

POLITICAL CLIENTELISM AND CAPTURE: THEORY AND EVIDENCE FROM WEST BENGAL ¹

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ABSTRACT

We provide a theory of political clientelism, which explains sources and determinants of political clientelism, the relationship between clientelism and capture, and their respective consequences for allocation of public services, welfare and empirical measurement of government accountability in service delivery. Using data from household surveys in rural West Bengal, we provide evidence of clientelism, and argue it helps explain observed impacts of political reservations in local governments that are inconsistent with standard models of redistributive politics.

1 Introduction

The literature on government accountability in developing countries has focused on distortions in the political mechanism that may impede the choice of pro-development and pro-poor policies by elected governments, such as inequalities between different socio-economic classes with regard to political rights, awareness, political participation, ability to lobby and contribute to election campaigns. These inequalities translate into higher implicit welfare weights assigned to wealthier and more powerful classes in policy making and implementation, a phenomenon commonly referred to as *elite capture*. This concept has dominated the discussion on the pros and cons of decentralization of public service

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delivery, for instance (e.g., see the 2004 World Development Report, or Bardhan and Mookherjee (2000, 2005, 2006a,b)). Empirical work has therefore focused on ways of measuring elite capture and its consequences. Underlying socio-economic inequality e.g., with regard to ownership of land or education, social status, or measures of poverty — is typically taken to be a prime determinant of elite capture, which is then related to on allocation of public services across socio-economic classes (e.g., on pro-poor targeting of anti-poverty programs) or corruption among elected officials.⁴ Theoretical models of political economy reasons for the role of historical conditions on long-run development also rely on similar formulations of political distortions (Acemoglu and Robinson (2008), Benabou (2000), Borghignon and Verdier (2000)).

This approach overlooks another significant political distortion — *political clientelism* — also important in developing country democracies, fundamentally different in nature from elite capture. Clientelism refers to strategic transfers made by political parties and governments to poor and disadvantaged groups as a means of securing their votes, in an effort to consolidate political power. Such transfers by their very nature can provide an appearance of successful pro-poor targeting of public services. But they often come at the expense of long-term development, since they usually take the form of private transfers with short-term payoffs rather than public goods or private benefits of a long-run nature (such as education or health). They are usually implemented to benefit narrow subsets of intended beneficiary groups, which can raise inequality. These adverse consequences of clientelism tend to be missed by conventional measures of government accountability that focus only on targeting of public services to intended beneficiary groups, without regard to the composition of these services or allocation within beneficiary groups. Moreover, clientelism can be a potent tool used by incumbent governments to consolidate their grip on power, lowering effective political competition.

Political clientelism has featured prominently in institutional descriptions of the politics of many developing countries as well as historical accounts for currently developed countries such as Italy, Japan and US city politics (elaborated in Section 2 below). Yet there are relatively few theoretical models or empirical analyses of clientelism that we are aware of which analyse the sources and consequences of clientelism (exceptions are described in Section 2). The first part of this paper provides a theoretical analysis of clientelism, which helps explain how it may arise, the distinction between clientelism and capture, as well as the relation between these two phenomena. The model helps explains why clientelism tends to decline as countries develop, on the welfare consequences of clientelism, and provides a framework to guide empirical analysis to detect the presence and identify consequences of clientelism. The second part of the paper uses data from household surveys in rural West Bengal to illustrate how this approach can help explain

⁴See, for example, Araujo, Ferreira, Ozler, and Lanjouw (2008), Bardhan and Mookherjee (2006), Galasso and Ravallion (2005), Galiani, Gertler and Schargrodsky (2009).

some hitherto puzzling results concerning the targeting impact of reservation of village council (*gram panchayat*) chairpersons (*pradhans*) for women and socially disadvantaged candidates (referred to as scheduled caste in India).

Our analysis extends standard models of probabilistic voting and competition between two parties in the Downsian tradition (Lindbeck and Weibull (1987), Dixit and Londregan (1995) and Grossman and Helpman (1996)). However, two departures from the standard model are necessary. The first is incorporation of multiple private goods in addition to a public good. This is essential for highlighting the distinction between capture and clientelism and deriving empirical methods to discriminate between them. The second point of departure involves a distinction between *instrumental* and *non-instrumental* motives for the way voters choose how to cast their ballot. The latter is more standard, where voters vote on the basis of their perceptions of how the policies of the two parties will affect their interests, even though they are aware that their personal vote is unlikely to alter the eventual outcome of the election. The former arises also in a context of clientelistic transfers which are conditioned partly on the way that they vote. Voters become aware that their voting affect their own personal interest even if it has no effect on the outcome of the election. This may also partly explain why voter turnouts tend to be higher in traditional, poor societies. At the same time, non-instrumental motives must also co-exist for vote shares to be affected by public goods provided.

Section 2 summarizes existing evidence from case studies of middle-income and developing countries concerning the prevalence of political clientelism, as well as existing theoretical analyses and empirical evidence. Section 3 introduces assumptions concerning preferences and technology, and characterizes welfare optima that serve as a normative benchmark. We then introduce our extension of the probabilistic voting model. Section 4 analyzes political equilibria, starting with a benchmark case characterized by absence of any clientelism or capture, where classic Downsian results obtain. Next we examine the consequences of clientelism alone, whereupon Downsian results (such as policy convergence) no longer obtain. The analysis of clientelism *sans* capture allows us to assess positive and normative effects of clientelism *per se*. Section 5 then introduces elite capture (as in Grossman and Helpman (1996) or our earlier work Bardhan and Mookherjee (2000)). The full-blown model is characterized by co-existence of clientelism and capture, which we use to explore the relationship between these two phenomena.

Section 6 discusses empirical implications. We first discuss implications for how to measure government accountability when clientelistic transfers may be significant. Then we discuss evidence from rural West Bengal concerning prevalence of clientelism. It is argued the model developed in this paper can help explain some facts concerning targeting impact of political reservations of chairperson positions in elected village councils that are inconsistent with standard theories of redistributive politics. Finally, Section 7 concludes.

2 Descriptions of Clientelism and Existing Literature

Kitschelt and Wilkinson (2007) provide an overview of studies from Africa, India, Latin America and Japan documenting pervasiveness of ‘patronage-based, party-voter linkage’:

“In many political systems citizen-politician linkages are based on direct material inducements targeted to individuals and small groups of citizens whom politicians know to be highly responsive to such side-payments and willing to surrender their vote for the right price. Democratic accountability in such a system does not result primarily from politicians’ success in delivering collective goods..., nor does it rest on improving *overall* distributive outcomes along the lines favored by broad categories of citizens (e.g., income and asset redistribution through taxes and social benefit schemes). Instead, *clientilistic accountability* represents a transaction, the direct exchange of a citizen’s vote in return for direct payments or continuing access to employment, goods and services.” (op.cit, p.2)

They point out a key problem of enforcement that the implicit *quid pro quo* of favors for votes entails on either side: politicians may not want to follow through on their promises to deliver services once they have been elected, and voters may not want to vote for them upon having received these services (particularly with a secret ballot, where monitoring individual votes is difficult). Politicians therefore have to build expensive organizational surveillance and enforcement structures: ‘organizational hierarchies of exchange between electoral clients at the ground floor of the system, various levels of brokers organized in a pyramidal fashion, and patrons at the top...In this process, clients and politicians gain confidence in the viability of their relationship by iteration, i.e., the repeated success of exchange relations that makes the behavior of the exchange partner appear predictable and low risk’ (op.cit., p.8). Accordingly, Kitschelt and Wilkinson define clientelistic exchange by three components: ‘contingent direct exchange, predictability and monitoring’ (op.cit. p.9).

