ESSAYS ON POLITICAL ECONOMY IN YOUNG, AFRICAN DEMOCRACIES

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Chapter 1
Introduction

1.1. Motivation and Background

When the struggle for independence finally started to bear fruits in the late 1950s and the first countries in sub-Saharan Africa became sovereign nations, the continent was swept by enthusiasm and within less than a decade the majority of countries had gained their independence.[1] The prospects of political self-determination and strong economic progress following World War II fueled expectations of a bright future ahead. In the immediate postcolonial period, the respective founding fathers seem to be able to deliver on the populations' aspirations, as the progress on living conditions in the 1960s was remarkable, but also has to be assessed against the very low starting levels.

However, as the honeymoon period of independence slowly started to fade, many of the restricting conditions proved problematic for the envisioned development efforts. Many African countries had taken advantage of favorable world commodity prices in the late 1950s and early 1960s, but their economies remained undiversified and inherently agrarian. Combined with economic crises at the global level, the resulting economic volatilities were then met by political instability, as in the 20 years after independence around 40 successful coups took place, often bringing downright tyrants into power. Two decades of violent conflicts, economic mismanagement, and a looming debt crisis finally took its toll in the 1980s – later dubbed the "lost decade" – as most African countries were poorer than at independence. With the end of

[1] Most of the historical notes in this paragraph loosely follow the accounts in Martin Meredith's book "The State of Africa" (Meredith, 2013)

the Cold War, support for the Marxist regimes in Africa dwindled, while Western governments had no more reasons to support repressive regimes in exchange for renouncing communism.

Henceforth, democratic reform was regarded as a precondition for economic development within the development community. The resulting pressure on the long-standing dictators slowly gained traction as one after the other had to cede power and open up to reforms that eventually resulted in democratic elections within a multi-party system in many countries. This transition towards democracy, starting in Benin in 1991 and Ghana in 1992, marked the starting point for political and economic stabilization in the majority of African countries. Now, about three decades later, many of these young democracies have remained increasingly stable and proceed in their process of democratic consolidation. Nevertheless, with the emergence of China on the global stage, an alternative development model that is based on a state-led economic system and lacks any form of political freedoms exists and seems to receive increasing acclaim, especially on the African continent. This certainly raises questions on the status quo of the institutional setup on the African continents and how its development prospects are linked to this system.

Naturally, the realization of the importance of the institutional structure within the development community is closely connected to the insights generated by the academic community. As one of the first proponents of the “new institutional economics” perspective, Douglas C. North defines institutions as “the humanly devised constraints that structure human interaction”, which “define the incentive structure of societies and specifically economies” (North, 1994, p. 360). According to North, it is the institutional setup, consisting of the formal rules and informal norms, that shape economic performance and thus development outcomes (North, 1994). This initial theory of comparative economic development was most prominently advanced by the work of Daron Acemoglu and his colleagues (Acemoglu et al., 2005). Their overall framework is illustrated in Figure 1.1.

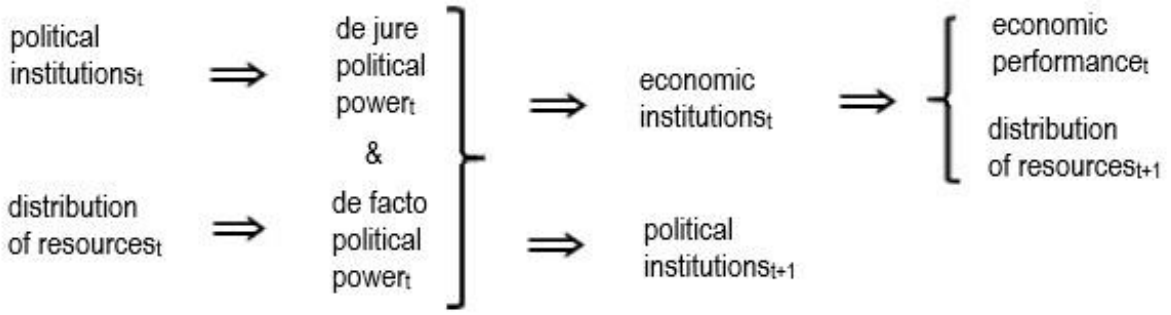

Figure 1.1. Acemoglu et al.'s Framework. This schematic depicts the framework of Acemoglu and his colleagues. Source: Acemoglu et al. (2005), p. 392.

Their theory combines both economic and political institutions in an endogenous and dynamic system that describes their reciprocal relationship. This system is basically made up of two feedback loops.

First, the current configuration of political institutions such as the form of government or more generally the constraints on the political elite are the basis of the de jure political power that is given to certain political actors, i.e. the president or local mayors. Besides the de jure political power, some groups in a society may also have de facto political power, which is on the one hand determined by the group's ability to solve its collective action problem, but also by the economic resources at its disposal, i.e. stocks of physical and human capital. Here one can think of businessmen or union leaders. Thus, the distribution of resources plays a crucial role in the distribution of de facto political power. Together these two sources of political power determine the current economic institutions and future political institutions, creating the first feedback loop in the system.

Second, the economic institutions determine the economic performance in the current period, which can be regarded as the main outcome or essence of economic development. Furthermore, the economic institutions determine the distribution of resources in the future, which creates the second feedback loop, as it again impacts both future economic and political institutions through the channel of de facto political power. This framework gives an overview of the greater theory of Acemoglu and his colleagues that advances institutions as the fundamental cause of long-term economic development.

Following from this “new institutional economics” perspective and the paramount importance it assigns to the structure of the political institutions in terms of development prospects, the need arises to gain a deeper understanding of the workings of these institutions. Certainly, there is already a comprehensive literature across the different academic disciplines about the merits of democratic institutions. However, this literature is overwhelmingly based on the experiences of the established Western democracies and it remains highly questionable if its findings can be equally applied to the very different African context. North already acknowledged this gap in the literature, identifying “a pressing research need […] to model third-world […] polities” (North, 1994, p. 366).

Ultimately, several questions can be raised here: How deep are the roots of democratic institutions in Africa? How effective are the constraints on the political elite? And what does this entail for the distribution of resources? This thesis tries to provide some insights into these questions by studying them from three angles. First, it addresses the behavior of citizens. Second, it deals with the perspective of the political elite. Lastly, it takes a more encompassing view on specific governance outcomes.

While the next section gives a short overview of the employed methodologies, the section following it provides a short introduction for each chapter of this thesis, highlighting its main findings and contributions to the literature.

1.2. Methodology

1.2.1. Empirical Methods

To advance the understanding of how institutions shape economic outcomes, it has become indispensable to undertake meaningful empirical analyses. The overall goal of any empirical investigation is essentially the establishment of a causal relationship between the different subjects under study. Proper causal inference in the social sciences such as economics has always been an arduous task, as its study is most often not conducted in a controlled lab setting. While experimental studies, such as randomized control trials, are also conquering the social sciences, economists are still usually forced to revert to observational studies. These

studies are subject to certain problems and limitations that complicate the analysis, most notably the inherent endogeneity between many subjects under study and the vast number of potential confounding factors, many of which are not always observable. However, the introduction and advancement of quasi-experimental research designs have provided researchers with an increasing amount of tools to engage in causal inference.

This dissertation tries to harness different identification strategies based on these research designs to provide meaningful insights into the different subjects under study. The most important tools in this regard are panel data estimators. Observing different units of interest across many periods can help to overcome some of the regular limitations mentioned above. More specifically, the analyses in chapters 2 to 4 make use of different applications of the fixed-effects model. Based on the specific empirical design a diverse set of fixed effects will help to control for the influence of unobservable factors, such as in a Difference-in-differences setting. Chapter 5 utilizes a more specialized research design based on the specific topic of the chapter. Here, migration movements between different units will be analyzed in the form of a gravity model. Each chapter provides a more extensive description of the specific research design.

1.2.2. Data Sources

Naturally, the application of the above-mentioned research designs necessitates the availability of appropriate data sources. As already stated, the most important requirement for the characteristics of the employed data is its availability across different periods. Such datasets are termed panel data and their availability is often limited, especially in the African context, where reliable information sources are usually hard to obtain.

The data sources employed in this dissertation can principally be divided into two categories. The basis of the analyses is formed by micro-level survey data, most notably those that have been collected across multiple rounds. More specifically, chapter 2 utilizes data from the Afrobarometer surveys that comprise public perceptions and attitudes on a wide range of governance issues in many African countries over the last two decades the analysis in chapter

4 is based on the Demographic Health Surveys (DHS), which are nationally representative household surveys that include a large number of standardized questions, enabling comparisons across countries and over time. Lastly, chapter 5 employs census data that is harmonized across countries and time and published in the Integrated Public Use Microdata Series (IPUMS). This data provides standard household information across a large pool of respondents. All of these datasets share the common feature of being geocoded, meaning that respondents can be mapped spatially, which enables the sub-national analysis of the data and the matching with other sub-national data.

These main data sources are supplemented by an arrangement of secondary datasets from multiple information sources. Most notably, the analysis in chapter 3 is grounded on novel hand-collected data on the expenditure of local public funds that are extracted from annually published audit reports. In addition, different sources of data on political representation and election data are included in the analyses, such as the Archigos Leader data. Ultimately, each chapter includes a more complete description of the employed data sources.

1.3. Structure of the Thesis

This thesis consists of four chapters, each separately covering related issues of political economy in young, African democracies. These chapters will be introduced and summarized in the following.

To begin with, **chapter 2** focuses on the perspective of voters and examines the important issue of partisanship. While the presence of partisan identities and its impact on political perceptions and behavior has long been established in the study of consolidated democracies (Campbell et al., 1960; Bartels, 2002; Logan et al., 2003; Tverdova, 2011; Anduiza et al., 2013; Blais et al., 2015), the literature has long disregarded partisanship in young African democracies. Indeed, past studies have even argued that partisan identities should be considered as weak and meaningless, due to some of the conditions that are specific to many African countries (Cho & Bratton, 2005; Bratton et al., 2011). On the other hand, there is now

a growing literature indicating the presence of political partisanship as well as motivated reasoning among ordinary African citizens (Michelitch, 2015; Carlson, 2016; Aguilar et al., 2016).

Chapter 2 addresses this argument providing further evidence that suggests the presence of strong and stable patterns of partisanship. Its analysis is based on survey data from Ghana and exploits the variation introduced by the close general elections of 2008 to investigate perceptions and attitudes of party supporters across governments of their preferred party and the main opposition. The results indicate that the perceptions of partisans are subject to motivated reasoning and thus suggest that partisanship is meaningful. On the one hand, this can be seen as evidence for a stable party landscape and thus a more mature democracy, but on the other hand, partisan polarization may also obstruct effective governance. Furthermore, additional analyses uncover that these partisan patterns also extend to certain attitudes towards democracy, which hints at negative implications for the consolidation of democratic values in the population. Lastly, a heterogeneity analysis investigates the influence of education and ethnicity. This analysis shows that while education carries the potential to reduce partisan differences it will likely not erase it and that ethnic identity seems to exist separate of partisan identity but still strongly determine the strength of party attachment in Ghana.

In the following, **chapter 3** addresses the behavior of politicians regarding one of the main issues of governance in political corruption. Political corruption, defined as the diversion of public resources for private gains, is widespread and considered a major threat to economic development (Bardhan, 1997; Robinson, 1998; Tanzi, 1998; Kaufmann et al., 2009). Political competition and electoral accountability have long been identified as major determinants for governance outcomes, with some scholars arguing in favor of a more decentralized political system (Albornoz and Cabrales, 2013; Fisman and Gatti, 2002b; de Mello and Barenstein, 2001), while others contest this notion, discerning increasing levels of corruption at the local level (Treisman, 2000; Crook, 2003).

This is where chapter 3 comes in, trying to advance our understanding of the motives that shape the behavior of local politicians regarding corruption. The chapter analyses how the partisan alignment of political actors within and across different levels of government affects the spending of local public funds in a young democracy. The analysis is based on novel hand-collected data on expenditure irregularities from annually published audit reports that are connected to information on electoral outcomes and political representation in the local political institutions. The results suggest lower levels of corruption in districts where local politicians are politically aligned with each other and the central government. Based on political ambition theory, this result is explained by aligned local politicians having incentives to control fiscal irregularities within their localities to appease their national party leaders and preserve their party's reputation. The results of a subsequent heterogeneity analysis are consistent with this explanation, as the estimated effect is more pronounced in districts that (i) are party strongholds, (ii) have better financial endowments, and (iii) have female local parliamentarians.

The overall findings of this chapter have two main implications. First, it calls into question the generally propagated idea that political competition will ensure control of corruption through inter-party monitoring. Second, it emphasizes the need to have more accountability at the local level, possibly through more civic engagement at the grassroots to dissolve the inherent centralization of the political competition.

Lastly, **Chapters 4 and 5** then look at a particular governance outcome in the form of political favoritism, which is a widespread phenomenon, especially in Africa. In this regard, **Chapter 4** – a shared work with Zareh Asatryan, Thushyanthan Baskaran, and Patrick Hufschmidt – studies the implications of regional and ethnic favoritism by investigating its impact on the educational attainment of ordinary citizens. A recently emerging literature proposes that political leaders regularly divert public resources towards some favored regions within their country (Hodler and Raschky, 2014; Burgess et al., 2015; Do, 2017; Asatryan and Havlik, 2020; Baskaran and Fonseca, 2021). While this literature not only provides compelling evidence for the presence of favoritism, it has also started uncovering some outcomes (Franck

and Rainer, 2012; Theisen et al., 2020). Nevertheless, much is still unknown about how the additional resources in the favored regions are used, which parts of the population gain from these resources, and how long-term potential benefits are? Furthermore, the existing studies often fail to explicitly differentiate between regional and ethnic favoritism.

Chapter 4 deals with these literature gaps and focuses on the context of Africa. Combining survey data from the Demographic and Health Survey with information on leaders' birthplaces, the chapter explores how the educational attainment of ordinary citizens is affected when they have been exposed to favoritism at some point in their life. The results indicate that male respondents exposed to favoritism during their childhood have higher educational attainment later in life, which also goes along with more stable employment. However, both effects do not extend to female respondents. Disaggregating the analysis according to ethnicity shows that there is no differential effect for male respondents based on their ethnicity, but it reveals that women seem to benefit from regional favoritism when they are also ethnically connected to a leader. Additional extensions of the baseline specification suggest that the estimated effects are subject to non-linearities, meaning that longer leader connections go along with worse educational outcomes, and that favoritism is less pronounced in democratic contexts.

The findings in chapter 4 address some of the questions posed above, while further implying that the allocation of public resources based on favoritism must not solely be viewed as entirely wasteful. The additional resources can have positive effects within the favored regions, as seen by the improvements in the human capital stock of its population. However, the analysis falls short of providing a conclusive normative evaluation, as it is not able to assess how these resources would have been used if favoritism would not be present, creating an angle for fruitful future research.

Ultimately, **Chapter 5** – a shared work with Patrick Hufschmidt and Thushyanthan Baskaran – takes a different angle on favoritism connecting it with the significantly underexplored issue of internal migration. The recent migration literature on Sub-Saharan Africa is mostly concerned with inter-continental migration (Ortega and Peri, 2013; Kirwin and Anderson,

2018), while also focusing on the impact of climatic changes and differences in migration policies (Cattaneo and Peri, 2016; Beine and Parsons, 2017; Mueller at al., 2020; Bertoli and Fernandez-Huertas Moraga, 2015; Ortega and Peri, 2013). In contrast, chapter 5 emphasizes the impact of political factors. As already introduced with the deliberations in chapter 4, there are still considerable gaps in the literature concerning potential ancillary effects that are connected to political favoritism and are a result of the particular patterns of resource allocation. The impact on migration movements is such an ancillary effect that will arguably have a significant impact on a countries' future development path.

Chapter 5 provides an initial assessment of the link between these issues. A meaningful empirical analysis of migration patterns requires comprehensive and detailed data, which can be found in the IPUMS data series that has recently become available. Applying a gravity model of migration to this dataset and utilizing a PPML estimator, the empirical analysis reveals that regions connected to a national leader are subject to a significant inflow of migrants. Further analyses provide evidence on the motivation of migrants by linking these movements to the presence of political favoritism through its ability to improve (a) economic opportunities and (b) access to public goods in the respective localities. Lastly, there is no evidence that these patterns of migration and favoritism are driven by ethnicity and do not extend to the homelands of the leaders' ethnic groups.

The overall findings in chapter 5 are consistent with findings of the existing literature on political favoritism and extend it by a previously unexplored dimension. The results once again emphasize that political favoritism does not only affect a narrow elite but has real and arguably long-term impacts on ordinary citizens and society as a whole.

Chapter 2

Partisanship in a Young Democracy: Evidence from Ghana

While past studies have put forward many reasons why partisanship in young African democracies should be considered weak, I show evidence that suggests the presence of strong and stable patterns of partisanship among ordinary citizens. Based on survey data from Ghana, I exploit the variation introduced by the close general elections of 2008 to compare perceptions and attitudes of party supporters when their preferred party is in power and when it is not in a Difference-in-differences setting. The results suggest that partisanship is both meaningful and prompts motivated reasoning among citizens. On the one hand, this can be seen as evidence for a stable party landscape and thus a more mature democracy, but on the other hand, partisan polarization may also obstruct effective governance. Furthermore, the analysis of attitudes towards democratic principles uncovers a double standard that carries the potential to negatively affect efforts towards the consolidation of democracy. A simple heterogeneity analysis indicates that improving education might reduce partisan polarization but will likely not erase it. The analysis further suggests that ethnic identities seem to exist alongside partisan identities, but still, strongly determine the strength of party attachment in Ghana. Future research on political behavior needs to acknowledge the presence of these partisan motives and continue to investigate the impact of partisanship on the further development of democratic institutions in African democracies.

Keywords Partisan Divide, Public Opinion, Democratization, Africa, Ghana

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2.1. Introduction

With the third wave of democratization, elections and multiparty politics appeared more regularly in Africa, and they now represent the new norm in most countries. Naturally, the importance of parties as key players in the political arena has grown, and nowadays African voters often eagerly display their party preferences, not only during campaign season. But how does this affiliation with political parties compare to partisanship in established democracies, where it is seen as a form of social identity (Green et al., 2004; Huddy and Bankert, 2017)? Given that parties in Africa tend to be both young and often lacking a distinct ideological foundation, our default assumption might be that they are not conducive to generating meaningful identities of the type we see in other contexts. Hence, until recently the literature on Africa mostly ignored partisanship, reducing it to a strategy to benefit from patronage or merely a proxy for other existing identities such as religion or ethnicity (Cho and Bratton, 2005; Bratton et al., 2011). The question remains: Do African citizens align their opinions consistently with their partisan affiliation, which would imply the existence of meaningful partisan identities? Or are any partisan attachments without substance and solely dependent on preferential treatment with resources?

In this paper, I provide evidence for the presence of stable partisan motives among Ghanaian citizens. Ghana represents an interesting case to study as it features a relatively stable electoral democracy in which the established parties still lack coherent policy platforms. Exploiting the variation from a political turnover, I compare opinions of party supporters when either of their preferred party is in power to times when it is not in power, taking the opposing shifts in opinions after the political turnover as an indication of the presence of partisan identities. I show that a considerable partisan divide exists, which runs through the analysis of different political and non-political perceptions, and even some political attitudes. The consistency of the partisan divide implies that partisan identities are meaningful and go along with motivated reasoning. Furthermore, the evidence suggests that partisan identities in Ghana are not merely one-to-one reflections of ethnicity, although ethnic identities do

significantly impact partisan attachments. While some regard the establishment of partisan identities as a step toward a functional democracy, these findings can also be seen as a disconcerting sign, as the inherent partisan polarization can undermine the effectiveness of accountability mechanisms or, worse, place the social order in jeopardy.

This study makes three principal contributions to the understanding of the political behaviour of ordinary citizens in sub-Saharan Africa. First, it complements the recent contributions of works that recognize the genuine presence of partisan identities in young African democracies (Michelitch, 2015; Carlson, 2016; Aguilar et al., 2016; Harding and Michelitch, 2021), thus underlining the need to account for partisan motives when investigating political behaviour in Africa. Second, it suggests that the impact of partisanship on the consolidation process of democratic institutions needs to be critically assessed. And lastly, it adds to our understanding of the moderating impact of education and ethnicity on partisanship.

Before presenting more details on the design of the study in Section 2.3, the following section will provide some theoretical considerations on partisanship and how they relate to Africa. Section 2.4 will then reveal and discuss the paper's findings before section 2.5 concludes.

2.2. Theory of Partisanship

2.2.1. Partisan Motivation and Political Behavior

Partisanship has long been recognized as a major determinant of political perceptions, attitudes, and behaviour in many democracies. In *The American Voter* – the seminal study of political behaviour – Campbell et al. (1960) establish a model of voter behaviour that attributes to partisan loyalties a paramount and causal role in the shaping of political attitudes. In their words, party identification "raises a perceptual screen through which the individual tends to see what is favourable to his partisan orientation" (p. 133). In contrast, some scholars have argued that partisanship is based on retrospective evaluations of party performance, i.e. a "running tally" model (Fiorina, 1981; Gerber and Green, 1999). However, this view has very

much fallen out of favour following more recent contributions that demonstrate the decisive role of partisan identities in perpetuating distinct differences in opinions among ordinary citizens (Bartels, 2002; Logan et al., 2003; Tverdova, 2011; Anduiza et al., 2013; Blais et al., 2015). This finding is further based on the observation that people prefer information congenial to their partisan predispositions and resist new information in contrast to them (Zaller, 1992; Taber and Lodge, 2006; Highton, 2012). Due to these partisan predispositions, such new information is seen as less credible and is adjusted accordingly, a process called motivated reasoning, which likely biases performance assessments and thus affects political behaviour. On the other hand, some scholars assign partisanship the more positive role of a simple heuristic to facilitate the processing of complex information, thereby aiding citizens to simplify their analysis (Sniderman et al., 1991; Anderson and Tverdova, 2003).

2.2.2. Partisanship in Africa

As the literature on partisanship is mostly based on established democracies, the question arises how applicable its findings are to the decidedly different context of the new democracies in sub-Saharan Africa. Rather than thinking of partisanship as a type of well-established identity that individuals use to form groups and process information, much of the conventional wisdom on Africa treats it as something that individuals might use strategically to maximize their access to patronage (e.g. by aligning with a powerful politician or group) or as something that solely represents other identity-establishing characteristics such as ethnicity or religion (Cho and Bratton, 2005; Bratton et al., 2011). Adida et al. (2017) provide clear indication that ethnicity serves as a highly salient social identity that affects citizens' likelihood of engaging in motivated reasoning. In these contexts, partisanship would have little independent effect on how individuals form political opinions.

The argument for such weak partisan identities relies on the specific circumstances of the new African democracies. Many scholars believe that voters develop partisan identities themselves at a relatively young age, implying that mass partisanship within society only

develops gradually across multiple generations (Campbell et al., 1960; Bartels, 2002; Green et al., 2004). In the form of a stylized fact, the general pattern emerges that younger democracies tend to have a lower presence of partisanship among their citizens (Huber et al., 2005; Mainwaring and Zoco, 2007; Dalton and Weldon, 2007). The relative youth of African democracies and their parties, in addition to the generally volatile political landscapes, should thus make it more difficult to establish strong partisan bases. Individuals also tend to form stronger partisan attachments to groups when these are based on profound social values or more elaborate ideologies (Downs, 1957; Lupu, 2013; Parker and Janoff-Bulman, 2013). Parties in Africa, however, generally do not appear to establish coherent policy programs based on explicit ideologies, making their proposed social or economic policies less distinguishable (Ferree, 2006; Conroy-Krutz and Lewis, 2011; Bleck and van de Walle, 2013).

