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# Do legislatures –and legislators– matter for poverty reduction?

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# Context

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- ◆ Are Latin American legislatures simple rubber stamps or hyper-active policy players?
  - Single party majorities, coalitions or minority governments?
  - Programmatic vs. Clientelistic?
- ◆ Not enough knowledge on the link between legislatures and poverty reduction
  - Legislative politics vs. Poverty scholars
  - How to strengthen legislatures? And where?

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# Roadmap

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- ◆ Do legislatures and legislators care about poverty reduction outcomes? If so, how?
- ◆ Entry points to analyze the link between legislatures and poverty reduction
  - Congressional Capability Index
  - Particularistic vs. programmatic policies
  - Budget politics and redistributive spending
- ◆ Lessons from Latin America and directions for further research

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# Roles of legislatures in the policymaking process

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- ◆ Aggregate diverse (electoral) preferences
- ◆ Represent diverse policy options (parties)
- ◆ Adopt policy changes (coalitions)
- ◆ Ensure effective implementation (regulation)
- ◆ Provide checks and balances (oversight)

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# Legislatures and Policy Outcomes

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- ◆ Congressional characteristics will have different effects on policy outcomes (IADB 2006)
  - **Representativity**: bias in electoral rules (malapportionment) may reinforce poor representation of territories, privilege organized interests or marginalize minorities
  - **Adaptability v. Rigidity**: Party majorities or coalitions facilitate policy change whereas high party fragmentation increases likelihood of deadlock
  - **Stability v. Volatility**: Strong executive power could produce decisive policymaking but may hinder sustainability of policy agreements
  - **Implementation**: lack of technical capacities (staff) will hinder effective formulation and implementation of policies

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# Why should legislators care about poverty outcomes? Some research challenges

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- ◆ What is poverty reduction (from a legislative perspective)?
  - (Per capita) government spending on poor states/provinces?
  - Particularistic vs programmatic bills/spending?
- ◆ Who are the relevant stakeholders? And what do they want?
  - Congress as a whole, political parties, or individual legislators?
- ◆ What is the causal link?
  - Complex policy process: formulation, approval, implementation and oversight

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# Roadmap

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- ◆ Do legislatures and legislators care about poverty reduction outcomes? If so, how?
- ◆ **Entry points to analyze the link between legislatures and poverty reduction**
  - **Congressional Capabilities Index**
  - **Clientelistic vs. programmatic policies**
  - **Budget politics and redistributive spending**
- ◆ Lessons from Latin America and directions for further research

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# 1. Congressional Capabilities Index

