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Abstract

This article marshals empirical evidence from a cross-section of up to 86 countries to consider the assertion that clientelism will reduce income redistribution because it implies the weakness of programmatic politics, thus undermining the emergence of broad-based redistributive programs. To measure clientelism I turn to expert surveys capturing the extent to which political candidates and parties promise selective material and non-material benefits to voters. The analysis controls for a range of potentially confounding covariates including the level of economic development and democracy, market income inequality and ethnic heterogeneity. It moreover accounts for the real possibility that more extensive redistributive programs may undermine the strength of clientelism. The results strongly support the expectation that clientelism is inimical to income redistribution.

Keywords: clientelism, income redistribution, programmatic politics

JEL Classification: D31, D72, H11

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1. Introduction

Clientelism describes a relationship whereby a citizen (the client) offers political support to a public official (the patron), in exchange for material goods or non-material benefits such as access to public services, interventions with the public administration on one's behalf, and public sector jobs (see, for example, Hicken, 2011). The general consensus is that clientelism will reduce income redistribution because it implies the weakness of programmatic political parties, thus undermining the emergence of broad-based redistributive programs based on taxes and social transfers (Kitschelt and Wilkinson 2007; Stokes et al., 2013; Houle, 2017). However, to date, no empirical evidence has been provided to support this important assertion.

In this brief note, I will fill this gap in the literature by employing an indicator reflecting the strength of clientelism and conducting an empirical analysis based on a cross-country sample of up to eighty-six countries. In the analysis I control for a range of potentially confounding covariates and account for the presence of reverse causality or the real possibility that the extent of redistribution can impact on the strength of clientelist politics. The results strongly confirm the negative impact of clientelism on income redistribution.

2. Data and empirical method

To measure clientelism I turn to Duke University's Democratic Accountability and Linkages Project that conducted expert surveys on a range of political party attributes during the years 2008 and 2009. These include questions on the degree of effort – on a four point scale ranging from a negligible effort or none at all, to a major effort, – exerted by candidates and parties to attract voters by promising a range of selective benefits including: 1) consumer goods; 2) material advantages in public social policy schemes; 3) preferential access to employment in the public sector or in the publicly regulated private sector; 4) preferential access to government contracts or procurement opportunities or; 5) influence or promise to influence the application of regulatory rules issued by government agencies. The indicator I employ is one that sums the scores on each of these questions weighted by party size.

A very low score on this indicator implies little or no effort to entice voters with particularistic benefits. This is a feature of programmatic parties that have been broadly defined as parties that "generate policy, mobilize support, and govern, on the basis of a consistent and coherent ideological position" (International IDEA, 2012). Cruz and Keefer (2015) put forward a programmatic politics indicator based on the Database of Political Institutions (DPI). Focusing on the three largest government and the largest opposition party, their programmatic party indicator is the share of these parties that the DPI identified as having a right, left of center orientation. This is an imperfect measure since it classifies as non-programmatic, parties on which there is no information, but also nationalist, rural, regional or religious parties. Notwithstanding this limitation, the simple correlation between the clientelism indicator and the programmatic party indicator is -0.4085 (p-value of zero), supporting the idea that the strength of clientelism implies the weakness of programmatic politics.

To measure income redistribution, I follow previous work and employ two indicators namely absolute redistribution (Gini market income – Gini disposable income) and

relative redistribution (the above difference divided by the Gini market income) (see also Houle, 2017 and Kyriacou et al., 2018 and citations therein). The inequality data comes from Solt (2016). This data, as well as that of all the time varying variables employed in the study are for the year 2009 or, if unavailable, the closest year to it.

A first approximation of the link between clientelism and redistribution can be seen in figure 1. The relationship is clearly negative as attested by a simple correlation coefficient of -0.7298 (p-value of 0).