Considering that education is believed to lay the foundation for the manifestation of a partisan identity (Zaller, 1992; Joslyn and Haider-Markel, 2014), the generally lower levels of formal education in most African countries might suggest that the average African citizen is less able to form such partisan identities in order to indulge in motivated reasoning. While there is a general belief that formal education safeguards citizens from populist propaganda and therefore is a vital part of a successful democracy, Joslyn and Haider-Markel (2014) find that partisans with the highest levels of education are also the furthest apart in their interpretation of certain political issues. While these factors would seem to suggest that partisan attachments in Africa are weak, more recent studies hint that partisanship does play a greater role in Africa and that partisan biases can be observed among its citizens. In this regard, the findings from Uganda in Aguilar et al. (2016) indicate that even when party systems are young, citizens are influenced by partisan cues in their electoral decisions. In her study on taxi prices, Michelitch (2015) shows that Ghanaians in general extend more favourable prices to coethnics, but during election time they give the same advantage also to co-partisans, suggesting that ethnic and partisan cleavages exist alongside each other. More closely related, Carlson (2016) provides compelling evidence from Uganda that partisanship in Africa indeed needs to be seen as equivalent to partisanship in the West, as it entails a meaningful

social identity and is characterized by motivated reasoning. Harding and Michelitch (2021) already go one step further by analysing potential determinants of partisanship and come to the conclusion that coethnicity is not a consistent determinant of partisanship, while there is a range of other characteristics that seem to be associated with partisan attachment.

Beyond the mere presence of partisan identities and their likely impact on attitude formation, their influence on opinions about the democratic system is another important aspect to consider. While there are signs of general support for democracy in Africa, a better understanding of the factors driving individual-level variation in this support is important. In their case-based and largely descriptive analysis of attitudes toward democracy, Bratton and Mattes (2001) try to provide insights into this debate and contend that there is widespread popular support for democracy in Africa, while satisfaction with its concrete achievements is more varied. Logan et al. (2003) are generally in line with these findings, further noting that while support for democracy seems to be strongly related to the partisan affiliation of respondents, there appears to be no considerable partisan divide on commitment to democratic principles or national identity.

Given the existing body of evidence, the empirical question remains whether partisan attachments in African citizens need to be understood as a meaningful social identity – as in more established democracies – and how they are moderated by formal education and co-existing ethnic identities.

2.2.3. The Case of Ghana

Since most countries in sub-Saharan Africa have a relatively short and unstable democratic history, the party landscape has been described as fragmented and lacking stability and any meaningful form of ideology (van de Walle and Butler, 1999; Mozaffar and Scarritt, 2005). At first glance, Ghana is often seen as an exceptional case in this regard due to its unique political history since independence (Osei and Malang, 2018; Elischer, 2012). Since its return to democracy in the 1990s, Ghana has held regular elections, which have been touted as free

and fair by most observers. Additionally, elections have been highly competitive at least since 2000, mainly due to the solidified two-party system that has already led to multiple transfers of power through the ballot box, thus underlining Ghana's standing as a stable semi-democratic country. As Whitfield (2009) has argued, the two-party system is a direct result of Ghana's decolonization process, which pitted two political traditions against each other: The Danquah/Busia and the Nkrumahist traditions.

The former refers to J.B. Danquah, who jump-started the struggle for independence, and K.A. Busia, Ghana's prime minister from 1969 to 1972. At its inception, the Danquah/Busia tradition set out to represent the new educated elite, consisting of lawyers and other mostly foreign-educated academics with Akan ethnic backgrounds. Their political style is popularly described as elitist, more liberal, and business-friendly, thus leaning toward the right wing (Svanikier, 2007; Whitfield, 2009). The latter refers to the movement led by Kwame Nkrumah, Ghana's first president after independence. His political strategy can be described as a populist, people-centered, and more left-wing approach to politics while also remaining ethnically more broad-based. While J.J. Rawlings came to power through military coups – first in 1979 and again in 1981 – he ultimately returned Ghana to democratic rule in 1992. Although the two main parties of today were formally founded in 1992, both find their approach to politics within the aforementioned political traditions. In this respect, the New Patriotic Party (NPP) is the latest reincarnation of the Danquah/Busia tradition. Obeng-Odoom (2013) assigns the party to the philosophy of property-owning democracy. With a liberal approach to economic policy, the party's main aim is to attain macro-economic stability through prudent fiscal spending and low inflation, and it has therefore gained a reputation for good economic and fiscal management (Ninsin, 2006). On the other hand, the National Democratic Congress (NDC), which Rawlings founded to participate in the 1992 elections, cannot trace its roots directly to the decolonization period. However, it has appropriated the Nkrumahist tradition (Whitfield, 2009; Jeffries and Thomas, 1993). As such, the NDC portrays itself as a non-elite movement and champion of the people. Accordingly, the party sees itself committed to the social-democratic philosophy, as proclaimed in its party constitution (Bob-Milliar, 2012).

Chapter 2. Partisanship in a Young Democracy

Ghana's political landscape is characterized by relatively stable voting patterns. Whereas the NPP has its traditional strongholds in the Ashanti and Eastern Regions, populated by Akan groups, the NDC mainly relies on strong support from the Volta Region, populated by the Ewe. While these voting patterns suggest that party loyalties have ethnic roots, some scholars propose that party support has progressed to reflect other aspects of the respective political traditions (Whitfield, 2009). Lindberg and Morrison (2008) attest to this, as they find that party considerations far outweighed individual considerations, such as the ethnicity of a candidate, in the parliamentary elections of 2008.

These aspects seem to suggest that Ghana's main political parties and their respective support bases are characterized by meaningful ideological differentiation comparable to the situation in more mature Western democracies. Nevertheless, when analyzing both parties' track records during their terms in office, most scholars conclude that their policies are not predominantly driven by ideology, but rather by more pragmatic considerations (Ninsin, 2006; Bob-Milliar, 2012; Obeng-Odoom, 2013). Despite his progressively leftist rhetoric, it was Rawlings who authored Ghana's shift toward a neo-liberal state in 1983 with the pro-market Economic Recovery Program. The NDC's economic policy has since not broken with this stance, even after Rawlings' retirement. On the other hand, during its two terms in power between 2000 and 2008, the NPP put forward large state-sponsored programs to establish a welfare system, and in 2016 mainly ran on its promise of free secondary education, arguably not a decidedly neo-liberal policy. Obeng-Odoom's (2013) profound analysis of the parties' manifestos before the 2012 election comes to the conclusion that both parties exert a common neo-liberal policy platform, with the NDC deviating considerably from its proclaimed social-democratic core. This lack of a distinguishable ideology is also reflected in Van Gyampo's (2012) findings, which show that the vast majority of party supporters – even those with higher education – are unfamiliar with or disregard their party's ideology.

Thus, while Ghana seems to be a functioning electoral democracy, its party landscape and political competition are not inherently motivated by sophisticated political ideologies. The question arises whether partisan identities can still occur in this context without an ideological

basis. This paper tries to address this question by testing whether opinions of partisan citizens can be explained by shifts in political leadership along partisan lines.

2.3. Study Design

2.3.1. Data

The main data source of this paper consists of the surveys provided by the Afrobarometer project, which collects public perceptions and attitudes on a wide range of governance issues in Africa. Ghana has been covered in all rounds since 1999, creating an extensive sample to analyze partisan identities over time and across different parts of the population. Afrobarometer uses national probability samples in order to create representativeness across all citizens of voting age in a given country. This is achieved by using random selection at every sampling stage with probability proportionate to population size wherever possible. For rounds 2 through 4 the sample size amounts to 1200 respondents[2], while rounds 5 and 6 include 2400 respondents. The samples consist of 150 and 300 primary sampling units (PSU) respectively, with eight respondents within each PSU. More details on the sampling technics and other information on the Afrobarometer surveys can be found in the most recent survey manual available online (Afrobarometer, 2014).

The variables employed here measure individual perceptions and attitudes of the survey respondents with respect to different political issues, their personal situations, and democratic values. The first set of variables includes the assessment of each respondent's own living conditions in absolute terms and compared to other Ghanaians. The second group of measures comprises of individual perceptions on political issues in the country, these being the current and future economic conditions as perceived by the respondents and the perceived corruptness of the president. Additionally, a measure on the perceived security is included in the analysis. The third group of measures covers the respondent's attitudes towards important aspects of a democratic society. These being the attitudes towards a common national

[2] Round 3 only includes 1197, as 3 respondents are missing

identity, the necessity of taxation, the two basic democratic principles of freedom of association and freedom of press, and lastly their approval of the multi-party system.

The undertaken regression analyses, include a standard set of available individual characteristics of the surveyed respondents that likely affect perceptions and attitudes, namely an individual's gender and age, religion, living locality, level of education, employment status, and their ethnicity. More details on the definition of the different variables used and the exact wording of the survey questions can be obtained from Table A1 in the Appendix, while Table 2.1 below contains simple descriptive statistics of the employed dependent variables.

2.3.2. Empirical Strategy

Considering that the Afrobarometer surveys constitute a repeated cross-section, the statistical inference in this paper will be based on a pooled OLS model with unit- and time-fixed effects in the style of a Difference-in-differences (DiD) approach. The DiD approach is the most readily available approach to allow for causal inference when confounding factors are at least partly unobservable. The standard DiD approach works by identifying two distinct groups, which are compared before and after the event of interest has taken place to take advantage of the introduced variation. I will adapt the standard DiD approach slightly comparing the two partisan groups directly concerning their perceptions and attitudes in order to uncover a potential partisan divide.

While the survey data would theoretically allow us to identify partisans directly through their responses, I refrain from this due to the following reasons. First of all, there is reason to believe that the responses on party support are not entirely truthful, as one can observe a particularly low incidence of supporters of the main party that is in opposition at the time of the survey. Considering that a large proportion of respondents believe that the Afrobarometer surveys are administered by the government, it appears plausible that some partisans hide their true allegiance when their party is in opposition, potentially fearing harassment by the government.

Table 2.1. Descriptive Statistics of Dependent Variables

Variables	Full Sample				NPP Sample	NDC Sample
	Mean	SD	Min	Max	Mean	Mean
Living Conditions (absolute)	0.288 (1991 obs)	0.453	0	1	0.271 (1096 obs)	0.309 (895 obs)
Living Conditions (relative)	0.452 (1577 obs)	0.498	0	1	0.441 (836 obs)	0.464 (741 obs)
Economic Cond. (present)	0.262 (1996 obs)	0.440	0	1	0.235 (1097 obs)	0.295 (899 obs)
Economic Cond. (future)	0.707 (1589 obs)	0.455	0	1	0.689 (840 obs)	0.728 (749 obs)
Corruption President	0.332 (1881 obs)	0.471	0	1	0.348 (1050 obs)	0.313 (831 obs)
Fear of Crime	0.510 (2137 obs)	1.013	0	4	0.529 (1171 obs)	0.488 (966 obs)
National Identity	1.387 (1777 obs)	0.679	0	2	1.313 (1005 obs)	1.483 (772 obs)
Taxation	0.914 (1967 obs)	0.280	0	1	0.927 (1129 obs)	0.896 (838 obs)
Freedom of Association	0.645 (1704 obs)	0.479	0	1	0.690 (946 obs)	0.588 (758 obs)
Freedom of Press	0.506 (1729 obs)	0.500	0	1	0.507 (960 obs)	0.504 (769 obs)
One-Party-Rule	0.137 (2091 obs)	0.344	0	1	0.116 (1150 obs)	0.163 (941 obs)

Notes: This table provides descriptive information on the main dependent variables of the empirical investigation

Furthermore, the self-reported identification of partisans also aggravates the potential of a simultaneity bias, as causation between the dependent variables and partisan allegiance can plausibly run in both directions.

Consequently, based on the available geocodes of the survey respondents, I use a geographical identification strategy matching each respondent to their electoral constituency and then combine it with the results of the most recent presidential election. NPP partisans will thus be identified by living in a constituency, where the vote share of the NPP presidential candidate exceeded 70 percent in the corresponding national election. Likewise, respondents will be identified as NDC partisans, when they are living in a constituency where the vote share of the NDC candidate exceeded 70 percent. Although it needs to be noted that Afrobarometer surveys are not representative at the sub-national level, I assume that the random selection of respondents in each PSU and the fact that my analysis is based on group averages leads to both partisan groups consisting on average of 70 percent of partisans or more of the respective party. Further, this means that the estimated partisan divide is rather biased downwards, due to the likely inclusion of some non-partisans and even partisans of the other party. On the other hand, this geographical identification reduces simultaneity, as causation running from the dependent variables towards partisanship is much less plausible, considering that it would involve moving your home to a party stronghold.

The shift in political power following the 2008 general elections will provide the necessary variation, splitting the sample into a pre- and post-period. The analysis will thus try to identify the change of the different dependent variables for both partisan groups that will react to a loss and gain of power, respectively. In order to ensure an unbiased statistical inference, the power shift needs to be an exogenous event that is not linked to any of the dependent variables under study. As mentioned above, the results of the 2008 elections were particularly close and unpredictable – a quasi coin flip – thus permitting the assumption of exogeneity. Further steps to produce reliable estimates need to address the likely presence of heteroscedasticity and serial correlation, as has been acknowledged by Cameron and Miller (2015) and Bertrand et al. (2004), respectively. Clustering the data will help to solve both of these problems and to

achieve a reasonable number of clusters I chose to cluster at the PSU level, which is the minimum recommendation of Cameron and Miller (p. 18, 2015).

A natural problem to every observational study is that the composition of both comparisons groups is not constructed randomly, thus leading to the likely situation that both groups differ systematically concerning important features that also have a bearing on the outcome variables under study. In my specific case, it is to be expected that NPP and NDC supporters differ systematically with respect to important characteristics that might also influence their perceptions and attitudes. The data sample allows us to control for at least some of the most important observable characteristics, which will be included in the estimation. Loosely applying the DiD approach will help to control for some of the unobservable factors that globally impact the dependent variables in both groups at the different points in time. In order to lend more credence to the DiD estimates, it is customary to analyze the trends of the dependent variables in the pre-period, as they should ideally be parallel in both comparison groups. Hence, I provide graphs that plot the averages of each dependent variable across the different rounds, checking for parallel pre-trends in section 2.4.

Ultimately, I estimate the following equation:

$$Depend_{it} = c + partisan_i + \beta * (partisan_i * post_t) + round_t + region_i + X_{it} + e_{it}$$

where the subscript ***i*** represents the different respondents and ***t*** the two time-periods before and after 2009. The dummy variable $\boldsymbol{partisan_i}$ takes the value 1 for observations that are identified as NPP partisans and 0 for those that are NDC partisans, while the dummy variable $\boldsymbol{post_t}$ takes the value 1 for observations from the post-treatment period and 0 otherwise. These two dummy variables are then interacted producing the standard DiD estimator and the coefficient β marks the main coefficient of interest, as it estimates the average change in perceptions and attitudes of NPP partisans relative to NDC partisans after their preferred party

lost power. While X_{it} includes a range of individual-level controls, round and region dummies are included to further control for unobserved factors specific to these units, and, finally, e_{it} is the standard error term. The control variables will help to control for differences in important characteristics on the individual level and with respect to the different partisan groups, i.e. NDC partisans tend to live more rural and exhibit on average a lower level of education. For the heterogeneity analysis in section 2.4.2, this equation will be extended by an additional interaction term between the DiD estimator and the dummies for education and ethnicity.

2.4. Analysis and Results

2.4.1. Baseline Results

Table 2.2 provides the first set of results employing the self-assessed living conditions in columns 1 and 2. In both cases, the estimates for the partisan divide are highly significant, while their negative sign indicates that NPP supporters perceive their living conditions to deteriorate relatively to NDC supporters after their party lost political power, in line with expectations. Based on the coding of the dependent variables, the coefficients of the partisan divide indicate the percentage point difference of partisans rating their living conditions as good following the shift in political power, i.e. there is a 30.2 percentage point difference between NPP and NDC partisans that rate their absolute living conditions as good, after their party lost power. This difference is based on the first difference that indicate that 9.6 percentage points more of NPP partisans report positive living conditions compared to NDC partisans, when the NPP was in power. During the NDC regime, this difference turns around as now 20.5 percentage points more of NDC partisans give positive feedback on their living conditions compared to NPP partisans, which underlines the outright reversal of perceptions of living conditions in both partisan groups. The results for the relative measure on living conditions are qualitatively and quantitatively very much the same.

Table 2.2. Baseline Results. Living Conditions

VARIABLES	(1) **Living Conditions (absolute)**	(2) **Living Conditions (relative)**	(3) **Public Utility Index**	(4) **Asset Index**
NPP Partisan	0.096**	0.182**	0.773***	-0.020
	(0.048)	(0.078)	(0.295)	(0.120)
Partisan Divide (PD)	-0.302***	-0.309***	0.228	0.259***
	(0.049)	(0.056)	(0.234)	(0.089)
Gender	0.024	0.038	0.001	0.245***
	(0.019)	(0.024)	(0.023)	(0.036)
Location	0.077***	0.120***	0.904***	0.273***
	(0.025)	(0.030)	(0.111)	(0.046)
Education	0.029*	0.060***	0.104***	0.251***
	(0.016)	(0.017)	(0.032)	(0.026)
Employment	-0.004	-0.000	-0.039**	0.095***
	(0.009)	(0.010)	(0.017)	(0.017)
Age	-0.002*	-0.000	-0.003*	0.005***
	(0.001)	(0.001)	(0.002)	(0.001)
Muslim	-0.083	0.051	-0.033	-0.000
	(0.057)	(0.077)	(0.154)	(0.098)
Other Religion	-0.065**	-0.032	-0.244**	-0.247***
	(0.028)	(0.044)	(0.109)	(0.071)
Ethnic Ewe	-0.019	-0.023	-0.178	-0.137
	(0.053)	(0.075)	(0.134)	(0.104)
Ethnic Ga	0.023	-0.014	0.045	-0.098
	(0.080)	(0.099)	(0.211)	(0.125)
Ethnic Northern	0.086	-0.040	0.016	-0.015
	(0.070)	(0.076)	(0.179)	(0.123)
Observations	1,848	1,460	1,932	1,707
R-squared	0.112	0.096	0.334	0.226

Notes: (a) The Partisan Divide variable is the Difference-in-differences estimate, which is the difference between NPP and NDC partisans before and after the power shift. (b) The estimations include an unreported constant, round- and region-specific dummies and standard errors in parentheses are robust and clustered at the PSU level. (c) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

Considering the well-established concept of pork-barrel politics, there is an extensive literature on distributive politics also in the African context, with early contributions like Morrison and Stevenson (1972) and Bates (1974) to more recent contributions that describe compelling evidence of political favoritism (Hodler and Raschky, 2014; Burgess et al., 2015, Kramon and Posner, 2016; Dickens, 2018). Consequently, it appears plausible also in this context that the government uses its political power to funnel public resources towards their

support base, which could then explain the difference in perceived living conditions between the opposing partisan groups. Investigating this channel, I analyze the changes in the access to public utilities and the ownership of certain assets to control for political favoritism. Columns 3 and 4 of Table 2.2 depict the respective results, indicating that there appears to be no evidence of political favoritism in the access to public utilities.[3] The weakly positive estimate for the partisan divide rather suggests that NPP partisans have better access to public utilities after their party had to step down. When employing an index of asset ownership, the estimation results again seem to suggest that NPP supporters do better after the power shift, which rather stands in contrast to political favoritism. At least with the available measures used here, its seems unlikely that political favoritism is behind the patterns of perceived living conditions reported above.

An important assumption for the validity of the DiD approach is the presence of parallel pre-trends. The figure panel in the appendix investigates this trend assumption by plotting the dependent variables for each partisan group across the different survey waves. Figures 2.1 and 2.2 below indicate that the trends of perceived living conditions for both partisan groups are relatively parallel in the pre-period, while their levels diverge as expected, with NDC supporters reporting worse living conditions in line with their preferred party being in the opposition. In the post-period, this pattern is turned on its head as the perceived living conditions of NDC supporters continue to rise, while those of NPP supporters collapse heavily following their party's loss of power. The graphs further show that in the last survey wave NDC supporters appear to be much more pessimistic about their living conditions, as the gap from the previous survey wave is basically erased. The last survey wave took place in 2014, which marked a particularly challenging year for Ghana's economy that resulted in increasing costs of living. This might have put a particularly heavy burden on the comparatively poorer NDC supporters, which could explain their sizeable reduction of perceived living conditions in the

[3] The access is measured by a public utility index that combines the access to electricity, piped water, schools, and health clinics in the respective party strongholds at the different points in time. All measures of the index can also be tested separately, without producing any evidence for partisan favoritism.

round 6 data. Nevertheless, the parallel pre-trends suggest that on average unobservable factors impacting perceived living conditions did not systematically differ across both partisan groups, which increases the trust in the employed methodology and its estimation results.

Figure 2.1. Living Cond. (abs.)

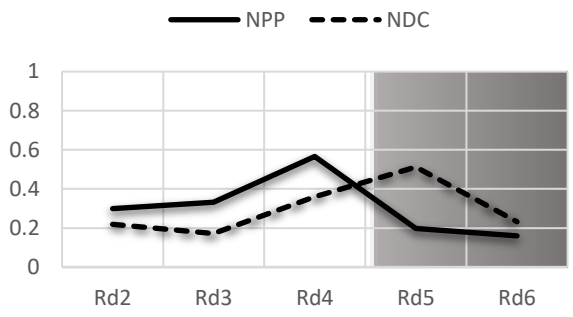
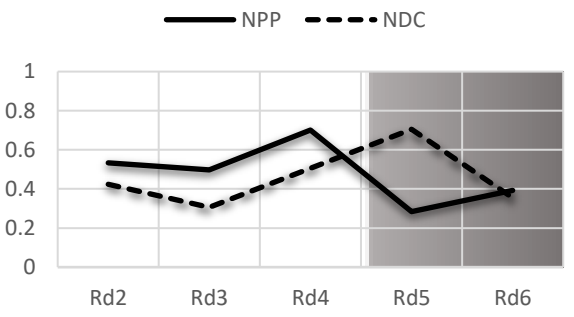


Figure 2.2. Living Cond. (rel.)



Notes: The figures show the average values of the respective dependent variable across the different survey rounds for both partisan groups. The area with the white background depicts the pre-period, while the dark background displays the post-period.

In the following, I probe if the partisan divide on living conditions is an exceptional result or if there is further evidence for the presence of motivated reasoning in party supporters' opinions. In a first step, I explore other perceptions of more political issues trying to corroborate the partisan divide pattern. Table 2.3 below examines the citizens' perceptions of the economic conditions in the country, first at present, and secondly looking into the future. Here again, both measures are subject to a partisan divide, as NPP supporters' assessment of the economy drop following their party's removal from political power. In terms of magnitude, the results are very much in line with those of the perceived living conditions.

Column 3 of Table 2.3 employs the respondents' corruption perceptions of the president as dependent variables. Once again, a significant partisan divide between both groups emerges, suggesting that NPP partisans perceived the president to be less corrupt compared to NDC partisans when their party holds executive power at the national level. Considering that the partisan background of the president changes after the power shift, it can be expected that party supporters will evaluate 'their' president much more favorably giving further evidence for the presence of motivated reasoning based on the partisan allegiance of the respondents.

Extending the analysis further, column 4 reports results for perceptions of personal security. Here again, a highly significant partisan divide can be observed, as both partisan groups are more fearful of being the victim of a crime when their party is not in power.

Table 2.3. Baseline Results. Political Perceptions

VARIABLES	(1) **Economic Conditions (present)**	(2) **Economic Conditions (future)**	(3) **Corruption President**	(4) **Fear of Crime**
NPP Partisan	0.221***	0.155**	-0.082	-0.203
	(0.062)	(0.060)	(0.080)	(0.133)
Partisan Divide (PD)	-0.401***	-0.387***	0.279***	0.396***
	(0.043)	(0.061)	(0.044)	(0.104)
Gender	0.021	0.021	0.015	-0.067
	(0.017)	(0.017)	(0.021)	(0.043)
Location	0.022	-0.006	0.027	0.114*
	(0.021)	(0.022)	(0.024)	(0.058)
Education	0.009	-0.009	-0.020	-0.012
	(0.014)	(0.015)	(0.014)	(0.027)
Employment	-0.008	0.001	0.017*	-0.031
	(0.008)	(0.008)	(0.010)	(0.022)
Age	-0.000	-0.001**	-0.002**	-0.003**
	(0.001)	(0.001)	(0.001)	(0.001)
Muslim	-0.109**	-0.004	-0.112**	0.043
	(0.052)	(0.038)	(0.051)	(0.127)
Other Religion	-0.083***	-0.054	0.049	-0.062
	(0.027)	(0.040)	(0.046)	(0.092)
Ethnic Ewe	0.043	-0.016	-0.006	0.210
	(0.052)	(0.046)	(0.070)	(0.151)
Ethnic Ga	0.039	-0.003	-0.003	0.053
	(0.088)	(0.075)	(0.064)	(0.144)
Ethnic Northern	0.077	0.166**	-0.177***	0.145
	(0.074)	(0.064)	(0.065)	(0.236)
Observations	1,852	1,491	1,761	1,978
R-squared	0.158	0.234	0.150	0.050

Notes: (a) The Partisan Divide variable is the Difference-in-differences estimate, which is the difference between NPP and NDC partisans before and after the power shift. (b) The estimations include an unreported constant, round- and region-specific dummies and standard errors in parentheses are robust and clustered at the PSU level. (c) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

When examining the parallel trends assumption, Figures A1 and A2 in appendix show that the trends for both measures of economic conditions are generally moving in parallel directions, with differences in the levels according to expectations and the break only coming

after the power shift in 2009. For the corruption measure, Figure A3 again provides convincing evidence for the presence of a parallel pre-trend, while Figure A4 depicts a rather odd pattern for the perceptions of security, as the size of the partisan divide alternates heavily, with very small differences in rounds 2 and 5, but quite large differences in rounds 4 and 6. This suggests that these perceptions are impacted by certain time-varying aspects, therefore questioning the credibility of the estimated coefficient.

