

## Consequences of Clientelism for Social Policy Design in Mexico

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### ***Extended Abstract***

The prevalence of political clientelism – the use of public funds for political gains – in new democracies is well-documented; as are the negative consequences of this phenomenon for both economic development and democratic consolidation (Kitschelt and Wilkinson 2007b, Stokes et al. 2013). The last decade has seen an extensive increase in research on the impact of political clientelism on the political process. By now, we better understand how clientelism and political representation relate to each other (see Nichter 2008, Stokes et al. 2013) as well as how clientelistic behaviour perverts policy implementation through political manipulation (e.g. De La O 2013). However, we know little about clientelistic actors' behaviour in the decision-making process and the consequences it entails for the quality of policy output or how the design of policies promotes clientelistic compared to programmatic resource allocation, and thereby, inefficient policy implementation. This paper aims to close this research gap by studying the consequences of clientelism for social policy design in a patronage-based democracy in Latin America, i.e. Mexico.

To give two examples, in 1989 the Mexican government launched the targeted poverty relief program *Promasol* which often serves as an example of inefficient allocation of public funds due to the political manipulation of the program through clientelistic actors. Especially the lack of clear distribution criteria, partisan bias in the administration of public funds, and the timing of policy output with respect to the electoral cycle increased the vulnerability of the program to rent-seeking behaviour of political actors (Magaloni, Diaz-Cayeros and Estévez 2007). About a decade later, in contrast, the Mexican government launched the targeted conditional cash transfer program (CCT) *Progresa* (later *Oportunidades*) which is often cited as one of the most successful anti-poverty programs throughout the Latin American region. Among the factors contributing to the success of this program are the formalization of non-partisan distribution criteria, the creation of an independent agency to monitor the allocation of public funds, as well as clear rules that protect the timing of the program to be manipulated before elections (De La O 2013).

These examples highlight that economic and social costs of political clientelism are especially severe with respect to poverty relief and inequality reduction (Stokes et al. 2013). Moreover, they indicate that clientelistic policy-making does not only depend on the presence or absence of clientelistic actors in the political system, since both examples stem from the Mexican context which has often been described in the literature as a patronage-

based democracy (e.g. Fox 1994). *What then accounts for the variance in the quality of social policy design in Mexico? To answer this question, we analyse the incentive structures that motivate policy-oriented and clientelistic actors' behaviour in the decision-making process under different political conditions that favour or hinder clientelistic actors to sway the decision-making process to extract and secure rents to finance clientelistic networks.*

In analytical terms, we draw on the general framework of actor-centred institutionalism (Scharpf 1997) that puts special emphasis on the way the institutional context (system of government, legislative structure, and territorial organization) structures the patterns of interaction between actors (presidents, governors, clientelistic and programmatic parties) to explain policy outcomes (here: national social policy design). With this general framework, we have two analytical goals: (1) the systematic conceptualization, operationalization and measurement of universalistic or particularistic national policy designs in the field of social policy. (2) The identification of differences in the incentive structure of policy-oriented versus clientelistic political actors under different actor constellations.

The study on social policy and welfare states in Latin America has advanced considerably during the last two decades with respect to the categorization of welfare state regimes as well as the analysis of different (de facto) outputs and outcomes of social policies (e.g. Mares and Carnes 2009, Pribble 2013, Rudra 2008). However, the relationship between clientelism and policy design is an understudied topic and only a few theoretical arguments exist in the literature on clientelism and policy implementation (see De La O 2013, Weitz-Shapiro 2014). Relatedly, the study of social policy change and policy design, in particular, suffers from a *dependent variable problem* (e.g. Green-Pedersen 2004, Howlett and Cashore 2009, Schaffrin, Sewerin and Seubert 2015). The disagreement over how to conceptualize, operationalize, and finally measure policy design across countries and over time poses a major challenge to comparative studies in this area in developed and developing countries alike (Pierson 2001). Only recently have researcher begun to improve conceptual models of policy composition and started to test them in selected policy areas (see, for example, Hood 2007, Howlett and Lejano 2013, Knill, Schulze and Tosun 2012). Merging these new perspectives in the research on policy output, Schaffrin, Sewerin, and Seubert (2014, 2015) conceptualize, operationalize and measure policy design and apply their approach in the area of climate policy change. Building on these insights, and research in the areas of public policy as well as political economy, we develop a comparative measurement approach that captures social policy design along six different categories and apply a coding scheme to produce systematic data. Disaggregating social policy design into different categories is at the center of interest since it will allow us to advance our knowledge of the effect of clientelism by systematically studying its consequences for the quality of social policy output.

The second analytical goal probes into the general assumption that clientelistic actors behave differently than policy-oriented actors. This assumption is based on the argument that clientelistic actors face different incentive structures motivating their behavior in the decision-making process than policy-oriented actors. Political representation ideally induces responsive behavior of representatives to the policy interests of citizens. But elected representatives will only respond to these interests if they are selected and judged according to a programmatic logic. Thus, representative institutions only structure political elites' scope of action but do not determine the substance on which base they are accountable and responsive to their voters (Kitschelt and Wilkinson 2007a). On these grounds, clientelistic actors in government may have greater room to maneuver to follow other policy interests

than those of their voters and nevertheless become re-elected as long as they provide selective benefits (Desposato 2007). Consequently, these parties' primary interest in legislative policy-making lies either in the introduction of new policies that expand their leverage on public resources (rent-seeking) or in safeguarding public funds at their disposal from legislative interference (rent-preserving) (Lyne 2008, Pribble 2013).

Out of the potential cases for this study we selected Mexico as a most likely case for a theory-centred pilot study. Several studies on Mexican politics agree that the relationship between government and society has been historically structured by clientelism which still constitutes a legacy for democratic politics in the country (see, among others, Fox 1994, Magaloni, Diaz-Cayeros and Estévez 2007). Especially the *Partido Revolucionario Institucional* (PRI), which held a hegemonic position in the party system pre-2000, has been characterized as a clientelistic party. Its main competitor (both with respect to the presidency as well as in the legislative arena), the *Partido Acción Nacional* (PAN), in contrast, has been characterized as a programmatic party, while there have been mixed records with respect to the minor parties in the party system (see Cantú and Desposato 2012). Although there have been many studies on the impact of clientelism on political representation and government effectiveness in Mexico (Diaz-Cayeros, Estévez and Magaloni 2012, Díaz-Cayeros and Magaloni 2009, Magaloni, Diaz-Cayeros and Estévez 2007), the behavioural logic why political parties legislate in favour or against the discretionary use of public resources has been neglected so far. Therefore, we focus our analysis on the capacity and the incentives of political actors in Mexico to impact social policy-making on the national level either in the direction of universalistic (*programmatic*) or particularistic (*clientelistic*) policy designs.

Data providing the empirical base for these analytical goals has been collected through field research (completed in December 2015) involving semi-structured expert and elite interviews and archival searches of legislative output in Mexico. Our empirical strategy is two pronged: In a first step we create an original data set on social policy design in Mexico (our dependent variable). Therefore, we systematically conceptualize, operationalize, and measure the design of selected policies. In a second step, we use qualitative content analysis of interview transcripts, party statements and national policy documents to chart and explain the influence of clientelism on social policy design (to draw inferences about causal process at the *within-case level*). Finally, we aim to expand our design to other patronage-based democracies within the Latin American region in the future to explain differences in clientelistic actors' success to influence social policy output (to draw inferences about causal effects at the *cross-case level*).

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