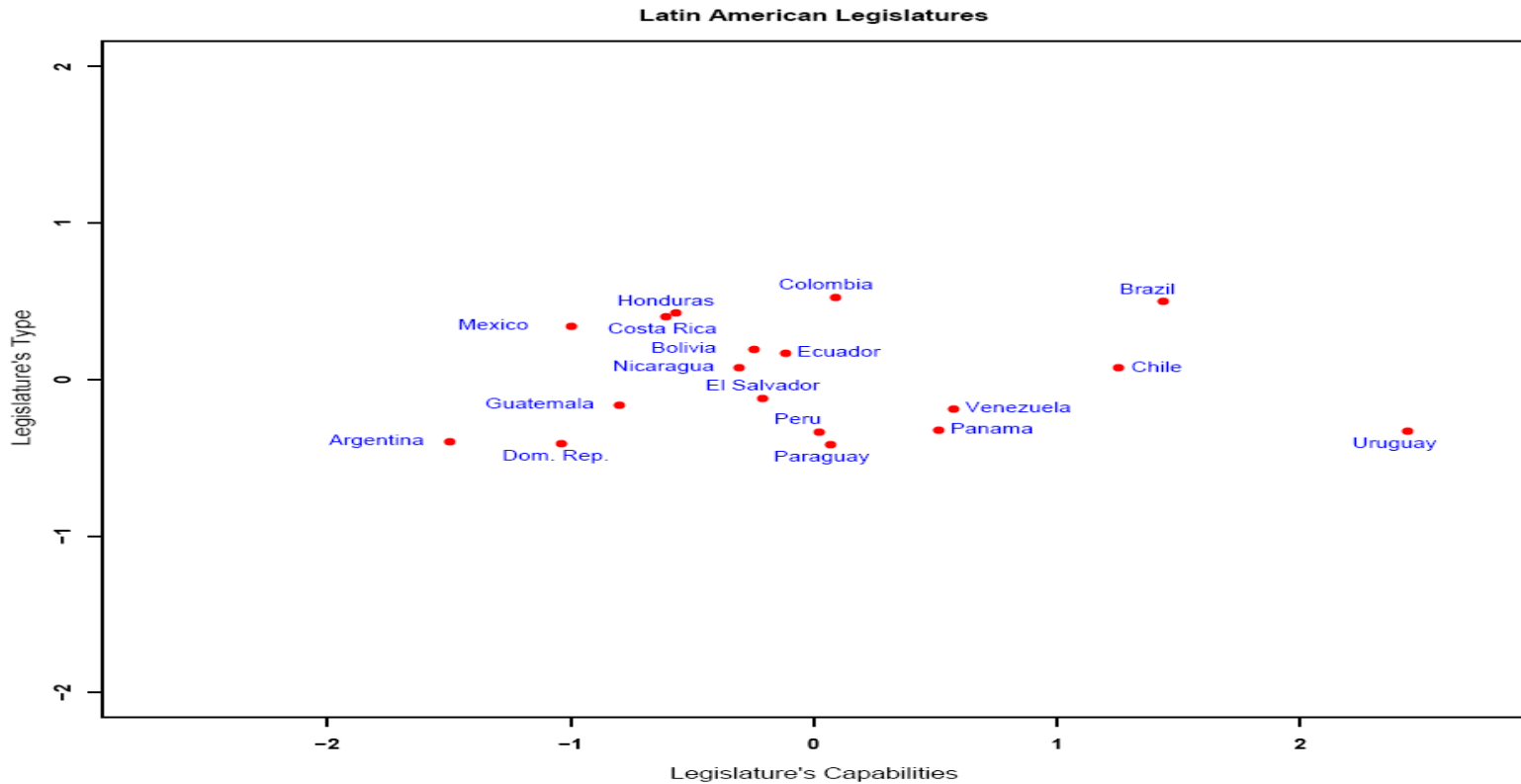
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- ◆ Impact of congress on the policymaking process (IADB 2006; Stein et. Al. 2008):
  - strength and specialization of congressional committees
  - Public confidence in congress as an institution
  - Education level and technical expertise of legislators
  - the extent to which congress is a desirable career place for politicians (Saiegh 2008)



# Congressional capabilities (MDS)

Figure 5: A two-dimensional MDS representation of 18 Latin American legislatures



# Congressional Capabilities and the Quality of Policy Outcomes

Table 6.3 Correlations of Institutional and Political Variables with Key Features of Policies