In summary, the analyzed perceptions appear to be subject to a considerable partisan divide as party supporters report significantly better perceptions of their personal situation. Likewise, these patterns can also be observed concerning perceptions of the economic and political situation in the country. The results suggest that the changes in living conditions following the shift in political power are merely a shift in perceptions that cannot be corroborated by a simultaneous shift in more objective measures for living conditions. This partisan divide runs like a common thread through the analysis of other perceptions, indicating a persistent presence of motivated reasoning which provides evidence for stable patterns of partisanship.

Considering Africa's short and volatile history with democracy, understanding the consolidation process of democratic institutions and principles is of great interest. The extent of partisanship among citizens will likely also play a considerable role in this regard that needs to be investigated. In the following, I analyze political attitudes to examine how important democratic values are anchored in the understanding of partisan citizens. Table 2.4 below depicts the respective analysis of political attitudes, with the first column using the citizens' attitude towards a national identity, an issue that has been of particular concern in the ethnically fractionalized societies of Sub-Saharan Africa. The results again indicate a significant partisan pattern, meaning that in consequence of the power shift, NPP supporters identify themselves less often as Ghanaians and more often in terms of their own ethnic group in comparison to NDC supporters whose attitudes towards a national identity grow stronger after their party took power. This suggests that partisan citizens only embrace a national identity when the state is effectively represented by their favored political party and retreat into

their ethnic identity group once their party is in opposition. In column 2, the important aspect of taxation is examined, an issue many developing countries struggle with to implement and broaden effectively, due to the generally low credibility of the state to spend public funds prudently. When employing the respondents' attitude towards taxation, yet another mildly significant partisan divide can be observed, as partisan citizens are more favorable of the state's right to tax the population, when their party is in power. This result blends in with the general over-estimation of personal benefits for partisan citizens, as it seems logical that citizens are more willing to pay taxes when they are expecting to receive more financial and non-financial favors from the government.

Columns 3 and 4 investigate the partisan effect on important values of a democratic society, the freedom of association, and a free press. For the former, the results indicate an interesting partisan pattern, as both groups are more insistent on their right to associate freely when their party is in opposition than when it holds power. On the other hand, the attitudes towards a free press seem unaffected by partisan motives, as the different party supporters seem equally in favor of a free press independent of which party holds power. Finally, column 5 sheds more light on how deeply rooted the multi-party system is in partisan citizens. The results show again that there appear to be partisan effects at play, as the partisan groups are less approving of the multi-party system when their party is in power. It would seem reasonable for partisan supporters to be more in favor of a multi-party system when this system has put their party in power. However, the evidence here rather suggests the opposite, as partisans are more in favor of curtailing democratic institutions potentially in the hopes of consolidating the status quo with their preferred party in power.

Examining Figures A5 to A9 in the appendix for the trend analysis of the political attitudes indicates much more mixed evidence on the presence of parallel pre-trends, as the partisan shifts are not as conclusive as for the perceptions analysis. This limits the validity of the estimated coefficients.

Table 2.4. Baseline Results. Political Attitudes

VARIABLES	(1) **National Identity**	(2) **Taxation**	(3) **Freedom of Association**	(4) **Freedom of Press**	(5) **One-Party Rule**
NPP Partisan	0.190	0.046	-0.185**	-0.136*	0.078
	(0.141)	(0.038)	(0.080)	(0.069)	(0.053)
Partisan Divide (PD)	-0.274***	-0.070**	0.332***	0.005	-0.253***
	(0.071)	(0.034)	(0.052)	(0.052)	(0.034)
Gender	0.026	0.003	0.030	0.034	-0.028*
	(0.029)	(0.013)	(0.022)	(0.023)	(0.016)
Location	0.025	0.022	-0.032	0.000	-0.051***
	(0.037)	(0.016)	(0.027)	(0.025)	(0.017)
Education	0.031	0.015	0.014	0.044**	-0.037***
	(0.020)	(0.009)	(0.015)	(0.017)	(0.011)
Employment	-0.026*	0.000	-0.002	0.010	-0.003
	(0.014)	(0.006)	(0.010)	(0.012)	(0.007)
Age	0.001	-0.000	-0.000	-0.002**	-0.001
	(0.001)	(0.000)	(0.001)	(0.001)	(0.000)
Muslim	-0.049	0.011	-0.033	0.024	-0.058
	(0.098)	(0.041)	(0.075)	(0.074)	(0.036)
Other Religion	-0.034	-0.017	-0.021	0.027	0.062*
	(0.061)	(0.027)	(0.055)	(0.042)	(0.035)
Ethnic Ewe	-0.098	0.021	-0.013	0.049	-0.063
	(0.069)	(0.035)	(0.070)	(0.061)	(0.041)
Ethnic Ga	-0.089	0.048	-0.020	-0.021	0.077*
	(0.113)	(0.030)	(0.070)	(0.102)	(0.053)
Ethnic Northern	0.102	-0.005	-0.028	-0.009	0.022
	(0.095)	(0.046)	(0.076)	(0.074)	(0.041)
Observations	1,689	1,828	1,619	1,641	1,939
R-squared	0.114	0.041	0.084	0.061	0.070

Notes: (a) The Partisan Divide variable is the Difference-in-differences estimate, which is the difference between NPP and NDC partisans before and after the power shift. (b) The estimations include an unreported constant, round- and region-specific dummies and standard errors in parentheses are robust and clustered at the PSU level. (c) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

2.4.2. Heterogeneity Analysis

Naturally, the baseline results only indicate average effects that are potentially moderated by certain individual-level characteristics of the respondents. One such characteristic is the level of education, which following the literature provided above, has already been found to impact the shape of partisan identities. As the big divide in education levels in Ghana is between those of primary and secondary education, I employ a dummy variable for the interaction term

that is 0 for those respondents with primary education and 1 for those with secondary education. Another important characteristic that has been found to affect partisanship especially in the African context is the ethnicity. As described above, both the NPP and NDC have ethnic roots, therefore I construct another dummy variable that is 1 for respondents from the Akan and Ewe ethnic groups and 0 for respondents with other ethnicities. With the resulting interaction term, I test if the partisan divide is larger between citizens from these two ethnic groups.

Table 2.5 portrays the heterogeneity analysis with respect to the moderating effects of education and ethnicity on the partisan divide. Columns 1 and 2 show that the interaction between the partisan divide variable and the education dummy has a positive and statistically significant coefficient. This indicates that the divide on perceived living conditions is considerably smaller among partisans with higher secondary education compared to those with only primary education. The coefficient on the partisan divide variable now reports the divide for partisan with primary education only, which is still negative and highly significant and its magnitude is reasonably higher than in the baseline regression indicating more pronounced partisan motives among citizens with primary education. Comparing the magnitude of both coefficients illustrates that for partisans with secondary education there is still a negative partisan divide suggesting that even with such higher education levels partisan motives do not disappear.

Columns 3 and 4, report the results with the interaction of ethnicity which demonstrate a significantly negative coefficient on the interaction term. These results point towards a considerably moderating impact of ethnicity, as the partisan divide seems to be much larger between partisans from the Akan and Ewe groups than for all other ethnic groups. For the relative measure of living conditions, the coefficient is smaller and less precisely estimated, thus fails to be significant. The partisan divide variable now only shows the differences in perceived living conditions between partisans from all other ethnicities, which is still negative but much smaller and not significant, as the estimates are subject to much larger standard

errors. These results underline the importance of ethnicity in the African context, showing that partisan identities are still strongly driven by ethnic identities.

Table 2.5. Heterogeneity Analysis. Education and Ethnicity

	(1)	(2)	(3)	(4)
VARIABLES	**Living Cond. (absolute)**	**Living Cond. (relative)**	**Living Cond. (absolute)**	**Living Cond. (relative)**
NPP Partisan	0.109**	0.194*	0.090*	0.173**
	(0.050)	(0.114)	(0.047)	(0.076)
Partisan Divide (PD)	-0.379***	-0.363***	-0.035	-0.134
	(0.058)	(0.066)	(0.111)	(0.131)
Education*PD	0.135***	0.149**		
	(0.046)	(0.059)		
Ethnicity*PD			-0.282***	-0.188
			(0.103)	(0.128)
Gender	0.001	-0.010	0.023	0.037
	(0.022)	(0.029)	(0.019)	(0.024)
Location	0.076***	0.092***	0.075***	0.119***
	(0.026)	(0.032)	(0.025)	(0.030)
Education	-0.001	0.075*	0.030*	0.060***
	(0.034)	(0.040)	(0.016)	(0.017)
Employment	0.004	0.004	-0.004	-0.000
	(0.010)	(0.012)	(0.009)	(0.010)
Age	-0.001*	-0.000	-0.002**	-0.000
	(0.001)	(0.001)	(0.001)	(0.001)
Muslim	-0.095	-0.003	-0.052	0.076
	(0.059)	(0.102)	(0.057)	(0.079)
Other Religion	-0.051	-0.035	-0.068**	-0.035
	(0.034)	(0.049)	(0.029)	(0.044)
Ethnic Ewe	-0.038	-0.119	-0.040	-0.045
	(0.058)	(0.097)	(0.054)	(0.077)
Ethnic Ga	0.015	-0.067	-0.010	-0.046
	(0.099)	(0.131)	(0.083)	(0.099)
Ethnic Northern	0.057	-0.025	-0.072	-0.141
	(0.079)	(0.096)	(0.083)	(0.098)
Observations	1,387	1,082	1,848	1,460
R-squared	0.126	0.099	0.115	0.097

Notes: (a) The Partisan Divide variable is the Difference-in-differences estimate, which is the difference between NPP and NDC partisans before and after the power shift. (b) The estimations include an unreported constant, round- and region-specific dummies and standard errors in parentheses are robust and clustered at the PSU level. (c) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

Overall, the heterogeneity analysis fuels the assumption that partisan identities are inherently affected by individual-level characteristics making their analysis potentially more complex.

2.5. Conclusion

The results in this study provide clear evidence for the presence of strong and stable patterns of partisanship in individual-level (political) perceptions and attitudes. Partisans perceive their individual living conditions more positively in times when their preferred party is in power. This pattern, however, seems to be solely in terms of perceptions, as more objective measures of living conditions appear not to be affected by the shift in political power, thereby ruling out the well-established issue of political favoritism as the main explanation for this observation. These findings are in line with theoretical deliberations on the partisan screening effect, which had so far mostly been disregarded in the analysis of the new African democracies. The consistent presence of partisan patterns across different political perceptions further supports the presence of motivated reasoning, a critical aspect of partisan motives, with partisans persistently assessing political issues in accordance with their partisan background.

The empirical analysis in this paper finds evidence for slightly less marked partisan motives for more educated partisans and underlines that ethnicity is a driving factor of partisanship but not the only one. These findings naturally come with certain implications. For once, the results suggest that the process of evaluating political parties and candidates – which is naturally very important for democracy – could in large parts be driven by partisan predispositions and less by actual performance. This is clearly problematic for the effectiveness of democratic accountability, purporting that partisanship may very well hamper the ability of citizens to hold politicians accountable for their actions and thus provide an explanation for the puzzle of why voters do not consistently punish poorly performing politicians at the ballot boxes. Additionally, the presented results also suggest a substantial level of polarization in the Ghanaian society between the two main partisan groups. This partisan polarization can certainly be seen as

endangering the performance of the governance and societal system. While higher education seems to go along with a less pronounced partisan divide the results also imply that there is no reason to believe that partisanship will vanish with the continued expansion of higher levels of education.

Furthermore, the illustrated partisan effects manifest themselves in a worrying double standard with respect to important democratic values, as partisan citizens seem to be in favor of democratic rights that are put in place to prevent the exploitation of political power only when their preferred party is in opposition, but are less willing to uphold those principles once their party is in power. This suggests that partisan motives could constitute a considerable impediment to the continued consolidation of democracy. There are many examples in African history where a provisional introduction of democratic structures proved unsuccessful, culminating in the return to an autocratic system. Given the seemingly relative stability of democratic structures in Africa in general and Ghana in particular over the previous two decades or so could result in the snap judgment that the core principles of democracy have been irreversibly planted into many African societies. However, the strong presence of partisan identities also seems to affect the general support for these important democratic principles in an ambivalent manner. With their preferred party in power, partisan citizens seem to be less demanding on institutions that keep executive power in check, showing their unbreakable conviction that ‘their’ party will treat them well. This pattern casts doubt on a high prevalence of intrinsic valuation for democracy. The importance of a free press, however, appears to have taken deeper roots among Ghanaian citizens, which still provides some comfort for the consolidation of the democratic system.

Nevertheless, further research is necessary to fully understand the mechanisms behind partisan motives in a developing democracy and how these affect the further development of democratic institutions and the political discourse. In this regard, future research could focus on other issues besides education and ethnicity that potentially moderate partisanship, in particular the provision of information through the media and even more importantly alternative news sources that have gained importance with the spread of mobile devices and the internet.

Chapter 3

Partisan Alignment and Political Corruption: Evidence from a New Democracy

I analyze the link between partisan alignment of local politicians and the incidence of political corruption, using novel hand-collected data on local political corruption in Ghana. The empirical analysis, based on 205 districts observed over the period 2013-2018, suggests significantly lower levels of political corruption in aligned districts. Partisan alignment reduces corruption by 1.9 percentage points, equivalent to about half of the mean-level in non-aligned districts. In line with political ambition theory, I attribute this result to local politicians aligned with the national government having incentives to control fiscal irregularities within their localities in order to appease their national party leaders and preserve their party's reputation. Alternative explanations are considered through empirical means and can be excluded. The estimated effect is more pronounced in districts that (i) are party strongholds, (ii) have better financial endowments, and (iii) have female local parliamentarians. It appears that political centralization and a politicized bureaucracy, as observed in Ghana, are important explanations for this finding.

Keywords: political alignment, local public finance, intergovernmental transfers, political career concerns, Africa, Ghana

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3.1. Introduction

Political corruption, commonly understood as the diversion of public resources for private gains, is a common occurrence worldwide and has long been identified as a major threat to economic development (Bardhan, 1997; Robinson, 1998; Tanzi, 1998; Kaufmann et al., 2009). Accordingly, major international agencies such as the World Bank or the IMF have started initiatives to combat political corruption across the globe (IMF, 1997; World Bank, 1997).

Fostering democratic institutions has long been at the center of these initiatives. Democratic institutions tend to induce political competition and electoral accountability, which in turn are believed to diminish the prevalence of political corruption. In addition, the decentralization of the political system has been identified as another avenue for improving governance and accountability (Albornoz and Cabrales, 2013; Fisman and Gatti, 2002b; de Mello and Barenstein, 2001). At the same time, some scholars are contesting this notion and note increasing levels of political corruption at the local level, particularly in developing countries, as these local political institutions are believed to be more prone to 'elite capture' (Treisman, 2000; Crook, 2003).

Exploring how the motives of local politicians regarding the diversion of public funds are shaped by the existing political structures is of substantial interest, as it can help us gain a better understanding under which conditions democratic institutions may produce the desired outcomes outlined above. On that front, the analysis of the institutional structure needs to factor in both vertical and horizontal relationships that take place within and across partisan boundaries. The intensity of competition in the political arena greatly affects the politicians' ability to cooperate and pursue a common good such as good governance. Therefore, this study also contributes to the debate on the merits and disadvantages of political competition and conflict in young democracies.

In this paper, I analyze empirically how the partisan alignment of political actors within and across different levels of government affects the spending of local public funds in a young democracy. The Republic of Ghana is a particularly interesting case to explore this question,

considering its status as a young but relatively stable electoral democracy. Furthermore, like many young democracies, Ghana introduced decentralized political institutions which however remain under strong influence from the central level, enabling the analysis of vertical and horizontal political relationships. For the analysis, I first carefully hand-collect information on expenditure irregularities at the local level from annually published audit reports. In a second step, I match this data with information on electoral outcomes and political representation in the respective local political institutions.

The analysis in this paper adds to the theoretical literature on the political economy of intergovernmental fiscal transfers (Lindbeck and Weibull, 1987, 1993; Dixit and Londregan, 1996, 1998). Focusing on electoral incentives empirical studies suggest that central governments use fiscal transfers to win votes by targeting municipalities with more swing voters (Dahlberg and Johansson, 2002; Johansson, 2003).

In the following, scholars have also looked extensively at the impact of partisan alignment on the size of fiscal transfers in diverse political and developmental contexts, generally finding that transfers are larger for aligned local authorities again suggesting electoral motives by central governments (Sollé-Ollé and Sorribas-Navarro, 2006, 2008; Arulampalam et al. 2008; Brollo and Nannicini, 2012; Migueis, 2013; Curto-Grau et al., 2012; Baskaran and Hessami, 2017). A related strand of this literature looks at the electoral motives of local political actors in the usage of these transfers, most notably investigating the presence of political budget cycles (Ahkmedov and Zhuravskaya, 2004; Aidt and Mooney, 2014; Hessami, 2018).

Other studies have linked partisan alignment to fiscal discipline, which provides an interesting parallel to corruption, indicating that municipalities are fiscally more disciplined when they are politically aligned with the central government (Jones et al., 2000; Rodden and Wibbels, 2002; Benton and Smith, 2013; Benton, 2019). The latter papers identify two interlinked mechanisms. The first is based on the ambitions of the local politicians who try to advance their political careers within the party hierarchy. For this purpose, they try to appease their party leaders whose electoral motives makes them mindful of fiscal discipline, by being fiscally less wasteful. Secondly, the authors stress the party's reputation as another reason

why local politicians try to retain a better fiscal framework, suggesting this will ensure future electoral support for their party and themselves.

These two mechanisms can also be applied to political corruption, which can affect electoral success the same way as fiscal discipline. While there is some evidence that corruption scandals can have negative effects on electoral outcomes (Welch and Hibbing, 1997; Ferraz and Finan, 2008; Bågenholm, 2013), other papers find that corruption scandals often only have minor electoral consequences (Chang et al., 2010; Eggers and Fischer, 2011; Costas-Perez et al., 2012) and there is a large literature that tries to explain this puzzling finding (Riera et al., 2013; Anduiza et al., 2013; Blais et al., 2015). Nevertheless, I argue that politicians generally still believe that corruption scandals are detrimental to their electoral success and thus have a strong desire to keep corruption under control.

While many papers investigating political corruption in public spending are based on low-income and/or less democratic countries (Mauro, 1998; Gupta et al., 2001; d'Agostino et al., 2016; Mironov and Zhuravskaya, 2016), there is also evidence for its presence in wealthy and highly-democratic countries (Hessami, 2014; Hessami and Uebelmesser, 2016). The link between (vertical) partisan alignment and local political corruption has only recently been investigated by Borella-Mas and Rode (2021), using data from Spain. They show that political alignment goes along with higher levels of political corruption, measured more indirectly based on news reports. Their findings provide evidence in favor of the positive effect of political competition described above, but is also set in a well-established democracy which differs from the context studied in this paper. While this paper focuses on vertical partisan alignment, I also factor in partisan alignment between horizontally arranged political actors. Additionally, I use a more direct measure of political corruption based on audit reports.

My findings indicate that public spending from intergovernmental transfers in local assemblies with vertically and horizontally aligned politicians is subject to less political corruption. In the baseline sample, corruption is reduced by 1.9 percentage points, which vis-à-vis the 3.9 percent average level of corruption in non-aligned districts represents a reduction of about half. Analogous to the literature on fiscal discipline, I attribute this finding to the

presence of party leader and reputation mechanisms that shape the motives of local politicians. Additionally, the increased political polarization in Ghana reduces the ability of local politicians to cooperate across the partisan divide, which creates a more conducive environment for the diversion of public funds. This latter interpretation is complementary to the case-study evidence of Ampratwum et al. (2018) in Ghana. The results are robust to a range of alternative explanations. A simple heterogeneity analysis suggests that the negative link between political alignment and corruption is more distinct in the political strongholds of the respective parties, when the local assemblies have better financial endowments and when the local parliamentarians are female. These extended results are also compatible with the proposed interpretation.

The remainder of this chapter is structured as follows. Section 3.2 develops the theoretical framework and the resulting hypotheses. Section 3.3 gives an account of the specific institutional context. Section 3.4 details the empirical strategy and the employed data, while section 3.5 presents the baseline results before providing a range of robustness checks. Section 3.6 adds to the findings with a heterogeneity analysis, before section 3.7 puts the results in perspective and concludes.

3.2. Theoretical Considerations

Despite a large body of research on (political) corruption, specific evidence on the local government level remains mixed due the complexity and methodological challenges of corruption. Generally, the World Bank defines corruption as *the abuse of public power for private benefit* indicating that it entails a specific state-society relation. The theory of extractive corruption puts more emphasis on the state in the aforementioned relationship, which seems more useful for the purpose of this study, as it is concerned with the behavior of political actors. Following the depiction in Amundsen (1999), this theory is derived from the neo-patrimonial political systems found in many African countries, making it a fitting framework. While many theories differentiate between political (“grand”) and bureaucratic (“petty”) corruption, Amundsen (1999) acknowledges the ambiguity of this distinction, as the separation of politics

and administration is unclear in many political systems, which seems even more relevant for young democracies. Within the concept of extractive corruption, I focus on embezzlement which is defined as the theft of public resources by public officials, as the specific type of corruption that is investigated in this paper. Naturally, there are different methods how public officials can engage in such behavior, the data section below will go into more detail on this, when discussing the specifics of the data generation process.

In linking political alignment to the (corrupt) behavior of political actors, many models are based on the "career concerns" model as discussed in Persson and Tabellini (2005). Based on electoral competition, politicians of differing partisan backgrounds have an incentive to monitor and expose each other, hence the respective model predicts that corruption will be higher in aligned municipalities, where this control mechanism is not present. However, this kind of model appears to be more applicable to well-established and fully decentralized democracies, such that local competition implies actual accountability at this level.

This paper rather covers young democracies which mostly lack this degree of decentralization both in terms of the institutional setting and the party landscape. Additionally, many young democracies follow a presidential system with simple plurality voting which has many well-studied implications for the behavior of political actors and the related governance outcomes. In this context, the fundamental centrality of the political system triggers two important mechanisms that determine political behavior at the local level, while also having career concerns at its core.

In a first step, based on political ambition theory, politicians act within vertically organized parties and try to build their political careers by rising through the ranks of the party hierarchy. Due to party centralization the access to political opportunities is under the control of the respective party leaders, thus incentivizing politicians at the lower ends to please those party leaders and indicate their competence by staying in line with the concerns of the party and thereby safeguarding their political careers. The party leaders are themselves concerned with re-election at the national level and thus try to avoid activities within their party that would jeopardize their re-election. Rampant political corruption will be such an activity that national

leaders would like to keep under control, thus local politicians can indicate their competence by keeping corruption in their locality in check.

Given that party leaders are tantamount to being presidents or ministers once their party holds political power, this patronage mechanism will likely be more pronounced in systems where political heads control the posting of influential and prestigious positions, i.e. in politicized bureaucracies, which are often a particular feature of young democracies. Subsequently, this strand of the theory will be referred to as “party leader” mechanism.

