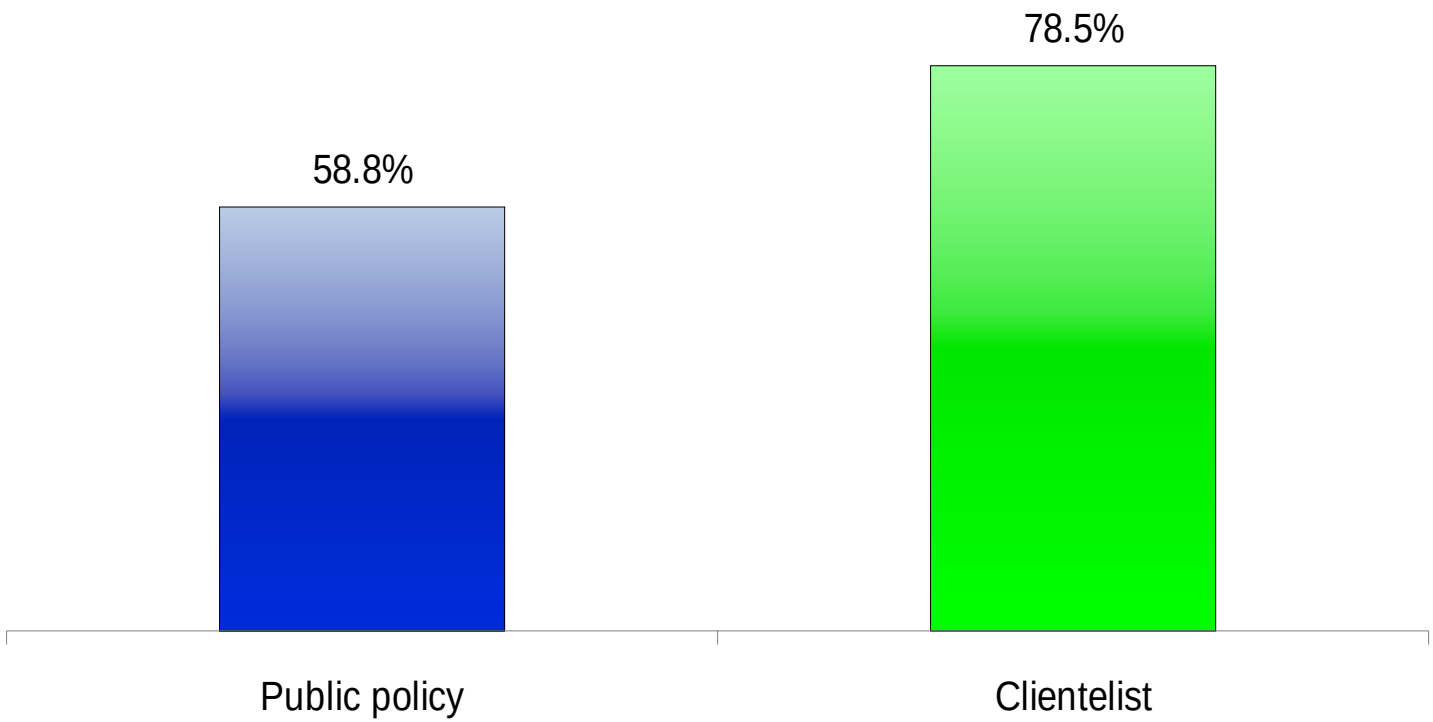
A Clientelist message

We are the representatives of the candidate Saka Lafia, who is running for president in the March 3, 2001, election. As you know, Saka is the only Bariba candidate, actually the first since 1960. Saka is running because the northeast region, Borgou-Alibori, is very underdeveloped: low literacy rates, poor rural infrastructure and health care, etc. . . . If elected, he will help promote the interests of the Borgou-Alibori region by building new schools, hospitals, and roads and more importantly, hiring more Bariba people in the public administration.

A Public Policy message

We are the representatives of Saka Lafia, our party the UDS stands for democracy and national solidarity. Saka is running against the opposition candidate in the North. If elected, he will engage in a nationwide reform of the education and health care systems with emphasis on building new schools, new hospitals, and vaccination campaigns. In conjunction with other opposition leaders, we will fight corruption and promote peace between all ethnic groups and all the regions of Benin.