	Stability	Adaptability	Coordination and coherence	Implementation and enforcement	Public-regardedness	Efficiency	Policy index	No. obs.
Congress Capabilities Index	0.740*** <i>0.722***</i>	0.570** <i>0.543**</i>	0.754*** <i>0.752***</i>	0.503** <i>0.472**</i>	0.624*** <i>0.601***</i>	0.614*** <i>0.606***</i>	0.699*** <i>0.679***</i>	18 18
Party system institutionalization	0.388 <i>0.401*</i>	0.150 <i>0.164</i>	0.315 <i>0.321</i>	0.104 <i>0.120</i>	0.041 <i>0.054</i>	0.287 <i>0.295</i>	0.250 <i>0.263</i>	18 18
Party system nationalization	0.505** <i>0.625***</i>	0.367 <i>0.493**</i>	0.409 <i>0.481*</i>	0.313 <i>0.434*</i>	0.132 <i>0.221</i>	0.496** <i>0.584**</i>	0.420* <i>0.533**</i>	17 17
Programmatic parties	0.431* <i>0.446*</i>	0.478** <i>0.495**</i>	0.478** <i>0.486**</i>	0.351 <i>0.370</i>	0.385 <i>0.401*</i>	0.616** <i>0.626**</i>	0.499** <i>0.514**</i>	18 18
Judicial independence	0.866*** <i>0.850***</i>	0.705*** <i>0.678***</i>	0.808*** <i>0.809***</i>	0.722*** <i>0.693***</i>	0.661*** <i>0.637**</i>	0.751*** <i>0.745***</i>	0.835*** <i>0.816**</i>	18 18
Cabinet stability	0.450 <i>0.442</i>	0.362 <i>0.350</i>	0.441 <i>0.440</i>	0.352 <i>0.339</i>	0.472 <i>0.466</i>	0.530 <i>0.525</i>	0.464 <i>0.456</i>	10 10
Share of ministers in civil service	0.613 <i>0.669*</i>	0.312 <i>0.343</i>	0.340 <i>0.463</i>	0.420 <i>0.400</i>	0.200 <i>0.263</i>	0.317 <i>0.383</i>	0.411 <i>0.467</i>	8 8
Civil service development	0.524** <i>0.526**</i>	0.562** <i>0.548**</i>	0.542** <i>0.611***</i>	0.536** <i>0.503**</i>	0.631** <i>0.646**</i>	0.452* <i>0.482**</i>	0.588** <i>0.599**</i>	18 18
Proportionality of electoral system	-0.040 <i>-0.065</i>	0.191 <i>0.163</i>	-0.210 <i>-0.224</i>	0.036 <i>0.004</i>	-0.110 <i>-0.139</i>	-0.208 <i>-0.226</i>	-0.063 <i>-0.089</i>	18 18
Effective number of legislative parties		0.060 <i>-0.018</i>	-0.168 <i>-0.214</i>	0.019 <i>-0.070</i>	-0.082 <i>-0.165</i>	-0.261 <i>-0.325</i>	-0.110 <i>-0.191</i>	18 18
Partisan powers of the president	-0.028 <i>0.029</i>	-0.168 <i>-0.108</i>	0.040 <i>0.070</i>	-0.043 <i>0.031</i>	0.034 <i>0.100</i>	0.161 <i>0.207</i>	0.001 <i>0.062</i>	18 18

\* Significant at 10 percent.  
\*\* Significant at 5 percent.  
\*\*\* Significant at 1 percent.

Note: For each political variable listed on the left, the first row presents simple correlations with each of the policy variables listed at the top of the columns, and the second row presents (in italics) partialled-out correlations (controlling for the 1980 GDP per capita)

Sources: Stein and Tommasi (2005); Jones (2005); Martínez-Gallardo (2005b); Zuvanic and Iacoviello (2005); World Economic Forum (2004); and authors' compilation.

# Policy outcomes and poverty reduction

Table 6.2 Key Features of Public Policies and Economic Development: Simple and Partial Correlations