The monitoring and enforcement dimension helps explain why public declarations of support by voters for specific parties are necessary, such as badges, party colors, signs or participation in political rallies:

“..public pledges by influential members of these (..ethnic, religious or clearly identified social..) groups have multiplier effects on the voting preferences of the group as a whole. By forcing members of a group to publicly pledge support to the incumbent party rather than the opposition, for example, group members are then effectively cut off from any expectation of rewards if

the opposition should win. This increases the probability that group members in general..will actually vote for the incumbents in order to avoid punishment if the opposition wins and increase their chances of a reward if the incumbent is reelected.” (op.cit., p.15)

Monitoring individual voters is enabled by tactics observed in 19th and early 20th century US precincts such as marked or preprinted ballots, forcing voters to ask for help from party workers in the voting booth because they were ‘disabled’ or ‘illiterate’, or voting systems that required voters to publicly identify themselves if they did not wish to vote for officially approved candidates’ (op.cit. p.16). In some cities ‘machines were configured so as to allow a straight party ticket to be voted quickly with a distinctive ringing sound, whereas voting for the opposition or for a mixed slate required additional time with no accompanying ring, a combination that clearly signaled one’s preferences to those outside the booth’ (op.cit., p. 16). In addition:

“Ethnographic studies of elections indicate that party workers quickly become skilled at determining from brief interviews whether particular voters support their party or not. The intentions of those who try to mask their preferences can be further uncovered by asking individuals to accept party literature, be contacted in the future, or show their support by wearing badges or displaying party colors and signs. In many electoral systems party workers also pass out goods such as sweets and liquor to their supporters outside polling places, the object being to make voters publicly declare their allegiance to one party or another.” (op.cit., p. 16)

Another method is for politicians to monitor groups of voters:

“..politicians have ... options to monitor groups’ voting. Voting returns and opinion polls, if sufficiently disaggregated, can also provide sufficient information to politicians to enable them to verify a group’s support with a high level of accuracy...Until 1971 ballots in India were counted at each local polling station, which enabled politicians to quickly determine whether a village had kept to its side of the political bargain.” (op.cit., p.17-18)

One consequence is that clientelistic exchanges inherently require patrons to provide private goods to their clients:

“In many systems characterized by relatively high levels of poverty — such as Thailand, India, Pakistan or Zambia — patrons directly purchase clients’

votes in exchange for money, liquor, clothes, food or other immediately consumable goods...much more frequent than single-shot transactions of this nature, however, are webs of exchange, obligation, and reciprocity sustained over a longer period, in which patrons provide private goods or club goods to their clients.” (op.cit., p. 19)

Low levels of development and high poverty among voters facilitate clientelism, partly because their votes are cheap to purchase. In the process of development, clientelism tends to decline for a variety of reasons. Apart from declining poverty which makes votes more expensive to buy, citizens increasingly demand public goods as their societies and aspirations develop:

“..principal-agent relations of exchange will be limited to a small elite within which “prebendal” patrimonial exchange prevails. Scale upgrading and market commodification of social relations generates demands for societal coordination through centralized authoritative political decisions. This initially gives rise to new group loyalties serviced by clientelistic networks beyond the realm of kinship and family...But as the process of further societal scale upgrading proceeds, clientelistic linkages – providing private and local public goods — become too narrow and give way to class, sectoral and professional linkages in the formation of national and global markets. People demand goods from politicians who serve increasingly large clubs for whose members clientelistic linkages are too costly in terms of transactional arrangements. Some of these goods serve everyone in a polity (“collective goods”).” (op.cit., p. 25)

Complementary supply-side factors that cause clientelistic practices to erode with the process of development include increased difficulty of monitoring when citizens become spatially mobile, ‘less trapped in rigid, durable social networks...programmatic politics takes over when mobility increases and makes the delivery of clientelistic goods unreliable’ (op.cit., p.26). Moreover development is often characterized by erosion of ethnocultural divisions which facilitate clientelistic exchange. Increased media exposure undermines clientelistic practices as variants of ‘cronyism, nepotism, corruption, fraud and favoritism’ (op. cit. p. 27), and voters become more receptive to such media accounts as they become more literate.

Wantchekon (2003) provides evidence for the significance of clientelistic politics in Benin with a field experiment. In collaboration with four political parties involved in the 2001 presidential elections, clientelist and broad public policy platforms were designed and run in twenty randomly selected villages of an average of 756 registered voters. He found that clientelist messages had positive and significant effect in all regions and for

all types of candidates. Stokes (2005) conducted a survey of 1920 voters in three Argentine provinces, and found 12% of low income respondents reported receiving goods from political parties during an election campaign that had occurred two months earlier. About one in five of these admitted these transfers affected their vote. A logit regression showed the likelihood of receiving private rewards from a party was significantly negatively correlated with income, education and housing quality, with population size of the community, and positively with having received their ballots directly from party operatives rather than in anonymous voting booths. Private benefits were less likely to be given to party loyalists, consistent with the expectation that they would be targeted to ‘swing’ voters. These patterns are consistent with a theoretical model of a repeated relationship between politicians and voters, where individual votes are observable by politicians with a fixed exogenous probability, followed by a ‘grim trigger’ strategy wherein a deviant voter is denied private benefits for ever whenever this voter’s patron comes to power.

Robinson and Verdier (2003) provide a theory of clientelism, wherein the two-sided problems of enforcement explain why redistribution often takes the form of public sector employment rather than income transfers or public goods: they argue a job is a credible, selective and reversible method of redistribution which ties the continuation utility of a voter to the political success of a political patron. Even if individual votes are unobservable, this renders the clientelistic exchange incentive compatible. Also related are papers by Lizzeri and Persico (2001, 2004), Keefer and Vlaicu (2005) and Khemani (2010) who focus on undersupply of public goods under different electoral systems which affect incentives of politicians to deliver private benefits in a clientelistic fashion. Our principal interest is to extend standard models of probabilistic voting and elite capture to incorporate clientelism to study the allocative consequences of clientelism and how these differ from those of capture. We subsequently use this to empirically assess the prevalence of clientelism in West Bengal. Accordingly we construct a static model, and black-box the problem of enforcement by assuming an exogenous probability that votes cast will become known to party workers or candidates and thereby lead to denial of benefits if the corresponding party candidate is elected.

3 Model

3.1 Agents, Services and Preferences

There are a number of groups of voters in the population, labelled $i = 1, \dots, G$. Group i constitutes fraction μ_i of the population. Each group is homogeneous in terms of endowments and preferences. Different groups correspond to distinct socio-economic categories distinguished by asset ownership, location, age and gender of head, ethnicity or race.

There are K private goods labeled $k = 1, \dots, K$ and a single public good. The local government provides both the public good and transfers of the private goods to citizens. A household receives either no transfer of any given private good k , or an indivisible amount \underline{t}_k . Examples of private good programs in the context of West Bengal include provision of housing, latrines, drinking water taps, public distribution eligibility (BPL) cards, subsidized loans, agricultural extension programs, or employment in public-work programs. Public goods include construction of schools or roads, provision of law and order, security and dispute settlement.

We will further simplify by assuming that preferences are separable between different private and public goods. A group- i voter's expected utility is

$$W_i = \sum_k q_{ik} u_k(\omega_{ik} + \underline{t}_k) + (1 - q_{ik}) u_k(\omega_{ik}) + V_i(g) \quad (1)$$

where u_k is a strictly concave function representing utility from the k th good, ω_{ik} denotes the endowment of an i -type agent of the k th good, q_{ik} is the fraction of group i agents that receive a transfer of the k th good, and V_i denotes the utility of these agents for the scalar public good g provided. Normalizing utilities so that $u_k(\omega_{ik}) = 0$ and using v_{ik} to denote $u_k(\omega_{ik} + \underline{t}_k) \equiv u_k(\omega_{ik} + \underline{t}_k) - u_k(\omega_{ik})$, expression (1) reduces to

$$W_i = \sum_k q_{ik} v_{ik} + V_i(g). \quad (2)$$

Note that in this formulation v_{ik} is strictly decreasing in ω_{ik} , so the poor value any given private transfer more. This relies on the notion that the private good transferred is a pure consumption good. It is possible, however, that some of them are production inputs, such as agricultural input kits or irrigation water. In the presence of economies of scale or complementarity of such inputs with other inputs that the wealthy are more endowed with, it is possible that the transfer is valued more by the wealthy. We impose no restrictions on the valuations v_{ik} in what follows, so both kinds of transfer programs can be accommodated. In general, however, we will expect different marginal rates of substitution across pairs of goods between groups: the poor will have a greater preference for subsistence or inferior goods such as housing, sanitation, drinking water or BPL cards relative to agricultural inputs. We also impose no restrictions on how relative preferences for private versus public goods vary across rich and poor groups. Public schools are likely to be valued more by the poor while roads and irrigation may be valued more by the landed.

We shall assume that the local government in question obtains from higher level governments a total grant A which it allocates across different expenditure programs. We can normalize units of each good so each of them has the same unit cost. The budget constraint is

$$\sum_i \sum_k \mu_i q_{ik} \underline{t}_k + g = A. \quad (3)$$

This allocation is the main responsibility of the local government. In practice local governments do not receive untied or block grants; often there are different programs corresponding to different goods, where for each good k they receive a total amount A_k to allocate across residents. Then the discretion afforded to the local government is considerably more restricted. Usually, however, there is some scope for substitution across different programs (e.g., public works programs can be directed to building schools or houses or latrines or roads or canals). Moreover, the amounts of different goods received under a tied grant system is often the result of negotiation between officials of the local government with higher-level bodies. Part of the responsibility of local government officials is to enter into negotiations that define the scale of different programs within the local area. Then the allocation of negotiation effort by local government officials across different kinds of programs generates scope for substitution as represented by the budget constraint (3).

The budget constraint implies that an *allocation* can be represented by the vector $\{q_{ik}\}$ of private good transfers, with the public good amount generated equal to $A - \sum_i \sum_k \mu_i q_{ik} \underline{t}_k$.

