# Malfunctioning Democracies:

# Understanding Accountability Failures in Developing Countries\*

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#### Abstract

This chapter examines why democracies in the developing world frequently underperform in providing effective governance. We argue that these shortcomings stem from weaknesses in accountability mechanisms, which leave governments vulnerable to corruption, clientelism, and elite capture. Our framework distinguishes three accountability channels: vertical (citizens' control over politicians), horizontal (checks and balances across state institutions), and diagonal (oversight by media and civil society). We synthesize the recent theoretical and empirical literature to assess how each channel operates, the conditions under which it succeeds, and why it often fails. A central finding is that accountability institutions rarely fail on their own; instead, they are actively undermined by political actors seeking to preserve rents and entrench power. This dynamic weakens electoral competition, erodes judicial independence, and curtails media freedom, producing a mutually reinforcing cycle of weak accountability. Additionally, we argue that sustainable reforms cannot be achieved by strengthening any single channel in isolation. Since vertical, horizontal, and diagonal accountability are interdependent, effective reform requires bolstering all three simultaneously. We conclude by discussing the implications of this perspective for future research, including the role of new technologies, political polarization, and candidate selection in reshaping accountability in developing democracies.

**Keywords:** Democracy; Accountability; Governance in Developing Countries; Elections; Corruption; Clientelism

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### 1 Introduction

Over the past fifty years, much of the developing world has transitioned to democracy. Today, roughly half of the world's nations are classified as liberal or electoral democracies, characterized by reasonably free and fair elections, robust citizen participation, and competitive party systems (Lührmann, Tannenberg, and Lindberg 2018; V-Dem Institute 2024). Yet despite these democratic advances, many developing countries continue to struggle to provide equitable access to resources and opportunities and to deliver essential public goods and services. Systemic corruption, widespread clientelism, and the capture of political systems by wealthy elites remain pervasive. These challenges weaken the foundations of democracy by eroding public trust in institutions, diminishing support for democratic governance, and potentially contributing to the observed democratic backsliding in recent years. <sup>2</sup>

This chapter examines how democracies malfunction in developing contexts and how these failures relate to shortcomings in accountability. Most formal models of accountability in economics and political science focus on electoral (vertical) accountability, whereby citizens pass judgment on representatives through periodic elections and party competition. This approach builds on the principal—agent framework, which treats elections as mechanisms for selection and sanction (see e.g. Fearon 1999; Besley 2006). However, periodic elections are not the only source of accountability for politicians. To understand why democracies malfunction in the developing world, it is important to incorporate other institutions: courts, audit bodies, the media, and civil society. Following O'Donnell (1994), we distinguish between vertical and horizontal accountability:

"In institutionalized democracies, accountability runs not only vertically, making elected officials answerable to the ballot box, but also horizontally, across a network of relatively autonomous powers (i.e., other institutions) that can call into question, and eventually punish, improper ways of discharging the responsibilities of a given official."

We also emphasize that citizens and civil society can exercise oversight through citizen monitoring, investigative media, and participatory oversight arrangements that connect societal actors to state

<sup>&</sup>lt;sup>1</sup>Keefer and Khemani (2005), Kitschelt and Wilkinson (2007), World Bank (2016), Pande (2020).

<sup>&</sup>lt;sup>2</sup>Svolik (2013), Acemoglu et al. (2024), Mainwaring and Pérez-Linán (2023).

institutions, a process that Goetz and Jenkins (2001) refer to as hybrid or diagonal accountability.

We argue that democratic malfunctions primarily stem from weak accountability mechanisms that fail to empower voters, political parties, the judiciary, the media, and civil society to constrain the government's abuse of political power. Our argument centers on three types of accountability mechanisms: the degree to which governments are accountable to citizens (vertical accountability), to other state institutions (horizontal accountability), and to the media and civil society (diagonal accountability). For each type, we present empirical evidence highlighting its importance, followed by a discussion of some common institutional failures in the developing world that contribute to essential governance challenges, such as corruption or poor public service delivery. 4

Our analysis benefits from the growing empirical literature on the political economy of development that has emerged over the past two decades. Twenty years ago, cross-country analysis dominated discussions of governance and political failures in developing countries (Treisman 2000; Persson, Tabellini, and Trebbi 2003; Acemoglu, Johnson, and Robinson 2005; Lederman, Loayza, and Soares 2005; Baland, Moene, and Robinson 2010). Since then, economists and political scientists have increasingly relied on micro-level data to document the extent of corruption (Di Tella and Schargrodsky 2003; Reinikka and Svensson 2004; Olken 2007; Ferraz and Finan 2011), clientelism (Anderson, Francois, and Kotwal 2015; Bobonis et al. 2022), vote-buying (Finan and Schechter 2012; Cruz, Labonne, and Querubin 2017), and political favoritism for firms (Fisman 2001; Khwaja and Mian 2005).<sup>5</sup> Despite these advances, our understanding remains limited as to why these irregularities continue to be so pervasive and why they persist despite decades of democratic rule and rising incomes.<sup>6</sup>

We start with a discussion of vertical accountability, the most widely studied dimension in economics and political science, which concerns the capacity of citizens—typically through parties and periodic

<sup>&</sup>lt;sup>3</sup>See Lührmann, Marquardt, and Mechkova (2020).

<sup>&</sup>lt;sup>4</sup>This chapter focuses on formal institutions of accountability. A large body of literature explores informal institutions, culture, and social norms to explain issues such as corruption and clientelism. See, for example, Bidner and Francois (2013), Acemoglu and Robinson (2025) and Bisin and Verdier (2024).

<sup>&</sup>lt;sup>5</sup>See Olken and Pande (2012), World Bank (2016) and Canen and Wantchekon (2022) for reviews.

<sup>&</sup>lt;sup>6</sup>Early discussion on some of these topics can be found in Bardhan (2004). There is extensive theoretical literature explaining the persistence of inefficient political institutions, including Acemoglu (2006), Acemoglu and Robinson (2008), and Besley and Persson (2011). However, our focus here is on the micro empirical evidence.

elections to influence and discipline politicians' behavior (Barro 1973; Ferejohn 1986; Fearon 1999; Przeworski, Stokes, and Manin 1999).<sup>7</sup> This framework has been instrumental in explaining how accountability affects key outcomes, such as public spending (Besley and Case 1995), corruption levels (Ferraz and Finan 2011), government responsiveness (Besley and Burgess 2004), and voter welfare (Finan and Mazzocco 2021).<sup>8</sup>

Elections are not the only accountability mechanism that ensures the effective functioning of democratic systems. Because elections occur only periodically, they can have limited effectiveness in securing accountability. Furthermore, politicians in developing countries often undermine elections through various nefarious strategies, including voter manipulation, clientelism, and the erosion of electoral fairness. Consequently, the existence of independent institutions that foster horizontal and diagonal accountability, such as an independent judiciary, a free media, and an active and organized civil society, is also crucial in preventing the abuse of power (O'Donnell 1998; Rose-Ackerman 1996; Lührmann, Tannenberg, and Lindberg 2018).

Institutions that promote horizontal accountability limit political power by enforcing laws and imposing checks on lawmaking and policymaking (North and Weingast 1989; Djankov et al. 2003; La Porta et al. 2004; Alt and Lassen 2008). Without robust horizontal accountability, the effectiveness of democracy may be severely compromised, especially in environments where elections alone cannot safeguard against political malfeasance. Despite notable advances in horizontal accountability in many developing countries, such as the professionalization of courts and the establishment of auditing and control agencies, significant capture and subversion of these institutions by politicians are still widespread (Glaeser, Scheinkman, and Shleifer 2003; Acemoglu, Robinson, and Torvik 2013). Some of these challenges have been documented by a small but growing literature using micro-level data (Aney, Dam, and Ko 2021; Lambais and Sigstad 2023; Mehmood and Ali 2024).

<sup>&</sup>lt;sup>7</sup>Throughout, we treat accountability as closely linked but conceptually distinct from responsiveness—the degree to which policy positions and outputs align with and adjust to citizens' preferences. The two need not coincide: reelection incentives can induce pandering, whereby politicians conform to popular demands even when their private information indicates a better (but unpopular) policy; in such environments, vertical accountability may reduce voters' welfare (Canes-Wrone, Herron, and Shotts 2001; Maskin and Tirole 2004).

<sup>&</sup>lt;sup>8</sup>Persson and Tabellini (2000) and Besley (2006) provide an in-depth analysis of the principal-agent model and its extensions to various political considerations. Ashworth (2012) offers a comprehensive review that includes the political science literature.

<sup>&</sup>lt;sup>9</sup>See Bardhan (2004), Kitschelt and Wilkinson (2007), Robinson and Verdier (2013), Mares and Young (2016).

Non-state actors such as the media, citizens, and civil society organizations also play a critical role in promoting accountability by producing and disseminating information about the government, monitoring public spending, and organizing protests (Mansuri and Rao 2013; Strömberg 2015; Cantoni et al. 2024). By mobilizing public opinion, advocating for reforms, and ensuring transparency, diagonal accountability helps hold governments accountable for corruption, abuses of power, and policy failures (Lührmann, Marquardt, and Mechkova 2020). Extensive micro-evidence demonstrates that the media informs voters in developing countries, even when media markets are limited (Ferraz and Finan 2008; Larreguy, Marshall, and Snyder 2020). Studies also show how citizens can actively monitor the quality of public services (Björkman and Svensson 2009). However, politicians and local elites have also found ways to capture the media (Besley and Prat 2006) and manipulate institutions of direct democracy (Bardhan and Mookherjee 2000), undermining their effectiveness. This chapter is organized as follows. We begin by introducing a simple political agency model that illustrates how additional dimensions of accountability, such as the judiciary and the media, can be incorporated into the framework. We then use cross-country data to show that poorer countries exhibit lower levels of accountability across various dimensions and that weaker accountability correlates with poor governance outcomes, including corruption, clientelism, and lower human development index scores. Following this cross-country analysis, we examine the growing body of

micro-level evidence from the past two decades, demonstrating how different dimensions of accountability can enhance government performance and why some fail in developing countries. We conclude by summarizing key insights from micro-level data, including findings from field experiments, and identifying open questions for future research.

# 2 Accountability in a Political Agency Framework

Accountability operates on multiple dimensions, each playing a vital role in ensuring the functioning of democracy. In economics, political agency models are the most widely used class of models to study accountability issues. In these models, adapted from the principal-agent framework, voters (as principals) use elections to discipline and select politicians (as agents) (see Barro 1973; Ferejohn 1986). While the classical model has focused primarily on vertical accountability, it can be easily

extended, albeit in a reduced-form manner, to include other dimensions of accountability. To see this, consider a slight variant of the political agency model introduced by Besley (2006).

In this model, there are two periods and two political parties, labeled A and B, each representing a fixed policy position. Politicians from each party can be of two types: non-corrupt (nc) or corrupt (c). The share of non-corrupt politicians in the population is denoted by  $\pi$ , and is assumed to be independent of party affiliation.

In each period, the politician chooses an action  $e_t \in \{0,1\}$ . The payoffs for both voters and politicians depend on the state of the world  $s_t \in \{0,1\}$ , which is observed only by the politician before they take action. Voters receive a payoff of  $\Delta > 0$  if the politician's action matches the state  $(e_t = s_t)$ , and zero otherwise.

All politicians receive a non-monetary ego rent E from holding office. However, their incentives to set policy differ depending on their type. Non-corrupt politicians have preferences aligned with voters: they receive a payoff of  $\Delta$  if their action matches the state of the world  $(e_t = s_t)$ , and zero otherwise.

In contrast, corrupt politicians receive private rents r from misaligned policy choices, i.e., when  $e_t \neq s_t$ , and zero otherwise. These rents are independently drawn from a distribution G(r), with mean  $\mu$  and support on the interval (0,R]. If a corrupt politician chooses to extract rents by setting  $e_t \neq s_t$ , then there is a risk of being caught and punished by the judiciary. The expected cost of punishment is assumed to be proportional to the size of the theft, given by  $\gamma r_t$ .<sup>10</sup>

Voters in the model are of two types: partisan voters and non-partisan (or swing) voters. Partisan voters derive utility from both policy and their party's control of office, while non-partisan voters care only about policy. Let  $\omega$  represent the share of partisan voters, with the remaining fraction,  $1-\omega$ , being non-partisan.

Partisan voters derive an extra utility  $\phi > 0$  when their preferred party is in office. To ensure that partisanship influences electoral outcomes, we assume that a fraction  $\frac{1}{2} + \eta$  of partisan voters support party A, where  $\eta \in [0, \frac{1}{2}]$ .

 $<sup>^{10}</sup>$ We assume  $\gamma$  is not so large as to deter corruption in the absence of electoral incentives fully.

Voting behavior among non-partisan voters is subject to uncertainty, which we model using a simple probabilistic voting framework (Persson and Tabellini 2000). Each non-partisan voter experiences an aggregate popularity shock  $\delta$  in favor of party A, drawn from a symmetric, unimodal distribution centered at zero, denoted by  $H(\delta)$ . Additionally, there is an idiosyncratic shock  $\iota$ , drawn uniformly from the interval  $\left[-\frac{1}{2}, \frac{1}{2}\right]$ .