Latin American Countries								
	Stability	Adaptability	Coordination and coherence	Implementation and enforcement	Public-regardness	Efficiency	Policy index	No. obs.
GDP per capita growth	0.643*** <i>0.453*</i>	0.543** <i>0.445*</i>	0.722*** <i>0.505**</i>	0.653*** <i>0.545**</i>	0.573** <i>0.287</i>	0.674*** <i>0.512**</i>	0.700** <i>0.509**</i>	18 18
Human Development Index (change)	0.202 <i>0.418*</i>	0.602*** <i>0.782**</i>	0.186 <i>0.428*</i>	0.519** <i>0.711**</i>	0.199 <i>0.464</i>	0.375 <i>0.592**</i>	0.376 <i>0.614**</i>	18 18
Poverty reduction	0.467* <i>0.339</i>	0.455* <i>0.377</i>	0.427* <i>0.268</i>	0.322 <i>0.235</i>	0.353 <i>0.177</i>	0.372 <i>0.226</i>	0.439* <i>0.300</i>	17 17
Welfare Index (Sen)	0.791*** <i>0.649***</i>	0.685*** <i>0.610**</i>	0.950** <i>0.800***</i>	0.688*** <i>0.590**</i>	0.839*** <i>0.639**</i>	0.856*** <i>0.739***</i>	0.871*** <i>0.730**</i>	16 16
Welfare Index (Atkinson)	0.791*** <i>0.647**</i>	0.630*** <i>0.548**</i>	0.949** <i>0.796***</i>	0.635*** <i>0.528**</i>	0.817** <i>0.605**</i>	0.826** <i>0.704**</i>	0.843*** <i>0.695**</i>	16 16
Developing Countries								
	Stability	Adaptability	Coordination and coherence	Implementation and enforcement	Public-regardness	Efficiency	Policy index	No. obs.
GDP per capita growth	0.489*** <i>0.491***</i>	—	—	0.261* <i>0.331**</i>	0.193 <i>0.236</i>	0.467** <i>0.476**</i>	0.420** <i>0.445***</i>	52 47
Human Development Index (change)	0.215 <i>0.199</i>	—	—	0.585** <i>0.567***</i>	0.485** <i>0.476**</i>	0.249* <i>0.283*</i>	0.400** <i>0.393*</i>	52 47
Poverty reduction	0.511*** <i>0.514***</i>	—	—	0.332** <i>0.327**</i>	0.222 <i>0.202</i>	0.448** <i>0.445***</i>	0.461*** <i>0.450**</i>	42 37

— Not available.

\* Significant at 10 percent.

\*\* Significant at 5 percent.

\*\*\* Significant at 1 percent.

Note: For each political variable listed on the left, the first row presents simple correlations with each of the policy variables listed at the top of the columns, and the second row presents (in italics) partialled-out correlations (controlling for 1980 GDP per capita).

Sources: World Bank (various years); Stein and Tommasi (2005); Gasparini (2004); and UNDP (various years).

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## 2. Electoral incentives and particularistic legislation

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- ◆ Electoral institutions shape legislators' incentives to provide public goods
  - “Open list”, personalized electoral rules encourage legislators to cultivate personal reputations through particularistic legislation
  - “Closed list” systems empower party leaders over individual legislators -fewer incentives to cultivate personal votes
- ◆ Some legislators may initiate particularistic bills to signal their commitment to poverty reduction

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# Analyzing particularistic legislation

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- ◆ Bill initiation patterns:
  - Paraguay (1906 bills, 1993-2003)
  - Ecuador (4831 bills, 1979-2002)
- ◆ Bill classification
  - Content of bills (distributive, redistributive, regulatory and other) (Lowi 1964)
  - Scope of bills (individual, local, sectoral, regional, or national) (Taylor-Robinson and Díaz 1999)
  - Pork: bills that are distributive in nature and narrow (individual and local) in scope