3.2 Welfare Optimal Allocations

The utilitarian optimal allocation $\{q_{ik}^*\}$ maximizes

$$\sum_i \mu_i \sum_k q_{ik} v_{ik} + V(A - \sum_i \sum_k \mu_i q_{ik} \underline{t}_k) \quad (4)$$

where V denotes $\sum_i \mu_i V_i(g)$.

This will serve as a useful benchmark in what follows. It will be convenient to characterize the nature of the optimal allocation, and contrast it with the allocation resulting from political competition. In the utilitarian allocation, the welfare weight assigned to any group is its demographic share. In succeeding sections we shall illustrate the allocative implications of clientelism and capture by the implicit welfare weights they respectively induce. Specifically, let $\delta_i \mu_i$ denote the implicit welfare weight of group i , so δ_i represents the political distortion. We then consider the corresponding quasi-utilitarian optimal allocation as the solution to the following problem: select $\{q_{ik}\}$ to maximize

$$\sum_i \delta_i \mu_i \sum_k q_{ik} v_{ik} + V(A - \sum_i \sum_k \mu_i q_{ik} \underline{t}_k). \quad (5)$$

The utilitarian optimal allocation corresponds to the case with no political distortions ($\delta_i = 1$, all i).

Call a combination of a private good k and citizen group i a *private transfer program*. Let \mathcal{R} denote the set of all such programs. Rank these programs according to the value of $\frac{\delta_i v_{ik}}{\underline{t}_k}$, the average (welfare-weighted) utility generated to the recipients per rupee spent on it. Hence the programs $r = 1, \dots, \mathcal{R}$ are indexed so that those with a higher value of this utility generated appear with a lower index. Let $i(r)$ denote the citizen group the program is directed to, and $k(r)$ the kind of private good it involves.

Now for an aggregate expenditure E on private transfer programs, allocate these across different programs by according higher priority to higher ranked programs.

Specifically, let $e_r \equiv \mu_{i(r)} \underline{t}_{k(r)}$ denote the expenditure on program r if it were fully funded i.e., if $q_{i(r)k(r)} = 1$. Define $E_r = \sum_{r' \leq r} e(r')$, the aggregate expenditure on the r highest-ranked programs if they were all fully funded. Then any given expenditure E on private transfers is optimally allocated across different private programs as follows. If E falls between some E_r and E_{r+1} , fully fund programs $1, \dots, r$ and partially fund program $r + 1$ until the funds are all spent, i.e., $q_{i(r')k(r')} = 1$ for all $r' \leq r$ and

$$q_{i(r+1)k(r+1)} = \frac{E - E(r)}{\underline{t}_{k(r+1)}}.$$

And of course if E falls below E_1 then the highest ranked program is the marginal one ($r + 1 = 1$), while if E exceeds $E_{\mathcal{R}}$ then all programs are fully funded and no program is the marginal one.

Define the *marginal value* $\nu(E)$ of the private transfer program at expenditure level E as equal to the average utility $\frac{v_{i(r+1)k(r+1)}}{\underline{t}_{k(r+1)}}$ generated by the marginal program, i.e., on the last rupee spent. If E exceeds E_P then set $\nu(E) = 0$. Clearly, $\nu(E)$ is a non-increasing step function, locally constant (when the marginal program is fixed) and dropping discontinuously when shifting to a lower ranked marginal program.

Lemma 1 *The quasi-utilitarian optimal expenditure on private transfers E^* is determined by the condition that the marginal value of such transfers $\nu(E)$ equals the marginal valuation $V'(A - E)$ of the corresponding public good level. The optimal allocation of private good transfers involves funding the highest ranked programs as described above, until the expenditure E^* is fully utilized.*

The optimal expenditure E^* is uniquely defined since $\nu(E)$ is non-increasing while $V'(A - E)$ is strictly increasing in E . If $V'(A) \geq \nu(0)$, no private program is funded and $E^* = 0$. Otherwise some private programs are funded and $E^* > 0$. We shall assume

that $V'_i(0) = \infty$ for all i , which will ensure that a positive level of public good is always provided.

3.3 Elections and Voting

There are two parties denoted L and R . We model each party in a Downsian fashion: they are ‘empty shells’ who seek power for its own sake, and have no personal or ideological preferences over policies. Each party seeks to maximize its probability of being elected, and therefore its share of votes cast.

Each party $p = L, R$ selects a *policy* π^p which consists of an allocation $\{q_{ik}^p\}_{i,k}$ satisfying $q_{ik}^p \in [0, 1]$ and financial feasibility: $\sum_i \sum_k \mu_i q_{ik} t_k \leq A$. Let Π denote the set of all policies.

Voting behavior is composed of three sets of influences:

(a) *Loyalties and Campaign Spending*: Group- i voters’ loyalty ϵ_i to party L relative to R is drawn from a uniform distribution centered at $l_i + h(C^L - C^R)$ over a range of width $\frac{1}{\sigma_i}$ (so it has a constant density of σ_i). Here C^L, C^R denote campaign spending by parties L, R respectively, and h is a parameter of effectiveness of campaign spending in swaying ‘uninformed’ voters, as in Grossman-Helpman (1996). The effectiveness of campaign funds will provide scope for elites to capture the government by linking their campaign contributions to policy choices. Hence h will end up determining the extent of local elite capture in the model. We shall refer to it as the ‘capture’ parameter.

The parameter l_i represents the mean loyalty of group- i voters to party L , formed on the basis of historical, ethnic or gender identity. σ_i represents the extent to which voters in group i are amenable to ‘swing’, as we shall see. It is assumed small enough (i.e., the range of loyalties is large enough) to ensure that both parties obtain positive vote shares, and an additional property to be introduced below.

(b) *Issue-Based Non-Instrumental Voting*: Again as in standard Downsian theory, voters are additionally presumed to evaluate their own expected utilities under the policies espoused by the two parties, and vote partly on this basis. Voters in group i would therefore be more inclined to vote for party L if the difference between their expected utilities

$$N_i(\pi^L) - N_i(\pi^R) \tag{6}$$

is higher, where if $\pi = \{q_{ik}\}_{i,k}$, expected utility $N_i(\pi) \equiv \sum_k q_{ik} v_{ik} + V_i(A - \sum_j \sum_k q_{jk} t_k)$.

In the standard theory of probabilistic voting, a voter from group i with relative

loyalty ϵ_i to party L will vote for L if $N_i(\pi^L) - N_i(\pi^R) + \epsilon_i > 0$. In a large population no voter expects to be instrumental, i.e., make a difference to the outcome of the election. So one interpretation of voting behavior is that voters seek to ‘express’ their personal evaluation of the issues. And in the remote event that their vote is pivotal, this way of voting would be consistent with their preferences over the outcome of the election.

We now add a third dimension of voting behavior relevant to clientelism.

(c) *Clientelistic Instrumental Voting*: Parties may seek to ‘buy’ votes from voter groups against the promise of delivering personalized benefits to such groups. The enforcement of the *quid pro quo* in such exchanges are fraught with difficulty with a secret ballot. The descriptive literature on clientelism has described a number of ways that this is resolved in practice, as explained in Section 2.

We represent *party p clientelism* by the threat of party p withholding private transfers to a group- i voter with a probability z_i^p if this voter does not vote for party p , conditional on party p being elected. In practice more severe punishments can be meted out, but we shall assume here that these consist only of withholding of the private benefits that would otherwise be delivered to the group.

Each voter therefore perceives that his entitlement to the private benefits associated with a given party could be jeopardized if he did not vote for that party. Accordingly voting has an instrumental impact on his own expected utility, even if it has no impact on the overall electoral outcome. This provides a third source of motivation for voting, as described below.

Specifically, a voter in group i assesses an expected utility of

$$I_i \equiv \gamma_L [V_i(g^L) + \sum_k q_{ik}^L v_{ik}] + (1 - \gamma_L) [V_i(g^R) + (1 - z_i^R) \sum_k q_{ik}^R v_{ik}] \quad (7)$$

of voting for party L where g^p denotes the public good level associated with party p 's policy: $g^p \equiv A - \sum_j \sum_k q_{jk}^p t_k$ and γ_L denotes the perceived probability that party L will win the election. And she assesses an expected utility of

$$\gamma_L [V_i(g^L) + (1 - z_i^L) \sum_k q_{ik}^L v_{ik}] + (1 - \gamma_L) [V_i(g^R) + \sum_k q_{ik}^R v_{ik}] \quad (8)$$

of voting for party R . Accordingly her inclination to vote for party L on instrumental grounds rises with the difference between (7) and (8), i.e., with

$$\gamma_L z_i^L \sum_k q_{ik}^L v_{ik} - (1 - \gamma_L) z_i^R \sum_k q_{ik}^R v_{ik}. \quad (9)$$

The potency of the clientelism motive will therefore depend on the parameters z_i^L, z_i^R representing the probabilities that the respective parties will withhold private transfers

if they came to power and the voter in question did not vote for the winning party. In what follows we shall refer to these as the *clientelism parameters*.