The timing of the game proceeds as follows. At the start of period 1, a politician from party A is randomly chosen to hold office.<sup>11</sup> Upon taking office, the incumbent observes the current state of the world, denoted as  $s_t$ , as well as their type  $i \in \{nc,c\}$  if they are newly elected. If the politician is corrupt, they also observe their rent draw  $r_t$  and then choose a policy action  $e_t$ . Voters observe the policy-relevant outcome  $\Delta$  with probability  $\chi$ , and then cast their votes. After the election, if the incumbent is corrupt and reelected, they receive a new rent draw  $r_2$  in period 2. Policy choices are then made, payoffs are realized, and the game ends.

Voters' Strategy. Non-partisan voters aim to reelect a non-corrupt politician, as there are no future incentives for good behavior in period 2. If they observe the policy outcome  $\Delta$ , they update their belief about the incumbent's type using Bayes' rule. The posterior probability that the incumbent is non-corrupt, conditional on observing  $\Delta$ , is given by:

$$\Pr(i = nc \mid \Delta) = \frac{\pi}{\pi + (1 - \pi)\lambda},$$

where  $\lambda$  denotes the probability that a corrupt politician chooses not to steal and instead behaves like a non-corrupt type.

If  $\Delta$  is not observed, voters cannot update their beliefs, so they retain their prior,  $\pi$ . The overall posterior belief  $\Pi$  that the incumbent is non-corrupt—accounting for the possibility of observing  $\Delta$  with probability  $\chi$ —is:

$$\Pi = \chi \Pr(i = nc \mid \Delta) + (1 - \chi)\pi.$$

 $<sup>^{11}</sup>$ The model's implications are unchanged if the initial incumbent is from party B.

Since  $\Pr(i = nc \mid \Delta) \ge \pi$ , the updated belief  $\Pi$  is (weakly) increasing in  $\chi$ , and non-partisan voters strictly prefer to reelect the incumbent when they observe  $\Delta$ . Thus, observing  $\Delta$  strengthens the electoral accountability of incumbents.

Given the voters' decision rule, the share of partisan voters who support the incumbent is:

$$\left(\frac{1}{2}+\eta\right)\left[\phi+\Delta(\Pi-\pi)\right]+\left(1-\left(\frac{1}{2}+\eta\right)\right)\left[-\phi+\Delta(\Pi-\pi)\right]=2\eta\phi+\Delta(\Pi-\pi).$$

In this expression,  $\Delta(\Pi - \pi)$  reflects the reputational advantage the incumbent gains from choosing the congruent action and thus delivering  $\Delta$ ,  $\phi$  captures the degree of polarization among partisan voters, and  $\eta$  measures the extent of partisan competition.

Similarly, the share of non-partisan voters who support the incumbent is given by:

$$\Delta(\Pi - \pi) + \delta$$
,

where  $\delta$  is the aggregate popularity shock in favor of the incumbent's party.

Combining the shares for both groups, we get

$$\omega(2\eta\phi + \Delta(\Pi - \pi)) + (1 - \omega)(\Delta(\Pi - \pi) + \delta) + \iota$$

where  $\omega$  is the share of partisan voters and  $\iota$  is an idiosyncratic voting shock, uniformly distributed on the interval  $\left[-\frac{1}{2}, \frac{1}{2}\right]$ .

The expected total vote share of the incumbent is then:

$$\Pr\left(\omega 2\eta\phi + \Delta(\Pi - \pi) + (1 - \omega)\delta + \iota > 0\right) = 2\omega\eta\phi + \Delta(\Pi - \pi) + (1 - \omega)\delta + \frac{1}{2}.$$

Let  $W = \Delta(\Pi - \pi)$ , then the probability that the incumbent receives more than half the votes can be expressed as:

$$\Pr(W + \omega \eta \phi + (1 - \omega)\delta > 0) = H\left(\frac{W + 2\omega \eta \phi}{1 - \omega}\right),\,$$

where  $H(\cdot)$  is the cumulative distribution function of the aggregate popularity shock  $\delta$ , assumed to be symmetric and unimodal around zero.

Incumbent's Strategy. Non-corrupt politicians always choose  $e_t = s_t$ , aligning their actions with the state of the world in both periods. In contrast, corrupt politicians behave opportunistically and set  $e_t \neq s_t$  in period 2, when reelection incentives are no longer present. In period 1, however, corrupt politicians face a tradeoff between stealing and behaving as if they were non-corrupt to improve their chances of reelection.

If a corrupt incumbent sets  $e_1 = s_1$  to provide voters with  $\Delta$ , they forego rents in period 1 but receive a continuation value in period 2 equal to:

$$H\left(\frac{W+2\omega\eta\phi}{1-\omega}\right)\beta(E+\mu(1-\gamma)).$$

Alternatively, if the corrupt incumbent chooses  $e_1 \neq s_1$ , they receive immediate rents  $r_1(1-\gamma)$ , where  $\gamma$  captures the expected punishment cost, and their reelection probability falls to:

$$H\left(\frac{2\omega\eta\phi}{1-\omega}\right),$$

since voters will not observe  $\Delta$ , and their posterior belief remains at the prior,  $\Pi = \pi$ . In this case, the expected continuation value is:

$$r_1(1-\gamma) + H\left(\frac{2\omega\eta\phi}{1-\omega}\right)\beta(E+\mu(1-\gamma)).$$

Solving for the threshold level of rents,  $r_1^*$ , that renders the corrupt incumbent indifferent between stealing and behaving honestly yields:

$$r_1^* = \frac{\beta(E + \mu(1 - \gamma))}{1 - \gamma} \left[ H\left(\frac{W + 2\omega\eta\phi}{1 - \omega}\right) - H\left(\frac{2\omega\eta\phi}{1 - \omega}\right) \right],$$

where the term

$$\hat{H} := H\left(\frac{W + 2\omega\eta\phi}{1 - \omega}\right) - H\left(\frac{2\omega\eta\phi}{1 - \omega}\right)$$

represents the marginal electoral benefit of providing  $\Delta$ . Given our assumptions that H is symmetric and unimodal,  $\hat{H}$  is non-negative.

Therefore, corrupt incumbents with  $r_1 \leq r_1^*$  will refrain from stealing. The probability that a randomly drawn corrupt politician behaves cleanly is:

$$\lambda = G\left(\frac{\beta(E + \mu(1 - \gamma))}{1 - \gamma}\hat{H}\right),$$

where  $G(\cdot)$  is the cumulative distribution function of rents.

This equilibrium highlights the central role of accountability in disciplining politicians and reducing rent extraction. In the model, vertical accountability operates through free and fair elections, which allow voters to hold politicians accountable via the threat of being voted out of office. These incentives are captured by the term  $\hat{H}$ , the marginal electoral reward for providing the congruent action.

Horizontal accountability—the role of institutions such as the judiciary or anti-corruption agencies—is captured by the parameter  $\gamma$ , which represents the expected cost of being caught stealing. An increase in  $\gamma$ , as one would expect in environments with strong legal institutions and effective oversight, raises the cost of corruption and thereby increases the likelihood  $\lambda$  that corrupt politicians choose not to steal.

The parameter  $\chi$  reflects the strength of diagonal accountability, such as media oversight or civil society monitoring. A higher  $\chi$  means voters are more likely to observe policy outcomes, enhancing their ability to update beliefs and discipline incumbents. As a result, increases in  $\chi$  strengthen deterrence and reduce the likelihood that corrupt politicians engage in rent extraction. We would expect  $\chi$  to be higher in contexts with a free, active, and independent press.

Comparative Statics. The equilibrium characterization underscores the central role of accountability in disciplining politicians and reducing rent extraction. In the model, free and fair elections foster vertical accountability by creating reelection incentives, which arise from voters' ability to update beliefs about the incumbent's type. These incentives are captured by  $\hat{H}$ , the marginal increase in the probability of reelection when a corrupt politician mimics a non-corrupt one by delivering  $\Delta$ . A higher  $\hat{H}$  raises the threshold rent  $r_1^*$  at which a corrupt incumbent is indifferent between stealing and behaving cleanly:

$$r_1^* = \frac{\beta(E + \mu(1 - \gamma))}{1 - \gamma} \cdot \hat{H}.$$

Corrupt politicians with  $r_1 \leq r_1^*$  refrain from rent extraction, and the probability of that occurring is given by  $\lambda = G(r_1^*)$ , where  $G(\cdot)$  is the CDF of rents.

Beyond elections, the model incorporates two institutional sources of discipline: horizontal accountability, captured by  $\gamma$ , and diagonal accountability, captured by  $\chi$ . The parameter  $\gamma$  represents the expected cost of punishment if a politician steals, reflecting the strength of the judiciary, auditing bodies, and other oversight institutions. A higher  $\gamma$  reduces the net return to corruption, increasing  $r_1^*$  and thus raising  $\lambda$ . Diagonal accountability is represented by  $\chi$ , the probability that voters observe the outcome  $\Delta$ . Higher  $\chi$  increases the weight voters place on actual performance when updating beliefs, which in turn increases  $\Pi$  (the posterior belief the incumbent is non-corrupt), and thus  $\hat{H}$ . Since both  $\gamma$  and  $\chi$  increase  $r_1^*$ , they unambiguously raise  $\lambda$ , leading to lower rent extraction in equilibrium.

Notably, the model also reveals a complementarity between horizontal and diagonal accountability. While  $\gamma$  and  $\chi$  each raise  $\lambda$  on their own, their marginal effects are increasing in one another. Formally, this is captured by the positive cross-partial derivative  $\frac{\partial^2 \lambda}{\partial \chi \partial \gamma} > 0$ , indicating that the marginal effectiveness of one form of accountability increases when the other is already strong. For example, when performance is more observable ( $\chi$  high), judicial enforcement is more effective in deterring corruption, since misconduct is more likely to be detected and punished. Conversely, when punishment is severe ( $\gamma$  high), increasing transparency amplifies the reputational cost of being

caught. As a result, corrupt incumbents are more likely to behave cleanly when both enforcement and observability are strong.

This institutional complementarity also reinforces vertical accountability. The continuation value of office in period 2 depends on the probability of reelection, which is increasing in  $\hat{H}$ . Since both  $\gamma$  and  $\chi$  raise  $r_1^*$ , they increase the share of corrupt politicians who choose to act as if they are non-corrupt in period 1. This not only reduces corruption but also improves voter welfare by increasing the likelihood of voters receiving  $\Delta$ . Importantly, the marginal gains from increasing  $\gamma$  are larger when  $\chi$  is high, and vice versa. The model thus implies that judicial reform and media transparency are complementary tools for improving governance; their impact is greatest when pursued simultaneously.

The model also sheds light on how group divisions and polarization affect electoral accountability. These forces operate through the function  $\hat{H} = H\left(\frac{W+2\omega\eta\phi}{1-\omega}\right) - H\left(\frac{2\omega\eta\phi}{1-\omega}\right)$ . Greater group divisions or polarization (higher  $\phi$ ) tilt reelection probabilities toward partisan identity rather than performance. This compresses the difference in reelection likelihood between behaving cleanly and stealing, reducing  $\hat{H}$ , and therefore lowering  $r_1^*$  and  $\lambda$ . Reelection incentives discipline fewer corrupt incumbents, and rent extraction increases. This effect is consistent with Padró i Miquel (2007), who shows that when voters value group identity benefits, they reelect co-partisan/co-ethnic incumbents even when performance is poor. The effect of political competition can also be analyzed through changes in  $\eta$ . Lower competition via the imbalance in partisan support (higher  $\eta$ ) reduces the marginal electoral reward to good behavior and induces more corruption in the first period.

In sum, the model offers a unified framework for understanding how different dimensions of accountability interact. Stronger judicial institutions and greater transparency are not substitutes but complements, with reinforcing effects on the incentives for good behavior. At the same time, the disciplining effect of elections depends critically on political conditions: high polarization or weak competition dulls the electoral reward for clean behavior, undermining the effectiveness of both vertical and institutional forms of accountability.

# 3 Broader Dimensions of Accountability and Cross-Country Evidence

While our simple political agency framework provides a straightforward way to see how the different dimensions of accountability might operate to constrain rent extraction and improve voter welfare, it remains somewhat reductionist, even by economist standards. For example, horizontal accountability does not merely operate through a deterrence effect on the electoral cycle; it encompasses broader notions such as the separation of powers. This was the focus of Persson, Roland, and Tabellini (1997), who incorporated the separation of powers into the basic political agency model. In their setting, policy decisions require joint executive and legislative agreement. Voters are better off because these two government offices have a conflict of interest, and policies cannot be implemented unilaterally. Moreover, the judiciary does more than impose fines; it also constrains the executive by, for instance, preventing politicians from enacting policies that conflict with the legal code or constitution (i.e., judicial review).

Similarly, diagonal accountability does more than amplify the effects of vertical and horizontal accountability. Recent political economy models incorporate the media as a third actor that selects political coverage to maximize profits. The type of information the media provides varies according to the different models and the incentives these models highlight. When considered as an independent actor, more information may not necessarily lead to better outcomes (Prat and Strömberg 2013).<sup>12</sup>

Furthermore, diagonal accountability might also work through the direct organization of civil society. This can take the form of protests, for example. One way that protests can affect accountability is through the aggregation of information. Protests allow citizens to "vote" in favor of or against a policy with their "voice" (Battaglini 2017). One way to think about protests through an information transmission channel is that they affect voters' perceptions of the incumbent and, therefore, the probability of reelection. This is a mechanism similar to how the media influences accountability.