Results: Average Support for the Candidate



Ethnic voting is not a fatality

- In Uttar Pradesh (where politics is so corrupt that a good number of the MPs have criminal charges), Banerjee et al. run a randomized trials where an NGO went to villages with the message "don't vote on caste, vote on issues".
  - Ethnic voting went down from 25 percent to 18 percent.
- Voters may simply not know enough to vote for competence: providing information matters. Evaluated with a news paper campaign in Delhi: Let to less votes for corrupt politicians.

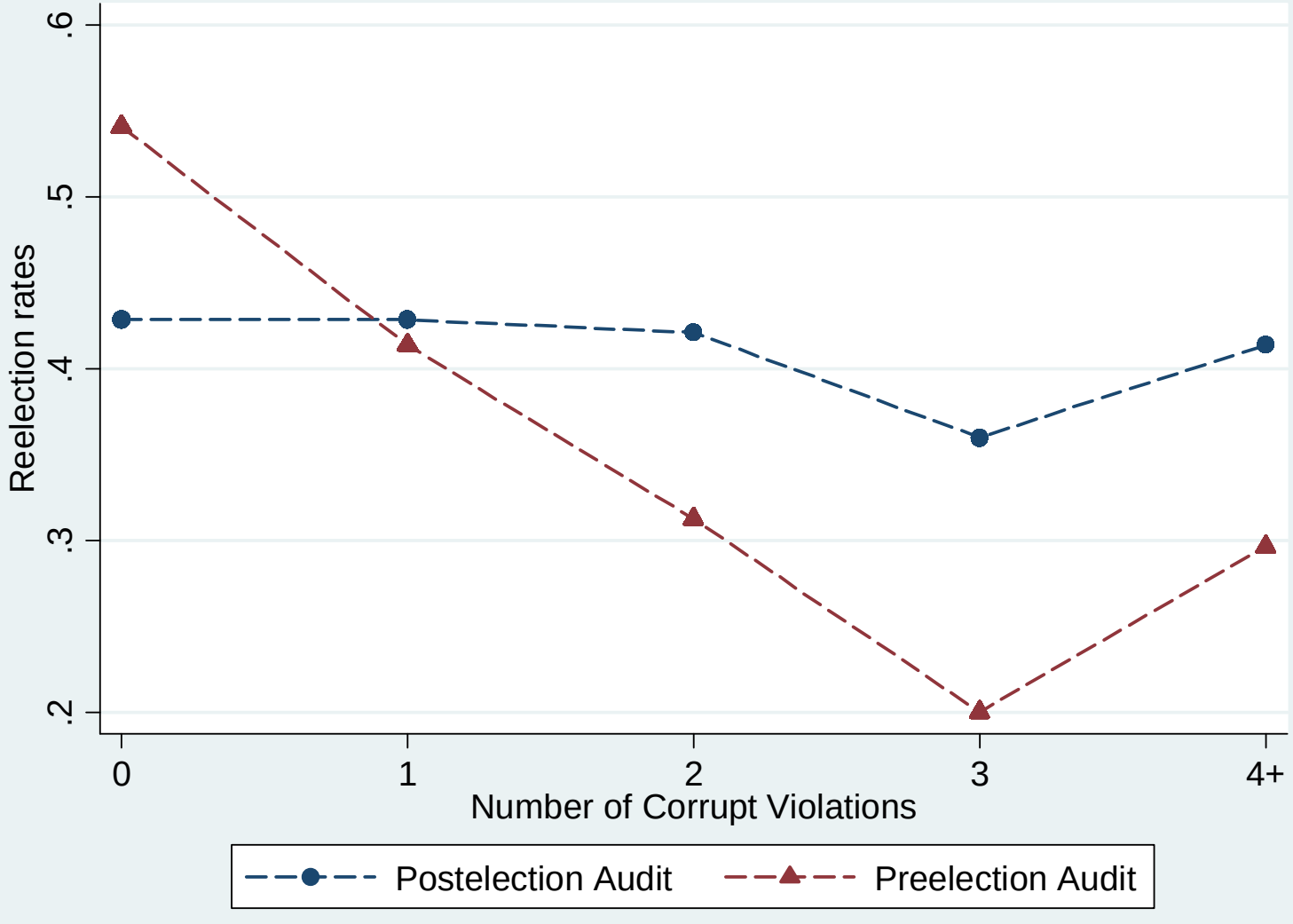
Audits and Electoral Accountability in Brazil

- This is done on a regular basis in Brazil.
- Every month, 60 municipalities are chosen randomly and their accounts are audited. ▸ Lottery
- The audits are given to the government, and disclosed to the media and on the internet.
- Claudio Ferraz and Frederico Finan study the impact of those random audits on electoral outcomes.