Note that the clientelism motive involves only the private transfers and the likelihood that these may be withheld if votes were cast for the non-winning party. They do not depend on public goods g^L, g^R that each party is expected to deliver. To the extent that votes cast do depend to some degree on public goods provided, non-instrumental motives (where public goods do matter) must co-exist with instrumental motives. Below we shall assume that the relative weight of these two motives is exogenously given (represented by a parameter $\theta \in (0, 1)$ which reflects the relative importance of the non-instrumental motive).

Note also that the instrumental motive will depend on voters' assessment of the likelihood γ_L of the election's outcome. This reflects the forward-looking nature of voters. Voters will be more willing to 'sell' their vote to the party that is more likely to win. Hence voters have to 'pick winners', a feature absent from non-instrumental voting. It implies also that the model has to be closed by specifying how voters form these beliefs. Below we shall require that voters have correct or rational beliefs, and look for an equilibrium in which these beliefs are self-confirming.

A voter of type i will vote for party L if

$$\theta[V_i(g^L) + \sum_k q_{ik}^L v_{ik} - V_i(g^R) - \sum_k q_{ik}^R v_{ik}] + (1-\theta)[\gamma_L z_i^L \sum_k q_{ik}^L v_{ik} - (1-\gamma_L) z_i^R \sum_k q_{ik}^R v_{ik}] + \epsilon_i > 0 \quad (10)$$

which implies that the vote share of party L will be

$$S_L \equiv \frac{1}{2} + \sum_i \mu_i \sigma_i \{l_i + h(C^L - C^R)\} + \sum_i \mu_i \sigma_i \{\theta[V_i(g^L) + \sum_k q_{ik}^L v_{ik} - V_i(g^R) - \sum_k q_{ik}^R v_{ik}] + (1-\theta)[\gamma_L z_i^L \sum_k q_{ik}^L v_{ik} - (1-\gamma_L) z_i^R \sum_k q_{ik}^R v_{ik}]\} \quad (10)$$

where $g^p \equiv A - \sum_i \sum_k q_{ik}^p v_{ik}$. In what follows we shall refer to this as a function $S_L(\gamma_L; \pi^L, \pi^R)$ of the prior probability γ_L assigned by voters to the event that L will win, conditional on their respective choices of policies π^L, π^R which now includes both private transfers and campaign contributions C^L, C^R .

This expression incorporates all the factors that influence voting: intrinsic loyalties l_i , campaign finance C^L, C^R , non-instrumental and instrumental motives. The capture parameter h pertains to the strength of campaign finance, the clientelist parameters z_i^L, z_i^R reflect party organization and personalized monitoring capabilities. The strength of clientelistic factors depends partly on the utilities generated by private transfers v_{ik} . In more developed countries clientelism matters less because of weaker opportunities to impose selective punishments for voting the 'wrong way', and partly also because

wealthier voters depend less on these private transfers. Clientelism enables votes of the poor to be bought more cheaply, as emphasized by many institutional descriptions of the phenomenon.

4 Pure Clientelism

To close the model, we need to specify how vote shares translate into probabilities of winning. We also need to specify how campaign finance is raised. To simplify the exposition we shall abstract from capture issues for the time being, and set $h = 0$. Then each party's choices are confined to its chosen private transfers, and we focus on the clientelistic part of the model. The next section will explain how to extend the model to incorporate capture.

We shall assume that there is a monotone relationship between the two: party L wins with a probability $\phi(S_L)$, where ϕ is a strictly increasing, smooth function mapping $[0, 1]$ to itself. For reasons that will soon become evident, we shall assume that there is a finite upper bound $\bar{\phi}'$ to the slope of this function. The existence of some aggregate uncertainty regarding the outcome of the election will generate this property.⁵

We close the model by specifying the *equilibrium probability of party L winning* to be $\gamma_L \equiv \gamma(\pi^L, \pi^R)$ which for any given choice of policies (π^L, π^R) is a fixed point of the function $\phi(S_L(\cdot; \pi^L, \pi^R))$:

$$\gamma_L = \phi(S_L(\gamma_L; \pi^L, \pi^R)) \quad (11)$$

In general there could be multiple equilibria of a ‘sunspot’ variety: higher expectations of party L could be self-fulfilling. To simplify the analysis and abstract from such phenomena, we assume that

$$\bar{\phi}' < \frac{1}{2(1 - \theta) \sum_i \mu_i \sigma_i \max_k v_{ik}}. \quad (12)$$

This can be viewed as imposing a minimum degree of electoral uncertainty, relative to the strength of clientelistic forces, i.e., instrumental voting motives $(1 - \theta, \sum_{i,k} v_{ik})$, and the extent to which election outcomes can be influenced by clientelistic transfers (the swing vote parameter σ_i).

⁵In other words, even if S_L as calculated above is predictable, there is some aggregate uncertainty represented by a random variable χ reflecting shocks to the economy or possible ‘scandals’ that affect relative charisma of competing candidates, or errors in vote-counting such that party L will win if and only if $S_L + \chi > 0$.

Proposition 2 *Assume (12) holds and the capture parameter h equals zero. Then there is a unique equilibrium which is characterized as follows. The probability $\gamma_L(\pi^L, \pi^R)$ that party L wins is a smooth function of policy choices π^L, π^R of the two parties satisfying for any program l :*

$$\frac{\partial \gamma_L}{\partial q_{jl}^L} = \phi'(S_L) \frac{\mu_j t_l \{ \theta [\sigma_j v_{jl} - \sum_i \sigma_i V_i'(g^L)] + (1 - \theta) \sigma_j v_{jl} \gamma_L z_j^L \}}{1 - \phi'(S_L) (1 - \theta) \{ z_i^L \sum_k q_{ik}^L v_{ik} + z_i^R \sum_i q_{ik}^R v_{ik} \}} \quad (13)$$

In this equilibrium, party p selects policy π^p which maximizes the quasi-utilitarian welfare function

$$\sum_i \sum_k \mu_i \sigma_i [\theta + (1 - \theta) z_i^p \gamma_p] q_{ik} v_{ik} + \theta \sum_i \sum_k \mu_i \sigma_i V_i(A - \sum_i \sum_k \mu_i q_{ik} t_k) \quad (14)$$

taking as given γ_p , the equilibrium probability of party p winning.

We sketch the logic of the argument. Assumption (12) ensures that the mapping $\phi(S_L(\cdot; \pi^L, \pi^R))$ is a contraction, and therefore it has a unique fixed point. The Implicit Function Theorem ensures that the equilibrium probability is a smooth function of policy choices, and that the derivative with respect to private transfers is given by (13). Assumption (12) assures us that the denominator of (13) is positive. Hence (13) has the same sign as the numerator of the right-hand-side. This implies that the equilibrium involves choice of private transfer policies satisfying the property that q_{jl} is 1, interior or 0 according as the sign of

$$\theta [\sigma_j v_{jl} - \sum_i \mu_i \sigma_i V_i'(g^L)] + (1 - \theta) \sigma_j v_{jl} \gamma_L z_j^L \quad (15)$$

is positive, zero or negative. Comparing against the characterization of utilitarian welfare optimal policies provided in Proposition 1, it follows that party p 's equilibrium policies will maximize (14).

The intuition for this result is quite simple. Since the probability of winning is monotonically increasing in vote share, parties behave in order to maximize their vote share. Referring back to expression (10) for party L 's vote share, party L chooses its transfer policies to maximize the 'part' of it that it does control, while taking the other party's policies as given i.e., q_{ik}^L maximizes

$$\sum_i \mu_i \sigma_i [\theta \{ \sum_k q_{ik}^L v_{ik} + V_i(g^L) \} + (1 - \theta) \{ \gamma_L z_i^L \sum_k q_{ik}^L v_{ik} \}] \quad (16)$$

where $g^L \equiv A - \sum_i \sum_k q_{ik}^L t_k$. This expression includes voters' assessment γ_L that party L will win, which the two parties take as given. In equilibrium this assessment will be

correct. This implies that the welfare weight assigned by party L to private transfers to voters of type i equals $\sigma_i[\theta + (1 - \theta)z_i^L\gamma_L]$, the sum of the non-instrumental and instrumental voting effects, weighted by the extent σ_i that voters of type i are amenable to ‘swing’. And the welfare weight assigned to public good valuation of voters of type i equals $\sigma_i\theta$, the product of the non-instrumental valuation of the public good by these voters, and their swing factor.

4.1 No Clientelism or Capture: Downsian Convergence

Suppose that all voter types are equally amenable to swing ($\sigma_i = \sigma_j$, for all i, j), and clientelism (z_i^p) parameters are all zero. In this case it is evident that each party will select the utilitarian welfare optimal policy in equilibrium. Both parties will select the same policy. We obtain classic Downsian policy convergence among the two parties to the welfare optimal policy.