 $<sup>^{12}</sup>$ See also Strömberg (2015).

#### Accountability and Governance Across Countries

We begin our empirical analysis by examining how overall accountability, as well as its sub-dimensions, vary across countries by income per capita. Our analysis is based on the variables constructed by Lührmann, Marquardt, and Mechkova (2020). They use the V-Dem data and Bayesian methods to create new accountability indices, including sub-components that distinguish between vertical, horizontal, and diagonal accountability.<sup>13</sup> These different accountability indices are estimated using a large number of variables, including, for example, the share of the enfranchised population, whether the chief executive is subject to direct or indirect elections, the existence of other bodies that question executive officials, whether there is an active legislature, and whether there is free media.

Figure 1 presents the relationship between the different accountability measures and income per capita using data for 2022. Each sub-figure also displays a linear fit with the respective confidence interval. Because autocracies are less likely to have meaningful accountability mechanisms, we restrict the analysis to countries classified as democracies, with a V-Dem score above 0.42 (see Kasuya and Mori 2019). We observe that among democracies, increases in income per capita are associated with higher levels of accountability. While this relationship might not be causal, it shows that developing countries display significantly lower levels of accountability, both in aggregate and across the different sub-components.

Do low levels of accountability matter? We next examine whether lower levels of accountability are associated with worse governance outcomes. We use three indicators of governance: corruption, clientelism, and public good provision. While there are multiple ways to measure these outcomes, for this analysis, we use the World Bank's measure of control of corruption, V-Dem's measure of clientelism, and the UNDP Human Development Index. Figure 2 displays a strong association between accountability and all three governance indicators, each showing an R-squared of at least 46%. As expected, accountability is positively associated with control of corruption and public

<sup>&</sup>lt;sup>13</sup>V-Dem uses experts to code different political characteristics of countries. They are aggregated using an itemresponse theory model. See Pemstein et al. (2023).

<sup>&</sup>lt;sup>14</sup>The V-Dem clientelism index is composed of expert-coded items based on: vote buying in national elections, party-voter linkages (programmatic vs. clientelist), and particularistic vs. public-goods allocation.

goods provision and negatively associated with clientelism.

In Figure 3, we reproduce Figure 2 using the different subcomponents for vertical, horizontal, and diagonal accountability. These figures demonstrate the same global patterns when examining each isolated subcomponent. However, horizontal and diagonal accountability tend to exhibit slightly weaker associations than vertical accountability. To further analyze the associations between the different dimensions of accountability and our governance measures, Table 1 presents the results of regressions in which we run a "horse race" between our governance indicators and the three dimensions of accountability. For ease of interpretation, we report standardized beta coefficients. <sup>15</sup> In column (1), we observe that all three dimensions of accountability—vertical, horizontal, and diagonal—are strong predictors of a country's control of corruption, with similar magnitudes. These correlations are consistent with micro-level evidence, highlighting the importance of electoral incentives, judicial independence, and media freedom in shaping corruption outcomes. While all three dimensions appear critical for explaining corruption, the same cannot be said for public goods provision or clientelism. Regarding public goods provision (column 2), vertical accountability is significantly more predictive than horizontal or diagonal accountability. This finding aligns with the understanding that government policies predominantly drive access to public goods, while horizontal and diagonal accountability primarily serve oversight functions. Finally, clientelism correlates with vertical and horizontal accountability (column 3). This result also seems reasonable, as practices like vote-buying are closely tied to political dynamics (vertical accountability), while legal institutions (horizontal accountability) can deter such activities.

In the remaining columns, we include interaction terms for each dimension of accountability in the regression to assess whether these dimensions act as complements or substitutes. The results in column (4) show that horizontal and diagonal accountability complement vertical accountability in their prediction of corruption. Although not causal, this result is consistent with the micro-level evidence we will present in the next section. However, the interaction effect between diagonal and horizontal accountability is negatively associated with control of corruption, suggesting they might act as substitutes. Nonetheless, this interaction is not statistically significant. We also observe

<sup>&</sup>lt;sup>15</sup>These results are robust to controlling for income per capita, population, and continent fixed-effects.

results consistent with strong complementarities between vertical and diagonal accountability for public goods provision, indicating that their combined effect might enhance outcomes in this domain. In contrast, the relationship between vertical and horizontal accountability is weaker and is not statistically significant. In the case of clientelism, we do not find evidence that the dimensions of accountability function as either complements or substitutes, suggesting that clientelism operates independently of the interactions between these accountability dimensions.

While these cross-country comparisons reveal interesting patterns, they are challenging to interpret causally. Fortunately, over the last two decades, numerous high-quality studies have documented causal relationships and explored the mechanisms underlying the global patterns we observe. In the following sections, we highlight some of these recent studies and then present evidence showing how these accountability mechanisms might fail in developing country settings.

## 4 Vertical Accountability

Over the past three decades, numerous studies have documented how institutions that promote vertical accountability improve governance and make governments more responsive to citizens. A key aspect of vertical accountability highlighted in the literature is the importance of reelection incentives. For example, Ferraz and Finan (2011) use data from federal audits of local governments in Brazil to show that second-term mayors, who are term-limited, engage in significantly more corruption than mayors with reelection incentives. Similarly, Lopez-Videla (2020) analyzes a reform in Mexico that allowed mayors to seek reelection for an additional term, finding that mayors with longer time horizons engage in less corruption and provide more public goods. Dal Bó and Rossi (2011) find that legislators in Argentina who serve longer terms exert more significant legislative effort.<sup>16</sup>

The ability of voters to hold incumbents accountable through reelection depends on how they assess the incumbent's performance. A large body of evidence shows that voters punish politicians for poor

<sup>&</sup>lt;sup>16</sup>Longer tenure need not always be beneficial. Coviello and Gagliarducci (2017) examine the case of Italian municipalities and show that an increase in tenure is associated with worse procurement outcomes. They find that municipalities where mayors serve longer terms experience higher public works costs and more favoritism in awarding contracts than municipalities with first-term mayors.

performance (e.g., Ferraz and Finan 2008). In many settings, however, this link is more nuanced. Infrastructure spending, for example, viewed as a positive signal in many wealthy countries, can be perceived by voters as a signal of rampant corruption in weakly institutionalized settings (Kadt and Lieberman 2020). Moreover, performance revelations discipline incumbents only when they revise voters' beliefs. Arias et al. (2022) run a large information experiment before municipal elections in Mexico and show that punishment is limited where voters already expect malfeasance.

Institutions promoting political entry and competition have also been shown to enhance public goods provision and economic development. Acemoglu, Reed, and Robinson (2014) document how entrenched chiefs in Sierra Leone, supported by colonial policies limiting leadership to ruling families, extract greater rents and hinder development. They find a positive relationship between political contestation, as measured by the number of eligible ruling families, and human capital outcomes such as literacy, educational attainment, and economic diversification. Similarly, Ferraz, Finan, and Martinez-Bravo (2024) study the long-term effects of political and economic reforms implemented during Brazil's 1964–1985 military dictatorship, which disrupted traditional family-based oligarchies. They find that breaking these political monopolies increased local political competition and improved development outcomes in the long run.

The effects of political competition on governance have also been studied in other contexts. Bardhan and Mookherjee (2010) examine land reforms in West Bengal during the late 1970s and find an inverted-U relationship between leftist control of local governments and land reform implementation, consistent with Downsian models of electoral competition. Villages with closer electoral contests implemented more reforms. Once the Leftist parties obtained a majority, further increases in their share of local government seats led to a decrease in the extent of land reforms implemented. In developed countries, Besley, Persson, and Sturm (2010) find that higher political competition among U.S. states leads to more pro-growth policies, such as lower taxes and higher investment spending. Besley and Preston (2007) show that local governments in more competitive areas in the United Kingdom adopted more moderate policies between 1980 and 1988.

In most countries, the accountability relationship between voters and politicians is mediated by

political parties. Because parties are long-lasting, they internalize future payoffs, giving them incentives to discipline their candidates (Alesina and Spear 1988). Consistent with the idea that parties protect their long-term brand, implicated legislators were disproportionately removed during the U.K. MPs' expenses scandal (Larcinese and Sircar 2017). In Brazil, when randomized audits uncovered high corruption levels, parties in the incumbent coalition responded by nominating more-educated candidates (Cavalcanti, Daniele, and Galletta 2018). In the United States, party leaders use prestigious committee assignments to reward loyalty and discourage indiscipline (Cox and McCubbins 2005).

Parties also strengthen accountability by reducing informational frictions. They act as informative brands that help voters infer a candidate's policy preferences, especially when candidates cannot credibly commit (Snyder and Ting 2002). Consistent with this, quasi-experimental evidence from Sweden shows that party control causally affects fiscal policy and employment: municipalities governed by left parties tax and spend more and have lower unemployment, partly due to increased public hiring (Pettersson-Lidbom 2008). In coalition settings, Cervellati, Gulino, and Roberti (2024) exploit ballot-order lotteries in Italian municipalities to show that exogenous coalition shifts increase the dominant party's cabinet presence and redirect spending toward its priorities.

Finally, political parties influence vertical accountability by screening and certifying candidates, using party affiliation as a quality signal that deters misaligned individuals from running (Caillaud and Tirole 2002). In Italy, parties strategically nominate higher-valence candidates (more educated, higher-earning) in competitive districts (Galasso and Nannicini 2011). Evidence from South Africa shows that even centralized parties use nominations to sanction unpopular incumbents, particularly where competition is intense (Lieberman, Martin, and McMurry 2021). Field experiments in Sierra Leone and Nepal further demonstrate that when party leaders receive credible information about voter preferences, they adjust nominations to better align with those preferences (Casey, Kamara, and Meriggi 2021; Gulzar, Hai, and Paudel 2021).

#### Threats to Vertical Accountability

As the above literature highlights, elections play a central role in disciplining and selecting political leaders. Thus, a country's ability to hold free and fair elections is a cornerstone of vertical accountability and a key determinant of a well-functioning democracy. However, in many democracies, voters are not entirely free to participate in elections or choose their preferred candidates due to deliberate efforts by politicians and political parties to restrict political freedoms. Governments worldwide employ various strategies to hinder voter participation, such as imposing restrictive registration requirements, disenfranchising specific populations based on arbitrary criteria, or manipulating electoral boundaries through gerrymandering. In lower-income democracies, these electoral strategies can be even more subversive and harmful, with political actors engaging in pre-electoral violence, manipulating election administration processes, and practicing vote-buying. Such tactics erode political accountability, undermine the integrity of political institutions, and weaken public support for democracy as a whole.

In this section, we review some recent empirical evidence that documents the prevalence of undemocratic electoral strategies and their effects on political accountability.

Pre-electoral violence Pre-electoral violence is widespread throughout the developing world. Based on the latest World Value Survey (Wave 7 from 2017–2022), over 37% of respondents living in countries classified as "low" or "lower-middle" income by the World Bank reported that voters were threatened with violence at the polls "very often" or "fairly often," compared to 24% of voters in "upper-middle" or "high" income countries. In 8 of the 65 countries surveyed—Nigeria, the Philippines, Kenya, Guatemala, Pakistan, India, Maldives, and Mexico—over 50% of respondents believed that voters faced violence at the polls "very often" or "fairly often."

Pre-electoral violence also takes on other forms. These include coercing voters to support specific candidates, intimidating them to abstain from voting, and confiscating or misusing citizens' ID cards for fraudulent voting (Acemoglu, Robinson, and Santos 2013). In more extreme cases, it involves attacks on roads that lead to polling stations (Condra et al. 2018). The primary objective of these actions is political exclusion, targeting not only voters and politicians but also the media and other

civil society groups.

The widespread occurrence of electoral violence raises a critical question about its effectiveness in shaping electoral outcomes. Recent empirical evidence suggests that such strategies can significantly impact election results. For instance, Hafner-Burton, Hyde, and Jablonski (2018) use the National Elections Across Democracy and Autocracy dataset to analyze the effects of pre-electoral violence on the likelihood of incumbents remaining in office from 1981 to 2004. Their findings reveal that pre-election violence targeting opposition supporters, candidates, and citizens is strongly associated with an increased probability of incumbent victory.

While impressive in scale and scope, cross-country comparisons require caution when interpreting them causally. Pre-electoral violence is neither random nor typically driven by exogenous factors. Instead, the literature has identified several reasons for the prevalence of political violence. Weak political institutions that fail to constrain violence have been cited as a contributing factor (Birch 2020; Hafner-Burton, Hyde, and Jablonski 2014). Another significant driver is the presence of ethnoreligious inequalities, such as exclusion from political power, economic disparities, and unequal land allocation, often exacerbated by political parties aligned along ethnic and religious lines (Fjelde and Höglund 2016; Nellis and Siddiqui 2018).

Within economics, the frameworks proposed by Collier and Vicente (2012) and Robinson and Torvik (2009) conceptualize electoral violence as a deliberate strategy used by political parties to undermine opponents' support, particularly by targeting swing voters. In contrast, Acemoglu, Robinson, and Santos (2013) propose a different model based on evidence from Colombia, where paramilitaries used pre-electoral violence to help elect politicians aligned with their interests. Their theory suggests that non-state armed actors can persist because they form mutually beneficial relationships with specific politicians. Paramilitaries deliver votes to politicians whose preferences align with their own, while those politicians, once in office, refrain from targeting the paramilitaries and support policies favorable to them.