In a second step, again following from the centralization of the political system, party competition mostly takes place at the national level. In such a setting local politicians are mainly seen as representatives of their national party, thus the overall reputation of their party is more important for their electoral success than their individual characteristics. In connection with retrospective economic voting theory, local politicians will try to abstain from activities that ruin their party’s reputation and once again overt corrupt behavior can be regarded as such an activity. Furthermore, since in young democracies the ruling party often enjoys particular discretion about the use of public resources, they also face the major share of public scrutiny, whereas opposition politicians are not so much in the limelight. Consequently, local politicians that are aligned with the party in power will be more mindful of corrupt acts to protect their party’s reputation and thereby its electoral success. This part of the model will be referred to as “party reputation” mechanism.

A similar model based on the outlaid mechanisms has been used by Benton (2019) to explain the observed improvement of fiscal discipline in vertically aligned municipalities (Jones et al., 2000; Rodden and Wibbels, 2002), which has some analogy to the relationship between corruption and political alignment.

The model also has implications for corruption outcomes in swing and stronghold constituencies, i.e. those with more and less local competition. Stronghold constituencies will be characterized by less fluctuation among local politicians and therefore will be represented by more established politicians that are likely more heavily invested in their own party and closer to the party leaders. Given their status within the party, they will also be more inclined

to preserve their party's reputation in order to win the elections at the national level and then have access to more prestigious positions at the government level, such as ministerial positions. Thus the model will predict that corruption will be lower in these localities once they are aligned with the central government.

On the other hand, in swing constituencies there will be more fluctuation among local politicians given that these constituencies will shift between the competing parties more frequently. These local politicians will be newly elected and therefore are likely less invested in the party and not so close to its leaders. Furthermore, they might feel a greater urge to cash in on their campaign investment, which due to the increased competition will likely also be more expensive, and seek additional rents to compensate their local supporters. Therefore, the model will predict more corruption in these constituencies.

While the first part of the theory focused on the vertical structure of the political system, naturally there is also a horizontal dimension that needs to be mentioned. Here again, the partisan background will play an important role for the relationship between the local political actors, as it will be a major determinant of the ability to cooperate and effective corruption control necessitates a concerted effort by all actors involved. While the mechanisms presented above are only in place for aligned politicians, conflicting relationships on the horizontal dimension will further complicate the realization of effective governance.

In summary, the theoretical considerations predict that municipalities run by locally aligned co-partisans of the national government are subject to a lower degree of political corruption than those municipalities where local politicians are un-aligned.

3.3. Local Government System of Ghana

Induced by the presidential winner-takes-all system, the political landscape in Ghana has essentially been a two-party system since returning to democracy in 1992. The two main parties – the National Democratic Congress (NDC) and the New Patriotic Party (NPP) – have exchanged power at the national level through highly competitive elections. Although the

current local government system was only established in the wake of Ghana's return to democracy in 1992, there had been previous efforts in initiating a decentralization process.[4] However, as in many young democracies this process remains incomplete and local activities are still heavily influenced by the central government (Ayee, 2004; Crawford, 2009). Additionally, many political and bureaucratic positions are filled at the president's discretion and thus remain under control of the central government (Crawford, 2008). Given this context, Ghana makes for a good choice to study the hypothesis outlined above.

In the local government system of Ghana, the Metropolitan, Municipal and District Assemblies (MMDAs – henceforth referred to as DAs) constitute the prime political bodies. The country is divided into 216 districts with an equivalent number of DAs.[5] Each Assembly is made up of a local mayor (Metropolitan, Municipal and District Chief Executive or MMDCE – henceforth referred to as DCE or mayor), the member or members of Parliament that fall within the area of the district, locally-elected councilors and other councilors representing the traditional authorities and other interest groups.

Naturally, as the head of the DA the DCE controls most activities of the local authorities and thus holds almost unrivaled power (Crook and Manor, 1998; Crawford, 2008). Although DCEs need to be approved within their DA, effectively they are appointed by the President, as the rejection of presidential nominees has in the past rather been the exception than the rule (Crawford, 2008, 2009). Since the President can also remove DCEs at his discretion, there is a firm impression that mayors have a strong loyalty towards the central government (Freeze, 2006; Crawford, 2008). While the Constitution provides for a non-partisan setup at the local level, most political observers acknowledge that the political parties are very much active at the local level and most activities of the DAs are perceived as highly politicized (Williams, 2017).

[4] IMANI (2019) provides a comprehensive account on the history of decentralization and the development of the local government system in Ghana.
[5] Following a public referendum in December 2018, a major reform of the regional division of Ghana was initiated that was accompanied by another extension of the number of districts to currently 260.

Besides the DCE, the locally elected Member of Parliament (MP) can be identified as another important political actor at the local level. As parliamentary constituencies are embedded into district boundaries, each MP is linked to only one DA and there are merely some multi-constituency districts.[6] Although the main duty of Parliamentarians is that of a federal legislator and they are only ex-officio members of the respective DA, there are for once obvious electoral incentives for them to remain visibly involved in activities at the local level. Additionally, the position of DCE is often seen as a stepping stone, with MP being the next level in the political hierarchy. This results in a burdened relationship between both positions, especially when there is a partisan divide. DCEs and MPs will regularly use their powers to build a network of supporters within the Assemblies that are loyal to them (Ampratwum et al. 2018). Despite the formal exclusion of partisan politics in local government, extensive anecdotal evidence underlines how politicized activities at the local level are and that partisanship is a major driver behind this (GNA, 2007; Ayee, 1999).

In this regard, Ampratwum et al. (2018) document qualitative evidence on the local political settlement, supporting the view that intense competition impedes the capacity of local (political) actors to cooperate. They identify the relationship between the local DCEs and MPs as important determinant of performance and accountability. Musah-Surugu and Yeboah-Assiamah (2016) add to this by stating that about two-thirds in their sample of local stakeholders reported an increase in corrupt activities as a result of political conflicts within the DAs.

Besides the political context, there is a need to provide an overview of the public finances of the local authorities. The financial revenue streams of the DAs can be roughly divided into three main sources, central government transfers, internally-generated funds, and funding from the donor community. The analysis will focus on the previous two.

The main central government transfer is called District Assemblies' Common Fund (DACF), which is a grant transfer by the central government to support the local authorities with their

[6] In total, of the 216 districts studied here there are 183 single-constituency districts, 26 double-constituency districts, 4 triple-constituency districts, in addition to 3 more districts with 5, 10 and 13 constituencies respectively, i.e. the large cities.

development agenda. The DACF was created in 1992, with the first allocations being transferred in 1994. Since then, it has continuously increased in importance as a funding source for the local authorities. The DACF allocation formula is approved by Parliament and is based on a needs assessment for each DA in order to close developmental gaps between districts. About 5 percent of the DACF allocations are set aside for a local development fund at the discretion of the local MP, indicating his involvement on public spending at the local level.

In theory, all DAs are considered fiscally autonomous, as they can generate their own revenues through the collection of fees on licenses, property taxes, and royalties, among others. These internally-generated funds (IGF) constitute another important source of income for most DAs, with the collected funds mainly aimed at financing the recurrent administrative costs of each DA. However, there is a considerable variation in the efforts to collect IGFs across all districts, as many DAs lack the appropriate organization to collect revenues efficiently and there is some evidence that these efforts are discouraged by the provision of external grants (Mogues and Benin, 2012). In total, the DACF and IGF account for roughly 60 percent of the total revenues for an average district.

3.4. Data and Methodology

3.4.1. Data Sources and Summary Statistics

This paper combines administrative data from different sources. The main data source for measuring political corruption at the local level is provided by the Ghana Audit Service (GAS). GAS conducts annual audits of all local authorities and publishes its results in two complementary reports. The first report provides information on the management and utilization of the District Assemblies' Common Fund (DACF), among other statutory funds. While the second publication provides the findings from the audits of the local accounts of the district assemblies, which is mainly based on their internally-generated funds. Both reports contain the total amount of funds that were allocated or collected in the respective DA in

addition to a detailed list describing each irregularity and the monetary value involved. This paper uses the reports for the years 2013 through 2018, as the districts underwent reforms in 2012 and a major reform following a popular referendum in December 2018.[7]

Following the reading of the audit publications, the reported irregularities were coded in different categories in order to adequately separate financial malfeasance from simple administrative lapses. This coding is guided by the approach conducted by Ferraz and Finan (2007, 2008, 2011) that used comparable data from Brazil. The irregularities of interest have been coded into two categories: those linked to the payment process and those related to the procurement and storage process in connections with the acquisition of goods and services.

The former category comprises all expenditures that were conducted without appropriate documentation, i.e. missing or faulty invoices and receipts, duplicated payments, or direct misappropriation of funds. The later then subsumes all procurements that were deemed irregular, such as procurements without the necessary number of bids, spurious bids, or when allegedly procured items were not accounted for. These practices are among the most common ways of how political actors divert public funds (Ferraz and Finan, 2007). In order to get a better idea of the utilized coding procedure, the appendix B1 includes some specific examples from the audit reports and how they were coded. Based on the coding procedure, I derive the main measure for political corruption as the total amount of funds related to payment or procurement irregularities, normalized by the total funds available in the respective resource stream of each DA. The measure can thus be understood as the share of DACF and IGF revenues that are subject to corrupt activities.

The following summary statistics of the coded audit data are provided to get an idea of the constructed sample. The high prevalence of political corruption in the local authorities can be seen by the fact that 207 of the 216 DAs had at least one incidence of corruption in their DACF account across the 6 years included in the sample, while this number is slightly lower at 195

[7] The reform process was already initiated during 2018 with the creation of additional 38 DAs, which only slowly started operating during that year. Since the 2018 audit reports were only published in mid-2019, they already adopted the new number of 254 DAs. A robustness check excluding these separated districts will be carried out in chapter 3.5.2.

DAs for IGF irregularities. The data further shows that payment irregularities are much more prevalent than procurement irregularities, as 38 percent of the observations report at least one payment irregularity, while the same is only the case in 22 percent for procurement irregularities.

In relation to the respective revenues on average about 3 percent of all DACF allocations are connected to some form of irregularity, with the average irregularity amounting to about 50,000 Ghana Cedis (GHS). While on average 3.5 percent of the generally much smaller IGF revenues are spent irregular, resulting in an average of 14,000 GHS.

When calculating the averages for aligned and non-aligned DAs separately a particular pattern emerges, as the share of irregular activities of DACF funds in aligned districts amounts to 2.2 percent on average, while in non-aligned districts this average is 3.9 percent. Although this is just a simple difference in averages it already provides some indication that political corruption might be more unchecked in non-aligned districts. Concerning IGF revenues, however, the difference in the share of irregularities is much smaller with 3.8 percent in aligned DAs and 3.3 percent in non-aligned DAs, respectively.

For the construction of the alignment measure, the paper uses data from the parliamentary elections of 2012 and 2016 which is published by the Electoral Commission of Ghana. This data includes biographical information from each MP and all remaining candidates, their party affiliation and the respective electoral outcomes. The main measure of interest is then a simple dummy variable, coded as 1 when both the local DCE and MP are from the same party ruling at the national level and 0 otherwise.

Generally, this simple procedure is aided by the two-party structure of the political landscape in Ghana. However, since there are more parliamentary constituencies than districts, the construction of the alignment dummy can be an issue. There are in total 33 multi-constituency districts in Ghana, meaning that these districts have at least two MPs. For obvious reasons, this can complicate the assignment procedure for the alignment dummy, if these MPs have differing partisan backgrounds. Overall, there are 11 such “mixed” districts, in particular the larger cities of Accra, Kumasi, Sekondi-Takoradi and Tamale, that cannot be assigned

conclusively with respect to partisan alignment in their district. For this reason, these districts will be excluded and the main analysis will be conducted on the remaining 205 of 216 districts.[8]

Figure 3.1 below depicts the constructed alignment dummy in the form of a map. The left map shows the alignment status in the "pre"-period of 2013-2016. In this period, the NDC government held power at the national level, meaning that aligned districts (gray) at that time had MPs from the NDC, while non-aligned districts (black) at that time had parliamentarians from the then opposition party NPP. The right map conversely shows the alignment status in the "post"-period after the power shift of 2016. Here the NPP was in government, such that now aligned districts (gray) had MPs from the NPP party, while non-aligned districts (black) indicate that the local MP belonged to the NDC party. The white districts are those with mixed partisan alignment which are excluded from the main analysis.

The figure also portrays the four different types of districts that are possible. Some districts shifted from alignment to non-alignment, which means that in these districts the partisan affiliation of the respective MP did not shift and belonged to the NDC party in both periods. Hence, these districts can be considered strongholds of the NDC party, which are mostly located in the eastern and northern parts of Ghana.

Then some districts shifted from non-alignment to alignment, which means that here again no MP shift occurred and all MPs were fielded by the NPP party. Accordingly, these districts can be considered strongholds of the NPP party, which are mostly located in the central-western part of the country. Another type of district remained aligned in both periods, indicating that the partisan background of the local MP has shifted in accordance with the electoral shift at the central level from NDC to NPP. These districts can be regarded as swing districts, which are mostly located in the southern part of the country. The last type of districts remained non-aligned in both periods, indicating that the respective MP has shifted contrary to the electoral

[8] This non-random exclusion of certain districts introduces the possibility of a selection bias. As an alternative I will keep these districts in the sample as non-aligned, as not all of the political actors in these districts are from the same party. This procedure will be part of the robustness checks in chapter 3.5.2.

shift at the central level from NPP to NDC. This type is somehow unexpected and also only comprises 12 districts.

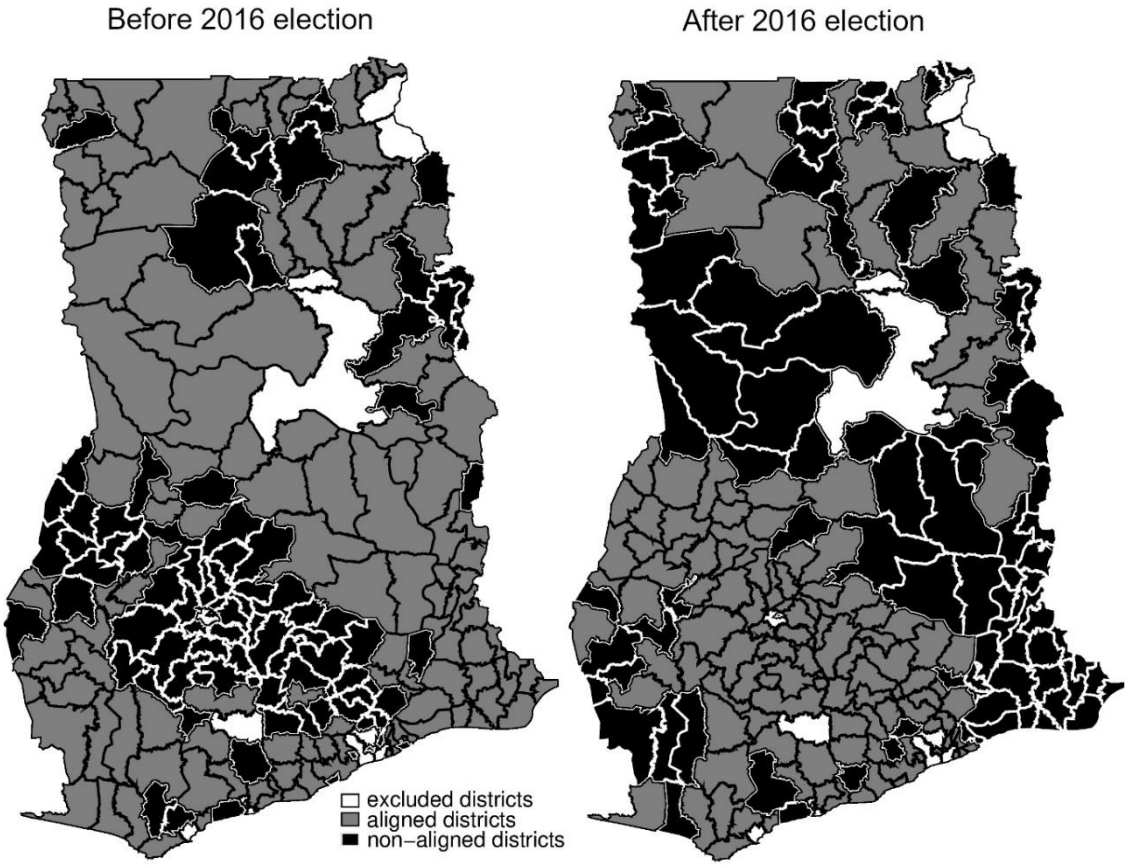

Figure 3.1. Partisan Alignment by District The figure depicts partisan alignment in each district. The left panel covers the period before the 2016 elections, with the right panel presenting the situation in the post-election period. Districts colored white are excluded from the baseline regression due to mixed political alignment.

3.4.2. Empirical Strategy

Considering that the employed dataset provides repeated observations over a considerable amount of subjects, this study will utilize a fixed-effects model. In addition to district fixed effects, which account for all time-invariant unobservables specific to each district, it also includes time fixed effects in the estimation to further control for all unobserved factors that are specific to each year. The inclusion of these fixed effects should account for a wide range of possible confounders, such as differences in size, geography, and status of the districts and also possible budget cycle effects that change across periods.

In order to produce reliable estimates for the relationship under study, certain conditions need to hold. Following Bertrand et al. (2004) and Cameron and Miller (2015), this method is prone to the likely presence of heteroscedasticity and serial correlation, potentially rendering the resulting standard errors inconsistent, therefore they will be clustered at the district level. Additionally, I will address the potential serial correlation by collapsing the time-series information into a “pre”- and “post”-period, a recommended procedure by Bertrand et al. (2004).

Henceforth, the estimation of the effect of partisan alignment on financial malfeasance is conducted using the following econometric specification:

$$Corruption_{it} = c + \beta * alignment_{it} + \boldsymbol{X}_{it} + \alpha_i + \gamma_t + \varepsilon_{it},$$

Where the left-hand side variable is the level of political corruption in district *i* and year *t*, while the alignment variable takes the form of a dummy indicating the partisan alignment of the DCE and MP(s). The vector X_{it} includes a range of different control variables, namely characteristics of the local MP, electoral variables, and financial variables of the DAs. The district and time fixed effects are expressed by α_i and γ_t respectively, with ε_{it} being the random error-term that is clustered at the district level.

The main interest lies in estimating the coefficient β, which indicates the link between partisan alignment and the left-hand side measure of political corruption with a negative coefficient indicating that there are fewer irregularities in aligned districts, while a positive coefficient would indicate the opposite.

3.5. Results

3.5.1. Main Results

Table 3.1 depicts the first set of results with data from the DACF audit report for the baseline sample of 205 districts in columns 1-3. The first column combines all instances of political

corruption for the two coded categories of payment and procurement irregularities, while columns 2 and 3 report each category separately.

Table 3.1. Baseline Regression Results

	DACF irregularities			*IGF irregularities*		
	(1)	(2)	(3)	(4)	(5)	(6)
	Total	**Payment**	**Procurement**	**Total**	**Payment**	**Procurement**
Alignment	-.019***	-.016***	-.003	.005	.006	-.001
	(.007)	(.006)	(.002)	(.010)	(.009)	(.004)
Controls						
MP Gender	.046	.034	.013*	-.042	-.023	-.018*
	(.029)	(.024)	(.007)	(.033)	(.026)	(.011)
MP Age	0	0	0	0	-.001	0
	(.001)	(.000)	(.000)	(.001)	(.001)	(.000)
Total Revenue	-.004*	-.003	-.001*	.007*	.007*	.001
	(.002)	(.002)	(.001)	(.004)	(.004)	(.001)
Financial Dependency	-.063**	-.046**	-.017**	.122**	.108**	.014
	(.025)	(.023)	(.008)	(.060)	(.046)	(.020)
Electoral Turnout	-.230	-.245*	.016	-.330	-.119	-.210**
	(.145)	(.140)	(.040)	(.332)	(.281)	(.103)
Electoral Competition	-.027	-.023	-.004	-.057	-.065	.008
	(.038)	(.031)	(.020)	(.067)	(.062)	(.021)
No. of dist.	205	205	205	205	205	205
No. of obs.	1215	1215	1215	1213	1213	1213
R-squared	.067	.055	.032	.077	.053	.044
District FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Notes: (a) Dependent variables: share of irregularities of total available funds in the respective funding source (DACF = District Assemblies Common Fund, IGF = internally generated funds). Irregularities are divided into the two categories of 'Payment' and 'Procurement', while 'Total' combines both categories. (b) Aligned districts are defined as those districts where the local mayor and parliamentarian(s) are from the same party as the central government. (c) The estimations include an unreported constant and standard errors in parentheses are robust and clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

The results indicate that politically aligned districts exhibit, on average, less political corruption than those districts that are un-aligned. However, this difference is only highly statistically significant for the combined measure of political corruption and payment irregularities. For procurement irregularities the coefficient of the alignment dummy is still negative but rather small and not statistically significant. Besides the strong statistical

significance of the combined corruption measure, the magnitude of its coefficient also displays economic relevance as corruption is, on average, 1.9 percentage points lower in aligned districts. Compared to a mean level of corruption of 3.9 percent in non-aligned DAs, this represents a reduction by about half.

On the other hand, columns 4-6 report the results for the IGF audit report. Here the reported coefficients of the alignment dummy fail to be statistically significant at all the conventional significance levels. This indicates that with respect to internally-generated funds, there does not appear to be a link between partisan alignment and financial malfeasance.

In terms of the proposed theoretical mechanisms, these empirical findings lend support to the "party leader" and "party reputation" theories detailed above. In those districts where the political actors are politically aligned with each other and the central government, both the mayor and MP collaborate to hold public administrators accountable and thus reduce the prevalence of political corruption to appease their party leaders. The opposite seems to be the case when the main political actors are not aligned, as the objectives of the involved MPs are naturally not in line with those of the respective mayors and the central government. They are rather exposed to a heightened level of political competition that incentivizes the local politicians to instigate discord within the respective local authorities, which seems to enable corrupt activities.

These results also have to be interpreted within the specific context of the political situation in Ghana. As mentioned before, the political competition in Ghana is characterized by a heightened level of political polarization with a highly politicized bureaucracy also at the local level. The partisan backgrounds of the involved political actors have naturally been identified as a major catalyst for these conflicts. The evidence presented here suggests that the intense competition rather obstructs the ability of the political actors to cooperate and align their objectives in order to keep the level of political corruption in check. Besides the affirmative link to the elaborated theoretical mechanism, the empirical evidence is also in line with the anecdotal evidence mentioned above and the case study findings of Ampratwum et al. (2018).

The evidence further indicates that the displayed link between alignment and political corruption only extends to funds stemming from the central government transfer and not to funds generated by the districts themselves. This could potentially be explained by the complementary nature of the government transfers and the extended discretion that is given to the local authorities in their spending, which is in line with evidence presented by Fisman and Gatti (2002a). The internally-generated funds on the other hand are much scarcer for the majority of DAs and the administrative expenses that have to be financed through these funds are predominantly recurrent, giving the local authorities less discretion in their spending. Furthermore, a low level of IGFs might also be indicative of a lacking effectiveness in the organizational structure of the respective DAs. This implies that in DAs with higher IGF endowments the political leaders are more effectively controlling and steering the administrative branch of the DA.

3.5.2. Robustness Tests

3.5.2.1. Impact of Swing Districts

Naturally, there are alternative ways of explaining the results reported above. First, there is the obvious suspicion that the reported relationship is mostly driven by DAs that remained aligned in both periods, i.e. those districts where the local MP(s) shifted along with the national power shift. These districts can be considered swing districts and are thus presumably subject to a higher degree of electoral competition. This electoral competition could be the determining factor driving down opportunities for corrupt activities. Thus conducting a regression on a restricted sample that only includes districts where alignment shifted, i.e. party strongholds, could help to exclude this alternative explanation.

Table 3.2 shows the respective results again for the three measures of corruption now only for DACF irregularities in columns 1-3. Due to the exclusion of swing districts the sample size is reduced to 147 districts. The results are generally unaffected by this change, as aligned stronghold districts continue to exhibit fewer irregularities than non-aligned stronghold districts.

This seems to suggest that the alleged link between political alignment and public misspending is not merely driven by the swing districts that witness higher levels of electoral competition.