Downsian convergence obtains more generally even if different voter groups are differentially amenable to swing, though in this case groups more amenable to swing will receive a higher welfare weight. Both parties assign a welfare weight to voter groups proportional to their respective swing factors.

With policy convergence, the equilibrium probability that party L wins is determined by intrinsic loyalties of voter groups:

$$\gamma_L^* = \phi\left(\frac{1}{2} + \sum_i \mu_i \sigma_i l_i\right) \quad (17)$$

Without loss of generality suppose party L commands greater loyalty on average: $\sum_i \mu_i \sigma_i l_i > 0$ and is thus more likely to win: $\gamma_L^* > \frac{1}{2}$.

4.2 Clientelism Only: Non-Convergence

Now suppose there is scope for clientelism: the parameters z_i^p are non-zero. Party L assigns welfare weight $\sigma_i[\theta + (1 - \theta)\gamma_L z_i^L]$ to private transfers to group i voters. If party L who the voters prefer more on average ($\sum_i \mu_i \sigma_i l_i > 0$) also has a stronger party organization (in the sense of having clientelism parameters z_i^L which are at least as large as z_i^R for every i), it is evident that party L will be more inclined to engage in clientelistic transfers than party R , and this will further reinforce party L ’s electoral advantage. Now the equilibrium γ_L will be even higher than in the case with zero clientelism. This will further reinforce party L ’s inclination to engage in clientelism. The net result will be

policy non-convergence between the two parties. The more popular and organized party will be more clientelistic, further boosting its grip on power.

What are the costs of clientelism? One is that clientelistic transfers will be directed towards those voter groups that are more amenable to swing (high σ_i), and those more amenable to respond to clientelistic transfers: those with respect to whom the party is more easily able to monitor voting at the personal or community level (high z_i^L), and those who benefit more from private transfers (high v_{ik}). This may be manifested by high targeting of ‘inferior’ consumption goods to poor groups who are politically ‘amenable’. A certain lack of equity may nevertheless result: groups with low σ_i and low z_i^L will be discriminated against, even though they may be more deserving on a need basis.

The other welfare cost of clientelism is that it is associated with the expansion of private transfers at the expense of public goods. Under the conditions described above, it is easy to check that party L which behaves more clientelistically will provide less public goods, both compared with party R as well as compared with what it itself provides in the absence of clientelism.

If voters are subject to addictions and temptations as presumed by theories of hyperbolic discounting, there will also be a tendency for clientelism to concentrate on provision of addiction or temptation goods owing to their manipulative effect on voting patterns.

Moreover, under the above conditions, clientelism will be associated with lower electoral turnover and political competition. This will be further reinforced as incumbents may gain an advantage over potential entrants, owing to the salience of the clientelistic carrots and sticks currently provided by the former as against promises and threats of entrants. And the welfare cost of lower political competition in turn is to reinforce the clientelistic practices of the dominant party.

It should be noted that there can be cases where clientelism improves political competition: if party R which is less ‘popular’ is more organized and better able to engage in clientelism (z_i^R tends to be higher than z_i^L). This will lower the electoral advantage of party L and in turn curb its inclination to engage in clientelism by making it more expensive for it to ‘buy votes’. In that case it will be difficult to predict which party will engage in more clientelism: party R has a natural advantage but this is redressed by the greater popularity of party L . However, levels of public goods provided by either party will be lower than in the absence of clientelism.

5 Capture-cum-Clientelism

Now we introduce campaign finance provided to the parties by local elites which enable capture, *a la* Grossman-Helpman (1996). Suppose there is a single elite group e which can make campaign contributions to either party.

In the preceding theory, we saw how each party effectively seeks to maximize its vote share by selecting its private transfers, taking ‘vote prices’ or voters’ beliefs about winning probabilities as given.

As in the Grossman-Helpman theory, it is useful to focus on the *influence* rather than *electoral* motive for campaign finance: the elite acts as the principal and has all the bargaining power, while parties are the agents. The elite contributes to the campaign funds of each party in exchange for ‘policy-bending’ in a way that leaves each party as well off in the absence of any campaign contributions. Since each party seeks to maximize its vote share, it means the vote shares will be unaffected by the contributions: electoral probabilities of winning will be the same as in the absence of capture. So we can take these as given, in what follows. Let the equilibrium policies in the absence of capture be denoted by $\hat{\pi}^L, \hat{\pi}^R$ and the associated win probability for L be $\hat{\gamma}_L$.

The elite will then select policies (π^L, π^R) ‘dictated’ to the two parties to maximize expected utility of a representative member of its group (using $U_e(\pi)$ to denote the utility of the elite group e over transfer policy π) :

$$\hat{\gamma}_L U_e(\pi^L) + (1 - \hat{\gamma}_L) U_e(\pi^R) - C^L - C^R \quad (18)$$

subject to the constraint that the participation constraint of each party is binding. For party L for instance this constraint reduces to the condition that its vote share would remain unaffected:

$$\begin{aligned} & \sum_i \mu_i \sigma_i [\theta \{ \sum_k q_{ik}^L v_{ik} + V_i(g^L) \} + (1 - \theta) \hat{\gamma}_L z_i^L \sum_k q_{ik}^L v_{ik}] + h.C^L \\ & = \sum_i \mu_i \sigma_i [\theta \{ \sum_k \hat{q}_{ik}^L v_{ik} + V_i(\hat{g}^L) \} + (1 - \theta) \hat{\gamma}_L z_i^L \sum_k \hat{q}_{ik}^L v_{ik}] \end{aligned}$$

which provides the ‘cost’ of policy π^L to the elite of

$$C^L(\pi^L) = \frac{1}{h} \sum_i \mu_i \sigma_i [\theta \{ \sum_k (\hat{q}_{ik}^L - q_{ik}^L) v_{ik} + V_i(\hat{g}^L) - V_i(g^L) \} + (1 - \theta) \hat{\gamma}_L z_i^L \sum_k (\hat{q}_{ik}^L - q_{ik}^L) v_{ik}] \quad (19)$$

Hence the elite will select π^L to maximize $\hat{\gamma}_L U_e(\pi^L) - C^L(\pi^L)$, which is equivalent to maximizing expression (20) below.

Proposition 3 *With a single elite group e which makes campaign contributions to both parties, the policy choice induced for party p maximizes*

$$\sum_i \mu_i \sigma_i [\theta \{ \sum_k q_{ik}^p v_{ik} + V_i(g^p) \} + (1 - \theta) \hat{\gamma}_p z_i^p \sum_k q_{ik}^p v_{ik}] + h \hat{\gamma}_p [\sum_k q_{ek}^p v_{ek} + V_e(g^p)] \quad (20)$$

provided only the influence motive operates (i.e., the party's participation constraint binds).

Corollary 4 *A rise in capture (i.e., the parameter h) will reduce the public good, and increase private transfers to the elite group, provided the elite group has negligible preferences for the public good (V_e' is small enough).*

A rise in clientelism (z_i^L for non-elites) will induce a rise in private transfers to non-elites, and decreases in the public good as well as private transfers to the elite.

Just as in the Grossman-Helpman model, capture ends up augmenting the welfare weight of the elite group e by $h \cdot \hat{\gamma}_L$, which may be referred to as the *capture effect*. Capture provides an additional reason for policy non-convergence. The favored party is more subject to capture, as elites are more willing to contribute to it.

The net effect of capture-cum-clientelism is a political distortion of party L 's policy represented by a political weight of $\sigma_i [\theta + (1 - \theta) z_i^L \hat{\gamma}_L]$ for private transfers to non-elite group i , and $h \cdot \hat{\gamma}_L + \delta_e [\theta + (1 - \theta) z_e^L \hat{\gamma}_L]$ for private transfers to the elite group. The corresponding weights for public good valuations are $\sigma_i \theta$ and $\sigma_i \cdot h \cdot \hat{\gamma}_L + \theta$.

Hence an increase in coverage q_{jl} of private transfer of good l to non-elite group j will entail comparing the marginal value of this transfer per rupee spent: $\frac{v_{jl}}{t_l} \sigma_j [\theta + (1 - \theta) z_j^L \hat{\gamma}_L]$ with its cost in terms of reduction in public good provision: $\theta \sum_{i \neq e} \mu_i \sigma_i V_i' + (\mu_e \delta_e + h \cdot \hat{\gamma}_L) V_e'$. And private transfer of the same good to the elite group compares $\frac{v_{jl}}{t_l} \sigma_j [\theta + (1 - \theta) z_j^L \hat{\gamma}_L + h \cdot \hat{\gamma}_L]$ with $\theta \sum_{i \neq e} \mu_i \sigma_i V_i' + (\mu_e \delta_e + h \cdot \hat{\gamma}_L) V_e'$.