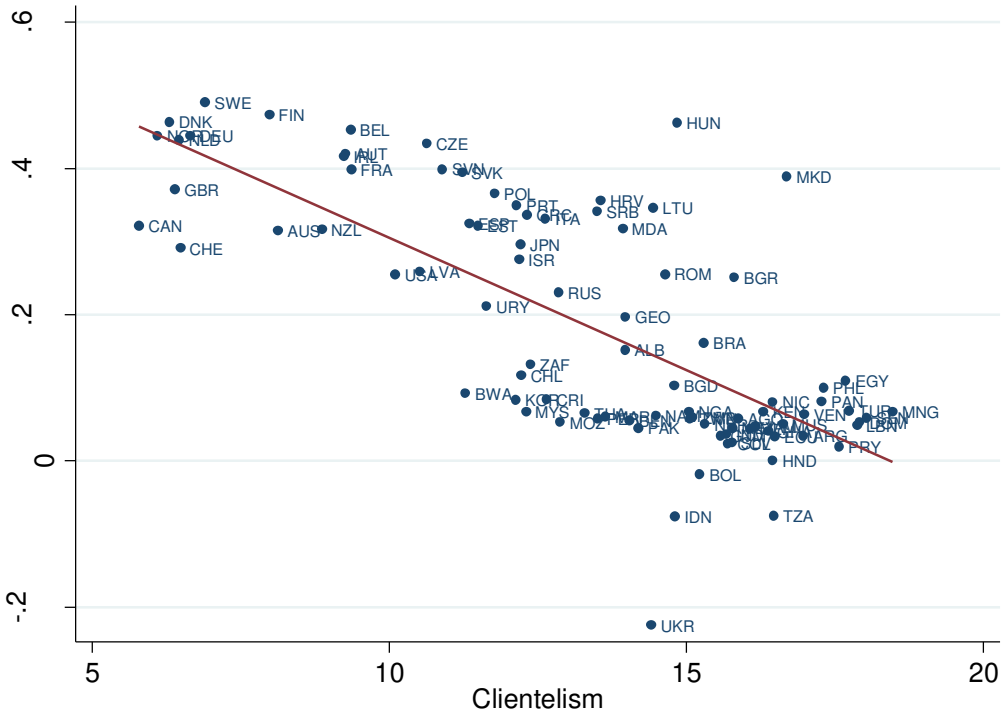

Figure 1. Clientelism and Redistribution

Figure 1 is silent on the effect of potentially confounding variables or the direction of causality. To address omitted variable bias I control for real GDP per capita (from the Penn World Tables) since wealthier countries have more resources to redistribute (Houle, 2017) and because relatively wealthier voters are less likely to sell their votes in return for selective benefits (Scott, 1969; Stokes et al., 2013). I control for the level of democracy based on the Polity2 measure (Polity IV project) because in my sample this ranges from -6 to 10 and the nature of both clientelism and redistributive politics is likely to vary with the level of democracy (Hicken, 2011; Acemoglu et al. 2015). I control for market inequality (market Gini from Solt, 2016) since this may drive redistributive demands (Meltzer and Richard, 1981). I control for ethnic heterogeneity on the strength of the argument that it undermines redistribution (Alesina et al., 1999; Alesina and Glaeser, 2004). I account for economic growth (World Development Indicators-WDI) because the business cycle is likely to affect redistributive demands and the budget constraint (Houle, 2017). I control for the share of the population 65 years of age or older (WDI) since in countries with comprehensive public pension systems, retirees have

negligible or no market income, something that increases market inequality and, consequently, redistribution through the tax and transfer system (Huber and Stephens 2014). I also control for the degree of urbanization because the greater anonymity of cities, together with the secret ballot, is likely to undermine vote buying (Stokes et al. 2013). Finally, I include regional fixed effects and control for legal origins (La Porta et al., 2008), since legal traditions may capture the interventionist nature of states and, specifically, the possibility that redistribution may be greater as we move from common law, to civil law and, finally, to Soviet legal systems.

Reverse causality is another possibility. The strength of broad-based redistributive programs is likely to weaken clientelist politics since it will tend to reduce the demand of specific material and non-material benefits by voters. To account for this, I employ TSLS regressions. As an instrument for clientelism I use years of education in 1870. Uslaner (2017) has convincingly argued that historical mass education increased the employment options available to individuals and, as a result, reduced reliance on personal patron-client networks. The proposed instrument is strongly and negatively correlated with clientelism (-0.8371, p-value of 0).

3. Results

For brevity, I only report the results when using the relative redistribution measure but nothing substantive changes when instead employing the absolute redistribution one (unsurprising given the correlation is 0.986, p-value of 0).