To address the endogeneity of pre-electoral violence, some recent studies have sacrificed breadth and external validity for a more micro-level focus. For example, Condra et al. (2018) examine

insurgent electoral violence in Afghanistan during the lead-up to the 2014 national elections. Using declassified military records of insurgent activity geo-referenced to polling centers, they leverage wind conditions and cloud cover as instruments to estimate the causal impact of violence on voter turnout. Their findings indicate that each additional early morning attack reduced district-level turnout by 9–14%. These attacks negatively impacted the eventual winner, who lost up to 12% of his voters.

Collier and Vicente (2014) take an experimental, albeit less direct, approach to estimating the effects of violence on turnout. They conducted a randomized anti-violence campaign across neighborhoods and villages in six Nigerian states before the 2007 elections. The campaign aimed to empower citizens to counteract local violence by voting against violent politicians. Their analysis shows that the proportion of registered voters who voted was 7 and 11 percentage points higher in the treated group compared to the control group in the presidential and gubernatorial contests, respectively. Interestingly, the campaign's effects benefited incumbents, as violence in this context appeared to be a strategy of weaker political groups, primarily harming incumbents.

Political violence is also not limited to voters. Violence against politicians has become an alarming trend, particularly in countries where the state does not maintain a monopoly on violence. In the Philippines, local politicians are frequently targeted during elections, with violence often linked to powerful political clans or private armed groups. One of the deadliest examples is the 2009 Maguindanao massacre, which claimed the lives of 58 people, including 32 journalists and several candidates. Criminal organizations have targeted politicians in Mexico to influence local and national elections. Between 2018 and 2021, over 150 political candidates were killed, primarily in regions plagued by drug cartels (Trejo and Ley 2021). According to the latest World Values Survey, 40% of respondents in low-income countries reported that opposition candidates are actively prevented from running for office, compared to only 2% in developed countries. This stark contrast highlights systemic barriers to political competition that persist in many developing countries and serve as another deterrent to a well-functioning democracy.

Such acts of violence, carried out by both state and non-state actors, can create significant barriers

to political entry and reduce accountability. Dal Bó and Di Tella (2003) present a model in which interest groups can use violence to influence elected politicians. Their model highlights how violence undermines democratic accountability, as elected officials may become beholden to those who orchestrate or threaten violence, prioritizing their interests over those of their constituents.

Due to limited data, empirical studies on political violence against politicians often focus on organized crime. Daniele and Dipoppa (2017) analyze attacks on Italian local politicians (2010–2014) and find that organized crime mainly targets politicians after elections to influence their terms rather than before elections to affect outcomes. Similarly, Alesina, Piccolo, and Pinotti (2019) link pre-election violence in Sicily to electoral uncertainty, showing it reduces votes for parties opposed by criminal groups. Daniele (2019) studies murders of southern Italian politicians (1975-2011), finding that such violence lowers the quality of elected mayors, measured by education.

In sum, the literature on pre-electoral violence suggests that it can be an effective strategy for creating barriers to political participation, which, in turn, undermines vertical accountability. This violence disrupts the democratic process by discouraging opposition candidates, reducing voter turnout, and fostering an environment of fear and intimidation that skews electoral outcomes in favor of the aggressors.

Electoral Fraud Another way political actors undermine electoral accountability is through electoral fraud or manipulating the election process. These tactics can take various forms, including ballot stuffing, tampering with vote counts, and falsifying voter rolls. The effects of these practices extend beyond the immediate outcomes of elections, as they significantly undermine the democratic process.

Electoral fraud erodes trust in political institutions by creating the perception that elections are neither free nor fair. In Figure 4, we use data from World Value Surveys to plot the association between the share of respondents who report that their votes are counted fairly (x-axis) with confidence in government (panel A) and confidence in political parties (panel B). As we can see, when citizens believe their votes do not matter, they may lose faith in the legitimacy of their leaders and the broader political system. This lack of trust can lead to declining voter turnout (panel C),

weakened political engagement, and apathy toward democratic processes (panel D).

Moreover, manipulating the electoral process can profoundly affect satisfaction with democracy. When individuals feel excluded or perceive the system as biased, they are less likely to view democracy as an effective or just form of governance, as we can see in panel C. This disillusionment can create a cycle of dissatisfaction, further discouraging civic participation and undermining the principles of accountability and representation (see panel D).

Electoral fraud is notoriously difficult to measure, raising critical questions about its actual prevalence beyond public perceptions and its effect on electoral accountability. Its detection often relies on forensic methods focused on specific stages of the electoral process, particularly vote aggregation. Aggregation fraud typically occurs when votes are tallied at higher levels, with officials influenced by candidates to whom they have personal or political ties.

A ground-breaking study by Callen and Long (2015) introduced the "photo-quick count" technique to detect fraud during Afghanistan's 2010 parliamentary elections. This innovative method involved photographing sub-polling station vote tallies before aggregation and comparing them to post-aggregation results. Their findings revealed widespread manipulation in nearly 80% of polling stations. About half the cases involved candidates both adding votes to their totals and subtracting from competitors, while the other half involved only vote additions. Connected candidates gained an average of 3.5 fraudulent votes per polling station, equivalent to 13.7% of their total votes. This study highlighted how transparency in the aggregation process could expose fraud.

Studies have employed other approaches for measuring electoral fraud. Cantú (2019) applied machine learning to images of vote tally sheets from Mexico's 1988 presidential elections. Using a Convolutional Neural Network, Cantú identified blatant tampering, such as crossed-out and rewritten numbers. Fraud was concentrated in areas without opposition monitors and where local governors had strong ties to the ruling party, emphasizing the role of independent oversight in deterring fraud. Similarly, Beber and Scacco (2012) analyzed digit patterns in election returns based on the principle that fair processes produce uniformly distributed last digits in vote counts. Human manipulation tends to favor certain digits or patterns, creating anomalies. Their method uncovered substantial

evidence of fraud in Nigeria's 2003 elections and Senegal's 2007 elections but found no evidence in Sweden's parliamentary elections. Though their approach does not quantify the extent of the fraud, it provides robust statistical evidence of manipulation.

Neggers (2018) found evidence of electoral bias in Bihar's 2014 elections by exploiting the random assignment of polling station personnel. He observed that polling stations staffed with at least one minority officer experienced a 2.5 percentage point (13.8%) shift in vote margins toward a minority-oriented coalition. This shift stemmed from a 4.9% increase in votes for the coalition and a 4.2% decrease for the opposition. Similarly, Casas, Díaz, and Trindade (2017) studied Argentina's 2011 elections, where they leveraged the random assignment of voters to polling booths. They found that the presence of party observers increased vote counts for their preferred party by an average of 1.5%, with impacts as high as 6% for some parties.

Other studies have adopted a more indirect approach to examining electoral fraud and its impact on election outcomes by utilizing independent election observers. Enikolopov et al. (2013) conducted a large-scale experiment during Moscow's 2011 elections, showing that independent observers reduced reported vote shares for the incumbent United Russia party by almost 11 percentage points, despite many observers being removed before counting was complete. Similarly, Hyde (2010) showed that international election observers in Indonesia's 2004 elections had a measurable impact, reducing votes for the incumbent candidate even in a relatively democratic context. Asunka et al. (2019) used an experimental design in Ghana's 2012 elections to demonstrate that observers reduced suspiciously high turnout at polling stations, an indicator of fraud.

However, a key concern in these studies is the displacement effect, where fraud shifts to unmonitored polling stations rather than being eliminated. Ichino and Schündeln (2012) addressed this issue in Ghana's 2008 elections with a two-level randomized experiment. They found that voter registration fraud, often inflated by political parties, decreased in areas with observers but increased in adjacent unmonitored areas. This finding highlights the need for broader and more systematic observer coverage to avoid such displacement effects.

Technological innovations have also shown promise in reducing electoral fraud. Callen and Long

(2015) tested the photo quick count as a deterrence tool in Afghanistan, delivering letters to polling station managers informing them that tallies would be photographed and analyzed. This intervention reduced aggregation fraud by 9.37 to 17.17 votes per candidate per polling station. In a related experiment during Uganda's 2011 elections, Callen et al. (2016) informed officials that smartphone photographs of vote tallies would be compared with official results. This increased compliance with tally posting requirements, reduced sequential digits in tallies – a standard fraud indicator – and may have decreased vote shares for the incumbent president.

In sum, electoral fraud and manipulation serve as tools for undermining accountability and as mechanisms that erode trust, legitimacy, and democratic stability. The resolution of these challenges requires robust institutional safeguards, transparent electoral processes, and active engagement of civil society to uphold elections as a foundation of democratic accountability. However, many developing countries lack these critical elements, leaving their democracies particularly vulnerable to manipulation and corruption.

Vote Buying Practices Another electoral strategy that undermines democracy by weakening political accountability is the exchange of votes for monetary rewards, goods, or services. This economic exchange takes on many forms, including cash payments, in-kind goods such as medicine or food, temporary employment opportunities, or access to governmental services. The monetary value of these exchanges can be significant, often representing a sizable portion of voters' income, particularly in low-income settings.

Vote buying has been extensively documented in numerous empirical studies, highlighting its prevalence and scale across various contexts. Cruz (2019), for example, found that one-third of respondents in the Philippines reported receiving offers between \$1 and \$30 during elections. In Thailand's 1996 general elections, one third of households were offered vote-buying, with an average offer of \$27 Phongpaichit et al. (2000). Similarly, Blattman et al. (2024) documented that 40% of respondents in Uganda's 2016 general election were offered payments equivalent to a quarter of the minimum monthly wage. Finan and Schechter (2012) found 26% of Paraguayan households report being offered an average of \$48 USD in exchange for their votes in the 2006 municipal elections (a sizable

amount as a day of labor in agriculture earns between \$3 and \$4). During the 2014 Indian general elections, cash vote-buying payments reportedly ranged from \$17 to \$43 (Chilkoti 2014). The police seized approximately \$50 million in cash and 30 million liters of liquor and arrested more than two million people in connection with election-related violations (Election Commission of India, 2014). These figures underscore the economic appeal of vote-buying transactions for many voters, particularly in developing countries with widespread financial insecurity.

Politicians in many countries also distribute goods and services to individuals and firms that support them with votes or campaign contributions. The widespread practice of political connections and patronage generates significant economic and political distortions. For example, Fisman (2001) links Indonesian firm stock prices to President Suharto's health, estimating 23% of connected firms' value stems from corruption. Faccio (2006) finds that political connections globally increase firm market value by 2.3–4.3%, depending on corruption levels. Khwaja and Mian (2005) report politically connected firms in Pakistan (1996–2002) borrow 45% more, default 50% more, and cost 0.3–1.9% of GDP annually. Jävervall and Khoban (2020) suggest trade liberalization reduces political distortions; in India, such connections boosted firm performance by 10-20\% pre-liberalization but became less valuable after tariff reductions. Mahadevan (2024) shows Indian politicians manipulated electricity bills, causing \$0.9 billion in efficiency losses and unreliable power supply. Brugués, Brugués, and Giambra (2024) find political connections in Ecuador's procurement system lead to welfare losses of 2-6\% of the budget. Schoenherr (2019) highlights how Korean presidents appoint network members as CEOs of state-owned firms, resulting in poorly executed contracts and frequent renegotiations. David and Venkateswaran (2019) attribute 70% of manufacturing capital misallocations in China to factors like political connections and corruption, compared to 30% in the U.S. Szakonyi (2018) find that politically connected Russian firms see 60% higher revenue and 15% higher profits due to government contracts.

Political ties also influence labor outcomes. Colonnelli, Prem, and Teso (2020) show in Brazil that individuals connected to the ruling party are 47% more likely to secure public sector jobs, often despite lower qualifications. Similar patterns are observed in Colombia, Ecuador, and the Philippines (Fafchamps and Labonne 2017; Brassiolo, Estrada, and Fajardo 2020; Riaño 2021).

These studies highlight the "quid" of patronage, though politicians are also likely to gain.

Given the prevalence of vote-buying and other clientelistic practices, an important question is whether they harm electoral accountability and public goods provision. In theory, it could: by trading material benefits for votes, politicians prioritize short-term, transactional gains over policies serving the broader public interest (Lizzeri and Persico 2004). This dynamic undermines electoral accountability and public service effectiveness, which is a conclusion broadly supported by empirical studies.

For instance, Khemani (2015) uses data from 33 countries in the Afrobarometer and show that vote buying is strongly associated with health and education service delivery deficiencies. Politicians engaging in vote buying often neglect investments in these essential sectors, as their electoral strategy relies on targeted handouts rather than improving systemic outcomes. Anderson, Francois, and Kotwal (2015) examine the impact of clientelism – the exchange of votes for direct benefits distributed by political elites – on poverty alleviation programs. Their research highlights how local elites, particularly landowners, use clientelist networks to obstruct the implementation of centrally mandated initiatives. By doing so, they maintain low village-level wages, prioritizing their economic interests over the welfare of the poor. This manipulation of public programs for personal gain further exacerbates inequality and entrenches power disparities.