This explains the comparative static effects of varying capture or clientelism parameters. If the elites do not value public goods, a rise in capture induces an increase in delivery to them of private goods (which they value). In turn this reduces the public good and raises the shadow cost of private goods delivered to non-elites. Hence targeting of private goods to non-elites, as well as public goods will fall.

Conversely, a rise in clientelism will raise clientelistic transfers to non-elites, lower public goods and transfers to elites. With regard to private transfers, thus, *capture and*

clientelism tend to be negatively correlated. West Bengal (and maybe PRI-dominated-Mexico in the second half of the 20th century) would seem to be suitable examples of low-capture-high-clientelism. As we have seen in our earlier work, transfers of private goods **appear** to be well-targeted to non-elites, a phenomenon which can be inequitable (e.g., unevenly allocated among non-elites depending on the malleability of their votes), reduce public good provision as well as political competition. High-capture communities in contrast do not target goods well to non-elites, nor do they provide much public goods (unless these public goods happen to benefit elites).

6 Empirical Implications

Measuring government accountability by targeting of public expenditures on specific programs to population groups defined by socio-economic and demographic status may be adequate when capture is the only political distortion. But it will not provide any indication of resource misallocations resulting from clientelism. A large fraction of public services flowing to poor or disadvantaged groups may provide an appearance of successful targeting, yet these may simply represent widespread incidence of clientelism. Information is rarely available concerning how narrowly concentrated these transfers are to specific subgroups *within* the targeted groups. Targeting measures for specific programs would not be able to incorporate the overall composition of public spending between different kinds of benefits. Of particular importance may be programs or transfers that are conspicuously absent, concerning public goods or investments in health or education which impart long-term benefits. These problems afflict many of the recent studies of government accountability in developing countries cited in the Introduction, including our own.

How can one empirically test for the presence of significant clientelism? It is evident from the theoretical analysis that one needs to distinguish between different private good programs, according to the way they are valued by elites and non-elites. Clientelism would tend to be marked by transfers of ‘inferior’ consumption goods (such as access to employment in public works, subsidized food, low-income housing or help in coping with personal emergencies) to select poor groups of voters in an implicit *quid pro quo* for their political support. There would be a bias in favor of recurring private benefits (food, work, help in emergencies) rather than one-time long-term benefits (such as land reform, housing, or obtaining business permits). By contrast, capture would tend to be marked by transfers of ‘superior’ production goods to local elites (in the West Bengal setting these comprise agricultural inputs: credit, fertilizers, or irrigation).

The two kinds of transfers will typically co-exist. Measuring pro-poor targeting by simple average counts aggregating across all private goods, or any particular private good

provided, will provide a misleading impression of political distortions. There may be a large multitude of clientelistic programs each providing some inferior good to select non-elite voter groups, which may conceal the diversion of a few high-value superior goods to elites. Both kinds of programs come at the expense of public good programs, as well as programs that provide most of their benefits in the long-term. This complicates the empirical assessment of targeting, as one needs comprehensive information concerning a multitude of different programs, their relative values to elites and non-elites, whether the composition of public services or their intra-jurisdictional allocation shows biases reflecting the potential worth of these respective programs in extracting votes from key swing groups.

6.1 Evidence from West Bengal

We report results of some household surveys concerning receipt of public service benefits and political participation, carried out in 2004-05 in a random sample of 89 villages chosen from agricultural districts of West Bengal, whose results have been reported in Bardhan, Mitra, Mookherjee and Sarkar (2009) and Bardhan, Mookherjee and Parra Torrado (2010). There were 2410 households in the sample, representing approximately 25 households out of 400 per village selected randomly from different landowning classes. The survey was marked by a remarkably low non-response rate with regard to the questionnaire concerning asset, demographic, receipt of benefits from different kinds of government programs and questions concerning political awareness, participation and voting behavior (only 15 of the originally contacted households refused to participate). At the end of the survey respondents were asked to participate in a secret ballot, to vote for different political parties active in the local area. 2100 households agreed to participate in this exercise, which enables us to relate political support to benefits received at the household level. Table 1 provides a summary of the distribution of household characteristics in the sample, across different classes defined by ownership of agricultural land.

Table 2 provides proportion of households in the village that received various kinds of benefits, as well as proportion of low caste (i.e., those belonging to scheduled castes and tribes (SC/ST)) and female-headed households, two of the most vulnerable and poor groups in the population. 27% of the population received benefits from at least one program over the period 1998-2004. The most widespread benefits were reported for roads (9%), followed by drinking water access (4%), employment (4%), below-poverty-line (BPL) cards entitling recipients to subsidized food and other necessities delivered through the public distribution system) (3%), housing and toilets built (2%), delivery of subsidized credit and agricultural inputs (minikits): less than 1% each. Receipt of land titles and tenancy registration, the two main land reform programs, registered even smaller numbers, as most of the land reforms in the state had already been carried out

in the 1970s and 1980s.

Table 2 also shows that the low caste households were over-represented among recipients: the proportion of benefits going to these groups were higher than their demographic weight (34%), with respect to all of the major programs, most especially employment, and housing and toilets. In contrast, female-headed households with a demographic weight of 10% were under-represented in most programs, except housing and toilets.

Table 3 presents logit coefficients of the likelihood of a household head voting for the Left Front coalition (that dominated most local governments, with a median share of approximately 70% of village council *gram panchayat (GP)* seats across villages in the sample).⁶ We separate benefits into one-time benefits (drinking water, BPL card, housing and toilet, roads and land reform) and recurring benefits (employment, credit, mini-kits).⁷ We also include a separate category of benefits representing help in personal emergencies, and help in connection with one's occupation (such as obtaining vendor permits or licenses, or avoiding police harassment at work). The number of benefits of each kind received since 1978 (when the local governments were established), are interacted with the Left Front share of seats in the local government at the time that the benefit was received. Benefits received by close acquaintances such as close friends or extended family are included. Also included are improvement in economic status (household income, own-housing, and income from agriculture) since 1978, besides household characteristics such as land, education, occupation, immigrant status, gender of head and village dummies.

The table shows that receipt of recurring benefits from Left-Front dominated governments are significantly correlated with the likelihood of voting for the Left-Front, but not the receipt of one-time benefits. Knowledge of distribution of such personalized benefits to close acquaintances by Left-dominated governments in contrast undermines political support by voters, controlling for one's own benefits received – indicating the rivalrous, excludable nature of these benefits. Political support is also correlated with receipt of help in personal emergencies, and with respect to one's occupation. General improvements in economic well-being are not related to voting patterns, but improvement in agricultural incomes in Left-dominated areas correlate positively with tendency to vote Left. These are consistent with the hypothesis of widespread clientelism, as supply of recurring personalized benefits and help with agricultural improvements are classic instances of party-voter clientelistic relationships in a rural setting.

Ruud (1999) presents a case study of two West Bengal villages in Bardhaman district

⁶This appears in Bardhan et al (2009, Table 16).

⁷The status of roads is however unclear, whether it corresponds to a one-time or recurring benefit. The results do not materially change if it is moved from the one-time to the recurring group.

which shows how the Left Front forged a close relationship with a particular scheduled caste, the *bagdis*, favoring them in the distribution of land titles and subsidized IRDP loans disproportionate to their demographic shares, while other scheduled castes such as the *muchis* received substantially less. The *bagdis* received 23-24% of land titles and IRDP loans, while comprising only 7.6% of the village population; *muchis* and scheduled tribes (*santals*) received between 5–7% while comprising 5% of the population each. As a result the *bagdis* almost doubled their (per household) ownership of agricultural land over the past three decades, and controlled by the 1990s nearly the same amount of land as the previous dominant caste, the *aguris*. Both these groups owned approximately 29% of land in the village by 1993, in contrast to 14% and 47% respectively in 1960. The *muchis* owned less than 3% of the land, both in 1960 and 1993. *Bagdis* came to be represented in the GP: in 1993 all but one SC/ST member on the GP was a *bagdi*. They also came to be represented on the boards of village cooperative societies and recently created gram committees. Interviews with local and district party activists indicated that ‘favouring party affiliates in the distribution of land and IRDP loans amounts almost to an unofficial party line’.

6.2 Impact of Political Reservations in Local Government

In Bardhan, Mookherjee and Parra Torrado (2010) we used this data to examine the impact of reservations of the position of chairperson *pradhan* of the local government council (GP). Since 1998, one third of GP *pradhan* positions have been reserved for women, besides reservations for SC and ST groups in accordance with their demographic share. Villages are randomly divided into three groups: reserved for SC candidate, reserved for ST candidate, and other. Within each group, every third village in a village list is reserved for women candidates, with different villages being chosen from this list in successive elections. Table 4 shows the proportions of villages in our sample reserved for women and SC/ST candidates respectively in the 1998 and 2003 elections.