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# The Puzzle

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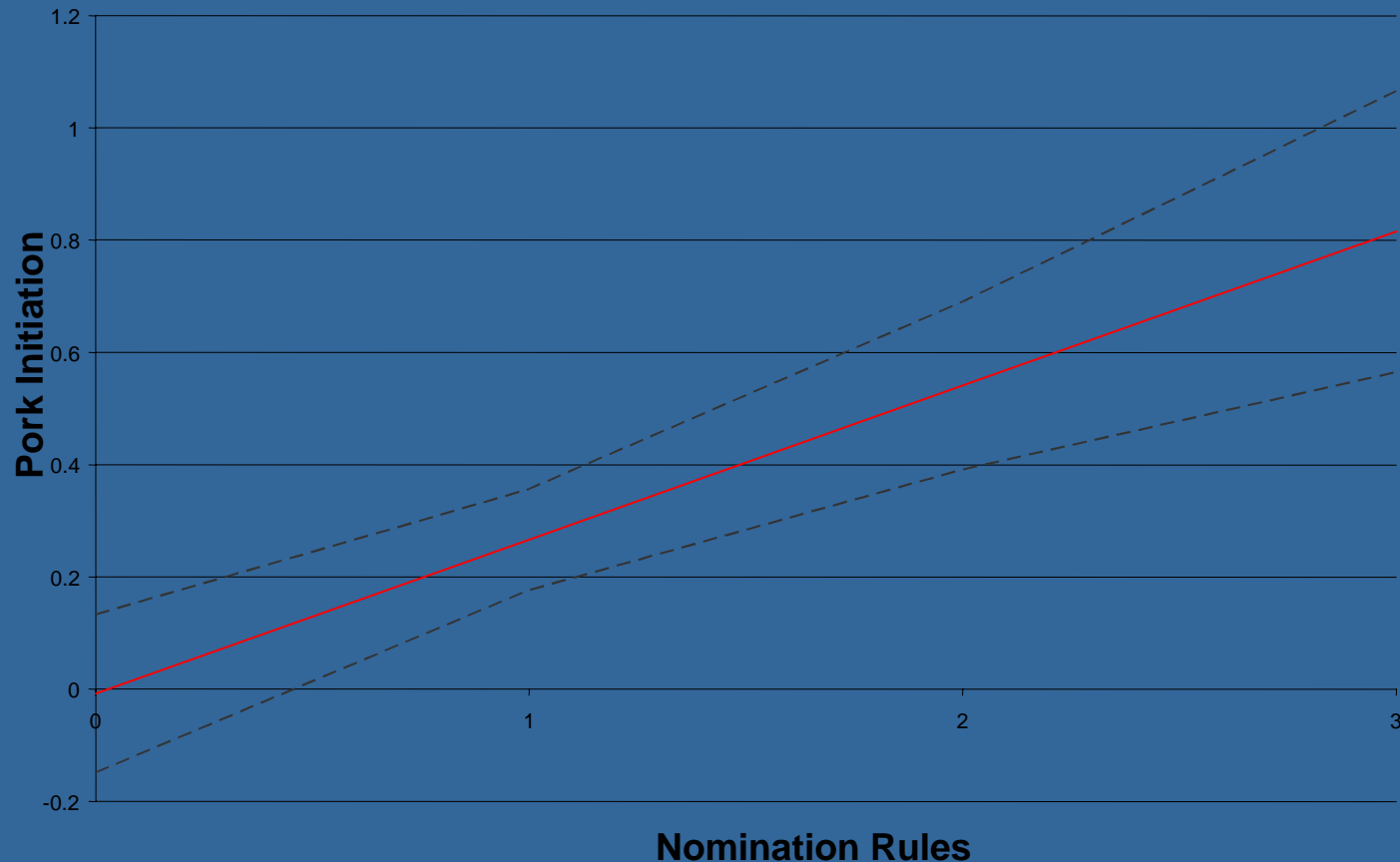
<b>Case</b>	<b>PR Lists</b>	<b>Reelection</b>	<b>DM: Average (Median)</b>	<b>Modal Nomination Procedure</b>	<b>Percent Pork (N Bills)</b>
Paraguay (1993-2003)	Closed	Yes	4.4 (6)	Closed primaries	48% (1,906)
Ecuador I (1979-1995)	Closed	Not allowed	3.1 (3)	Party leaders	12% (3,459)
Ecuador II (1998-2002)	Open	Yes	4.5 (5)	Party leaders	6% (1,372)

Notes: Average district magnitude is the total number of seats divided by the number of districts. Median district magnitude is the district magnitude corresponding to the median legislator (in the average year for the period). Bills are defined as “pork” if they are distributive in nature and narrow in scope (affecting individuals or municipalities).

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# Impact of candidate nomination rules on pork initiation

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Source: Mejía Acosta, Perez Liñán, Saiegh 2008

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# La bancada importa

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- ◆ The control of the candidate nomination process could be critical to explain legislative incentives to initiate pork.
  - Open-list electoral systems may not encourage pork if party leaders filter access to the electoral lists
  - Closed-list systems may encourage particularism when party leaders face competitive primaries to determine the composition of ballots.