The Televised Audit Lottery

- Overall, being audited does not change the probability of being reelected.
- But it masks fundamental heterogeneity: Being audited *and being found corrupt* significantly reduces the chance to be reelected.
- To show it, they compare municipalities which were audited just before or just after the 2004 mayoral election which were found guilty of the same amount of corruption: For those audited before the election, the citizens knew it. ▸ Figure

Reelection Rates and Corrupt Violations



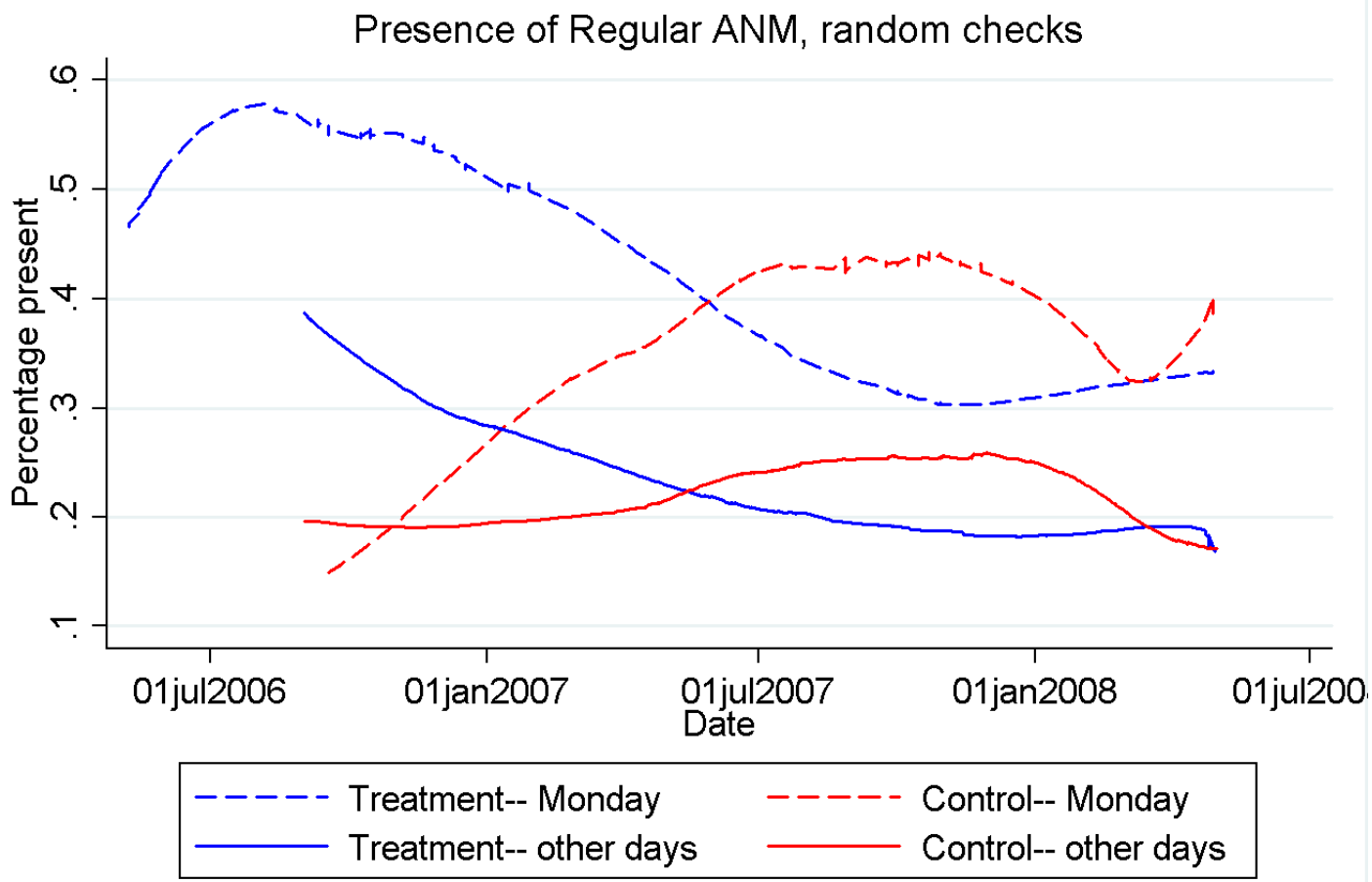
Ideology, Ignorance, Inertia

- There can be good politics even in bad environment: Education in Suharto's Indonesia
- More importantly, there is plenty of bad policies within generally good policy environment.
- Corruption and inefficiencies are more likely to be due to lack of understanding and attention to details then to a conspiracy against the poor: Ideology, ignorance, inertia.
- Example: Monitoring nurses

Monitoring Nurses

- District administration and NGO Seva Mandir partnered to test a monitoring system in to ensure their presence on that day (Monday) in 33 centers (randomly chosen in the districts).
  - Seva Mandir distributes a date and time stamp to nurses.
  - Nurses stamp on Mondays to indicate that they were present, indicate if she has a motive to be absent.
  - Seva Mandir collects the register and gives them to the government.
  - The government announced sanctions for very delinquent nurses.
- A research team (J-PAL and Vidhya Bhawan, a local university) performed regular unnanounced checks (on Mondays and other days).