Table 5 shows the impact of the women reservation on intra-village shares of SC/ST and female-headed households (FEMs hereafter) respectively, with regard to the total number of benefits disbursed, in the village panel corresponding to the two elected GPs. There is a significant negative effect on the SC/ST share (by over 10% compared with 45% for non-reserved villages), and a negative but statistically insignificant effect on the FEM share (1.6% lower share, compared with a mean of 8.6% in non-reserved villages). These results are inconsistent with both classic Downsian theories (which predict no impact) and citizen-candidate models such as Chattopadhyay-Duflo (2003, 2004) which predicts a positive impact on the FEM share.

Could these results be explained by an elite capture hypothesis? Such a theory would

posit the decline in the SC/ST and FEM shares as resulting from the pressure imposed by local elites on a politically inexperienced novice representing a vulnerable section of the population. An elite capture theory would predict the declines would be larger in villages with greater economic inequality, the key determinant of the extent of capture. Table 6 adds interactions of the reservations dummy with various measures of land inequality — the proportion of cultivable land owned by medium and big landowners, the proportion of SC/ST households that are landless or marginal landowners. It shows that the reduction in the SC/ST share is significantly attenuated in villages with greater land inequality between large landowners and SC/ST groups, in contrast to the prediction of the capture hypothesis. However, the presence of capture is indicated by the negative effect of land inequality itself (i.e., non-interacted with the female reservation dummy).

Now consider the implications of clientelism. As explained in Section 2, this requires personalized interaction of party activists with voters, and management of the party hierarchy by local leaders. The GP pradhan who plays an important role in the allocation of GP benefits, needs to be able to manage party organization and the distribution of personalized benefits to voters in line with their recent willingness to indicate their support for the incumbent party. It is a role that requires considerable political experience. Women have traditionally been highly under-represented in village politics or government, with less than 7% of GP seats occupied by women prior to 1993. In our sample, of the 34% of the women GP pradhans elected to a reserved seat, 29% had never held political office before. The reservations thus resulted in the election of politically inexperienced candidates to the apex position in the GP, which undermined the smooth operation of traditional forms of clientelistic exchange with favored sections of the local population. Since particular scheduled castes may be the recipient of such favors, the reservations would result in a reduction in such transfers to the traditionally favored groups. The net effect would be a reduction in the share of the SC/ST group as a whole, as well as other vulnerable groups such as FEMs. This is what we saw in Table 4.

Our theory indicates the extent of clientelism is negatively related to the extent of elite capture. Hence the higher the extent of capture, the lower are clientelistic transfers in the absence of any reservations (consistent with the negative coefficient with respect to land inequality and SC/ST poverty rate in Table 5). The scope for clientelism to decline owing to political inexperience of the pradhan is then smaller. This can then explain why the adverse impact of the women reservations is attenuated in high elite capture villages, as seen in Table 5.

This also helps rule out explanations based on a combination of elite capture and the citizen candidate model, e.g., if those elected to the reserved posts were more likely (compared to those elected to unreserved seats) to come from elite households (owing to greater inequality of education and political participation among women compared to men) with powerful male spouses. Such women pradhans might then be expected

to discriminate against SC/ST households as well as female-headed households, more strongly compared to those elected to unreserved posts. This hypothesis would then predict the adverse SC/ST targeting impacts of women reservations to become worse in villages with high land inequality, contrary to what we see in Table 5.

Consider next the composition of benefits across different programs. Recall from Table 2 that SC/ST groups were particularly favored in the distribution of employment in public works, and housing and toilets, both inferior goods not desired by elites. Our theory predicts the negative impact of female reservations on targeting to the SC/ST group of inferior goods. Conversely it would imply less clientelistic transfers of superior goods to elites, which would imply more would become available to non-elites. Hence we expect a negative impact of SC/ST shares of inferior goods, and a positive impact for superior goods. Table 7 examines the impact of the reservations for specific programs. Exactly as predicted, there is a significant negative impact on SC/ST shares of inferior goods, and a positive impact on their shares of superior goods if land inequality is low. As land inequality and elite capture rise, this positive impact on SC/ST share of the non-inferior goods is attenuated, as the increased power of elites imply greater resistance to erosion of their favored positions.⁸

Table 8 tests another implication of the preceding explanation in terms of political inexperience of the women pradhans elected in reserved pradhan posts. If true, the negative effects on SC/ST shares of inferior goods would be more significant for women pradhans that had no prior presence in the GP, compared with those who had been elected to a GP post before. The interaction of the reservation effect with the dummy for a new GP member is negative (though statistically insignificant) for inferior good programs as a whole, and negative and significant in the case of one of those programs: drinking water. The converse interaction effect on their share of kits is zero for the 1998-2004 period, but positive and significant for the 1978-2004 period.

What does our theory predict about the impact of SC pradhan reservations? Reservations on the basis of caste are likely to have very different effects, for a variety of reasons. Women elected to reserved positions may come from elite groups. Women in West Bengal have traditionally played a less active role in village political and social activities compared with men, owing to the greater role they play in household activities.

⁸However, this negative interaction appears only with respect to the proportion of landless in the village, not the proportion of land owned by medium and large landowners. It could be argued that SC/ST households who are typically over-represented in the landless group, have less use for minikits if they are more likely to be landless. This could provide an alternative explanation for the negative interaction in the case of the minikits. It does not, however, explain the negative interaction in the case of the IRDP loans, which would be more valuable to the SC/ST population if they were less likely to own land.

Reservations based on caste have been in effect for many decades in India, in contrast to women reservations which started only in the late 1990s. Hence those elected to SC reserved positions are likely to have greater political experience and be better informed about the SC community compared to those elected to posts reserved for women. It is more likely that in the former there will be less scope for elite capture, and greater scope for clientelistic transfers to the SC community.

Both of these effects would raise the SC/ST share of benefits. The share of other vulnerable groups such as FEMs could also rise (there are female headed households within SC/ST groups, and even for non-SC/ST female headed households the reduction in elite capture would translate into higher shares). Table 9 presents the effects of the SC pradhan reservations. As predicted, shares of both SC/ST and FEMs increase significantly. The former effectively neutralizes to some extent the tendency for higher echelons of government to discriminate against the SC/ST community by allocating less benefits to villages where they constitute a larger share, as seen in the first column of Table 9, as well as in our earlier work using a different dataset (Bardhan and Mookherjee (2006)).

Our theory also predicts the positive effect on benefits distributed to SC/STs and FEMs to occur for inferior good programs. Table 10 shows that this is indeed the case: their receipt of kits and IRDP does not go up significantly, while their receipt of inferior goods and roads does go up significantly.

More work is needed to examine alternative hypotheses that may be consistent with the observed patterns, as well as additional implications of our hypothesis. For instance, we can check whether those elected to seats reserved for women were (a) more politically inexperienced than those elected to SC reserved seats, and (b) many of them came from non-SC/ST households. Some seats were jointly reserved for women and SC candidates: we can check how the resulting targeting patterns varied from those reserved for women alone or SC alone. Future versions of this paper will provide more detail regarding these.

7 Concluding Comments

We have presented a theory of political clientelism-cum-capture, which generates a number of testable implications for allocation of public services across different kinds of service programs and different recipient groups within the population. The empirical evidence from rural West Bengal is consistent with these predictions. Case studies indicate that the Left Front which has dominated the political landscape of rural Bengal since the late 1970s, forged clientelistic relations with selected low caste groups, favoring them in the distribution of benefits in exchange for their political support. We saw that political support for the Left Front was related significantly to the receipt only of recurring program

benefits by voters, not one-time benefits (such as land titles or housing) which are usually more significant sources of citizen welfare. The impact of political reservations of GP pradhan positions for women and SC candidates respectively had contrasting impacts on targeting of benefits to SC/ST and female-headed households (FEMs): women reservations had an adverse effect, while SC reservations had a positive effect. Similar results have been obtained in the context of South Indian villages by Besley, Pande and Rao (2005), and Besley, Pande, Rahman and Rao (2006). These results are difficult to reconcile with standard models of redistributive politics, such as Downsian, citizen candidate or elite capture theories, or combinations of these. We argued that they can be explained by the theory of clientelism-cum-capture: reserving pradhan posts for women resulted in a decrease in clientelism (and perhaps also capture) owing to the political inexperience of women elected to these posts, whereas the SC reservations resulted in increased scope for clientelism and reduced scope of elite capture. This suggests that the adverse effect of women reservations on targeting shares of SC/ST and female-headed households will decline over time as elected women candidates gain political experience (an issue explored by Beaman et al (2008)), while the positive effects of the SC reservations will endure.