Vote buying also erodes voters' willingness to hold politicians accountable, although much of the evidence is indirect. Leight et al. (2020) find in a lab experiment that individuals who receive vote-buying payments are less likely to judge politicians harshly for unethical behavior. This effect becomes even more pronounced when payments are distributed on a large scale, creating a sense of complicity among voters. For example, Finan and Schechter (2012) demonstrate that local brokers possess highly accurate knowledge of voters' behavioral traits, enabling them to identify individuals with strong tendencies toward reciprocity. This knowledge allows them to allocate resources effectively, maximizing the likelihood of securing electoral support. Cruz, Keefer, and Labonne (2021) ran an information campaign in the Philippines, informing voters how local politicians would allocate their discretionary funds across different spending categories. Politicians also reacted to

this informational intervention by increasing their vote-buying, which completely neutralized its electoral effects.

Banerjee et al. (2011) found that providing Indian voters with politician performance report cards and anti-vote-buying messages reduced vote buying by 19% in treated areas, increased turnout, and boosted support for better-performing and more qualified incumbents. Similarly, Vicente (2014) showed that distributing anti-vote-buying leaflets in São Tomé and Príncipe reduced vote transactions and their monetary value, decreased turnout (by 3–6 percentage points), increased incumbent vote share, and reduced challenger support (both by 4 percentage points). Schechter and Vasude-van (2023) demonstrated that a radio campaign in India reduced votes for parties engaging in vote buying without affecting turnout. Blattman et al. (2024) evaluated an anti-vote-buying campaign in Uganda using various media. While it failed to reduce vote buying, it benefited challengers and improved public service delivery, such as better test scores, highlighting the potential secondary benefits of such interventions in shifting political dynamics and accountability. Bobonis et al. (2022) show that reducing vulnerability in Northeast Brazil significantly lowers citizens' requests for private goods from politicians.

Together, these studies provide valuable insights into the consequences that vote buying can have for governance, economic development, and the integrity of democratic processes. Theoretical and empirical research consistently highlights its detrimental effects, underscoring how this practice perpetuates policy and service delivery inefficiencies. However, while existing studies offer valuable insights, there remains a significant need for more empirical evidence to fully understand the broader and long-term implications of vote-buying across different contexts.

Electoral malpractices by regime type Thus far, we have highlighted three common electoral strategies used by political actors in low-income democracies that undermine vertical accountability. These strategies – voter intimidation, ballot fraud, and vote-buying – are not mutually exclusive. Theoretical models suggest conditions under which multiple strategies may be used or when political actors may prioritize one approach over another. For instance, Collier and Vicente (2012) propose a model incorporating all three strategies. They predict that weak challengers may resort

to violence akin to terrorism, weak incumbents may use repression, and stronger incumbents facing local competition may prefer bribery or ballot fraud. Dal Bó, Dal Bó, and Di Tella (2006) build on Dal Bó and Di Tella (2003) to show that when interest groups can engage both in violence and corruption, they can deter high-ability individuals from entering politics, thereby limiting candidate competition and diversity, thus contributing to an adverse selection of candidates for office.

In Figure 5, we illustrate the prevalence of these electoral malpractices across different regimes. Panel A shows electoral violence, measured as the percentage of voters feeling threatened at the polls. Panel B displays electoral fraud, assessed by the share of voters who believe their votes are not counted fairly. Panel C depicts vote-buying prevalence. In each case, there is a striking inverted U-shaped relationship between these practices and a country's level of democracy. Such strategies are most prevalent in weakly consolidated democracies and less common in authoritarian and well-established democracies.

Several factors may explain this inverted U-shaped relationship. In semi-authoritarian regimes, where political control is centralized and the government maintains a monopoly on violence, these strategies may be unnecessary or inefficient. Repressing meaningful electoral competition reduces the need for voter threats or transactional appeals. Weak democratic institutions in such regimes further diminish the effectiveness of vote-buying, as the electorate cannot hold leaders accountable.

In contrast, weakly consolidated democracies present fertile ground for these types of electoral malpractices. Political competition is often intense, but formal institutions are fragile and party systems are poorly institutionalized: parties splinter, rebrand, or disappear after a single cycle, so leaders discount the future and underinvest in costly brand maintenance (Mainwaring and Scully 1995; Lupu 2016). Lacking organizational depth, parties struggle to screen candidates, discipline office-holders, or craft coherent programs. Clientelist shortcuts such as vote buying, intimidation, selective distribution become the easiest way to win (Stokes 2005; Hagopian 2009; Birch 2011; Keefer 2015). Politicians, facing uncertain electoral outcomes, often resort to short-term tactics like intimidating voters or offering material benefits to secure votes. These democracies are also frequently found in economically underdeveloped contexts, where voter poverty makes cash or goods

especially appealing because the immediate benefits of vote-buying can outweigh abstract promises of better governance. As democracies mature and economies develop, these strategies tend to decline. Stronger accountability and oversight institutions, higher education levels, and increased civic engagement empower voters to demand accountability and resist transactional politics.<sup>17</sup>

It is worth noting that these strategies of electoral manipulation are viable only in contexts where aggressors can act with impunity – settings marked by weak horizontal and diagonal accountability. Weak horizontal accountability, which includes checks and balances among state institutions, often allows governing authorities to manipulate or ignore laws designed to protect the integrity of elections. Similarly, weak diagonal accountability, involving oversight by civil society organizations and the media, reduces the likelihood that electoral violence will be exposed, criticized, or punished.

When these mechanisms fail, perpetrators are emboldened to use these strategies without fear of legal or social consequences, perpetuating a cycle that further weakens democratic institutions and erodes public trust. Addressing these issues, therefore, requires strengthening all dimensions of accountability to deter aggression, ensure fair competition, and uphold the principles of democratic governance.

# 5 Horizontal Accountability

Horizontal accountability involves checks and balances among public institutions to prevent the abuse of power. It includes oversight by the judiciary, legislature, and other agencies, enabling these bodies to scrutinize government actions, demand transparency, and enforce consequences for misconduct (O'Donnell 1998; Lührmann, Tannenberg, and Lindberg 2018). When independent and effective, such institutions play a crucial role in holding politicians accountable and safeguarding democracy.

For example, Kenya's Supreme Court made history in 2017 by annulling a presidential election due to significant irregularities, demonstrating judicial independence. In Malawi, the Constitutional Court nullified the 2019 presidential election over fraud, with Parliament supporting reforms that

<sup>&</sup>lt;sup>17</sup>For a formal model of how political norms evolve—capturing an endogenous transition from permissive to non-permissive norms where citizens punish violations and leaders become accountable—see Bidner and Francois (2013).

led to a peaceful transfer of power in 2020. Similarly, in South Africa, the judiciary and legislature held President Jacob Zuma accountable during the Nkandla scandal. A Constitutional Court ruling and legislative pressure eventually forced his resignation in 2018. In Latin America, Operation Car Wash, initiated by prosecutors and judges in Brazil, uncovered a vast corruption scheme spanning a dozen countries, revealing how corporations paid billions in bribes to government officials in exchange for public contracts.

While these case studies illustrate the importance of an independent judiciary, much of the empirical literature has focused on the effects of oversight institutions like general accounting offices or contralorías. For instance, Avis, Ferraz, and Finan (2018) studied Brazil's anti-corruption program, leveraging random audits of municipalities. They found that previously audited municipalities experienced 8% less corruption compared to those that had never been audited, highlighting the deterrent effect of oversight. Similarly, Chen and Kung (2019) analyzed China's recent anti-corruption campaigns, finding a 42.6% decline in corruption in provinces targeted by central inspection teams. However, Bobonis, Cámara Fuertes, and Schwabe (2016) offered a more nuanced perspective in their study of Puerto Rico's anti-corruption program. Their findings showed that while disclosing corruption information reduced corruption in the short term, it led to higher corruption levels in subsequent terms, particularly among officials who had previously avoided corrupt activities. <sup>18</sup>

Audits also have broader economic and social benefits. Colonnelli and Prem (2022) estimated that anti-corruption audits in Brazil led to a 1.4% increase in the number of local firms operating in government-dependent sectors, contributing to a 6% rise in firm sales and a 3% increase in local bank lending and deposits. These activities generated an economic output multiplier of 1.5 to 4.6, demonstrating the developmental advantages of effective oversight. Additionally, Bobonis et al. (2023) found that Brazil's audits reduced vote-buying in Northeast Brazil.

Oversight institutions complement other accountability mechanisms, enhancing their effectiveness. For instance, Ferraz and Finan (2008) found that Brazil's audit program enabled voters to vote out corrupt politicians and reward honest ones. Similar findings have been documented in South

<sup>&</sup>lt;sup>18</sup>While we have limited causal evidence of the judiciary's role, Axbard (2025) shows that, in the Philippines, an anti-corruption court that convicts corrupt public officials reduces subsequent corruption.

Africa (Berliner and Wehner 2022), Mexico (Larreguy, Marshall, and Snyder 2020), and Puerto Rico (Bobonis, Cámara Fuertes, and Schwabe 2016). Audits not only strengthen electoral accountability but also enhance judicial accountability. Avis, Ferraz, and Finan (2018) demonstrated that Brazil's audits increased the likelihood of subsequent legal actions by 20%. They argued that the reduction in corruption stemmed from audits increasing the perceived non-electoral costs of engaging in corruption. Building off of that study, Finan and Mazzocco (2025) show that a multi-pronged approach that bundles an audit policy with other policies, such as increasing term limits, can achieve much higher welfare gains.

#### Threats to Horizontal Accountability

A key component of horizontal accountability is a well-functioning, independent judiciary system. It ensures that laws are applied equally to all citizens, holds everyone accountable, prevents the abuse of power, safeguards individual rights and liberties, especially against government overreach, and provides a neutral platform for resolving disputes. Unfortunately, judicial effectiveness and independence are not universal, particularly in low-income democracies. Figure 6 shows the relationship between judicial independence, income per capita, and accountability for a sample of democracies. In panel (a), we show a strong positive correlation between judicial independence and income per capita, indicating that lower-income countries tend to have less independent judiciaries as measured by the Rule of Law index of the World Justice Project. Panel (b) further shows a positive relationship between the Rule of Law index and the level of horizontal accountability, highlighting the judiciary's critical role in democratic governance.

Political Capture of the Judiciary There are several reasons why judiciaries often perform poorly in lower-income democracies. One major issue is the lack of legal capacity, resulting in overburdened courts, severe case backlogs, and a shortage of qualified judges and staff.<sup>19</sup> Weak law enforcement further exacerbates these problems, leading to frequent noncompliance with judicial rulings. Another significant challenge is public perception and trust. When the judiciary is perceived

<sup>&</sup>lt;sup>19</sup>See Chemin (2012) and Chemin, Kimalu, and Newman-Bachand (2024) for evidence on the effects of overburdened courts. See Besley and Persson (2011) on the importance of legal capacity for economic development and accountability.

as corrupt, inefficient, or biased, citizens often lose faith in formal legal systems and resort to informal dispute resolution mechanisms, as noted by Acemoglu et al. (2020).

Another critical factor is judicial independence, which is our focus here. This issue is not only fundamental to the judiciary's ability to constrain the executive branch, but it has also been the focus of growing empirical research on the causes and consequences of political interference. In weakly institutionalized democracies, strong governments frequently bypass the separation of powers between the executive and the judiciary. This is achieved through various means, including altering judicial rules, controlling appointments and terminations, manipulating judges' compensation, ignoring court rulings, or directly intimidating and delegitimizing courts and judges. Politicians can also subvert judicial processes through bribes or threats (VonDoepp and Ellett 2011) <sup>20</sup>. For instance, presidents in Argentina and Mexico frequently manipulated the composition of their Supreme Courts throughout the 20<sup>th</sup> century to secure favorable rulings (Larkins 1998; Iaryczower, Spiller, and Tommasi 2002; Pérez-Liñán and Castagnola 2016).

O'Donnell (1998) describes how "the effectiveness of horizontal accountability depends on networks of properly committed agencies (including courts)—networks that delegative leaders such as Fujimori, Yeltsin, and Argentina's Carlos Menem are skilled at disrupting through divide-and-conquer tactics." More recently, Correa in Ecuador and Morales in Bolivia intervened to reduce judicial independence (Acemoglu, Robinson, and Torvik 2013). In Zambia, after the Supreme Court invalidated parts of the Public Order Act in 1996, the government proposed constitutional changes to diminish judicial power. Similarly, in Uganda, President Museveni bypassed the judiciary by filing charges with the general court-martial and resorted to direct interference, such as deploying an anti-terrorism unit to re-arrest prisoners who had been granted bail (VonDoepp and Ellett 2011).

In addition to these case studies, recent empirical studies provide further evidence of political interference in judicial decision-making in weakly institutionalized settings. Poblete-Cazenave (2025), for example, examined how pending criminal cases against politicians are resolved depending on their election outcomes. Using a regression discontinuity design, the study found that politicians

 $<sup>^{20}</sup>$ Acemoglu, Robinson, and Torvik (2013) present a model where the judiciary can be bribed, and the wealthy elite can undermine checks and balances

who narrowly won elections were significantly more likely to have their cases closed without conviction. Still, this effect was exclusive to members of the ruling party. The findings suggest that political influence is powerful when ruling parties control the judiciary. Similarly, Lambais and Sigstad (2023) analyzed the outcomes of misconduct cases filed before mayoral elections in Brazil. Their study showed that narrowly elected politicians were 65% less likely to face convictions than those who narrowly lost. Importantly, this leniency persisted despite Brazil's judiciary having formal safeguards for independence, such as lifetime tenure and competitive examinations for judges. The study highlights that political connections can still significantly influence judicial outcomes even in systems with ostensibly strong judicial protections.