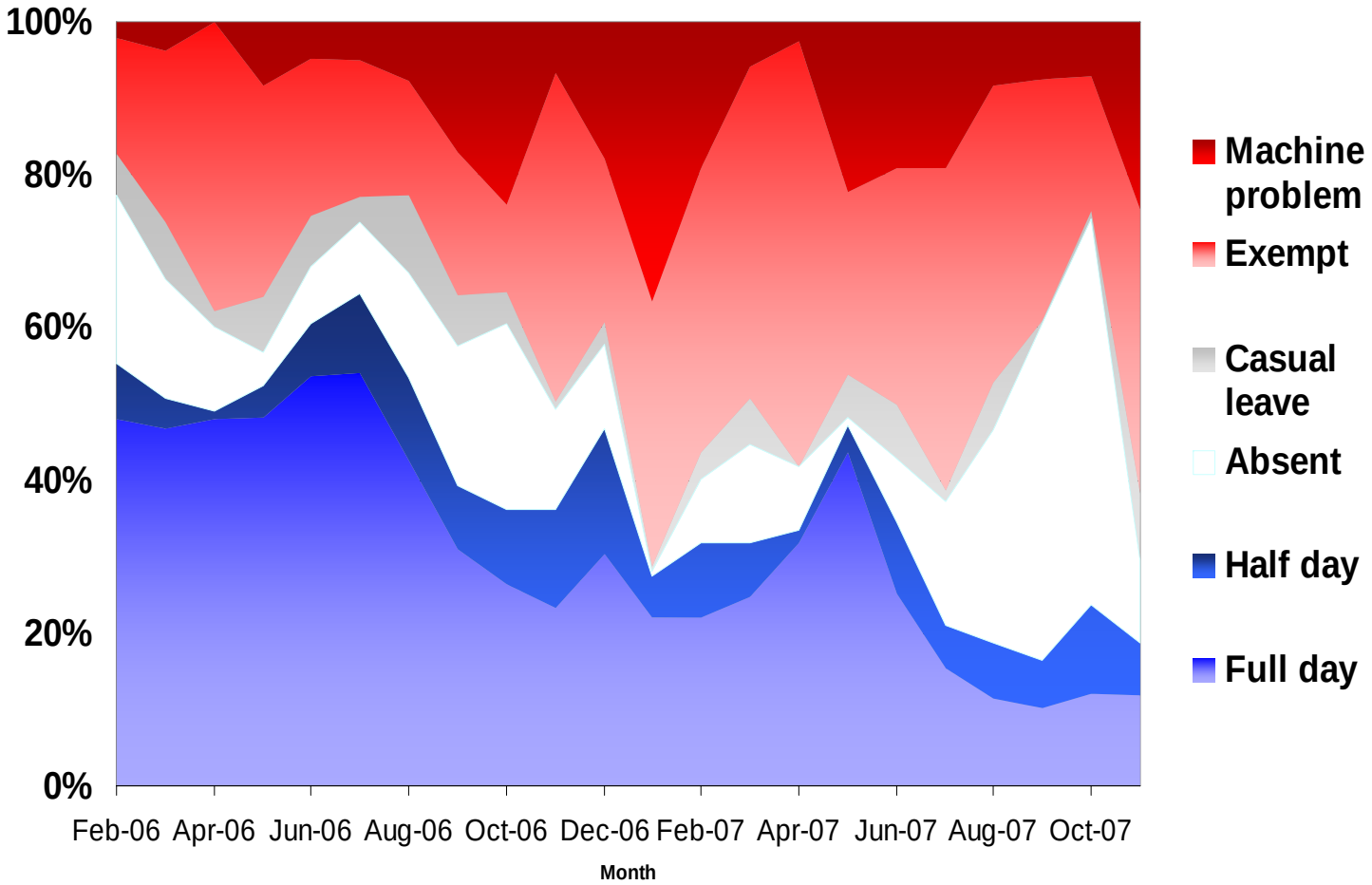
Results of the Nurse Monitoring Program



Results

- Early on, large impact: Nurses are sensitive to incentives.
- However, as time goes on, attendance declines in monitored group (and increases in the other group).
- At the end, attendance on Monday is higher in the non-monitored group.
- What happened?
  - Key is the nurse register indicating reason for absences.
  - Absence became "exempted days" (and "broken machines").

From Absences to Exemptions



What happened?

- Collusion between nurse and the supervisor
- Indifference of the people to any improvement
- The Indian health care system was built for ideal nurses, treating ideal people.
- It is entirely broken and no one bothers to fix it: yet no one is *against* a good quality system for the poor.
- To fight the 3i, what is needed is: trying to understand what is really needed and what might work.

Can policies influence politics?

- Politics can be improved like any thing else...
- There is scope for policies improvement in both good and bad political environment
- Can good policies finally lead to god politics?
- Two examples:
  - India
  - Benin

From good policies to good politics

- Voters adjust their views based on what they see on the ground: Attitude towards women in India.
- Quota for women leaders at the Panchayat level in India. Women tend to be at least as good leaders as men.
- Did that affect the attitudes towards women leaders?
- To measure the effect, "Goldberg Paradigm experiment"
  - Respondents listen to a political speech (adapted from a real speech given by a Pradhan).
  - The speech is recorded either by a man or a woman (several voices).
  - The tapes are randomized across respondents: Each listen to only one version, read either by a man or by a woman.
  - They are then asked to answer a series of questions about the speech and the effectiveness of the Pradhan who gave it: quality of the speech, whether it addressed the problem of the villager, whether the pradhan who gave it would be good at other tasks, etc

Measuring Statistical Discrimination

- If respondents tend to give worse rating to speeches given by women, this will be an indication of "statistical discrimination:" differing judgment on the basis of the same information, to someone who belong to a specific category.
- If this differences narrows or disappears in the places which have been reserved, this will suggest that reservation helps reduce statistical discrimination.
- ▸ Results