I apply OLS in column 1 of Table 1. The association between relative redistribution and clientelism is negative and statistically significant. Evidence of the negative impact of clientelism emerges from columns 2 to 6 where, instead, the TSLS estimator is employed. In column 2 I repeat the model estimated in column 1. In column 3 I add the programmatic politics indicator to see if it is independently associated with redistribution. It is not. In column 4, I control for contemporary education levels (WDI) and the efficiency of the public administration (based on the Government effectiveness measure – World Governance Indicators). Controlling for current education allows us to shore up the exclusion restriction in the TSLS estimates since historical education may impact on redistribution through contemporary education levels. Controlling for public administration efficiency accounts for the possibility that redistribution may depend on administrative capacity (Kyriacou et al., 2018). In column 5 I control for the executive branch's ideology (ranging from, right, center to left and based on the DPI measure), since left-leaning executives are expected to be more redistributive than right leaning ones (Bradley et al, 2003; Huber and Stephens, 2014). In column 6 I control for public spending (% of GDP) in health and education policies (WDI), because these are likely to have a direct impact on market income (Solt, 2016) and since "[c]lientelistic redistribution leads to the underprovision of public goods because such goods, by definition, benefit all people" (Robinson, 2010: 46). In all cases, the estimated negative impact of clientelism on redistribution is confirmed.

Table 1. Clientelism and Redistribution

	Dependent variable: Relative Redistribution					
	OLS	TSLS				
	(1)	(2)	(3)	(4)	(5)	(6)
Clientelism	-0.0116***	-0.0271***	-0.0281***	-0.0254***	-0.0274***	-0.0152**
	(0.0040)	(0.0078)	(0.0090)	(0.0095)	(0.0089)	(0.0074)
GDP per capita (log)	0.0244	0.0186	0.0181	0.0149	0.0261	-0.0207
	(0.0213)	(0.0235)	(0.0233)	(0.0268)	(0.0275)	(0.0230)
Democracy	0.0011	0.0003	0.0005	0.0005	0.0091	0.00157
	(0.0032)	(0.0026)	(0.0026)	(0.0028)	(0.0066)	(0.0023)
Market Gini	0.654**	0.216	0.193	0.224	0.113	0.321
	(0.324)	(0.192)	(0.225)	(0.187)	(0.204)	(0.195)
Ethnic heterogeneity	-0.0961*	-0.0878*	-0.0928**	-0.0861*	0.111*	-0.119***
	(0.0507)	(0.0488)	(0.0460)	(0.0473)	(0.0577)	(0.0459)
GDP growth	0.0041	-0.0027	-0.0028	-0.0021	-0.0019	-0.0050
	(0.0035)	(0.0025)	(0.0026)	(0.0026)	(0.0033)	(0.0040)
% Elderly	0.971***	0.827***	0.817***	0.920***	0.833**	0.397
	(0.294)	(0.310)	(0.310)	(0.301)	(0.352)	(0.341)
Urbanization	-0.0583	-0.0925	-0.0905	-0.0294	-0.188	0.0653
	(0.0912)	(0.107)	(0.107)	(0.112)	(0.148)	(0.0856)
Programmatic politics			-0.0136			
			(0.0357)			
Years of education				-0.0014		
				(0.0090)		
Government effectiveness				-0.0164		
				(0.0325)		
Political ideology					-0.0031	
					(0.0068)	
Health spending						0.998
						(0.718)
Education spending						1.951
						(1.343)
N	86	60	60	57	45	42
adj. R^2	0.801	0.839	0.830	0.855	0.866	0.890
1st stage F statistic		23.1526	16.4374	14.826	10.7748	8.3752

Robust standard errors in parentheses. * p < 0.1, ** p < 0.05, *** p < 0.01. All regressions include a constant, Soviet, Scandinavian, German and French legal origin dummies and regional fixed effects (not shown). Years of education in 1870 is the instrumental variable employed in the TSLS regressions.

While not shown, the results are maintained when additionally controlling for other variables employed by previous work including, ethnic inequalities, generalized trust, institutional checks, religious affiliations, electoral systems and presidential or parliamentary regimes.

4. Conclusion

Empirical evidence is provided to support the assertion that clientelism will reduce income redistribution because it reflects the weakness of programmatic political parties thus undermining the emergence of broad-based redistributive programs based on taxes and social transfers. The analysis controls for a range of potentially confounding covariates and accounts for the possibility that redistribution may also impact on clientelism. Data permitting, future empirical work should focus on how clientelism may impact on the range of specific tax and spending policies that constitute the programmatic redistribution of income.

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