Another example involves the promise of future rewards for judges. Aney, Dam, and Ko (2021) studied decisions by Supreme Court judges in India and tested whether post-retirement benefits incentivized favorable rulings for the government. By leveraging the mandatory retirement age of 65 and examining randomly assigned cases relevant to the government, they found that the government was significantly more likely to win important cases decided by judges nearing retirement. Judges who ruled in favor of the government in critical cases were 13–17% more likely to receive prestigious government appointments after retirement, such as positions in the National Human Rights Commission or the Competition Appellate Tribunal. Similarly, Mehmood and Ali (2024) documented how the Pakistani government influences judicial outcomes by distributing high-end housing to senior judges. Their difference-in-differences analysis revealed that judges who received housing benefits were 50% more likely to rule in favor of the government.

The method of judicial appointments also plays a significant role in enabling political influence. Mehmood (2022) examined a judicial reform in Pakistan that shifted appointments for court benches handling government cases from presidential discretion to a peer-based system. The study found that this change reduced state wins by 4% and shortened case delays, demonstrating that less centralized control over judicial appointments can enhance independence. In China, Liu et al. (2022) analyzed a reform that removed local governments' control over court finances and personnel. Using data in civil lawsuits and business registrations, they found that the reform significantly reduced the success rate of local defendants in cases against non-local plaintiffs, suggesting that lowering

judicial influence improves fairness in judicial decisions.

Addressing these challenges requires comprehensive reforms to judicial systems in developing democracies. Judicial reforms can have far-reaching impacts, particularly for marginalized groups. Chemin (2021) analyzed 183 judicial reforms in 36 African countries from 2002 to 2015 and found that these reforms disproportionately benefited powerless and discriminated groups. For example, trust in courts increased significantly among marginalized populations, and perceptions of executive constraints improved after reforms. He also observed that unconnected groups—less likely to have political or social influence—showed marked increases in confidence that the president would respect the courts and laws following judicial reforms.

Capture of Audit Agencies The judiciary is not the only institution subject to political capture. Audit agencies, crucial for monitoring government spending, often face similar challenges. For example, Hidalgo, Canello, and Oliveira (2016) found that in Brazil, auditors appointed by political branches with minimal restrictions were more lenient toward their appointers' allies than independent career bureaucrats. This highlights the importance of insulating judicial and oversight institutions from political interference to strengthen horizontal accountability and ensure equitable governance.

In sum, the evidence presented underscores the pivotal role of independent judiciaries and oversight bodies in deterring corruption, enforcing legal constraints, and fostering public trust. Yet persistent challenges—such as political interference, weak legal capacity, and insufficient judicial independence—expose the fragility of these institutions, especially in low-income democracies. Addressing these shortcomings through judicial and institutional reforms is essential to strengthening oversight, protecting marginalized groups, and reinforcing democratic accountability.

# 6 Diagonal Accountability: Media, Protests, and Civil Society Participation

Unlike vertical and horizontal accountability, diagonal accountability refers to the degree to which non-state actors can hold governments accountable outside formal institutions (Lührmann, Marquardt, and Mechkova 2020). It encompasses many actions of citizens, civil society organizations, and independent media, including information disclosure, public demonstrations, protests, and investigative journalism. These actions not only promote accountability directly, but can also serve to reinforce the mechanisms of vertical and horizontal accountability. For example, media coverage can help voters make better voting choices and influence politicians' behavior (Ferraz and Finan 2008; Banerjee et al. 2024). Civil society meetings and organizations can pressure the government to improve public service delivery (Björkman and Svensson 2009; Fujiwara and Wantchekon 2013). Also, organized protests can aggregate information and drive politicians to adopt specific policies (Madestam et al. 2013; Campbell 2024). The following section presents specific micro-level evidence supporting these mechanisms. We then explore why these mechanisms often fail in many developing contexts.

#### Media

In well-functioning democracies, the media are essential for maintaining checks and balances on politicians. Cross-country evidence suggests that a free press, independent of government ownership, is associated with lower corruption and greater accountability (Adsera, Boix, and Payne 2003; Brunetti and Weder 2003; Djankov et al. 2003; Khemani 2015). Figure 7 shows the relationship between free and independent media, income per capita, and accountability. We use the Press Freedom Index from Reporters Without Borders. This index reflects the ability of journalists to report news in the public interest without political, economic, legal, or social interference. Panel (a) shows that a free and independent press is more likely to exist in wealthier countries. Panel (b) shows that countries with higher levels of media independence tend to exhibit greater diagonal accountability. However, this correlation can be challenging to interpret. Rich countries have free and independent media and other institutions that hold politicians accountable. Fortunately,

several studies have advanced our understanding of the causal relationship between media and accountability by leveraging naturally occurring variations in media coverage to investigate this relationship.

Snyder Jr and Strömberg (2010) examines how newspapers influence the accountability of U.S. congressional politicians. They use variation in the alignment between media markets and political districts, measured by the share of newspaper readers in a given electoral district. When media markets align well with districts, newspapers focus on local representatives, improving coverage. In contrast, misaligned markets dilute attention between multiple politicians. The authors exploit redistricting-induced changes in media coverage and find that newspapers play a critical role in political accountability. Representatives with better media coverage are less ideologically extreme, vote more independently, testify more in hearings, and secure more federal funds for their districts.

Another study examining the role of the media in creating political accountability is Campante and Do (2014). They show that U.S. States with isolated capital cities have more federal corruption convictions and poorer public governance measures. They spend less and achieve poorer educational, public welfare, and healthcare outcomes. The authors show that the lack of media coverage, as newspapers focus less on state politics when capitals are more isolated, leads to worse-informed individuals and poor outcomes.<sup>21</sup>

Despite the less developed media markets in developing countries, there is substantial evidence that the media also plays a crucial role in holding politicians accountable. For example, Besley and Burgess (2002) show that governments in India are more responsive to shocks in areas with a higher newspaper circulation, where voters are better informed. Also, Ferraz and Finan (2008) find that Brazil's federal audits uncovering corruption had a more pronounced impact on mayoral reelection rates in municipalities with local radio stations. Larreguy, Marshall, and Snyder (2020) examined the role of local media in facilitating electoral accountability in Mexico. They found that each additional local media station increased voter punishment for high levels of malfeasance by up to one percentage point.

<sup>&</sup>lt;sup>21</sup>For the U.S., other types of traditional media also matter. Strömberg (1999) shows that counties with more radio listeners during the New Deal Era received greater relief funds.

Evidence also suggests that media access can significantly curb corruption. Reinikka and Svensson (2005) find that Ugandan schools with access to newspapers received more government funding due to reduced corruption. Similarly, Keefer and Khemani (2024) show that community radio programs designed to raise awareness about health and education issues reduce public support for clientelist politicians.

Media Capture Despite evidence that independent media make governments more responsive to citizens, this mechanism is more likely to fail in developing countries, where governments find ways to control media disclosures. Government influence can take various forms, including direct media ownership, subsidies, pressure through advertising, bribes, and even threats or violence against journalists.<sup>22</sup>

Besley and Prat (2006) illustrate this issue with a model in which the government captures media through bribes. Their framework combines elections with the media's role as an information provider, allowing government capture through the suppression of unfavorable news in exchange for bribes. The model predicts that media capture is more likely in environments with few independent media organizations, leading to increased rent extraction and reduced political turnover, as voters are less able to identify ineffective politicians. Given the structure of media markets, capture is more prevalent in poorer countries, where the media industry is less developed and more concentrated.<sup>23</sup>

What evidence exists on media capture? McMillan and Zoido (2002) provide one of the most detailed case studies on political influence over the media. They document how Peru's president, Alberto Fujimori, and his secret police chief, Vladimiro Montesinos, used bribes to capture opposition politicians, judges, and media outlets. Montesinos videotaped these transactions to blackmail recipients into compliance. Payments to judges, politicians, and media executives were made monthly.

Using Montesinos's recorded payment data, McMillan and Zoido (2002) show that bribes to tele-

<sup>&</sup>lt;sup>22</sup>For comprehensive reviews of both theoretical and empirical approaches to media capture, see Prat and Strömberg (2013) and Enikolopov and Petrova (2015).

<sup>&</sup>lt;sup>23</sup>Gehlbach and Sonin (2014) endogenize media ownership and show that media freedom depends non-monotonically on advertising revenue. Louis-Sidois and Mougin (2023) incorporate the possibility that politicians can either influence journalistic investigations or suppress stories at the publication stage, predicting that internal media capture becomes more likely as perceived corruption rises.

vision stations were significantly larger than those to politicians and judges. Furthermore, TV stations received much higher bribes than newspapers, with payments proportional to viewership, reflecting television's dominant role as a news source for most Peruvians.<sup>24</sup>

Government influence over media coverage does not always involve corruption or bribery. Targeted government advertising can also distort political coverage. For example, Di Tella and Franceschelli (2011) examine the relationship between newspaper government advertising and corruption scandal coverage in Argentina. Analyzing front-page content from four newspapers, they find that coverage of corruption scandals decreases when government spending on advertising is high. Similarly, Szeidl and Szucs (2021) provide evidence of a mutually beneficial exchange between Hungary's government and media outlets. They show that state-owned firms spend more on advertising in newspapers owned by right-wing-connected media owners. In return, these newspapers minimize corruption coverage while receiving advertising favors, but increase corruption coverage once those favors end.

Another tactic used by governments to influence the media is the threat of legal action against journalists. Stanig (2015) exploit variation in speech regulations across Mexican states and conduct content analysis of local newspapers, finding that states with stricter punitive defamation laws publish fewer articles on political and bureaucratic corruption as well as police misconduct. These findings suggest that stringent defamation laws discourage investigative journalism.

In weakly institutionalized settings, governments can resort to media censorship. Knight and Tribin (2022) examine state censorship in Venezuela, where the government shut down RCTV, a popular opposition television channel. This type of censorship can also have indirect effects, as other media outlets may alter their content in response (Kronick and Marshall 2024).

Beyond direct political influence, poorer countries experience weaker governance and public goods provision due to limited access to media and information for rural households. In many countries, newspapers and television stations do not reach remote areas, restricting access to vital information and potentially hindering access to public services (Keefer and Khemani 2005).

<sup>&</sup>lt;sup>24</sup>See also Qin, Strömberg, and Wu (2018) on how competition between media outlets can limit bias even in non-democratic regimes like China, and Zhuang (2022) on how local Chinese newspapers report on officials investigated during the anti-corruption campaign.

## Internet and Social Media

While much of the literature on media and political accountability has focused on traditional sources such as radio, television, and newspapers, the rise of the Internet- particularly social media- can reshape the relationship between citizens and politicians.<sup>25</sup> This transformation may be especially beneficial in countries with underdeveloped media markets, where traditional outlets are more vulnerable to government capture.

Despite initial optimism about the Internet and social media as tools for accountability, their impact has been mixed. While they have lowered barriers to campaigning, information dissemination, and collective action in media markets dominated by a few actors, their effects vary by context. For example, in South Africa, the expansion of mobile 3G Internet increased voter turnout, led to more parties contesting elections, and reduced the incumbent party's popularity (Donati 2023). Social media has also been shown to help voters punish corrupt politicians in municipal elections (Enríquez et al. 2024) and encourage citizens to report electoral irregularities (Garbiras-Díaz and Montenegro 2022).

Even in less democratic settings such as Uganda, Malaysia, and Russia, access to the Internet and social media have influenced electoral outcomes. In Malaysia, Miner (2015) finds that Internet expansion reduced the incumbent party's vote share after decades in power. Similarly, in Uganda, social media provided voters a platform to challenge autocrats, even when traditional media was state-controlled (Bowles, Marshall, and Raffler 2024). Beyond elections, the Internet has also shaped accountability in other ways. For example, Enikolopov, Petrova, and Sonin (2018) examine the impact of Alexey Navalny's anti-corruption blog in Russia, showing that it significantly influenced managerial turnover and the stock performance of state-controlled companies exposed for corruption.

While these examples suggest that the Internet and social media can enhance government accountability, there is also growing evidence of their adverse effects. First, they have facilitated the spread

<sup>&</sup>lt;sup>25</sup>Empirical evidence from wealthy countries shows that Internet and social media access significantly influence political participation and voting outcomes (e.g., Campante, Durante, and Sobbrio (2018) and Fujiwara, Müller, and Schwarz (2024)). For a comprehensive review of how the Internet and social media affect political outcomes, see Zhuravskaya, Petrova, and Enikolopov (2020).

of misinformation (Vosoughi, Roy, and Aral 2018) and allowed politicians to engage directly with their social media followers while strategically targeting resources to other voters (Bessone et al. 2022). Social media has also been used as a tool for censorship and control (Chen and Yang 2019) and to suppress protests (Qin, Strömberg, and Wu 2017). Finally, increasing evidence links the rise of 3G Internet to growing mistrust and polarization, ultimately undermining accountability (Guriev, Melnikov, and Zhuravskaya 2021).