If clientelism is a significant phenomenon in developing countries, standard measures of government accountability in service provision need to be redesigned. The costs of clientelism are more subtle and more difficult to detect than the costs of elite capture. These include over-provision of inferior goods with short-term consumption benefits at the expense of public goods and other long-term benefits, and narrowness of recipient groups within vulnerable populations. By their very nature, clientelistic exchanges tend to occur with poorer sections of society, thus providing a misleading impression of the extent of pro-poor targeting. They also tend to be directed to narrow subsections of the poor who are more amenable to sell their political support in exchange for private benefits supplied by politicians, rather than those with the greatest need. Other adverse consequences of clientelism – such as perpetuating the political power of established and dominant political parties, inhibiting political competition, and perhaps even creating perverse incentives among politicians to prevent long-term development in order to keep the price of votes low – are even harder to detect.

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TABLE 1. Sample Characteristics: Household Heads

Agricultural Land Ownership	No. of households	Age	% Male	Maximum education in household	% SC	% ST	% Agriculture Occupation	% Immigrants
Landless	1214	45	88	6.6	35	2.4	26	40
0-1.5 acres	658	48	88	7.8	34	4.9	65	17
1.5-2.5 acres	95	56	92	10.8	15	7.4	82	19
2.5-5 acres	258	58	93	11.1	24	3.1	72	10
5-10 acres	148	60	89	12.5	22	4.1	66	12
10 acres and above	29	59	100	13.9	24	6.9	72	14
ALL	2402	49	89	8.0	32	3.4	47	28

TABLE 2: PUBLIC BENEFITS RECEIVED DURING 1998-2004

	VILLAGE %	INTRAVILLAGE SHARES	
	HH's REPORTING	SC/ST	FEM
Any Benefit	26.92	41.56	8.58
Drinking Water	4.03	38.03	8.19
Housing and Toilet	1.95	50.31	12.38
Employment	3.63	63.26	7.60
BPL card	2.73	31.83	8.89
Roads	9.32	33.82	9.03
IRDP Loans	0.70	52.39	7.36
Minikits	0.94	47.57	7.79

Notes: Intravillage shares: proportion of benefits reported by designated group.
SC/ST: scheduled caste or tribes; FEM: female-headed households
percent of village households for SC/ST: 35; for FEM: 10

**TABLE 3: LOGIT REGRESSION FOR LEFT FRONT VOTE
IN GP (LOCAL GOVT) ELECTIONS**

	Vote for Left Front
# one-time own-benefits*Left-share	.044 (.095)
# one-time acquaintance-benefits*Left share	-.038 (.073)
# recurring own-benefits*Left share	.403** (.165)
# recurring acquaint.-benefits*Left share	-.277* (.166)
GP help with occupation*Left share	.410** (.186)
GP help in emergencies*Left share	.284* (.159)
Income improvement since 1978*Left share	.020 (.014)
Improvement in house type since 1978*Left share	.128 (.202)
Increase in #rooms since 1978*Left share	.076 (.089)
Agri. income improvement since 1978*Left share	.093*** (.028)
Number of observations, villages	1637,89
<p>Notes: Dependent variable is based on vote cast at end of survey. Left Share denotes GP Left share at the time of receiving benefits. Controls include village dummies, agri. and other land owned, education, dummies for SC, ST, occupation, gender of head and immigrant. ***, **, * denotes significant at 1%, 5%, 10%. Standard errors in parentheses, clustered at GP level.</p>	

Election year	For Women		For SC/ST	
	# GPs	% GPs	# GPs	% GPs
1998	22	39	19	33
2003	16	28	23	40

	Intra-Village SC/ST Share	Intra-Village FEM Share
Reserved Dummy	-.109** (.043)	-.016 (.014)
constant	.449*** (.018)	.086*** (.009)
Number observations, villages	164,87	164,87
R-sq.	.019	.115
<p>Notes: ***, **, * denotes significant at 1%, 5%, 10% Robust standard errors clustered at village level, in parentheses Village and GP timeblock dummies included Dependent variable: intravillage share of specified group in distribution of benefits</p>		

TABLE 6: HETEROGENEITY OF FEMALE RESERVATION EFFECT W.R.T. VILLAGE LAND INEQUALITY	
	Intra-village SC/ST share
Reservation dummy	-1.739*** (.445)
Reservation*% Land Medium and Big	.603*** (.181)
Reservation*SC/ST Landlack Rate	1.768*** (.413)
% Land Medium and Big	-.096 (.404)
SC/ST Landlack Rate	-3.624*** (.928)
Constant	3.961*** (1.880)
Number of observations,villages	157,82
<p>Notes: SC/ST Landlack rate denotes fraction SC/STs either landless or marginal landowners. Controls include village and GP timeblock dummies, besides % households landless, % households SC/ST and their interactions with reserved dummy. ***, **, * denotes significant at 1%, 5%, 10%. Robust standard errors in parentheses, clustered at GP level.</p>	

TABLE 7: EFFECT OF FEMALE RESERVATIONS ON SC/ST SHARE OF SPECIFIC PROGRAMS								
	All Benefits	Drinking Water	Housing Toilet	Employment	BPL Card	Roads	IRDP Credit	Kits
Reservation Dummy	-.157* (.093)	-.351 (.228)	.136 (.295)	-.029 (.208)	-.375 (.246)	-.172 (.185)	3.430*** (.968)	.527*** (.169)
Reservation*% Land Medium Big	.298** (.139)	.368 (.403)	-.632 (1.484)	.306 (.295)	.888** (.349)	-.172 (.247)	.931** (.407)	-.041 (.880)
Reservation*% HH Landless	-.062 (.203)	.506* (.287)	-.185 (.585)	-.175 (.383)	.136 (.311)	.197 (.302)	-6.119*** (1.188)	-.979*** (.340)
Number of observations,villages	164,87	118,75	75,51	95,66	105,67	132,78	53,43	68,52
R-sq.	.03	.20	.08	.04	.19	.10	.83	.44
Notes: Controls include village and GP timeblock dummies,% Land medium and big, % households landless. ***, **, * denotes significant at 1%, 5%, 10%.Robust standard errors in parentheses, clustered at GP level.								

**TABLE 8: HETEROGENEITY OF WOMEN RESERVATION EFFECT ON SC/ST SHARE
W.R.T. PRIOR EXPERIENCE**

	Intra-Village SC/ST Share of:			
	All Benefits	Drinking Water	Kits 1998-2004	Kits 1978-2004
Reserved Dummy	-.100 (.105)	.596 (.394)	.403* (.229)	.089 (.229)
Reserved*New GP Member	-.072 (.088)	-1.091*** (.383)	.000 (.000)	.537*** (.197)
New GP Member	-.077 (.049)	-.001 (.105)	.293 (.355)	-.315** (.127)
Number observations, villages	160,87	116,75	67,51	111,61
R-sq	.25	.34	.45	.58

Notes: New GP Member dummy: Pradhan is GP member for first time.
Last two columns run on 1998-2004 and 1978-2004 village panels respectively.
Controls include village and GP timeblock dummies, % Land medium and big, % households landless and interactions of these with reserved dummy.
***, **, * denotes significant at 1%, 5%, 10%. Robust s.e.'s in parentheses, clustered at GP level.

TABLE 9: IMPACT OF SC RESERVATIONS			
	Village Per HH # Benefits	SC/ST Share	FEM Share
SC Pradhan Reservation	.053 (.045)	.092** (.042)	.033* (.017)
% HHs SC/ST	-.315*** (.104)	-.068 (.669)	.435 (.521)
Constant	.445*** (.046)	.405 (.263)	-.102 (.205)
Number of observations, Villages	178,89	164,87	164,87
R-sq.	.24	.07	.06
<p>Notes: Controls include village and time dummies. ***, **, * denotes significant at 1%, 5%, 10%. Robust standard errors in parentheses, clustered at GP level.</p>			

TABLE 10: IMPACT OF SC RESERVATIONS ON SPECIFIC BENEFITS				
	All programs	Kits and IRDP	Inferior Goods	Roads
All HHs	.052* (.029)	.004 (.003)	.016 (.014)	.015 (.018)
Number of observations, Villages w-R-sq.	533,89 .48	533,89 .14	533,89 .37	533,89 .15
SC/ST HHs	.124*** (.045)	.008 (.006)	.058* (.034)	.039** (.018)
Number of observations, Villages w-R-sq.	479,80 .41	479,80 .09	479,80 .27	479,80 .33
FEM HHs	.116** (.046)	.01 (.009)	.075* (.039)	.034 (.024)
Number of observations, Villages w-R-sq.	408,68 .32	408,68 .06	408,68 .15	408,68 .33

Notes: Dependent variable is per household number of benefits of specified type for specified group. Inferior Goods include drinking water, employment, housing toilets and BPL cards. Controls include village and GP timeblock dummies, % SC/ST, landless; % Land Medium and Big. ***, **, * denotes significant at 1%, 5%, 10%. Robust s.e.'s in parentheses, clustered at GP level.