Table 3.2. Robustness test I (DACF irregularities only)

	Strongholds only			*Pre-trend*		
	(1)	(2)	(3)	(4)	(5)	(6)
	Total	**Payment**	**Procurement**	**Total**	**Payment**	**Procurement**
Alignment	-.016**	-.013**	-.003	-.019***	-.017***	-.003
	(.007)	(.006)	(.002)	(.007)	(.006)	(.002)
Pre-Trend Dummy				-.005	-.006	-.001
				(.009)	(.007)	(.004)
Controls						
MP Gender	.082*	.061	.021*	.046	.034	.013*
	(.048)	(.039)	(.011)	(.029)	(.024)	(.007)
MP Age	0	0	0	0	0	0
	(.001)	(.000)	(.000)	(.000)	(.000)	(.000)
Total Revenue	-.005**	-.004	-.001	-.004*	-.003	-.001*
	(.002)	(.002)	(.001)	(.002)	(.003)	(.001)
Financial Dependency	-.077**	-.054*	-.023**	-.063**	-.046**	-.017**
	(.034)	(.029)	(.011)	(.025)	(.023)	(.008)
Electoral Turnout	-.365*	-.409**	.044	-.227	-.243*	.016
	(.211)	(.201)	(.069)	(.145)	(.139)	(.040)
Electoral Competition	-.043	-.040	-.003	-.027	-.023	-.004
	(.055)	(.045)	(.030)	(.038)	(.031)	(.020)
No. of dist.	147	147	147	205	205	205
No. of obs.	872	872	872	1215	1215	1215
R-squared	.090	.076	.040	.067	.055	.032
District FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Notes: (a) Dependent variables: share of DACF irregularities of total available funds (DACF = District Assemblies Common Fund). Irregularities are divided into the two categories of 'Payment' and 'Procurement', while 'Total' combines both categories. (b) Aligned districts are defined as those districts where the local mayor and parliamentarian(s) are from the same party as the central government. (c) The estimations include an unreported constant and standard errors in parentheses are robust and clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

3.5.2.2. Reverse Causality and Placebo Regression

Furthermore, there are potentially plausible mechanisms linking political alignment and corruption in a reverse causality direction, i.e. corruption determines alignment. Here, one could think of corruption being used to finance political campaigns with the opposition that is

non-aligned running a more expensive campaign to take back power, which could then if successful turn into political alignment. The simple fixed-effect model cannot immediately rule out such alternative theories.

Given the panel structure of the sample, one possible strategy to give a mild indication on the direction of causality is to exploit the timing of corruption cases and test if there is a pre-trend of alignment. To test this, I add a dummy that is 1 the year before the political turnover for all districts that shifted from non-alignment to alignment. Table 3.2 above reports the respective results in columns 3-6. As the coefficient of the included dummy fails to be significant, thus showing that future alignment does not have an effect on corruption, this gives some indication that the relationship is rather running from alignment to corruption.

Additionally, I run a simple placebo regression, to test the credibility of the estimated effect. For that purpose, I randomly assign the 205 districts in the baseline sample to the aligned and non-aligned groups divided by the pre- and post-turnover periods, generating 100 different placebo samples. As stated before there are four different possible alignment patterns, i.e. districts that are aligned in the pre-period and non-aligned in the post-period, those that are non-aligned first and switch to alignment and those that that either stay aligned or non-aligned in both periods. As these four types occur with different frequencies in the original baseline sample[9], I designed the randomization such that the relative share of these four types remains the same in the placebo samples. With each of these placebo samples, I re-run the baseline specification as in the first column of Table 3.1 and plot the resulting estimates in Figure 3.2. As expected, the coefficients from the placebo samples are centered around 0, with four of them being significantly different from 0 – three on the negative side and one on the positive side. This is still within expectations, considering that the truly treated districts are still included in the sample. Thus, these results further add to the credibility of the effect estimated above.

[9] There are 77 districts that switched from alignment to non-alignment, 68 district changed from non-alignment to alignment, 48 districts stayed aligned, while 12 districts remained non-aligned.

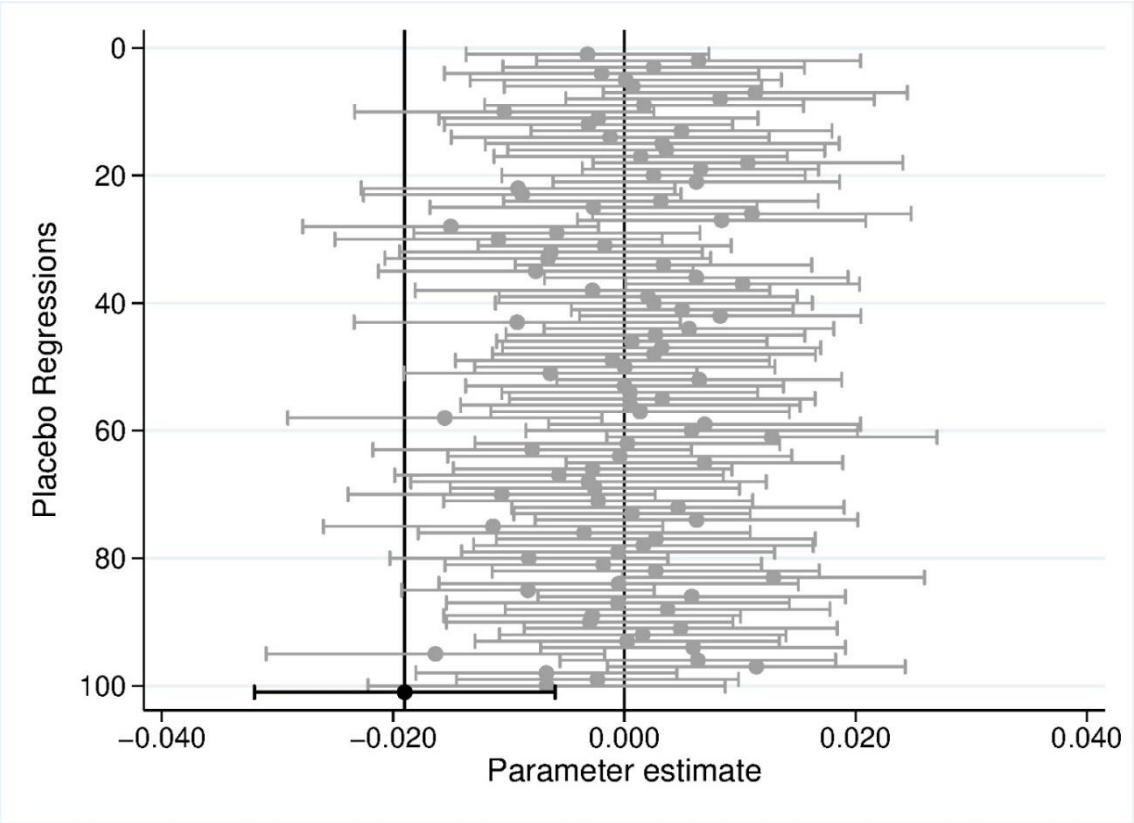

Figure 3.2. Placebo Regressions This figure reports placebo regression results on the effect between political alignment and political corruption. For this, I randomly assign alignment in the pre- and post-turnover periods across the 205 districts included in the baseline sample and then re-estimate the regression reported in Table 1, column 1. These placebo samples include the four possible alignment patterns (i.e. shift from alignment to non-alignment, vice versa and remaining aligned or non-aligned) in the same share as the baseline sample. I estimate 100 such placebo regressions and plot the coefficient estimates (gray dots) in the above figure. The black dot indicates the coefficient from the baseline regression.

3.5.2.3. Biased Auditors

Another potential problem for the identification of the presented results would be a bias of the auditors undertaking the reviews of the local authorities. This is of particular concern considering the detailed influence of the central government at the local level. The hypothesized reduction of irregularities in locally aligned districts could thus merely be a result of the Ghana Audit Service being influenced by the central government to release more favorable reviews for those DAs that are in political alignment with the central government party.

As the independence of the Auditor-General (AG) and his Audit Service is an important requirement for fulfilling its mandate, the 1992 Constitution makes the respective provisions to

minimize opportunities for interference into the work of the Audit Service, especially by the executive branch of government. In this regard, the rather strict rules on the removal of the Auditor-General, which are in line with those of Superior Court Judges need to be mentioned. This ensures that the appointment of the AG is effective until he decides to retire. While the previous Auditor-General was appointed in 2010 by an NDC President, the current AG has also been appointed in 2016 by the then outgoing NDC government and has remained in office since, suggesting that there is no clear allegiance of the AG with the current NPP government. Besides, there is a constitutional assurance of the necessary funds in terms of salaries and allowances of the AG and the respective staff of the Audit Service, enabling them to carry out their mandate, as these charges are directly attributed to the main public fund of the country and not subject to the usual budgetary process.

For the purpose of presenting direct evidence of the independence of the Ghana Audit Service, Figure 3.3 depicts the average share of irregularities of DACF funds across the whole sample period. The figure only includes those districts that were subject to a shift in the political alignment after 2016. In this respect, the gray line depicts those districts that were non-aligned from 2013 to 2016 and then became aligned in the post-period. The black line displays those districts that shifted in the opposite direction from alignment to non-alignment, respectively. In line with the baseline results above, one can observe the gray line generally resting above the black line in the pre-period, which then turns around in the post-period, indicating that in all periods non-aligned districts recorded higher shares of irregularities on average. In 2013, the first year of the legislative period, the difference seems much smaller and the graph suggests that there appears to be some form of a political budget cycle among the aligned districts, meaning that irregularities are higher after elections, i.e. in the years 2013 and 2018.[10]

[10] Technically, 2017 would be the first year of the legislative period, but due to the power shift the turnover of all DCEs can take multiple months to be completed, therefore most expenditures will have been already commissioned by the preceding DCEs

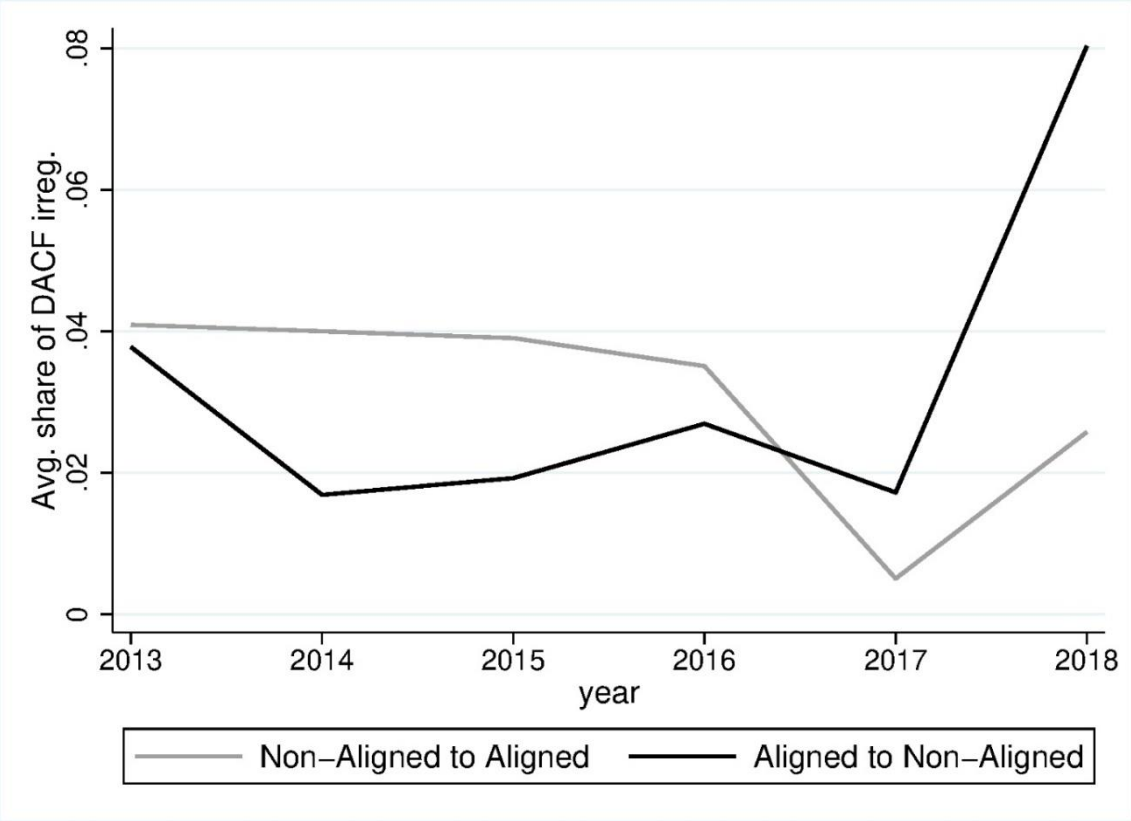

Figure 3.3. GAS Independence This figure portrays the average share of DACF irregularities for those districts moving from non-alignment to alignment (gray) and those moving from alignment to non-alignment (black). The figure indicates that corruption is constantly lower in aligned districts compared to non-aligned districts with the shift coinciding with the shift in political power at the national level. The results of 2016 are of particular interest considering that audits are conducted and reported only in the subsequent year. This means the Ghana Audit Service had knowledge of the shift in partisan alignment in 2017 before undertaking the audits for the 2016 financial year. If these audits are considerably biased in favor of the ruling party, one would expect the reported irregularities of those districts that were still unaligned in 2016 (gray) but then shifted to alignment after the election to drop significantly. However, this drop only occurs in 2017, when the political shift was already effectuated. This gives indication that the audits performed by the Ghana Audit Service are not merely a complacency service for the ruling party.

As pointed out above, the audits of the local authorities are regularly performed at the beginning of the subsequent year, meaning that the reviews for the year 2016 were conducted in early 2017. This is of particular interest, as the elections took place in December 2016, marking the point in time of the shift in political alignment. Considering that the auditors at the time of the audits already had knowledge of the districts that shifted from non-alignment to alignment, it can be expected that these districts would receive more favorable reviews if the Audit Service would indeed be under considerable influence of the central government. This implies that those districts still non-aligned in 2016 should receive more favorable reviews with fewer irregularities than those still aligned in 2016, or more precisely the Figure 3.3 should

exhibit the shift in the average share of irregularities between both groups already in 2016. However, this seems not to be the case and the shift in irregularities only manifests in 2017.

While it is certainly unlikely that all local auditors are entirely unaffected by corrupt practices, the presented institutional provisions along with the empirical evidence prompt me to assess that the reviews of the Ghana Audit Service are sufficiently independent and not merely a complacency service for the central government, hence the reported irregularities are not systematically biased in favor of one of the political parties.

3.5.2.4. Sample Selection

In the following, I will undertake further checks to demonstrate that the reported baseline results are not merely an artifact of the sample selected. The exclusion of the 11 districts due to their mixed political representation could potentially lead to a selection bias in the estimation results. The excluded districts are predominantly urban areas and thus might play an important role. As already indicated, instead of excluding these districts, a different strategy would be to code them as non-aligned DAs based on the argument that not all of the relevant political actors (i.e. DCEs and MPs) are affiliated with the same party. Table 3.3, columns 1-3, reports the respective results when including all 216 districts. Given the conformity with the baseline regression, the results suggest that the exclusion of these districts does not affect the main results.

Another sampling error could stem from the aggregation of the audit data for those districts that had started their separation throughout the year of 2018 already. Table 3.3, columns 4-6, provides results for a sample where these 38 districts are excluded, again showing that the baseline results are robust to this adjustment.

Lastly, when undertaking a panel estimation with multiple years of data, the resulting standard errors are potentially inconsistent due to a serially-correlated outcome variable (Bertrand et al., 2004). The employed outcome variables in my case are most likely serially correlated, but as I adjust the standard errors by clustering on the district level, this should lead to consistent standard errors. Nevertheless, when applying another recommended solution of

Bertrand et al. (2004) – collapsing the time-series information into a "pre"- and "post"-period – the results, as reported in Table 3.4, remain consistent with the baseline results above.

Table 3.3. Robustness test II (DACF irregularities only)

	With all districts			*Without reformed districts*		
	(1)	(2)	(3)	(4)	(5)	(6)
	Total	**Payment**	**Procurement**	**Total**	**Payment**	**Procurement**
Alignment	-.020***	-.017***	-.003*	-.020***	-.018***	-.003
	(.007)	(.006)	(.002)	(.007)	(.006)	(.002)
Controls						
MP Gender	.045	.032	.013*	.048	.034	.013*
	(.028)	(.023)	(.007)	(.030)	(.025)	(.007)
MP Age	0	0	0	0	0	0
	(.000)	(.000)	(.000)	(.000)	(.000)	(.000)
Total Revenue	-.002	-.002	-.001	-.002	0	-.001*
	(.001)	(.001)	(.000)	(.002)	(.002)	(.000)
Financial Dependency	-.051**	-.038**	-.013**	-.051*	-.032	-.019**
	(.021)	(.017)	(.006)	(.027)	(.022)	(.009)
Electoral Turnout	-.221	-.240*	.018	-.252*	-.252*	-.001
	(.136)	(.130)	(.038)	(.151)	(.144)	(.039)
Electoral Competition	-.025	-.020	-.004	-.021	-.019	-.002
	(.036)	(.030)	(.019)	(.039)	(.032)	(.020)
No. of dist.	216	216	216	185	185	185
No. of obs.	1279	1279	1279	1096	1096	1096
R-squared	.064	.053	.031	.067	.056	.032
District FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Notes: (a) Dependent variables: share of DACF irregularities of total available funds (DACF = District Assemblies Common Fund). Irregularities are divided into the two categories of 'Payment' and 'Procurement', while 'Total' combines both categories. (b) Aligned districts are defined as those districts where the local mayor and parliamentarian(s) are from the same party as the central government. (c) The estimations include an unreported constant and standard errors in parentheses are robust and clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

In summary, the undertaken robustness checks in this subsection provide me with the confidence that the reported baseline results are robust to different specifications and alternative explanations can be excluded.

Table 3.4. Robustness test III (DACF irregularities only)

	Pre/post sample		
	(1)	(2)	(3)
	Total	**Payment**	**Procurement**
Alignment	-.021***	-.018***	-.003
	(.007)	(.006)	(.002)
Controls			
MP Gender	.049*	.036	.013*
	(.029)	(.024)	(.007)
MP Age	0	0	0
	(.000)	(.000)	(.000)
Total Revenue	.001	.001	0
	(.004)	(.003)	(.001)
Financial Dependency	-.026	-.006	-.020
	(.050)	(.043)	(.018)
Electoral Turnout	-.020	-.026	.007
	(.074)	(.069)	(.020)
Electoral Competition	-.031	-.025	-.006
	(.038)	(.032)	(.020)
No. of dist.	205	205	205
No. of obs.	410	410	410
R-squared	.098	.090	.042
District FE	YES	YES	YES
Year FE	NO	NO	NO

Notes: (a) Dependent variables: share of DACF irregularities of total available funds (DACF = District Assemblies Common Fund). Irregularities are divided into the two categories of 'Payment' and 'Procurement', while 'Total' combines both categories. (b) Aligned districts are defined as those districts where the local mayor and parliamentarian(s) are from the same party as the central government. (c) The estimations include an unreported constant and standard errors in parentheses are robust and clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

3.6. Extensions

While the reported baseline results only describe average effects, there are potential heterogeneous effects hidden underneath this average effect. To analyze these effects, I identified potential moderators of the alignment effect and interacted them with the alignment dummy from the baseline regression. These moderators refer to characteristics of the districts and of the parliamentarians, respectively. The corresponding results are collected in Table 3.5 below.

Table 3.5. Heterogeneity Regression Results

	DACF irregularities				
	(1)	(2)	(3)	(4)	(5)
	Total	**Total**	**Total**	**Total**	**Total**
Alignment	-.021***	-.050**	-.011**	-.023**	-.017**
	(.007)	(.023)	(.005)	(.011)	(.007)
Competitive Swing Districts	-.035*				
	(.019)				
Alignment X Competitive Swing Districts	.048**				
	(.023)				
Financial Dependency		-.020**			
		(.008)			
Alignment X Financial Dependency		.015*			
		(.009)			
MP Gender			.086*		
			(.045)		
Alignment X MP Gender			-.063*		
			(.036)		
MP Experience				.000	
				(.002)	
Alignment X MP Experience				.001	
				(.002)	
MP Minister					.005
					(.031)
Alignment X MP Minister					-.019
					(.030)
No. of dist.	205	205	205	205	205
No. of obs.	1215	1215	1215	1215	1215
R-squared	.071	.069	.077	.068	.068
District FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Controls	YES	YES	YES	YES	YES

Notes: (a) Dependent variables: share of DACF irregularities of total available funds (DACF = District Assemblies Common Fund). Irregularities are divided into the two categories of 'Payment' and 'Procurement', while 'Total' combines both categories. (b) Aligned districts are defined as those districts where the local mayor and parliamentarian(s) are from the same party as the central government. (c) The estimations include an unreported constant and standard errors in parentheses are robust and clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

3.6.1. Electoral Competitiveness

The first potential moderator under investigation is the electoral competitiveness of a district.

While there are some uncompetitive strongholds for either party, where alignment is solely

determined by the replacement of the local mayors with MPs remaining in office, there are swing districts, where both change in unison, resulting in a complete turnover of the districts political representation. Considering the competitive nature and the substantive amount of swing voters, it can be expected that MPs in such districts display different behaviors due to the heightened electoral pressure and fiercer political competition. To explore this issue, I identified all districts in which the partisan affiliation of the local parliamentarian had shifted in the most recent elections of 2012 and 2016 respectively, where the new MP was elected with a margin of 10 percentage points or less.

Column 1 of Table 3.5 reports the results for these competitive swing districts. First of all, the coefficient of the alignment dummy is still negative and highly significant, but due to the inclusion of the interaction term its interpretation changes slightly. The negative coefficient indicates that corruption is lower in aligned and uncompetitive, stronghold districts. As discussed in section 3.5.2.1 this suggests that the findings are not merely determined by electoral accountability and competitive elections, but are also present in strongholds. In contrast, the coefficient of the interaction term is positive and significant at the 5 percent level, while also being sizeable. The positive coefficient suggests that corruption is higher in aligned districts, where the MP's party affiliation shifted based on a competitive electoral outcome. This seems to be counterintuitive, as more competitive elections suggest stronger electoral accountability, which should limit corrupt behavior. Conversely, electoral accountability does not appear to be a strong predictor of the behavior of politicians in the setting presented here.

However, this observation is compatible with the proposed party leader and reputation mechanisms, as in the former case established MPs in cooperation with the newly installed local mayors from their party might be better able to control their district administration and enforce control of corruption. Furthermore, established parliamentarians might also be more heavily invested in their party and thus more willing to enforce a stricter control on corrupt behavior within their domain. On the other hand, newly elected MPs might not have the necessary control of the political administration and might also be less invested in their party, therefore resulting in lower corruption control. On the other hand, the higher level of corruption

could also result from the increased pressure to compensate local supporters following an intense and thus likely more expensive electoral campaign. Considering that corruption appears to be lower in unaligned and competitive swing districts, as indicated by the negative coefficient of the competitive swing variable, there appears to be no consistent evidence for this interpretation.

3.6.2. Financial Endowment

Another source of potential heterogeneity is the financial situation of a district. As discussed above districts differ considerably in their financial endowments, while some districts have a well-established revenue collection, others are much more financially stricken. In order to investigate if the alignment effect differs with respect to the financial endowments, I constructed a measure for a district's financial dependency on the DACF transfer, which is its share of the total revenue. The measure was then coded as a categorical variable of low, medium, and high dependency with the first and third quartile of the sample distribution being the cutoff values between the categories. The continuous version of this measure was already used as a control variable in the baseline regressions, where its coefficient was mostly significantly negative, indicating that on average there is more corruption in less financially dependent districts. This seems plausible, as better financially endowed districts simply have more financial resources that could be diverted for corrupt purposes. However, a more nuanced heterogeneous effect could be hiding under this average effect.

The second column of Table 3.5 reports the results with the coefficient of the alignment dummy again being negative and significant and considerably higher in magnitude than those of the baseline regression. The results indicate that corruption is much lower in districts that are aligned and subject to a low level of financial dependency on the DACF transfer. The coefficient of the financial dependency measure is also negative and significant, suggesting that in unaligned districts corruption falls with worse financial endowments. In contrast, the coefficient of the interaction term is positive albeit only being significant at the 10 percent level,

indicating that in aligned districts corruption rather increases with a worsening financial situation.