**Protests** As discussed earlier, the Internet and social media influence horizontal and vertical accountability mechanisms. They also enhance accountability by enabling collective action and organizing protests. In recent decades, mass protests have increased in both developed and developing countries (Ortiz et al. 2022), with growing evidence suggesting that social media has played a key role in driving this rise.

For instance, Fergusson and Molina (2019) examined how the introduction of Facebook in various countries and new languages significantly increased protest activity in regions where those languages are spoken. This effect was particularly pronounced in areas with greater internet access, deeper economic grievances, and fewer offline coordination opportunities. Similarly, Christensen and Garfias (2018) found that expanding cellphone coverage increased the frequency of protests worldwide. Manacorda and Tesei (2020) reported comparable findings in Africa, especially during economic downturns. Additionally, Enikolopov, Makarin, and Petrova (2020) analyzed the expansion of a social network in Russia and discovered that greater network penetration increased both the likelihood of protests and the number of participants. Furthermore, Qin, Strömberg, and Wu (2019) studied the rapid spread of Sina Weibo in China from 2009 to 2013, demonstrating how social media facilitated the diffusion of protests across cities and contributed to a rise in strikes and demonstrations.

While much of the existing literature has examined the factors leading to protests and the role of the Internet and social media in coordination, a growing body of research explores the effects of protests. In a historical context, Aidt and Franck (2015) investigate the Swing Riots of the 1830s, when agricultural workers in southern and eastern England protested against mechanization and harsh working conditions. They find that the number of riots within a 10-kilometer radius of a constituency was strongly correlated with the share of seats won by reform-friendly Whigs and Radicals in the 1831 election. The authors argue that these riots, serving as a proxy for perceptions of revolutionary threat, played a crucial role in the passage of the Great Reform Act of 1832, which ultimately paved the way for universal and equal suffrage.<sup>26</sup>

In democratic settings, protests can aggregate information and influence electoral and policy outcomes. For example, Madestam et al. (2013) examine the rise of the Tea Party movement in the United States. Using rainfall as an instrument, they show that higher protest participation increased Republican votes in the 2010 House elections. They also find suggestive evidence that these protests influenced policy outcomes. Similarly, González (2020) analyze the 2011 student protests in Chile against educational reform, providing evidence that the movement shifted votes toward candidates more aligned with its demands. Protests can also serve as a check on corruption and rent-seeking. Acemoglu, Hassan, and Tahoun (2018) study Egypt's Arab Spring protests and find that larger demonstrations significantly reduced the market valuation of firms connected to the ruling National Democratic Party, suggesting that street protests can constrain favoritism and corruption.

## Civil Society

Many countries introduced reforms in the 1990s and 2000s to enhance civil society participation in government decision-making.<sup>27</sup> These bottom-up accountability mechanisms take various forms, including direct democracy, local councils composed of civil society members, and institutions that allow citizens to influence public investment priorities.

Direct democracy, where citizens vote directly on government decisions, is seen as a way to align resource allocation more closely with public preferences. In the U.S., voter initiatives allow citizens to propose and approve laws via popular vote. Matsusaka (2005) finds that states with voter initiatives have significantly lower per capita spending and rely more on service charges than taxes. Similarly, Funk and Gathmann (2011) shows that direct democracy in Switzerland constrains local

<sup>&</sup>lt;sup>26</sup>These findings align with the theories of Acemoglu and Robinson (2000) and Acemoglu and Robinson (2006), which emphasize the role of protests and revolutionary threats in driving political regime changes.

 $<sup>^{27}\</sup>mathrm{See}$  Bardhan (2002) for a discussion on decentralization and development.

spending, though the effect is smaller than previously estimated.

In developing countries, experiences with direct democracy are more limited. Many Community-Driven Development (CDD) initiatives have been introduced by foreign aid donors, aiming to give communities control over public goods while fostering inclusive, transparent, and participatory decision-making.<sup>28</sup> Casey (2018) reviews multiple RCTs and concludes that while CDD effectively delivers local public goods and generates economic benefits, there is little evidence that it empowers marginalized groups or transforms local institutions.

Participatory budgeting is another mechanism for enhancing political accountability, first developed in Porto Alegre, Brazil. In this model, citizens directly engage in meetings to negotiate budget allocations and investment priorities with government officials. Gonçalves (2014) analyzes its expansion across Brazilian municipalities and finds that it increased health and sanitation spending, leading to a 5-10% reduction in infant mortality.<sup>29</sup>

Civil society also holds governments accountable through community meetings and grassroots organizations. In Uganda, information campaigns and meetings between residents and health clinic staff improved healthcare delivery and health outcomes (Björkman and Svensson 2009; Björkman Nyqvist, De Walque, and Svensson 2017). Similarly, in Mumbai, India, the Rationing Kruti Samiti (RKS) worked to improve the Public Distribution System (PDS), which provides subsidized food to low-income settlements (Goetz and Jenkins 2001).

However, a key challenge with direct democracy and participatory mechanisms in developing countries is the risk of elite capture, where political power remains concentrated among local elites, distorting democratic decision-making (Bardhan 2002; Bardhan and Mookherjee 2006). Historical evidence from Sweden in the 1920s and 1930s illustrates this issue. Some municipalities used town meetings for economic decision-making, and Hinnerich and Pettersson-Lidbom (2014) find that those governed by direct democracy spent 40–60% less on social welfare for the poor than those under representative democracy. Their findings support the elite capture hypothesis, showing

<sup>&</sup>lt;sup>28</sup>See Mansuri and Rao (2004) for a discussion on the benefits and challenges of direct democracy.

 $<sup>^{29}</sup>$ These positive effects depend on local context. For instance, Jaramillo and Alcázar (2016) finds no significant impact from participatory budgeting in Peru during the mid-2000s.

that municipalities dominated by a single party exhibited spending patterns similar to those of governments operating under direct democracy.

Evidence from Indonesia further highlights the limitations of direct democracy in settings where a few individuals dominate local decision-making. Olken (2010) finds that direct democracy does not significantly affect resource allocation outcomes when decision-making meetings are controlled by elites. $^{30}$ 

In sum, diagonal accountability is crucial for strengthening democratic governance by enabling citizens, civil society, and independent media to hold bureaucrats and political leaders to account. Yet in many developing countries, these mechanisms face persistent challenges, including media capture, state repression, misinformation, and elite dominance in participatory processes.

## 7 Conclusions

Over the past fifty years, many developing nations have adopted democratic systems. However, this chapter illustrates that merely establishing basic democratic institutions does not ensure inclusive governance. Despite decades of democratic rule, issues such as corruption, clientelism, and inadequate public service delivery remain prevalent. We contend that weak accountability mechanisms are central to these democratic shortcomings. In many developing countries, citizens, political parties, the judiciary, and media organizations struggle to hold elected officials accountable effectively.

Failures in governance can be attributed to several factors. First, there is weak vertical accountability. Voters often lack information and struggle to attribute responsibility for political outcomes, making it challenging to hold politicians accountable. Even when voters are informed, they may face coercion, vote-buying, or patronage in exchange for electoral support. Additionally, political parties are frequently weak and lack clear programs, which exacerbates these issues (Keefer 2015; Levitsky et al. 2016). In many instances, candidates do not possess the necessary qualities to meet voters' expectations or preferences. Second, there is weak horizontal and diagonal accountability. Even

 $<sup>^{30}</sup>$ However, evidence from Afghan villages suggests that direct democracy can reduce elite influence over allocation decisions, even in weakly institutionalized settings (Beath, Christia, and Enikolopov 2017). Similarly, Alatas et al. (2012) find no significant elite capture in community-based targeting programs in Indonesia.

when voters are willing to punish under-performing politicians, many countries lack robust judicial, legislative, and media institutions to check abuses of power effectively. Consequently, politicians can engage in illegal activities for extended periods without facing repercussions at the ballot box.

We have emphasized that politicians are not passive actors in the political system; instead, they actively try to manipulate accountability mechanisms to strengthen their *de facto* political power (Acemoglu and Robinson 2008). As O'Donnell (1994) argues, "Since the institutions that make horizontal accountability effective are seen by delegative presidents as unnecessary encumbrances to their 'mission,' they make strenuous efforts to hamper the development of such institutions." We have provided several examples of this dynamic, including governments bribing the media to suppress unfavorable news, coercing the judiciary through payments and intimidation, using social media to dismantle protests, and collaborating with non-state armed groups in exchange for electoral support.

While many of these failures are well-documented, much of the literature on the political economy of developing countries has overemphasized vertical accountability, often overlooking the crucial roles of horizontal and diagonal accountability. A central insight of this chapter is that these three interdependent accountability channels—vertical, horizontal, and diagonal—jointly shape governance outcomes, yet are often studied in isolation. Recent research has begun to highlight how these mechanisms interact to foster better governance (e.g., Avis, Ferraz, and Finan 2018; Finan and Mazzocco 2025; Avis et al. 2022). Understanding these interactions and their collective role in sustaining democracy remains a critical avenue for future research.

At first glance, an intuitive solution to the governance failures described in this chapter might be to push for incremental interventions through experimentation. These include information campaigns for voters, report cards on politicians, anti-vote-buying initiatives, media messages against clientelism, and direct democracy mechanisms such as community-driven development (Callen, Weigel, and Yuchtman 2024; Dunning et al. 2019). While many of these interventions have shown significant effects, they are unlikely to address the structural political equilibria that sustain misgovernance. For instance, distributing a report card before an election might temporarily increase voter aware-

ness, helping them reward competent politicians and punish ineffective ones. However, a one-time intervention is unlikely to alter the long-term equilibrium of political under-performance, especially as political actors adapt and respond. Sustained political change will likely require strengthening fundamental accountability institutions, such as fostering a more independent and investigative media. Thus, while field experiments that seek to improve accountability mechanisms are valuable, they should be complemented by broader research in collaboration with governments and a focus on studying the effects of large-scale institutional reforms (e.g., Muralidharan, Niehaus, and Sukhtankar 2016; Avis et al. 2022).

Many governance challenges in developing countries deserve further research. First, in many developing countries, voters are growing increasingly frustrated with the failure of democracy to improve their lives. Recent micro-level evidence shows that citizens exposed to longer successful democratic spells express greater support for democracy, while economic mismanagement and corruption scandals undercut it (Acemoglu et al. 2024; Krishnarajan and Svolik 2023; Rivera, Seira, and Jha 2025). Second, the rapid rise of the Internet and social media has been a double-edged sword for accountability in developing countries. While new technologies can enhance transparency and civic coordination, they also facilitate disinformation, targeted censorship, and polarization. Less educated voters are particularly vulnerable to misinformation and tribalism, which can weaken political accountability.

Third, this growing discontent with democracy has been accompanied by increasing polarization in many countries. When polarization is high, voters have a strong preference for their favorite candidate, which makes it costly for them to punish an incumbent by voting for a challenger. Incumbents exploit this lack of credible punishment by manipulating the democratic process in their favor and dismantling checks and balances. Many citizens prefer to tolerate violations of democratic rules by co-partisans as long as cherished policies are delivered (Svolik 2020). This phenomenon can even happen when citizens have firm commitments to democratic institutions as elected incumbents erode democracy only incrementally and voters face uncertainty about whether the incumbent is pursuing a sincere policy or undermining democracy (Luo and Przeworski 2023; Chiopris, Nalepa, and Vanberg 2025). Part of this democratic discontent stems from the perception

that politicians are unrepresentative and flawed. More research is needed on who chooses to run for office, how political parties select candidates, and mechanisms to enhance party accountability (e.g., Dal Bó and Finan 2018; Casey, Kamara, and Meriggi 2021; Dal Bó et al. 2024). Understanding why voters support dismantling accountability institutions and turn to authoritarianism remains a crucial agenda for developing countries.

The evidence presented in this chapter conveys a clear message: strengthening accountability requires multifaceted strategies. Robust judicial protections, auditing capacity, and media freedom must complement electoral reforms that expand political competition and reduce violence and vote-buying. Investments in civil society, participatory platforms, and local oversight mechanisms can also empower citizens to monitor public spending and service provision. While there is no universal blueprint, the research surveyed here suggests that policies reinforcing the complementary nature of vertical, horizontal, and diagonal accountability are more likely to curb abuses of power and foster human development.

