

Department Seminar

Speaker: Prof. Amrita Dhillon at the King's College, London

Date & Time: 04/01/2019, Friday 03:00 PM

Venue: L-2, LHC

Title: Electoral Competition and Corruption: Theory and Evidence from India.

Abstract:

In developing countries with weak enforcement, there is implicitly a large reliance on re-election incentives to reduce corruption. In this paper we show both theoretically and empirically that in the presence of voter heterogeneity and a majoritarian voting system, electoral discipline is a weak instrument for improving accountability. Our theoretical model predicts that not only does corruption increase with competition under some conditions, but that the only type of corruption that is responsive to electoral competition is one where voters lose private benefits from the corruption, while corruption in public goods is not responsive. We then test the model's predictions using novel panel data from a unique setting - village level audits of implementation of one of India's largest rural public works program in the state of Andhra Pradesh during 2006 -10 following elections to the village council headship in 2006. Our findings largely confirm the theoretical predictions. The results highlight the importance of credible penalties and the need for policy interventions that reduce pilferage in the public component of welfare programs, which entail larger welfare losses to citizens.