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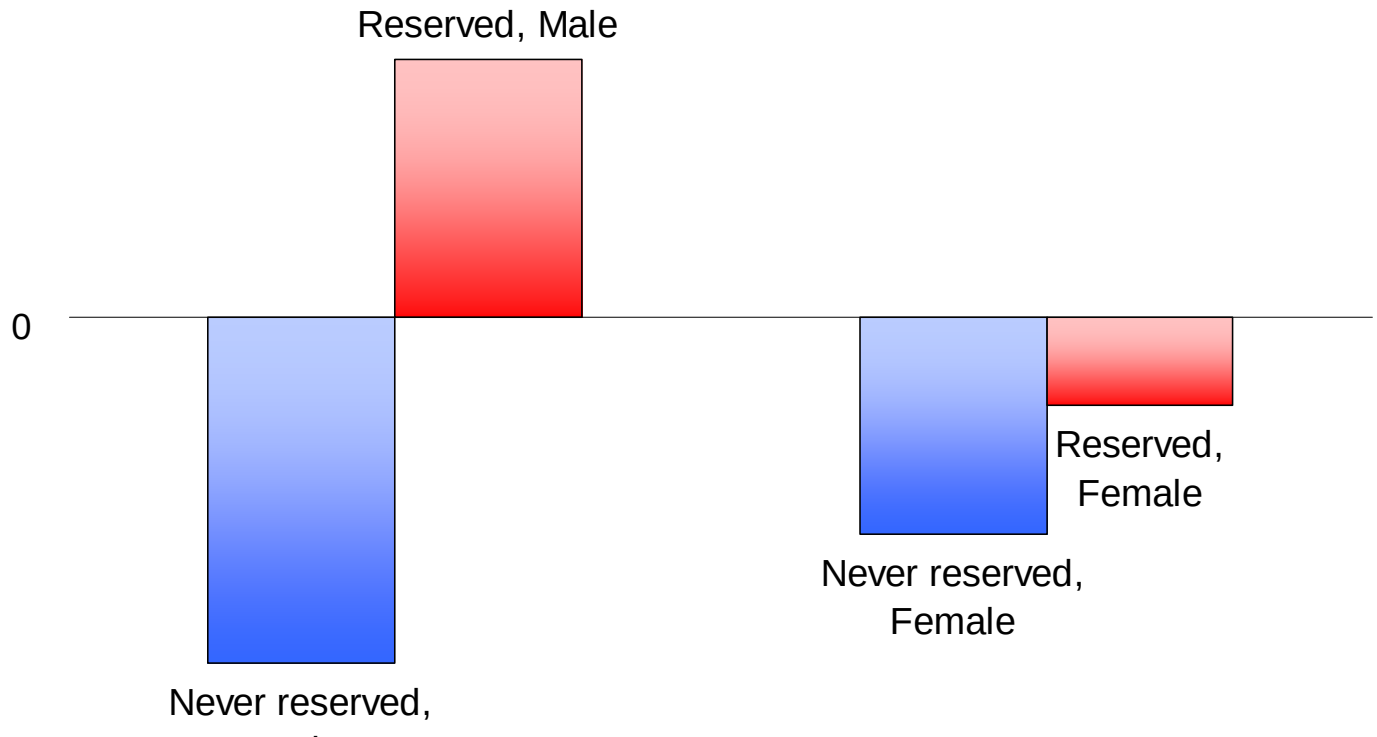
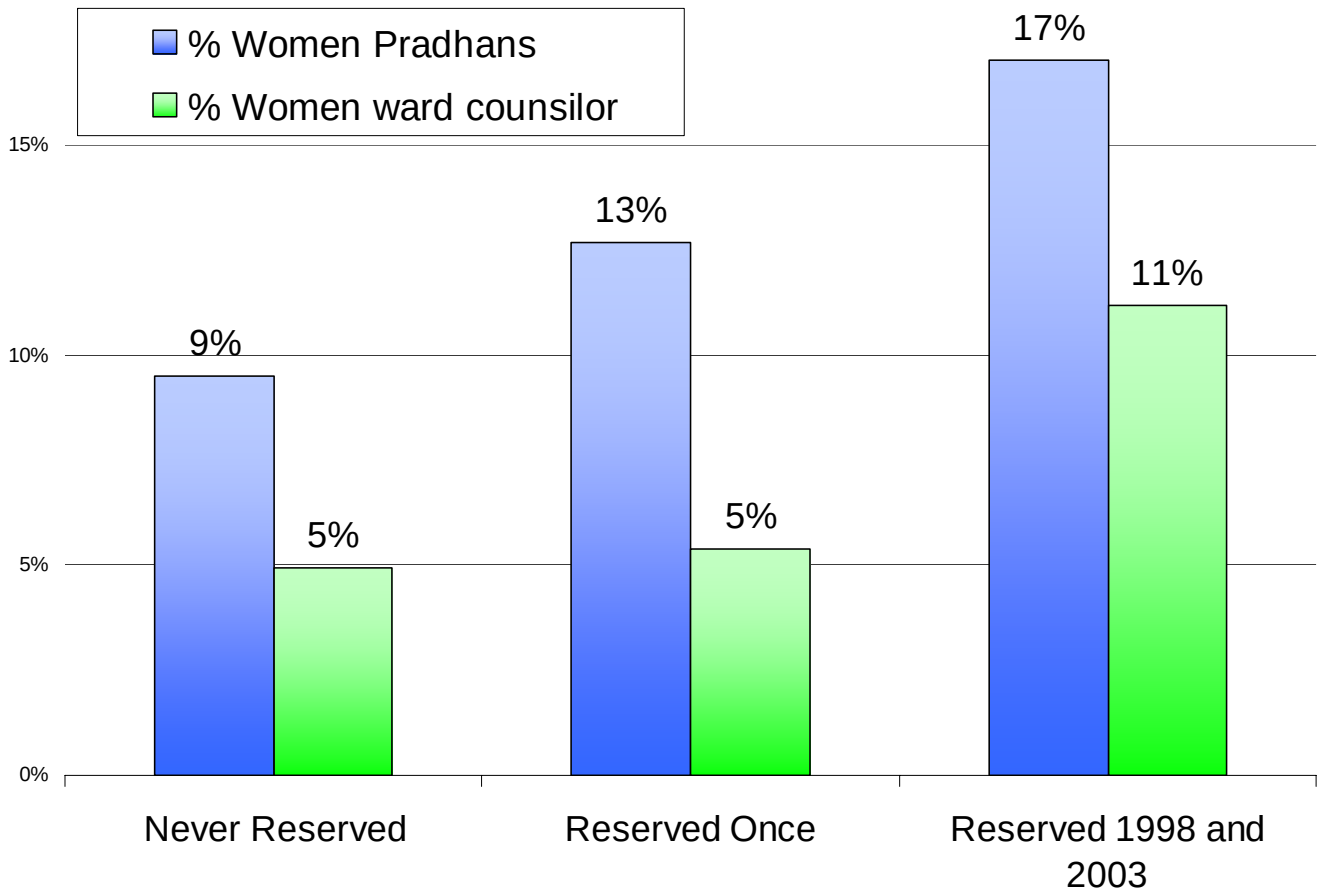
- ▸ Results
  - Both men and women are biased against female leaders.
  - In both cases, their bias goes down, although less for women.
  - For men, it even reverses. Voters who have experienced women become more pro-women.
- No improvement in taste discrimination, but reduction in statistical discrimination: does it improve women's political prospects overall?