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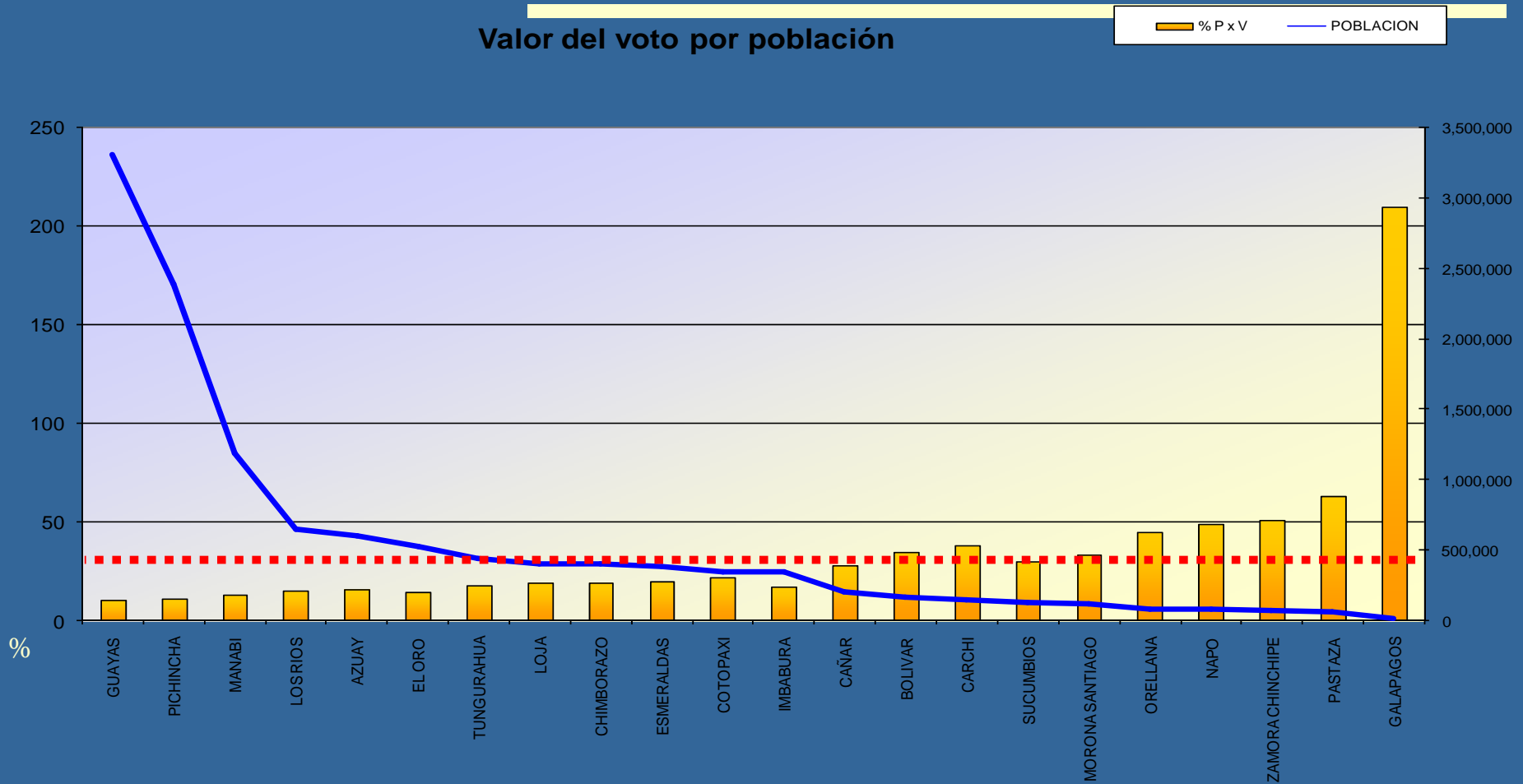
# 3. Budget politics and pro poor spending

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- ◆ Does government spending reflect the preferences of the majority? Do budget outcomes reflect the necessities of the poor?
  - One man, one vote principle of representation
  - Look at (per capita) spending per province/poverty lines
- ◆ Ecuador before and after constitutional reforms (Mejía Acosta, Araujo and Albornoz (2007))