This suggests that the party reputation mechanism is stronger in less financially dependent districts. As mentioned above, financially better-endowed districts have better-organized structures of internal revenue collection, therefore being less dependent on the central government transfer. It seems plausible that this better organization extends beyond just revenue collection and might be a general characteristic of the entire organizational structure in the respective districts, which might be conducive to more effective enforcement of the party leader and reputation mechanisms.

3.6.3. MP's Gender

Moving on to potential heterogeneous effects surrounding the characteristics of the parliamentarians, I investigate if the MP's gender moderates the negative alignment-corruption link. While women are still markedly underrepresented in Ghanaian politics, their share among MPs in the previous legislative periods has been rising. However, in the sample under study, they make up only about 11 percent of all MPs. Studies investigating the link between a politician's gender and the prevalence of corrupt behavior are manifold, with a considerable amount arguing in support of female politicians being less inclined to engage in corrupt activities (Dollar et al., 2001; Swamy et al., 2001), although more recent studies suggest that this relationship is more complex (Goetz, 2007; Sung, 2012; Hao et al., 2018). Hessami and Lopes da Fonseca (2020) engage in a comprehensive review of the respective literature.

The third column of Table 3.5 depicts the results, with the alignment dummy again being negative, but smaller in size. The alignment dummy alone indicates the corruption in aligned districts with a male MP, suggesting that the reduction of corruption is to some degree smaller than in the baseline regression. The coefficient of the interaction term between alignment and gender is also negative and quite sizeable, albeit its estimation lacks in precision, leaving it only significant at the 10 percent level. Still, it suggests that aligned districts with a female MP exhibit a much lower incidence of corruption. However, there does not appear to be consistent

evidence that female MPs are generally linked to lower levels of corruption as the gender variable itself is positive and significant, indicating that corruption is higher in unaligned districts with a female parliamentarian. Based on the proposed mechanisms of party reputation, one could argue that female MPs might have to try particularly hard to win over the support of their party leaders in order to help their chances of rising through the ranks of the party. Nevertheless, due to the low share of female MPs in the Ghanaian parliament, these result patterns certainly have to be treated cautiously, as they are based on fairly few observations.

3.6.4. MP's Tenure

As has been mentioned before, the link between alignment and corruption might be moderated by the political experience of parliamentarians, with longer-tenured MPs being presumably more attached to their party and thus more animated to safeguard the party's reputation. Therefore, data was collected on the MP's tenure in parliament to test this hypothesis more directly.

The respective results can be obtained from column 4 of Table 3.5, which shows that there appears to be neither a direct effect of experience on corruption nor a moderating effect on its link to alignment, as both coefficients are essentially zero. This indicates that the alignment effect does not vary with respect to the experience of MPs, at least not in a simple linear way. The substantial turnover among parliamentarians might be a reason for this result, as roughly 50 percent of MPs in the sample had served for less than one legislative period. Furthermore, one could theorize that long-serving parliamentarians have already lived out their political career to a certain extent and have progressed within the hierarchy of their party in line with their ambition. It is thus not clear how these countering effects might offset each other.

3.6.5. MPs as Ministers

To approximate the status of parliamentarians within their party and how close they are to its leaders, one can exploit the fact that a considerable amount of MPs also serves as ministers in the government. Here again, one could hypothesize that those parliamentarians that have doubled as ministers are closer to their party leaders and more invested in their party, thus making them more conscious about the party's reputation and thus more inclined to avoid corruption.

I again collected the necessary information on the MPs in the sample to test this hypothesis only including regular cabinet minister and their deputies. In the employed sample about 13% of MPs serve or have served previously as a minister.

The results can be found in the last column of Table 3.5. In line with the proposed theory above, the negative coefficient of the interaction term seems to suggest that aligned districts with MPs also serving as ministers are subject to lower levels of corruption. Unfortunately, while the coefficient has some size the employed statistical method is not able to estimate it precisely enough to become significant at any significance level, as the standard error is considerably higher than in the other specifications. Thus, there is only incomplete evidence that the negative link between alignment and incidence of corruption is stronger in districts, where the MP also serves as a minister.

3.7. Conclusion

This paper studies the link between the partisan alignment of political actors and the prevalence of political corruption in the local government system of Ghana. The results suggest that in settings with aligned politicians the presence of misappropriation of public funds tends to be held in check compared to settings where these politicians are politically unaligned. This effect is highly significant and robust across several different specifications and proposes an average reduction of the incidence of corruption by about half.

This finding calls into question the generally propagated idea that political competition will ensure control of corruption, as competing parties will be monitoring each other's actions, thereby effectively reducing corrupt behavior. The effectiveness of such a mechanism likely hinge on the presence of electoral accountability at the local level, which in the context of a young democracy with imperfect political decentralization will likely not be the case.

The presented evidence rather suggests that the behavior of local politicians is more affected by national politics, as they are motivated by concerns of their party leaders and the national reputation of their party to advance their political career. Once these party leaders hold power at the national level their concern is re-election and thus they try to stay clear of any corruption scandals within their party, which incentivizes aligned local politicians to keep corruption in check. This mechanism is further exacerbated by a politicized bureaucracy, as it provides party leaders with more opportunities to reward compliant local politicians with patronage positions in the party or government.

In contrast, non-aligned politicians of the opposition are not subject to the same concerns but are rather inclined to create discord within their local institutions, thus making effective corruption control less feasible.

The undertaken heterogeneity analysis further reveals that the alignment effect is stronger in aligned districts where competition between MPs is less pronounced and those that are less dependent on central government transfers. Additionally, there is evidence that the negative link between alignment and the incidence of corruption is also stronger in aligned districts that are represented by a female parliamentarian, while the negative link for ministers lacks statistical significance. All of these relationships are consistent with the proposed theory of a party leader and reputation mechanism that drives the behavior of local politicians. To the best of my knowledge, there is no previous study that tries to apply these mechanisms to the incidence of corruption at the local level.

The political landscape in Ghana enables these mechanisms due to its imperfect decentralization and highly politicized bureaucracy. In line with the recommendations of Ampratwum et al. (2018), good governance outcomes necessitate a certain degree of

cooperation among the involved political actors, especially at the local level. An important implication of these findings is the need to have more accountability at the local level, possibly through civic engagement at the grass roots to try to break up the intense centralization of the political competition. Besides, the illustrated findings might also help to inform the resurfaced but more recently again abandoned reform of the DCE appointments, considering that the here detailed mechanisms are essentially a result of the incomplete decentralization process of the political system and the still enormous influence of the central government on the local government level.

The findings in this paper could stimulate further research on the relationship between political alignment and the misapplication of intergovernmental transfers and other public funds. In addition, there is a need for future research to further the understanding of the potentially moderating effects of some of the outlined characteristics of the political system, in order to devise possible reforms that could solve these unintended results.

Chapter 4

Regional Favoritism and Human Capital Accumulation in Africa

We study the long-run implications of regional and ethnic favoritism in Africa. Combining geocoded individual-level survey data from the Demographic and Health Survey (DHS) with data on national leaders' birthplaces across 41 African countries, we explore the educational attainment of adults who were exposed to favoritism at various points during their life. We find that generic male respondents exposed to regional favoritism during their adolescence have higher educational attainment later in life. This higher human capital accumulated by men leads to more stable employment later in life. For generic women, we observe no beneficial effects of regional favoritism. However, those women who belong to the same ethnic group as their national leader witness an increase in their educational attainment. These results indicate that regular inhabitants rather than only a narrow elite benefit from regional favoritism.

Keywords: Favoritism, human capital, gender discrimination, democracy, spatiality, Africa

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4.1. Introduction

Political leaders regularly use public resources to favor some regions within their countries over others. Indeed, regional favoritism appears to be a global phenomenon, observable in one form or another in contexts as varied as Europe (Baskaran and Fonseca, 2021; Asatryan and Havlik, 2020), Asia (Do et al., 2017; Blundell and Macurdy, 1999), or Africa (Burgess et al., 2015). One question that remains largely unexplored, however, is how favored regions make use of the additional resources obtained due to their connection to powerful politicians. Are the benefits of regional favoritism reaped by the general public in the favored regions or do they accrue only to a narrow elite? Do individuals continue to benefit from investments made during the time their region was favored even after connected politicians step down from power? Or do benefits evaporate quickly? Does it matter how old individuals were when their region was favored for their outcomes later in life? Are there differences across genders?

This paper studies these questions. We focus on the African continent and make use of micro-data from the Demographic and Health Surveys to explore the long-run implications of favoritism for inhabitants in favored regions. We rely in particular on the ability to geolocate DHS survey clusters, allowing us to identify whether a DHS respondent was living in the same place as the birthplace of a national leader at any point during her life. In addition, we code whether a DHS respondent belongs to the same ethnicity as the national leader. We then explore how being geographically and ethnically connected to a national leader, and thereby potentially benefiting from, respectively, regional and ethnic favoritism, affects educational attainment. By exploring the implications of favoritism on educational attainment, our goal is to better understand how the resources acquired due to favoritism are used by the favored regions, who benefits, and whether benefits are merely consumed in the short-run or embodied by inhabitants in the form of human capital with corresponding implications for their welfare in the long-run.

An obvious methodological challenge is that (the inhabitants of) regions that are connected to national leaders might be systematically different than (inhabitants of) other

regions. For example, national leaders might be more likely to originate from the wealthier parts of their respective countries. As such, comparing respondents from DHS clusters that were connected to a national leader with respondents from other unconnected DHS clusters might lead to biased results. To address this concern, we develop an identification strategy that exploits both between- and within-DHS cluster variation. In essence, we implement a difference-in-differences design where we compare respondents from the same DHS cluster who were born before and after a geographically connected leader had assumed power at the national level, while using respondents from DHS clusters that were never connected to a leader to account for temporal confounders.

We find that male respondents have higher educational attainment at the time the corresponding DHS survey was taken primarily if a connected leader had assumed power when they were between five and twelve years old. Exploring the labor market implications of the higher educational attainment of connected men, we observe that male respondents who were connected to a leader in their youth are more likely to have all-year employment, indicating that they are able to transform their higher human capital to more stable employment opportunities. Women in favored regions, on the other hand, do not display higher educational attainment, independent of how old they were when they might have benefited from favoritism. The one exception are women who were coethnics of national leaders. These women witness an increase in educational attainment that is on average similar to the one observed for generic men.

This paper is primarily related to the evolving literature on regional favoritism. The seminal paper by Hodler and Raschky (2014) suggests that regions connected to a national leader exhibit more economic activity, as proxied by nighttime luminosity. Hodler and Raschky (2014) also show that favoritism appears to stop almost immediately after the connected leader steps down from power. Dreher et al. (2021) show that the allocation of Chinese Aid is subject to favoritism, and that favored regions appear to benefit in terms of local economic development, again measured by nighttime luminosity. Asatryan et al. (2021b) study the economic implications of mineral resource activity and find that leaders' birth regions benefit

unlike other non-mining region, but only in autocratic regimes. Asatryan et al. (2021a) document that firms located in favored regions are larger in size and are more productive, however these effects hold only in the non-tradeable sector and are temporary.

A closely related literature focuses on the mechanisms by which favoritism might be executed, but limits the context to individual countries. For example, Burgess et al. (2015) show that Kenyan regions inhabited by co-ethnics of the president receive more road spending than other regions during periods of autocracy. During periods of democracy, favoritism appears to be enacted by less visible strategies, for example educational transfers. Similar evidence on the importance of regional favoritism is available for countries as varied as Germany (Baskaran and Lopes da Fonseca, 2021), Vietnam (Do et al., 2017), Italy (Carozzi and Repetto, 2016) or across the regions of Europe (Asatryan and Havlik, 2020). On the other hand, Bandyopadhyay and Green (2019) find that connected leaders provide poorer quality roads to their home regions. Based on qualitative evidence, they argue that leaders channel resources to elites in their home regions at the expense of non-elites.

Our paper contributes to this literature by shifting the focus onto individuals, the final recipients of favoritism, rather than focusing on the means of favoritism such as public spending or aggregate outcomes such as nighttime luminosity. While there is strong evidence that favored places contemporaneously benefit from having a connected leader in terms of luminosity or visible public goods such as roads, less is known whether such benefits indeed accrue to regular inhabitants and, if so, who specifically benefits and whether the benefits persist in some form after a connected leader has stepped down from power.

Our paper is also related to the literature on ethnic rather than regional favoritism. De Luca et al. (2018) and Dickens (2018) find that co-ethnic leaders allocate more resources to the homelands of their co-ethnics, as proxied by nighttime luminosity. Focusing on more specific outcomes, Theisen et al. (2020) find that ethnic favoritism contemporaneously reduces infant mortality. Franck and Rainer (2012) find that being ethnically connected to the national leader during childhood improves educational attainment and health outcomes. However, while ethnic and regional favoritism are related and might be difficult to distinguish

in practice, the potential beneficiaries as well as their likely implications for local economic development are possibly different. In this paper, we disentangle the effects of regional and ethnic favoritism and also explore interaction effects between both.

Our paper is also related to the literature on the benefits of personal connections between individuals, notably businessmen, and political leaders. Focusing on the assumption and loss of power by individual leaders, various studies show that personal ties to national leaders comes with significant benefits for business leaders. For example, Acemoglu et al. (2018) show that street protests in Egypt against the Mubarak government reduced the stock prices of firms connected to the regime. Schoenherr (2018) finds similar evidence for Korea. Specifically, private firms with CEOs within the president's network are more likely to receive procurement contracts from state-owned enterprises. Do et al. (2015) and Acemoglu et al. (2016) present corresponding findings for the US. Our paper is related to this literature insofar that we explore whether benefits of political connections, and specifically regional favoritism, are indeed accrued only by a narrow elite or whether regular inhabitants are beneficiaries as well.

Finally, our paper is also related to the literature on the spatial implications of distributive politics. Neoclassical models of distributive politics derive that office-motivated politicians have strong incentives to allocate disproportionate public resources to electorally important geographies (Weingast et al., 1981), such as core, swing, or politically aligned districts (Cox and McCubbins, 1986; Cox, 2009; Albouy, 2013; Baskaran and Hessami, 2017). Our paper is distinct from this literature in that we focus on geographical distortions in the allocation of public resource due to leaders' intrinsic preference for her birth town, rather than due to opportunistic electoral considerations.

4.2. Data

4.2.1. Archigos Leader Data

We focus on regional ties to national leaders in this paper given the centralized political structures in Africa where national leaders have substantial influence over public policies (van de Walle, 2003; Posner, 2007). Following previous literature, we rely on the Archigos dataset to identify the identity and the start and end date of national leaders' terms across Africa (Goemans et al., 2016). Hodler and Raschky (2014) add to the Archigos database the birthplaces of national leaders and identify the respective latitude and longitude coordinates. We build on the Hodler and Raschky (2014) database and extend it up until 2015. Our final database on national leaders covers 366 leaders in Africa across 52 African countries who were in office during the period 1859-2015.

4.2.2. DHS Data

4.2.2.1. Sample

To explore individual-level implications of favoritism, we assemble a dataset consisting of 137 individual DHS country surveys covering 42 African countries and spanning 33 years (1986–2016). The DHS is a well-known nationally representative household survey with a large number of standardized questions, which enables us to pool individual surveys across countries and over time. The DHS provides various "recodes" of the survey responses, e. g. individual-level recodes, couple recodes, children recodes etc. Since we are interested in individual-level outcomes, we use the individual recode for women and men. In addition, the DHS provides in separate files information on the place of residence of respondents by means of geocodes (longitude and latitude coordinates) indicating the location of their DHS cluster.

The full sample of DHS surveys we assemble covers 1,708,290 respondents. We then plot the geolocation of the 55,157 DHS clusters with available geocodes for each survey on a

map of Africa. Next, we identify whether a cluster was within a 10km buffer surrounding a leader's birth place in a given year. We refer to these clusters as treated clusters and to the remaining clusters as untreated clusters. We also experiment with 5km and 20km buffers.[11] In Figure C1, those clusters that fall within the 10km buffers around leaders' birthplaces, indicated by green circles, are the treated clusters and are indicated by green dots. The untreated clusters, i. e., those that fall outside the green circles, are indicated by yellow dots.

Since we are interested in the effect of favoritism experienced at different points in life, we will only focus on all respondents who have always lived in the same place of residence. We also drop DHS clusters that were intermittently treated.[12] Our final estimation sample includes 520,862 individuals located in 35,743 DHS clusters across 41 African countries and covers 91 individual surveys conducted over 29 years (see Figure C2 in the appendix).

We classify all DHS respondents in these clusters who were alive (i. e., not yet born) when the leader was in power as treated and refer to them as treated individuals. We also identify the specific age range during which a respondent was treated, i. e., whether or not at any given age a respondent had a geographically connected national leader in power.

Of the 35,743 DHS clusters in the final sample, 914 were connected to a national leader during the sample period. 12,853 respondents in our sample have continuously lived in these treated clusters. Of these, 8,264 are treated individuals as per our definition above (i. e., respondents who were born before or during the tenure of a connected leader). Accordingly, 4,589 respondents are untreated individuals in treated clusters (i. e., these are the respondents born after the connected leader had stepped down from power).

Table 4.1 includes further descriptive statistics on the sample. As the DHS emphasizes female respondents, the number of women in our final sample is larger than the number of men. The total number of women is 397,645 while the number of men is 123,217. Data on men is also available only for 32 of the 41 countries. Reflecting this distribution across

[11] See Asatryan et al. (2021a) for similar evidence of favoritism across distance to leaders' birthplace but for firms. They show that the effects are strongest in a 10km radius and die out after about 100km away from the leader's birthplace.

[12] That is, DHS clusters with at least two different national leaders who held power during non-consecutive terms (or a national leader who re-assumed power after initially stepping down).

genders, the number of women living in treated clusters is 10,058 while the number of men is 2,795. The number of treated women living in treated clusters is 6,634 and of treated men is 1,630. The average age of respondents at the time of the DHS interview is 28.28 years. The average age of treated individuals is 30.53 years, while the average age of untreated individuals in treated clusters is 21.34 years. Figure C3 shows the age distribution of respondents both in the treated clusters as well as in the untreated clusters.

Table 4.1. Characteristics of DHS sample

Panel A: Full vs. final sample		
	Full sample	Final sample
Countries	42	41
Surveys	137	96
DHS Cluster	55,157	35,743
Respondents	1,708,290	520,862
Panel B: Treated vs. untreated clusters		
	Treated	Untreated
DHS clusters	914	34,829
Respondents	12,853	508,009
Women	10,058	387,587
Men	2,795	120,422
Average age	27.25	28.30
Panel C: Treated vs. untreated individuals in treated DHS clusters		
	Treated	Untreated
Respondents in treated clusters	8,264	4,589
Women in treated clusters	6,634	3,424
Men in treated clusters	1,630	1,165
Average age in treated clusters	30.53	21.34

Notes: This table provides descriptive information on the main sample.

4.2.2.2. Data on Educational Attainment

The main outcome variable we explore is educational attainment as proxied by the number of years a respondent went to school. There are various channels, both indirect and direct, as

to why educational attainment might improve due to regional favoritism. Among the direct channels, an obvious one is that a connected leader allocates additional educational resources to favored regions, ranging from physical investments such as the construction of schools or provision of materials or an expansion in personnel, notably teachers. A more indirect channel is that a broader expansion in economic development allows parents to keep children longer in school or that an expected expansion in demand for more qualified labor motivates children to acquire further education. Previous research such as Hodler and Raschky (2014) and Burgess et al. (2015) provide evidence for the potential relevance of both direct and indirect channels.

Table 4.2 collects summary statistics on educational attainment for different subsamples. The average years of education across all respondents from the various waves is 4.3 years. Disaggregating by gender, we observe expected patterns given that African countries typically conform to traditional gender roles: men have on average about 1.3 years of education more than women.

Table 4.2. Summary statistics of respondents' education

	Mean	Std. Dev.	N
All respondents	4.230	4.300	520370
All female respondents	3.910	4.270	397331
Treated respondents (in treated clusters)	6.747	4.925	8254
Untreated respondents (in treated clusters)	6.149	4.469	4578
Untreated respondents (in untreated clusters)	4.172	4.271	507538

Notes: This table collects summary statistics on the main outcome variables for different subsamples of DHS respondents

We also observe several patters across treated and untreated clusters and respondents. Comparing untreated respondents living in clusters that were ever connected to a national leader, i e. untreated respondents in treated clusters, with untreated respondents from untreated clusters, we observe that the former have about two more years of education.

Finally, comparing treated respondents with untreated respondents in treated clusters, we observe that the former are slightly more educated (about 0.6 years).

These last sets of descriptive statistics suggest that national leaders on average originate from regions that are more developed than the remainder of their country, at least when proxied by educational attainment. In addition, that treated respondents within treated clusters have more years of education provides descriptive evidence that being connected to a national leader has benefits in terms of educational opportunities. Naturally, we explore below whether this is indeed the case in a more elaborate empirical framework.

4.3. Empirical Strategy and Specification

Our aim is to explore how being connected to a national leader affects the educational attainment of DHS respondents. As discussed, respondents living in places connected to national leaders may be different than those living elsewhere in the country. For example, national leaders may be more likely to originate from regions where inhabitants are richer and more educated. To address this concern about selection, we implement an identification strategy centered around the idea of comparing individuals from the same region (specifically from the same DHS cluster) who were born after a leader had stepped down from power with individuals who were born earlier.

While the positive effect of geographic connections may linger on for some time after a leader has stepped down from power, these effects will plausibly wane over time if active regional favoritism stops after a connected leader steps down from power. Accordingly, individuals born after a leader had stepped down from power should benefit, on average, less from favoritism than those born earlier. At the same time, any time-constant differences between individuals living in different regions are accounted in our design through the inclusion of DHS cluster fixed effects as DHS clusters are survey-specific.

However, treated individuals are systematically older than non-treated individuals in this design. To address this imbalance, we always control for the age of a respondent at the time

of the DHS interview. Thereby, we essentially compare treated and untreated respondents of similar age who differ in their treatment status only due to the fact that they live in different clusters (and which consequently were treated at different points in time).

We also control for birth year fixed effects to account for cohort-specific trends. That is, respondents from untreated clusters provide the counterfactual for treated respondents who were born in the same year with respect to global trends in educational attainment. In general, cohorts born later tend to have higher educational attainment as adults.

In view of the above discussion, our baseline specification is as follows:

$$y_i = \alpha_c + \gamma_t + \beta Connected\ Leader_i + \gamma Age_i + \varepsilon_i, \quad (1)$$

where y_i is the educational attainment of individual *i*, proxied by years of education. We always estimate this model for female and male subsamples as the effects of favoritism might be systematically different between genders.

Connected Leader$_i$ is a dummy that is 1 if a respond was connected to a leader at some point during her life. a_c are fixed effects for all 35,743 DHS clusters. As discussed above, since DHS clusters are survey-specific, these fixed effects implicitly control for interview-year as well as country-specific effects. γ_t are birth year fixed effects. ε_i is an individual-specific error. For the hypothesis tests below, we always assume ε_i is clustered at the country-specific DHS wave level, i. e., at the level of individual surveys.

While Equation 1 is our initial specification, we also estimate variants that accounts for the specific age range when a respondent was first exposed to a connected leader: favoritism is likely to matter more for education if respondents experience it in their childhood or adolescence rather than later in life.

First, we estimate a model that distinguishes between respondents who were treated in their youth and who were treated later by defining the age of twelve as the cutoff. That is, we group respondents according to whether they were treated for the first time before they were twelve or later.

The model is as follows:

$$y_i = \alpha_c + \gamma_t + \beta_1 Connected\ Leader\ before\ age\ 12_{t,i} + \beta_2 Connected\ Leader\ after\ age\ 12_{t,i} + \gamma Age_i + \varepsilon_i, \quad (2)$$

Second, we estimate a more disaggregated model that splits respondents into four groups according to their age at which they first became connected to a leader. The model is as follows:

$$y_i = \alpha_c + \gamma_t + \sum_t \beta_t Connected\ Leader_{t,i} + \gamma Age_i + \varepsilon_i, \quad (3)$$

where Connected Leader at Age_t is a set of dummies indicating the following age ranges: before age 5, between 5-12 years, between 12-18 years, and after 18 years. To be clear, these dummies are defined, in line with our approach when distinguishing between respondents connected before and after they were twelve, such that only the earliest age range with a connection is set to 1 and all subsequent age ranges are set to 0. For example, a respondent who had a connected leader when she was e. g. three years old would have a value of 1 for the dummy covering the age range up to 5 years but 0 for all subsequent age ranges (even if she remained connected during these later stages of her life). A respondent who was connected at the age of 10 would have a value of 0 for the dummy for the age range up to 5 years, 1 for the dummy covering the age range between 5-12 years, and 0 for all subsequent age ranges.