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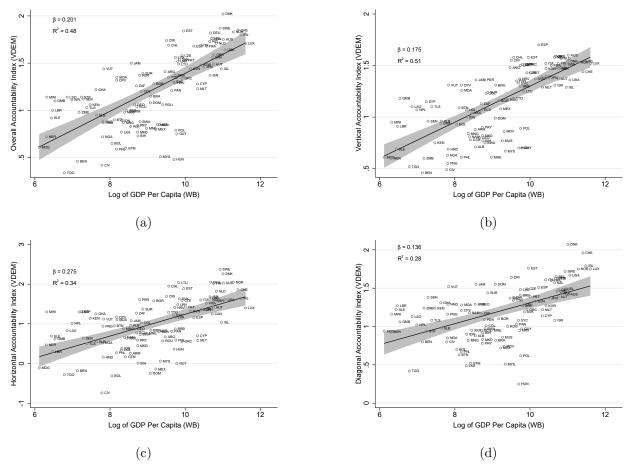
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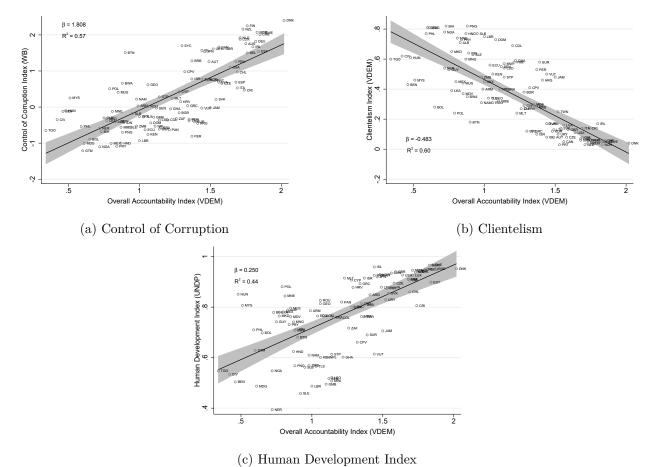
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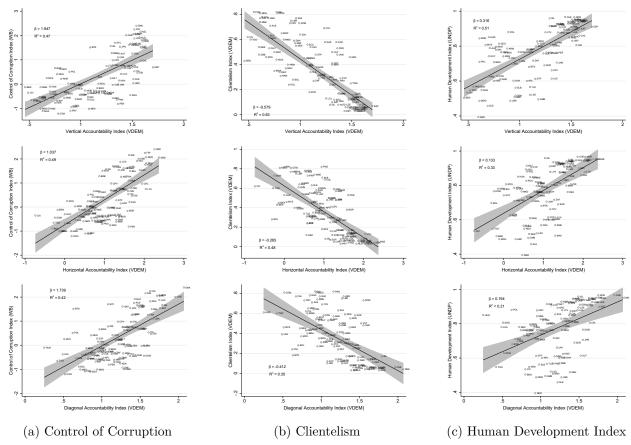
Notes. This figure illustrates the correlation between the various accountability measures from Lührmann, Marquardt, and Mechkova (2020) and the natural logarithm of GDP per capita in 2022 at 2015 constant prices. The analysis is limited to data from countries with a V-Dem democratic score above 0.42. All accountability indexes are sourced from the V-DEM project and range from -2 to 2, with higher values indicating stronger accountability. Panel (a) examines the overall accountability index, which measures constraints on governmental use of political power by all relevant actors, requiring justification and allowing for sanctions. Panel (b) focuses on the vertical accountability index, which measures constraints on governmental use of political power by a state's population, holding its government accountable through elections. Panel (c) analyzes the horizontal accountability index, which measures constraints on governmental use of political power by a state's institutions through checks and balances. Panel (d) explores the diagonal accountability index, which measures constraints on governmental use of political power by civil society organizations and media activity.

Figure 1: Accountability and Income per Capita



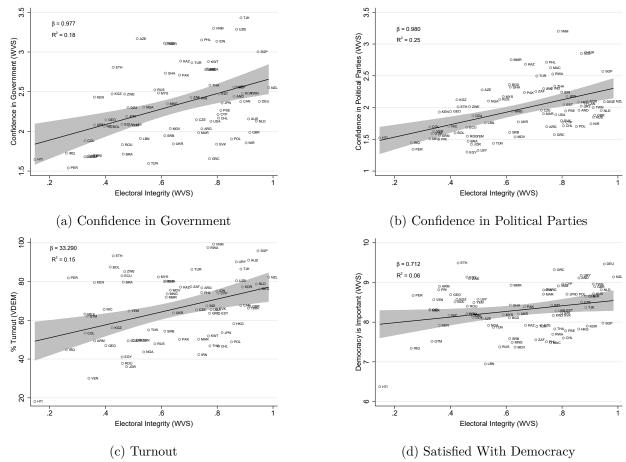
Notes. This figure illustrates the association between overall accountability and control of corruption, clientelism, and the Human Development Index (HDI). The accountability measure comes from Lührmann, Marquardt, and Mechkova (2020) and ranges from -2 to 2, where higher values indicate stronger accountability. It measures constraints on governmental use of political power by all relevant actors, requiring justification and allowing for sanctions. The analysis is based on data from 2022 and includes countries with a V-Dem democratic score above 0.42. The dataset covers 179 countries. Panel (a) examines the Control of Corruption index from the World Bank, which measures the extent to which public power is used for private gain and state capture by elites. This index ranges from -2.5 (weak control) to +2.5 (strong control) and covers 173 countries, including 102 democracies. Panel (b) focuses on the Clientelism Index from the V-Dem dataset, which captures the degree to which politics relies on clientelistic relationships rather than programmatic policies or ideologies. It is based on data related to vote-buying, particularistic vs. public goods, and programmatic vs. clientelistic party linkages. The index includes data from 179 countries, including 103 democracies. The scale ranges from 0 (lowest level of clientelism) to 1 (highest level). Panel (c) analyzes the Human Development Index (HDI), developed by the United Nations Development Program (UNDP), which measures average achievements in health, education, and living standards. The latest data, from 2022, includes 173 countries, including 101 democracies. The scale ranges from 0 to 1, where 0 represents the lowest level of human development and 1 represents the highest. We define democracies as countries with a V-Dem Electoral Democracy Index score above 0.42-see Kasuya and Mori (2019). All non-V-Dem data is sourced from the World Bank Group.

Figure 2: Overall Accountability and Good Governance



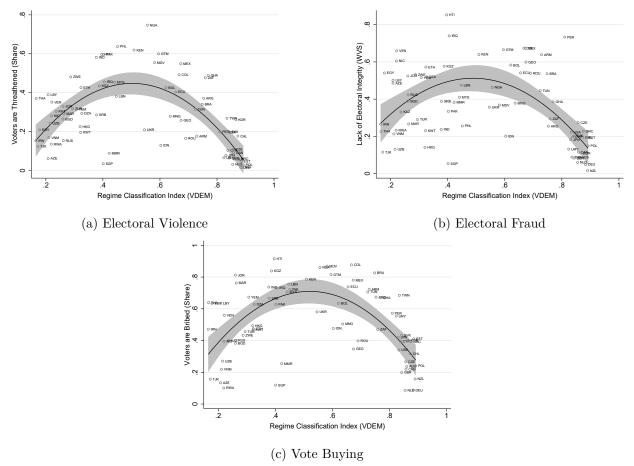
Notes. This figure plots the associations between sub-components of accountability and control of corruption, clientelism, and the human development index. The top row corresponds to vertical accountability. The middle row corresponds to horizontal accountability. The bottom row corresponds to diagonal accountability. See the notes in Figure 1 for more details.

Figure 3: The Sub-Components of Accountability and Good Governance



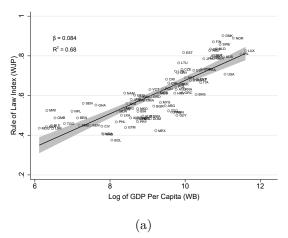
Notes: These figures illustrate the correlation between public perceptions of a lack of electoral integrity and the regime classification index. The analysis uses data from all seven rounds of the World Value Survey (WVS), but only the most recent survey for each country is included. Perceptions of a lack of electoral integrity are measured as the share of respondents who believe votes in elections were counted "not often" or "not at all often" fairly and honestly. Panel (a) focuses on public confidence in the government, which is measured as the share of respondents who indicate they trust the government "a lot" or "a great deal". Panel (b) focuses on confidence in political parties, which is measured as the share of respondents who indicate they trust them "a lot" or "a great deal". Panel (c) shows the correlation with voter turnout, which is sourced from the core questionnaire of the V-Dem project. The latter is defined as the share of registered voters who participated in the most recent national election, based on official results. Panel (d) focuses on public opinion on the importance of democracy, which is measured as the share of respondents who rated it 5 or higher on a scale from 1 ("not at all") to 10 ("absolutely").

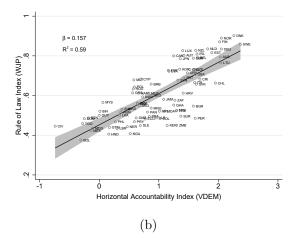
Figure 4: Electoral Integrity



Notes: These figures illustrate the correlation between electoral malpractices and V-DEM Electoral Democracy index. The analysis uses data from all seven rounds of the World Value Survey (WVS), but only the most recent survey for each country is included. Panel (a) focuses on electoral violence, which is measured as the share of respondents who believe that voters are threatened with violence "fairly often" or "very often" at the polls. Panel (b) focuses on electoral fraud, which is measured as the share of respondents who believe votes in elections were counted "not often" or "not at all often" fairly and honestly. Panel (c) focuses on vote buying, which is measured as the share of respondents who believe that voters are bribed "fairly often" or "very often" in elections.

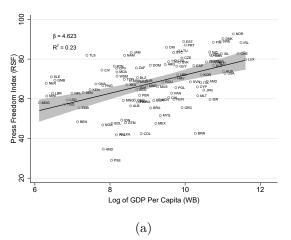
Figure 5: Electoral Malpractices

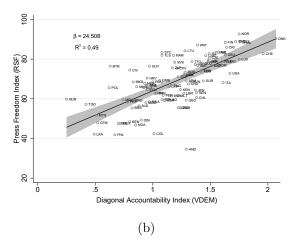




Notes: These figures illustrate the correlation between the Rule of Law Index, income, and horizontal accountability. The sample is limited to data from 2022 and countries with a V-Dem democratic score above 0.42. The Rule of Law Index, sourced from the World Justice Project, measures the strength of a country's legal system, institutions, and norms in ensuring accountability, just laws, open government, and impartial justice. It ranges from 0 to 1, with higher scores indicating a stronger rule of law. Panel (a) focuses on its correlation with the logarithm of GDP per capita in 2022 at 2015 constant prices. Panel (b) shows the correlation with the horizontal accountability index from Lührmann, Marquardt, and Mechkova (2020). The latter measures constraints on governmental use of political power by a state's institutions through checks and balances. It ranges from -2 to 2, where higher values indicate stronger accountability.

Figure 6: Rule of Law, income, and horizontal accountability





Notes: These figures illustrate the correlation between the Press Freedom Index and different measures. The sample is limited to data from 2022 and countries with a V-Dem democratic score above 0.42. The Press Freedom Index, sourced from Reporters Without Borders, reflects the ability of journalists to report news in the public interest without political, economic, legal, or social interference. It ranges from 0 to 100, with higher scores indicating greater press freedom. Panel (a) focuses on its correlation with the logarithm of GDP per capita in 2022 at 2015 constant prices. Panel (b) shows the correlation with the diagonal accountability index from Lührmann, Marquardt, and Mechkova (2020). The latter measures constraints on governmental use of political power by civil society organizations and media activity. It ranges from -2 to 2, where higher values indicate stronger accountability.

Figure 7: Freedom of Press, income, and diagonal accountability

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Table 1: Accountability and governance

	Control Corruption	Clientelism	HDI	Control Corruption	Clientelism	HDI
	(1)	(2)	(3)	(4)	(5)	(6)
Vertical accountability	0.274***	-0.530***	0.642***	0.408***	-0.586***	0.773***
	(0.087)	(0.098)	(0.103)	(0.083)	(0.106)	(0.089)
Horizontal accountability	0.342***	-0.288**	0.111	0.311***	-0.278***	0.055
	(0.083)	(0.111)	(0.102)	(0.070)	(0.100)	(0.103)
Diagonal accountability	0.231**	-0.008	-0.034	0.125	0.044	-0.117
	(0.104)	(0.099)	(0.122)	(0.098)	(0.100)	(0.104)
${\rm Vertical} \times {\rm Horizontal}$				0.159**	-0.091	0.064
				(0.072)	(0.073)	(0.096)
$Vertical \times Diagonal$				0.353***	-0.125	0.449***
				(0.089)	(0.135)	(0.132)
$Horizontal \times Diagonal$				-0.111	-0.027	-0.162
				(0.073)	(0.104)	(0.129)
Observations	102	103	101	102	103	101
R-squared	0.5785	0.5936	0.4965	0.6694	0.6294	0.5755

Note: This table use the accountability measures comes from Lührmann, Marquardt, and Mechkova (2020) and ranges from -2 to 2, where higher values indicate stronger accountability. It measures constraints on governmental use of political power by all relevant actors, requiring justification and allowing for sanctions. The analysis is based on data from 2022 and includes countries with a V-Dem democratic score above 0.42. The dataset covers 179 countries. The Control of Corruption index from the World Bank, which measures the extent to which public power is used for private gain and state capture by elites. This index ranges from -2.5 (weak control) to +2.5 (strong control) and covers 173 countries, including 102 democracies. Clientelism Index from the V-Dem dataset, which captures the degree to which politics relies on clientelistic relationships rather than programmatic policies or ideologies. It is based on data related to vote-buying, particularistic vs. public goods, and programmatic vs. clientelistic party linkages. The index includes data from 179 countries, including 103 democracies. The scale ranges from 0 (lowest level of clientelism) to 1 (highest level). The Human Development Index (HDI), developed by the United Nations Development Program (UNDP), which measures average achievements in health, education, and living standards. The latest data, from 2022, includes 173 countries, including 101 democracies. Significance levels: \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01.