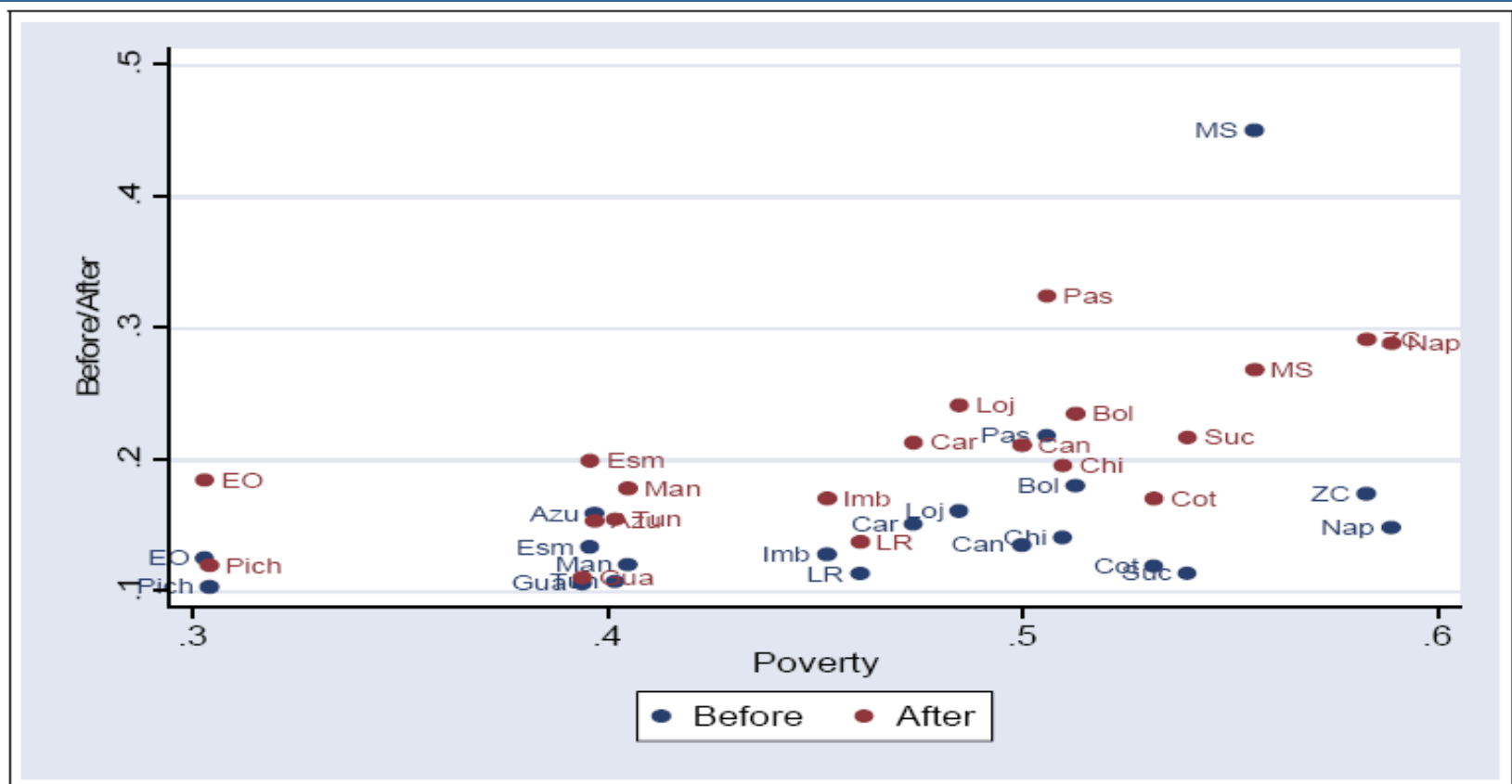
# Malapportionment

Valor del voto por población





# Provincial expenditure and poverty before and after the reform



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# “Good policies are good politics”: Implications and Future research

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- ◆ Legislatures matter (congressional capacities)
  - Even more relevant in parliamentary systems
- ◆ Legislators do care about poverty reduction (political survival)
  - Recode particularistic bills into pro poor legislation and analyze reelection rates
- ◆ Budget politics matter
  - Improved electoral representativity may lead to greater equity

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