Does Development Aid Undermine Political Accountability?

Voter and Politician Responses to a Large-Scale Randomized Intervention

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December 2012

Abstract

This paper addresses two inter-related questions in the political economy of development literature. First, does development aid potentially worsen outcomes in the long run by reducing politicians’ accountability and allowing bad leaders to persist in office? (Ahmed, 2012; Brollo et al., 2012) Second, are voters systematically fooled by randomness, attributing the effects of random shocks to politicians? (Wolfers, 2007; Cole, Healy and Werker, 2012; Manacorda, Miguel and Vigorito, 2009) This paper examines these claims in the context of a large-scale randomized intervention in rural Bangladesh. The intervention provided information on the importance of sanitation and, in randomly chosen neighborhoods, subsidies for sanitation improvements. This intervention had three key features: it was conducted at a large scale (118 villages, 372 neighborhoods and 18,000 households); the randomization occurred at two levels, one public and one non-public; we collected data on political leaders’ actions and residents’ attitudes towards these leaders. These features allow us to estimate changes in political opinions as well as changes in politician behavior in reaction to the randomized program placement. We show that politicians respond to program placement in a way that can rationalize seemingly “irrational” voter reactions to random events, consistent with a simple model of politician behavior. In the case of the sanitation program in Bangladesh, the randomized program led to some positive spillover effects on politician behavior – the program induces leaders to expend more effort (to distinguish themselves from bad leaders, according to our model), and some constituents benefit as a result. Furthermore, the effect of the intensive sanitation information campaign is to create greater accountability, not less, as the constituents become more informed about the communal sanitation needs, and the associated responsibilities of community leaders. Furthermore, we show that when there is legitimate uncertainty about the politician’s role in bringing a program to the village, voters are more satisfied with their politician’s performance. However, they do not give the politician credit for transparently random events (in this case, a public lottery to award subsidies to individuals within program communities).

JEL Code: O1

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‡ We thank the Bill and Melinda Gates Foundation for financial support, Jim Levinsohn, Wateraid-Bangladesh, and Village Education and Research Committee (VERC), Bangladesh for their collaboration, and Mahreen Khan, Amanda Moderson-Kox, Rifaiyat Mahbub, Ariadna Vargas, Julia Brown, Tetyana Zelenska for excellent research assistance and field support. Pedro Dal Bo, Tommaso Nannicini, and colleagues at Yale School of Management provided helpful comments. All errors are our own.