4.4. Results

4.4.1. Main Results

We start by exploring the effect of having been exposed to a connected leader on educational attainment. Table 4.3 collects the results. A first finding is that there is significant heterogeneity across genders. While generic women exposed to connected leaders display no improved educational attainment at the time of the DHS interview, generic men who were treated have on average 0.41 years more education than untreated men. This estimate is significant at the 5% level and amount to a nearly 10% increase in education relative to the sample mean.

Disaggregating by the various age ranges, we find that the improved educational attainment of men is due to those who were first exposed to a connected leader when they were relatively young. That is, Model (5) indicates that the treatment effect is only significant for men who were treated for the first time when they were younger than twelve. Model (6) narrows down the relevant age range further. Men first exposed to regional favoritism between five and twelve years have about one more year of education than untreated men. The effect for men first exposed before they were five, while still positive, is only 0.28 years and insignificant. In contrast to men, we fail to find a positive treatment for women at any age range.

4.4.2. Robustness Tests

4.4.2.1. Flexible Control for Individuals' Age

The identification strategy relies ultimately on a cutoff based on the age of respondents: we compare individuals born before and after a connected leader stepped down from power. Accordingly, as discussed above, the treated individuals within each treated DHS clusters are systematically older than the untreated individuals, which may give rise to imbalances in outcomes even in the absence of treatment.

Table 4.3. Connected leaders and educational attainment

	Women			Men		
	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var.: Years of education						
Connected leader	-0.239			0.410**		
	(0.262)			(0.177)		
Connected leader, younger than 12		-0.236			0.428**	
		(0.260)			(0.184)	
Connected leader, older than 12		-0.291			0.303	
		(0.4723)			(0.392)	
Connected leader, younger than 5			-0.275			0.275
			(0.284)			(0.195)
Connected leader, years 5-12			-0.040			1.009***
			(0.417)			(0.378)
Connected leader, years 12-18			-0.200			0.165
			(0.541)			(0.420)
Connected leader, older than 18			-0.350			0.530
			(0.504)			(0.538)
Control for Age	✓	✓	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓	✓	✓
Countries	41	41	41	32	32	32
Clusters	31878	31878	31878	18561	18561	18561
N	395718	395718	395718	120424	120424	120424

Notes: This table relates geographical connections to national leaders to educational attainment of DHS respondents. The dependent variable is the total years of education of a respondent at the time of the interview. The independent variables of interest are dummies that are set to one if a respondent's DHS cluster falls within 10km of a leader's birth place at various points during a respondent's life. In Model (1), we include only one dummy that is one if a respondent was exposed to regional favoritism at any point during her life. In Model (2), we include two dummies: one dummy is one when a respondent was connected to a national leader for the first time when she was younger than twelve and 0 else; the second dummy is 1 if a respondent was connected to a national leader for the first time when she was older than twelve, and 0 else. In Model (3), we include four dummies that indicate whether a respondent was treated for the first time when she was between (i) zero and five years, (ii) five and twelve years, (iii) twelve and eighteen years, (iv) or older than eighteen years. All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

We address this concern in the baseline regressions by including a linear term for age. However, it is advisable to explore the robustness of the results with more flexible controls for the age of a respondent at the time of the DHS interview. Thus, we report results where we add up to a cubic polynomial of age to the baseline specification. We report the estimated treatment effect in column 1 and 2 of Table 4.4. The results are similar to the baseline estimates. In particular, we find a significantly positive effect for men who were connected when they were between five and twelve years, but not for other men. We find no significant effects for women.

4.4.2.2. Varying the Size of Buffers to Define Treated Clusters

In the baseline sample, we assume that all DHS clusters within a buffer of 10km are treated. In this section, we explore the robustness of the results to this choice. Instead of a buffer of 10km to delineate treated from untreated cluster, we re-estimate the baseline specifications using a buffer size of 5km and of 20km, respectively. Naturally, the number of treated clusters and treated individuals is accordingly either smaller or larger than in the baseline specification.

The results for a buffer of 20km are collected in columns 3 and 4 and for a buffer of 5km in columns 5 and 6 of Table 4.4. We find that the results are generally similar to the baseline estimates. More specifically, the effect for male respondents first connected to a leader when they were between five and twelve years is of similar size as in the baseline regressions and significant when using a buffer of 5km. When using a wider buffer of 20km, we still observe a relatively large effect for these men, but the effect turns insignificant. This particular finding suggests that the beneficial effects of regional favoritism are relatively local.

4.4.2.3. Different Sample Size for Women and Men

One reason why the results may be different between women and men is that the DHS has generally a better coverage of female respondents. One implication of this focus is that the

Table 4.4. Connected leaders and educational attainment, robustness tests

	Cubic age		20km buffer		5km buffer		Aligned sample		Post-treatment	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Connected leader, younger than 5	-0.292	0.172	-0.216	0.200	-0.132	0.079	-0.487	0.260	-0.286	0.364
	(0.273)	(0.183)	(0.228)	(0.201)	(0.330)	(0.326)	(0.336)	(0.206)	(0.337)	(0.285)
Connected leader, years 5-12	-0.131	0.877**	-0.154	0.603	0.193	1.055*	-0.386	0.949**	-0.050	1.093**
	(0.398)	(0.377)	(0.308)	(0.367)	(0.496)	(0.544)	(0.477)	(0.395)	(0.463)	(0.423)
Connected leader, years 12-18	-0.203	0.097	-0.260	0.153	0.027	0.847	-0.543	0.067	-0.210	0.255
	(0.537)	(0.407)	(0.363)	(0.362)	(0.635)	(0.637)	(0.616)	(0.438)	(0.576)	(0.458)
Connected leader, older than 18	-0.321	0.519	-0.248	0.277	-0.445	0.861	-1.002	0.521	-0.361	0.619
	(0.497)	(0.523)	(0.348)	(0.474)	(0.573)	(0.719)	(0.665)	(0.577)	(0.543)	(0.563)
Five years after treatment									-0.030	0.278
									(0.266)	(0.462)
Control for Age	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Countries	41	32	41	32	41	32	41	32	41	32
Clusters	31878	18561	31485	18336	32055	18624	16342	16342	31878	18561
N	395718	120424	391133	119188	396985	120736	219425	107069	395718	120424

Notes: This table reports various robustness tests regarding the effect of geographical connections to national leaders on educational attainment of DHS respondents. The dependent variable is the total years of education of a respondent at the time of the interview. The independent variables of interest are dummies that are set to one if a respondent's DHS cluster falls within 10km of a leader's birth place at various points during a respondent's life (see also table notes for Table 3). All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

number of DHS clusters included in our regressions differs between the male and female subsamples as there are several clusters that only have information on female respondents (however there are also some, but very few, clusters that only information on male respondents). To explore whether our results are driven by the different number of clusters, we re-estimate the baseline specification with only those DHS clusters that have information on both women and men. We find that the results collected in columns 7 and 8 of Table 4.4 are similar to the baseline estimates.

4.4.2.4. Respondents Born in Treated Clusters After Treatment Had Ended

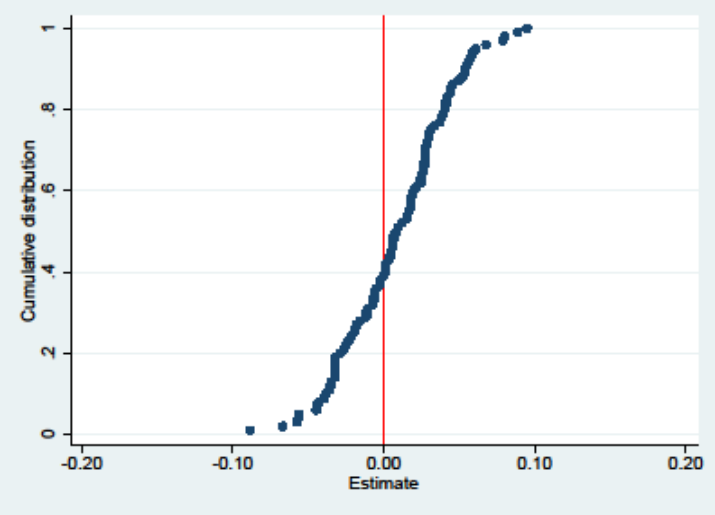
Any positive effects of favoritism may linger on for a few years after the connected leader has stepped down from power. Accordingly, the baseline estimates might be lower bounds given that individuals who have been treated are classified as part of the control groups. To explore this issue, we re-estimate the baseline specifications after including a separate dummy for individuals in treated clusters who were born within five years after a connected leader had stepped down from power. The results are collected in columns 9 and 10 of Table 4.4. We again find that the estimates are very similar to the baseline estimates. Men benefit from regional favoritism when they were treated in their youth while women do not benefit irrespective of when they were treated.

4.4.2.5. Placebo Treatments

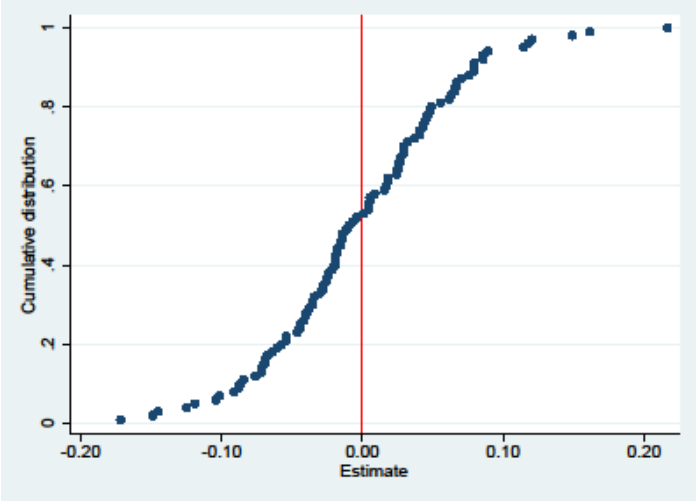
We now explore the robustness of the baseline estimates using placebo regressions. If we had obtained the baseline results only by chance, randomly assigning treatments to non-treated respondents should produce similarly significant coefficients. Instead, if random assignment of treatment would result in coefficient estimates that are centered around zero, it is likely that the baseline estimates imply that favoritism has substantive effects.

We hence re-estimate the baseline regressions for the average effect of favoritism using placebo treatments. We proceed as follows. First, we drop all 914 treated clusters from the

sample. Then we randomly draw 8,264 untreated individuals from this sample and assign placebo treatment to each of these respondents. We then re-estimate the baseline specifications.



(a) Women



(b) Men

Figure 4.1. Placebo regressions: connected leaders and education This figure collects placebo regressions results regarding the effect of a connected leader on educational attainment. For this, we rely on a sample that excludes the 914 treated DHS clusters. Instead, we randomly assign 8,264 individuals in untreated DHS clusters to the treatment group and re-estimate the regressions reported in Table 3, column 1 and 4. We estimate 100 such placebo regressions and plot the cumulative distribution of the coefficient estimates (blue dots) in the above figures.

For each specification, we estimate 100 models and plot the cumulative distribution of the estimated coefficients in Figure 4.1. The coefficient estimates are indicated by blue dots. We observe that the placebo estimates are, as expected, centered around 0. In addition, none of the placebo coefficients are of similar magnitude than the treatment effect observed for men. This indicates that the higher educational attainment of treated men is indeed due to favoritism.

4.5. Extensions

4.5.1. Length of Treatment and Non-Linear Effects

The results above indicate that male respondents who were connected for the first time between five and twelve years have higher educational attainment. What may be surprising is that respondents who were connected for the first time when they were less than five have a much smaller treatment effect. Some of these respondents have obviously continued to benefit from favoritism when they aged and surpassed the age of five.

This pattern of results indicates the existence of non-linearities. Respondents who are connected for too long may have worse outcomes than those who were connected only for a short amount of time. This is possible if leaders invest first in educational opportunities and other "productive" public goods in their home regions, but then focus on more consumptive expenditures as they continue to stay in power, thereby crowding out incentives of respondents to acquire further education.

To explore this hypothesis, we estimate the following specification. We create a variable measuring the share of years a respondent was treated between her (i) birth and when she turned twelve years and (ii) between her fifth and her twelfth birthday.

We then estimate a quadratic specification with educational attainment as the dependent variable:

$$\mathrm{y_i} = \alpha_c + \gamma_t + \beta Share\ of\ years\ treated_i + Share\ of\ years\ treated_i^2 + \gamma Age_i + \varepsilon_i, \quad (4)$$

The results are collected in Table 4.5. We indeed find evidence for a non-linear treatment effect, both for men and for women. Respondents have higher educational attainment when they were connected only for a short amount of time. Respondents who were connected for much of their entire childhood, on the other hand, have a treatment effect that is close to 0. This indicates that persistent favoritism may have harmful even if unintended consequences. This particular specification also shows that women might benefit from favoritism as well, but that their benefits are substantially smaller than those of men and therefore evaporate more quickly if they are connected for too long to a national leader.

Table 4.5. Connected leaders and educational attainment, non-linear effects of treatment

	Women		Men	
	(1)	(2)	(3)	(4)
Dep. Var.: Years of education				
Share of years treated,	1.190		3.323***	
0-12 years	(0.801)		(1.030)	
Share of years treated,	-1.816*		-4.245***	
0-12 years^2	(1.066)		(1.330)	
Share of years treated,		0.928		3.075**
5-12 years		(0.914)		(1.474)
Share of years treated,		-1.470		-3.476**
5-12 years^2		(1.070)		(1.619)
Control for Age	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓
Countries	41	41	32	32
Clusters	31878	31878	18561	18561
N	395718	395718	120424	120424

Notes: This table relates geographical connections to national leaders to educational attainment of DHS respondents. The dependent variable is the total years of education of a respondent at the time of the interview. The independent variable of interest are continuous variables that measure the share of years a respondent was connected to a national leader when she was between zero and twelve years (Model 1 and 3) and between five and twelve years (Model 2 and 4). To explore non-linear effects, we include a quadratic transformation of the variable measuring the share of treated years. All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

4.5.2. Favoritism Under Democracy

Research suggests that institutional constraints affect the behavior of political leaders. In particular, democracy and protections of civil liberties have been shown to limit leaders' ability to use public funds to pursue their parochial goals (Fearon, 1999; Besley and Reynal-Querol, 2011; Burgess et al., 2015). Accordingly, if and how inhabitants of connected regions benefit from regional favoritism likely depends on whether their country was a democracy when the connected leader was in power.

To explore possible heterogeneity in the impact of regional favoritism, we estimate a specification where we indicate whether a connected respondent was living in a democracy when she might have started to benefit from favoritism. We use the revised combined Polity IV score provided by Teorell et al. (2010) to define democracy. Specifically, we recode this variable such that is bounded between 0 (full autocracy) and 1 (full democracy).

We then relate the level of democracy when a respondent was five to educational attainment. We focus on the level of democracy at age five, as our previous results for regional favoritism indicate that it is particularly respondents who were connected to a national leader when they were between five and twelve who have higher educational attainment as adults.

The empirical model hence is as follows:

$$\mathrm{y_i} = \alpha_c + \gamma_t + \beta_1 Connected\ Leader_i + \beta_2 Connected\ Leader_i \times Polity_{i,t} + \gamma Age_i + \varepsilon_i, \quad (5)$$

with $Polity_{i,t}$ a continuous variable between 0 and 1 indicating the level of democracy in a respondent's country when she was five years old. Note that we include the Polity variable as well as its interaction with the dummies indicating regional favoritism in this specification.

The results are collected in Table 4.6. We indeed find evidence that democracy weakens the effect of favoritism. We observe a significantly negative interaction effect for women who

Table 4.6. Connected leaders and individual outcomes according to the level of democracy

	Women			Men		
	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var.: Years of education						
Connected leader	-0.147			0.420**		
	(0.267)			(0.192)		
Polity	-0.017	-0.023	-0.021	0.332	0.331	0.332
	(0.203)	(0.204)	(0.205)	(0.239)	(0.238)	(0.238)
Connected leader x Polity	-0.573*			-0.108		
	(0.302)			(0.444)		
Connected leader, below 12 years		-0.219			0.428*	
		(0.292)			(0.223)	
Connected leader, above 12 years		-0.293			0.296	
		(0.474)			(0.396)	
Connected leader, below 12 years x Polity		-0.103			-0.049	
		(0.435)			(0.594)	
Connected leader, younger than 5			-0.269			0.271
			(0.283)			(0.191)
Connected leader, years 5-12			0.087			1.134***
			(0.551)			(0.425)
Connected leader, years 12-18			-0.199			0.155
			(0.546)			(0.421)
Connected leader, older than 18			-0.348			0.534
			(0.509)			(0.531)
Connected leaders, years 5-12 x Polity			-1.022			-1.038
			(1.728)			(1.006)
Control for Age	✓	✓	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓	✓	✓
Countries	41	41	41	32	32	32
Clusters	31878	31878	31878	18561	18561	18561
N	395718	395718	395718	120424	120424	120424

Notes: This table relates geographical connections to national leaders to educational attainment of DHS respondents. The dependent variable is the total years of education of a respondent at the time of the interview. The independent variables of interest are dummies that are set to one if a respondent's DHS cluster falls within 10km of a leader's birth place at various points during a respondent's life. In addition, we add a dummy, we add a continuous variable indicating the extent of democracy in a treated respondent's country when she was five years old as well as its interaction with the dummy for regional favoritism at any point during a respondent's life (model 1 and 4), when a respondent was younger than twelve (model 2 and 5), and when a respondent was between five and twelve years (model 3 and 6). All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

were ever connected to a national leader (Model 1), indicating that women might be even disadvantaged by regional connections to a national leader if their country was a democracy in their youth. For men, we also observe a negative, albeit insignificant and relatively small, interaction effect when we interact the level of democracy with the dummy for connections with a national leader at any point during the respondent's live (Model 4).

When we focus on the more disaggregated Model (6), we obtain clearer evidence for a diminishing effect of democracy on regional favoritism among men and women. The interaction effect between the polity variable and the dummy for connections between the age of five and twelve is negative and, while statistically insignificant, with -1.038 almost as large as the main treatment effect for men. For women, the interaction effect is -1.022 and thus similarly large as for men. Overall, these results suggest that favoritism is weaker in democratic settings.

4.5.3. Regional and Ethnic Favoritism

Previous evidence suggests that besides regional favoritism, leaders might also engage in ethnic favoritism (De Luca et al., 2018; Franck and Rainer, 2012). In general, it is difficult to differentiate between regional and ethnic favoritism after the fact as ethnic groups are often concentrated in specific regions. That is, improvements in educational attainment in a leader's birth region might come about not because the leader aims to favor her birth region but rather her ethnic group, which only happens to be concentrated in her birth region.

Since most DHS surveys include the ethnicity of DHS respondents, we can explore whether our results are driven by regional or ethnic favoritism, and if there are any interactions between both. To do so, we appended to the basic Archigos database information on the ethnicity of national leaders. We then compare the ethnicity of national leaders with that of DHS respondents and define a dummy which is one if a respondent had a coethnic in power when she was five years old.[13]

[13] The names of ethnic groups are not consistent across DHS surveys even for individual countries. We thus first use a string-based matching approach with high tolerance and then check each of the matched ethnic groups one by one.

Table 4.7. Connected leaders and individual outcomes, value of ethnic connections

	Women			Men		
	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var.: Years of education						
Connected leader	-0.356			0.503**		
	(0.279)			(0.207)		
Same ethnicity	0.071	0.083	0.089	0.083	0.087	0.073
	(0.071)	(0.072)	(0.071)	(0.078)	(0.078)	(0.076)
Connected leader x Same ethnicity	0.676***			-0.481		
	(0.248)			(0.503)		
Connected leader, below 12 years		-0.308			0.581**	
		(0.269)			(0.222)	
Connected leader, above 12 years		-0.297			0.319	
		(0.477)			(0.376)	
Connected leader, below 12 years x Same ethnicity		0.410**			-0.714	
		(0.182)			(0.503)	
Connected leader, younger than 5			-0.259			0.274
			(0.279)			(0.195)
Connected leader, years 5-12			-0.183			1.018***
			(0.380)			(0.381)
Connected leader, years 12-18			-0.169			0.177
			(0.554)			(0.417)
Connected leader, older than 18			-0.336			0.538
			(0.506)			(0.538)
Connected leaders, years 5-12 x Same ethnicity			1.529***			-0.021
			(0.267)			(0.445)
Control for Age	✓	✓	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓	✓	✓
Countries	41	41	41	32	32	32
Clusters	31878	31878	31878	18561	18561	18561
N	395718	395718	395718	120424	120424	120424

Notes: This table relates geographical and ethnic connections to national leaders to educational attainment of DHS respondents. The dependent variable is the total years of education of a respondent at the time of the interview. The independent variables of interest are dummies that are set to one if a respondent's DHS cluster falls within 10km of a leader's birth place at various points during a respondent's life. In addition, we add a dummy indicating whether a respondent had the same ethnicity as the national leader when she was five years old as well as its interaction with the dummy for regional favoritism at any point during a respondent's life (model 1 and 4), when a respondent was younger than twelve (model 2 and 5), and when a respondent was between five and twelve years (model 3 and 6). All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

We also construct an interaction variable between regional and ethnic favoritism to explore whether inhabitants of a leader's birth region benefit more or less if they are also coethnics of the leader. The empirical specification we estimate is as follows:

$$\begin{aligned} \mathrm{y_i} = {} & \alpha_c + \gamma_t + \beta_1 Connected\ Leader_i + \\ & \beta_2 Connected\ Leader_i \times Same\ ethnicity_{i,t} + \\ & \delta Same\ ethnicity_{i,t} + \gamma Age_i + \varepsilon_i, \end{aligned} \tag{6}$$

As in the specifications for democracy, we focus on ethnic connections at age five as our previous results for regional favoritisms indicate that it is particularly effective when respondents were between five and twelve years.

The results of these specifications are reported in Table 4.7. The first result we observe is that across all models, ethnic connections as such have an insignificant effect on educational attainment. There are also no significant interaction effects between regional and ethnic favoritism for men. However, there are significant interaction effects between regional and ethnic favoritism for women.

In Model (1), we interact the ethnic favoritism dummy with the dummy for whether a respondent was ever regionally connected to a national leader. We find that women benefit more from regional favoritism when they are ethnically connected (at age five) to a national leader. The aggregate size of the effect of regional favoritism for women who are also ethnically connected (0.320) is similar to that for generic men found in the baseline specifications in Table 4.3 (0.410). In Model (2), we include an interaction between ethnic connections and the dummy for regional favoritism before the age of twelve. We again observe that ethnically connected women benefit more from regional favoritism, even though the aggregate effect is only 0.102 in this specification. Finally, in Model (3), we include an interaction between the dummy for regional favoritism between the ages of five and twelve

and the dummy for ethnic favoritism. We again observe a significant and large interaction effect, with the aggregate effect (1.346) again of similar size as the effect for generic men.

Overall, these results suggest that women might benefit from regional favoritism as well. However, the benefits are far more focused than for men and accrue only to coethnics. While speculative, this finding suggests that educational resources are allocated in a more cautious and selective fashion to women.

4.5.4. Favoritism and Employment Outcomes

We now explore whether the higher educational attainment obtained by men who had benefited from favoritism translates to better occupational outcomes. It is also possible that women have better occupational outcomes when they were treated, despite no improvements in their formal educational attainment. For this, we focus on the question whether respondents have all-year employment. All-year employment is arguably related to more stable and productive occupations, which in turn require higher educational attainment.

We hence estimate the baseline specifications after replacing the outcome variables. In Table 4.8, we collect the results for all year employment. While the results are slightly weaker than for educational attainment in terms of statistical significance, we find that in particular men who were connected when they were between five and twelve years are noticeably more likely to have all year employment. This is in line with our findings for educational attainment and suggest that educational attainment increases human capital for men and thereby improves their labor market prospects.

4.6. Conclusion

In this paper, we explore whether individuals exposed to regional favoritism continue to display better outcomes as adults. We find that favoritism has positive effects on the educational attainment of men living in favored regions. This higher educational attainment has positive consequences for occupational opportunities. For women, the results are more

varied. While women who are regionally connected to national leaders do not benefit in general, those women who are also ethnically connected witness an increase in educational attainment that is of similar magnitude as the increase for generic men. We also find that generic women in favored regions might even witness a decrease in their educational attainment if their country was a democracy when they were geographically connected to a national leader.