Difference between Rating Given to Female and Male Speech



Taking Stock: Fraction of Women Elected



Benin: A rich general interest message

- A second experiment by Leonard Wantchekon sheds some additional light.
- Wantchekon and colleagues ran an "expert" conference, and some propositions came out of it.
- After the conference, several parties volunteered to use the proposals made at the conference as electoral platforms on an experimental basis.
  - In randomly selected villages, in town meetings, where the proposals were presented in detail and participants had a chance to respond and react.
  - In control villages, usual festive meeting.
- This time, the experimental candidate got 67% of the vote in Treatment villages, and 61% in the control villages.

Conclusion

- Many Western Scholars and policy makers are extremely pessimistic about institutions in the developing World. They blame, depending on their political leaning, the culture, the colonization, agrarian institutions, etc.
- We are not that pessimistic.
- Political constraints exist–and hard to predict political events have important impacts.
- However, there is a lot of scope for better policies, perhaps *particularly* in regimes that are may be not completely locked, or at war: a lot of very bad policies for no good reasons

Conclusion

- And when policy improves, voters take note. May be, that further would give incentives for politician to continue to perform, starting a virtuous circle: in Latin America, Vincente Fox kept the PROGRESA program on.
- Careful understanding of the motivations and the constraints of every- one (poor people, civil servants, taxpayers, elected politicians, and so on) can lead to policies and institutions that are better designed, and less likely to be perverted by corruption or dereliction of duty.
- These changes will be incremental, but they will sustain and build on themselves.
- They can be the start of a quiet revolution.