Table 4.8. Connected leaders and employment outcomes

	Women			Men		
	(1)	(2)	(3)	(4)	(5)	(6)
Dep. Var.: Regular employment						
Connected leader	0.007			0.060*		
	(0.018)			(0.034)		
Connected leader, younger than 12		0.006			0.062*	
		(0.018)			(0.033)	
Connected leader, older than 12		0.016			0.046	
		(0.024)			(0.046)	
Connected leader, younger than 5			0.011			0.054
			(0.018)			(0.038)
Connected leader, years 5-12			-0.017			0.081**
			(0.024)			(0.039)
Connected leader, years 12-18			0.019			0.083
			(0.031)			(0.062)
Connected leader, older than 18			-0.006			0.017
			(0.024)			(0.049)
Control for Age	✓	✓	✓	✓	✓	✓
DHS Cluster FE	✓	✓	✓	✓	✓	✓
Birth year FE	✓	✓	✓	✓	✓	✓
Countries	37	37	37	25	25	25
Clusters	19635	19635	19635	9113	9113	9113
N	161134	161134	161134	52595	52595	52595

Notes: This table relates geographical connections to national leaders on occupational outcomes of DHS respondents. The dependent variable is a dummy variable that is one if a respondent has regular ("all-year") employment at the time of the DHS interview. The independent variables of interest are dummies that are set to one if a respondent's DHS cluster falls within 10km of a leader's birth place at various points during a respondent's life. In Model (1), we include only one dummy that is one if a respondent was exposed to regional favoritism at any point during her life. In Model (2), we include two dummies: one dummy is one when a respondent was connected to a national leader for the first time when she was younger than twelve and 0 else; the second dummy is 1 if a respondent was connected to a national leader for the first time when she was older than twelve, and 0 else. In Model (3), we include four dummies that indicate whether a respondent was treated for the first time when she was between (i) zero and five years, (ii) five and twelve years, (iii) twelve and eighteen years, (iv) or older than eighteen years. All regressions include DHS cluster fixed effects (which implicitly control for country specific survey year fixed effects) and control for a respondent's age at the time of the DHS interview. Hypothesis tests are based on clustered standard errors at the level of individual surveys.

These findings suggest that favoritism benefits the general public rather than only a narrow elite: it is widespread enough for the effects to be visible among regular respondents of the DHS surveys. However, the benefits are generally stronger in non-democratic settings. Favoritism also appears to have heterogeneous effects across genders. While the reasons for the discrepancy across genders are unclear at this point, we speculate that it can be explained by conformity with traditional gender roles, with men perceived as breadwinners and women as caretakers of the household. Given the necessity of education for men to conform to the role as breadwinners, it might be difficult to exclude specific men, notably those who do not belong to the same ethnicity of the national leader, when educational opportunities are expanded due to regional favoritism. On the other hand, it might be possible for a leader to be more judicious when allocating educational resources to women as public demands for ethnically unbiased educational opportunities might be lower when it comes to them.

Overall, this paper shows that regional favoritism, while arguably leading to allocations of public resources according to non-economic criteria, must not necessarily be perceived as exclusively wasteful. Within the favored regions, these additional resources can have positive implications. On the other hand, there are heterogeneous effects, in particular across genders. In any case, for a full normative evaluation, we must also assess what else would have been done with these resources if they had not been allocated to connected regions. Whether they would have been used more productively if regional favoritism were not possible or whether they would have been wasted or allocated to the benefit of a few elites is an open question.

Chapter 5

Political Favoritism and Internal Migration in Benin

In this paper, we explore the role of regional connections with a national leader as a pull factor of internal migration in Benin by exploiting granular census data over the period 1991-2013. The empirical analysis is based on a gravity model of migration and utilizes a PPML estimator. Controlling for a diverse set of fixed effects, we show that being connected to a national leader goes along with statistically significant levels of migration into the respective districts. We also provide more detailed evidence that links these migration movements to the presence of political favoritism through its ability to improve economic opportunities and access to public goods at the local level. The evidence in this paper blends in well with the related literature on political favoritism extending it by a previously unexplored dimension.

Keywords: Favoritism, Internal Migration, Spatiality, Africa

This chapter is shared work with: P. Hufschmidt and T. Baskaran

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5.1. Introduction

Historically, the movement of goods and people has always been a particular feature of the West African sub-region. A general finding in the migration literature is that migration flows tend to be motivated by differences in economic opportunities and the availability of public goods (Harris and Todaro, 1970; Greenwood, 2016). Naturally both of these aspects differ considerably across geographical areas in most developing countries, especially regarding the tremendous rural-urban divide (Lagakos, 2020). The literature on distributive politics has long been linking these differences to political aspects, most recently advancing the presence of political favoritism as a potentially important determinant (Hodler and Raschky, 2014).

In this paper we explore the relationship between political favoritism and internal migration in the context of a stable African democracy. Our results suggest that regional favoritism is positively associated with internal migration toward favored regions. We argue that regional favoritism improves economic opportunities and the access to some public goods, thereby providing the incentives to emigrate. While the recent migration literature on sub-Saharan Africa is more concerned with inter-continental migration (e.g. Ortega and Peri, 2013; Kirwin and Anderson, 2018), about 75% of migrants in sub-Saharan Africa remain within the continent (EU, 2020). Even more so, population movements within country borders play a far greater role than cross border movements, especially in Africa (FAO, 2017; Potts, 2013). However, this kind of migration flows remain severely underexplored. Additionally, these internal movements are among the most important aspects driving rapid demographic changes in sub-Saharan Africa (Lagakos, 2020). Naturally, this fuels the need to better understand the determinants of internal migration. While the existing literature mostly looks at the impact of climatic changes and differences in migration policies (Cattaneo and Peri, 2016; Mueller et al., 2020; Bertoli and Fernandez-Huertas Moraga, 2015; Ortega and Peri, 2013), we emphasize the impact of political factors.

We focus on the situation in Benin since it has become a relatively stable democracy with regular power shifts. Benin presents a good case to study the topic of this paper, as internal and regional migration is much more important than inter-continental migration (IOM, 2011;

Charrière and Frésia 2008). Furthermore, this kind of analysis is dependent on the availability of suitable data, which is the case in Benin for an extended period of time.

The empirical analysis in this paper is based on a gravity model of migration (cf. Ortega and Peri 2013), that explains internal flows of migrants by regional connections of national leaders. Exploiting the detailed migration data available from consecutive population censuses across two decades (published by IPUMS) enables us to construct a bilateral migration matrix at the tier 2 administrative level over the period 1991-2013. In line with the existing literature employing gravity models in the field of migration (cf. Lanati et al., 2021; Beine and Parsons, 2017; Bertoli and Fernandez-Huertas Moraga, 2015) we estimate our model with the Poisson Pseudo-Maximum Likelihood (PPML) method. Following this literature, we adopt a simple identification strategy that focuses on a large set of fixed effects that include: (a) origin-time fixed effects controlling for origin- and time-specific push factors of migration, and (b) district-pair fixed effects controlling for time-invariant binary determinants of migration. Such a parsimonious model allows us to identify the total net effect of a leader connection on migration, which follows the strategy of Cattaneo and Peri (2016) and Beine and Parsons (2017).

We find that being regionally connected to a national leader works as a pull factor, as it goes along with increased levels of internal migration. However, this effect only extends to the birthplace of the national leader and not to the larger homelands of the leaders' ethnic group. Moreover, these migrant flows only seem to be longer lasting in the case of President Boni, as the positive inflows in the birthplace of President Kérékou die down quickly. A simple heterogeneity analysis suggests that the migrants in President Boni's birthplace are mostly younger, less educated and equally likely to be male or female. Additionally, there is some evidence that the positive effect on in-migration is stronger among the Yoruba, President Boni's own ethnic background. Furthermore, there also appears to be a push effect, meaning that there are significantly more migrants leaving his birthplace during his time in power. Migration towards President Kérékou's birth district is rather driven by young and better educated male migrants.

Lastly, we connect our findings to the presence of political favoritism, as we show that President Boni's time in power coincides with a significant increase in economic activity proxied by nighttime lights and the access to electricity in his birthplace region. We interpret this as the main motivation for people to migrate into his birthplace. At the same time, there is no evidence for any political favoritism benefitting the birthplace of Mathieu Kérékou, which could explain the rather brief migrant inflows. Additionally, we do not find any evidence of favoritism directed at the homelands of the leaders' ethnic groups.

Our paper makes several contributions to the literature and is, to the best of our knowledge, the first work that connects internal migration to political favoritism, unifying two strands of the literature that have been growing rapidly in recent times.

First, it adds to the literature on regional favoritism that surfaced with the seminal paper by Hodler and Raschky (2014), which finds that regions connected to a national leader feature higher levels of economic activity, based on nighttime light luminosity. However, this effect seems to fade quite rapidly after the leader steps down. Our findings introduce the possibility that the positive local effects of favoritism could be smaller than indicated by night lights, as the local population would have to share the additional resources accruing from favoritism with the newly arriving internal migrants. Furthermore, the positive local effects of favoritism could be subject to spillover effects to other regions that spread through the presence of migration networks. Dreher et al. (2019) connect favoritism to the allocation of Chinese Aid showing that favored regions benefit from more aid and with it again from more economic activity.

Building on this, the literature further explores the different mechanisms and outcomes through which this favoritism manifests itself. The findings of Asatryan et al. (2021a) suggest that in autocratic regimes leaders' birth regions disproportionally benefit from mining activity, while Asatryan et al. (2021b) find that firms in favored regions are larger in size and are more productive with the effect only being temporary and in the non-tradeable sector. Again, Asatryan et al. (2021c) demonstrate that the benefits of regional favoritism can also extend to the general population in a favored region, as they find that male citizens that were connected to a leader in their youth exhibit higher educational attainment later in life.

Closely related is the literature on ethnic rather than regional favoritism. Here, Burgess et al. (2015) show that road spending in Kenya is channeled toward regions that are ethnically connected to the president during his/her time in power compared to other regions. De Luca et al. (2018) and Dickens (2018) replicate the results of Hodler and Raschky (2014) for the ethnic connection between leaders and the homelands of their ethnic group, while Kramon and Posner (2016), Theisen et al. (2020) and Franck and Rainer (2012) look at more specific health and education outcomes again showing a positive relationship with being ethnically connected to a leader.

Second, our study contributes to the emerging literature acknowledging the importance of internal migration, especially in sub-Saharan Africa. This literature focuses on the still existing wide gaps between urban and rural areas regarding living standards and the related process of urbanization that drives population movements at the national level (Gollin et al., 2017; Henderson and Turner, 2020; Lagakos, 2020). In general, the migration literature has largely disregarded the influence of political factors, except when looking at the special case of forced displacement (literature). Our findings demonstrate that political factors can play a significant role as pull factor of internal migration by affecting the incentives of migration and not only through the use of force. In relation to our findings, Lanati et al. (2021) show that internal migration flows in Malawi are strongly determined by the allocation of aid. This effect seems to work through improved economic opportunities and better provision of public resources and thus links extraordinarily well with our findings and those of Dreher et al. (2019) described above.

The rest of the chapter is structured as follows. Section 5.2 provides some background information on the political and demographic situation in Benin. Section 5.3 describes the employed data and some descriptive statistics, while Section 5.4 outlines the empirical strategy that is followed. Section 5.5 first presents the main results before extending the evidence by checking for heterogeneous effects and investigating potential transmission channels. Lastly, Section 5.6 concludes and provides directions for future research.

5.2. Political Context

After gaining independence from France in 1960, Benin entered an extended period of political instability with 12 different political leaders in as many years. This changed in 1972 when Lt. Col. Mathieu Kérékou instigated another coup d'état, claiming the presidency and subsequently turning Benin into a relatively stable military dictatorship. In the following years, Kérékou moved the country closer toward socialism by nationalizing key industries and later putting almost all economic activity under state control. He further renamed the country to the People's Republic of Benin and formed closer relationships with other socialist countries. As the economic and financial situation in Benin continued to worsen throughout the 1980s, the country could no longer afford to pay its civil servants and the army. This led to large scale riots in 1989, forcing Kerekou to renounce Marxism and to accept a new constitution enabling a transition toward a democratic system. Based on this constitution from 1990, Benin is a presidential republic, which gives the president considerable powers to govern and direct the policies of the country. The subsequently held elections saw Nicephore Soglo winning against Kérékou and becoming Benin's first freely elected president. However, Kérékou regained the presidency after narrowly beating Soglo in the 1996 elections and was confirmed for another 5-year term after Soglo refused to participate in the second round of the 2001 election, claiming electoral fraud. In 2006, Kerekou and Soglo were barred from contesting again due to term and age limits in the new constitution, which both adhered to. The independent candidate Thomas Boni Yayi won the next two elections in 2006 and 2011, still being in power in 2013, the end of our period of analysis.

Since returning to multiparty democracy, Benin ranks fairly good on different measures of democracy, especially in comparison to other countries in its region. Between 1991 and 2013, Benin received a revised polity score of 6.35 in the polity IV database that ranks the quality of democracy on a scale between -10 to 10. The average African country scored only 0.41 during the same period.

Both in terms of area and population, Benin can be regarded as a rather small country on the African continent. Like other countries in West Africa, the humid southern coast is more

densely populated than the semi-arid and agrarian-oriented north. The country is organized into 12 departments that are further subdivided into 77 districts or communes, which form the basis of our analysis.

Figure 5.1. Ethnic Homelands in Benin The figure depicts the homelands of the different ethnic groups present in Benin. Furthermore, it shows the birthplaces of the national leaders with the black cross standing for the birthplace of Mathieu Kérékou and the black star indicating the birthplace of Thomas Boni.

Nicephore Soglo was born in Badou, which is located in the present-day nation of Togo, but later entered politics in Benin due to his Beninese wife. Furthermore, he belongs to the Fon ethnic group, the dominant group in Benin. Meanwhile Mathieu Kérékou was born in Kouarfa in the north-western part of Benin and is an ethnic Otamari, which is the dominant group in his birthplace, but nationally belongs to the smaller ethnic groups in Benin. Boni Yayi descends from Tchaourou in eastern Benin and belongs to the Yoruba tribe. Figure 5.1 indicates the

location of the respective birthplace districts. While the Fon constitute the dominant ethnic group with 40.7% of the roughly 12 million inhabitants, the remaining population is split quite evenly among the Adja (15.7%), the Yoruba (12.9%), the Bariba (9.5%), the Peulh (7.8%), the Otamari (6.4%), the Yoa (4.3%) and the Dendi (2.8%).[14] Although Benin's ethnic constitution is overall rather heterogeneous it is also highly fragmented, as the different ethnic groups are mostly concentrated in their respective homelands. Only in 8 of the 77 districts each ethnic group represents less than 50% of its population, while there are 38 districts where one group accounts for 80% of its population or more. While the Fon are a majority in 31 districts, that are mostly located in southern Benin, the Yoruba have 6 homelands in the eastern part and the Otamari constitute the majority in 6 north-western districts (see Figure 5.1).

There are several reasons why Benin is a good case to study the topic of favoritism and internal migration. For a start, internal migration is much more prevalent in Benin than international migration indicating its importance for the demographic development in the country (IOM, 2011; Charrière and Frésia 2008). Given its recent history, Benin is regarded as an exemplary but still young democracy with considerable constraints on the executive and competitive elections and politics is characterized by power shifting between the different ethnic groups. Furthermore, research by André et al. (2018) suggests the presence of ethnic favoritism, based on the analysis of school constructions. Their paper finds that more schools are built in districts that are coethnic with the education minister, but this form of favoritism fades after the democratization of Benin. Still, there is anecdotal evidence that suggests that President Boni, like other African Presidents, has used his position to channel public resources toward his hometown in the form of extensive development projects (Africa Intelligence, 2015). Taken together, this makes Benin a good case to study both regional and ethnic favoritism in the context of a young democracy and its impact on internal migration.

[14] The ethnic breakdown is based on our main sample combining the censuses of 1992, 2002 and 2013.

5.3. Data

5.3.1. Favoritism Data

As in most African countries, due to centralized political structures the national leader of Benin has substantial influence over public policies. To study the potential effects of regional connections to an incumbent of presidency, we rely on the birth places of the national leaders during our period of investigation (1991-2013) documented in the Archigos leader database.[15]

5.3.2. Census Data (IPUMS)

5.3.2.1. Population and Migration

A major issue in the analysis of internal migration flows is the scarcity of official statistics disaggregated at low tier administrative levels. To investigate the effects of internal migration, we utilize data from the Integrated Public Use Microdata Series (IPUMS) International (Minnesota Population Center 2021). This census database contains harmonized and representative samples for 37 African countries, typically covering 5 to 10% of the population. The subsample for Benin consists of 2.5 million observations.[16] Given that we study the case of Benin beginning at the democratic transition from the early 90s on, we utilize three census years (1992, 2002, 2013) including around 2.2 million people.

Exploiting the migration and location variables, we calculate the in- and out-flows of migrants in the 77 communes at the tier 2 administrative level for each year over our sample period.

In particular, we base our migration analyses on variables reporting the age and place of residence during the census survey and how long a person has resided in her current living locality. Combining these variables allows us to define migrants as individuals that have ever moved in their lifetime and determine the exact year of their last movement. Since the data

[15] We focus on the presidencies of Mathieu Kérékou (1996-2006) and Thomas Boni (2006-2016), as Nicéphore Soglo (1991-1996) was born in what is Togo today.
[16]The 2.5 million people in our sample were surveyed across four censuses and distribute as follows (in million individuals): 0.33 (1979), 0.5 (1992), 0.69 (2002), and 1.0 (2013).

only record the last movement of a person we may underestimate internal migration due to missing moves prior to the last one reported. This is particularly relevant for years that are farer away from the original census years. However, the underestimation should be arguably low since moves are in general costly, making it unlikely that people migrate across district boundaries exceedingly often. This aspect is also further diminished by the fact that we use multiple census surveys across our period of investigation. In addition, we have information on the previous residence of the individual, i.e. the living locality immediately prior to the persons last movement, which allows us to determine the migration origin of each migrant. With this information, we create a 77 x 77 migration matrix capturing 5,929 potential origin-destination combinations across our period of investigation.

In order to determine migration shares for each district we need to calculate population counts at this level, which can also be accomplished with the employed census data. However, for this purpose we need to focus on the 2013 census only in order to determine population counts for each year of our sample retroactively, otherwise the population would be counted multiple times and population counts would be inflated. Using the provided birth years of respondents, we determine those that were already alive going backwards from 2013 until the first year of our sample. Then, we consider the movements of people based on the migration flows determined before, on the one hand adding respondents to the population count of their residence district after their initial migration year and on the other hand counting them towards their origin district in the years before their migration year. Once again this will result in an underestimation of the population counts, as the 2013 census naturally only includes information of respondents that were still alive in 2013. Thus, we are missing those respondents that were alive during our sample period but died before the 2013 census, which makes the underestimation particularly relevant for the earlier years in our sample.

The data support this observation as the World Bank estimated Benin's population at roughly 10 million inhabitants in 2013, which compares quite favorably to the estimate of 10.3 million inhabitants based on the census data. For 1991, the first year in our sample, the World Bank estimate is 5.1 million, while our census data is only able to account for 3.8 million inhabitants. Nevertheless, as there are no other sources available that provide population data in the needed detail across our whole sample, we utilize our population data for the calculation of the respective migration shares.

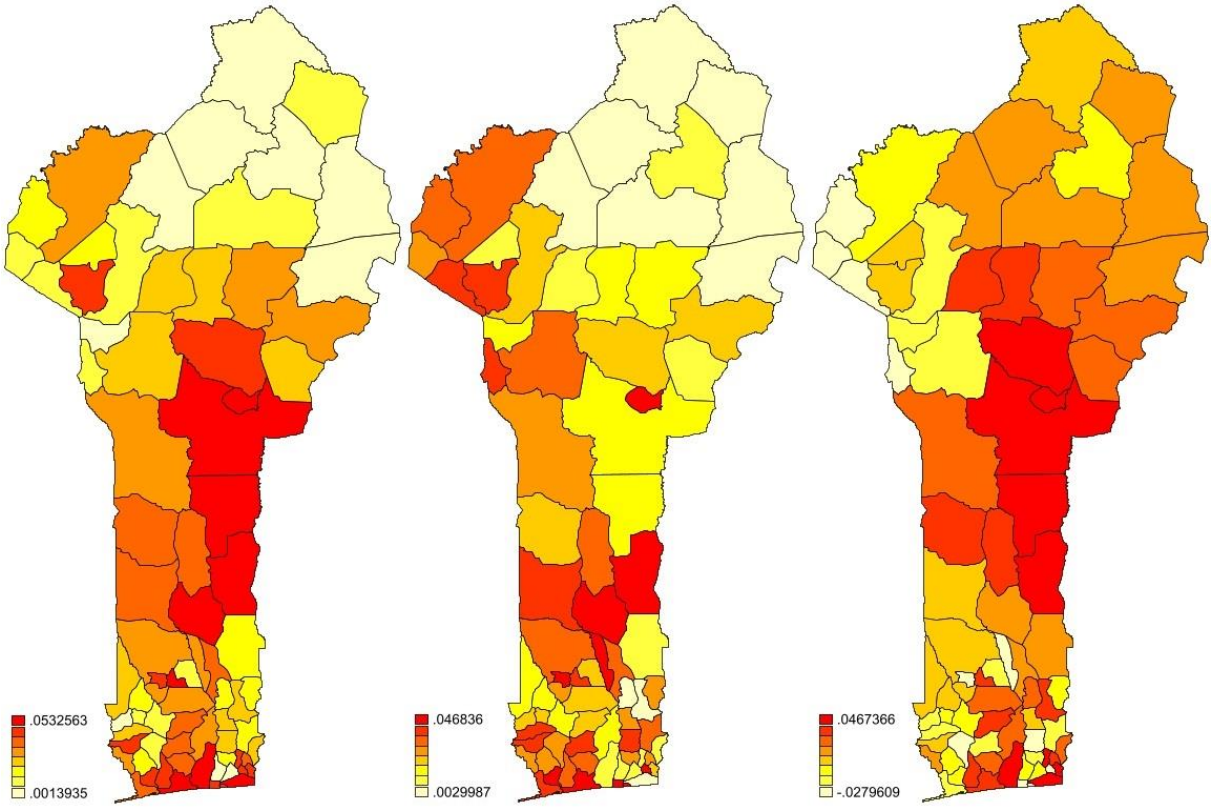

Figure 5.2. Migration Shares by District The figure depicts from left to right the in-migration, out-migration and net-migration in relation to the total population and averaged across the full sample period.

Beyond the information on migration, the censuses also include information on many other characteristics, such as gender, age, education and ethnicity, allowing for more sophisticated multivariate and heterogeneity analyses.

Overall, Benin exhibits an ordinary rate of internal migration. Based on our definition above, about 22% of respondents of the three censuses in 1992, 2002 and 2013 report that they have ever migrated in their life. Our final sample is based on roughly 201.000 migrants over the period 1991-2013.

Figure 5.2 above reports migration shares in the form of a heat map with light yellow indicating smaller values and dark red indicating larger values. The left panel of Figure 5.2 indicates a particular large share of migrant inflows with respective to the districts' population in the coastal districts of the south, which is hardly surprising as these include Benin's capital Porto-Novo and its largest city Cotonou. Furthermore, there appear to be large inflows into some of the central-eastern districts, while there are generally less inflows in the northern districts. The middle panel of Figure 5.2 depicts the share of out-migrants, which is relatively large in some north-western and central districts. There appear to be relatively few outflows in the districts of the far north again, which indicates that there appears to be much less migration going on in the north. This is hardly surprising given that the population in the north lives much more rural and is much poorer, therefore lacking the necessary funds to migrate across districts. The right panel of Figure 5.2 combines the information on in- and outflows to show net-migration rates relative to population size suggesting particular large net-inflows in the coastal districts and the central eastern districts and rather low values in the north-western districts indicating large net-outflows.

Figure 5.3 below shows the median of the yearly growth rate of in-migration across the three regime periods, again in the form of a heat map. While Figure 5.2 suggested lower levels of migration in the north, migrant activity seems to grow increasingly in the northern districts, especially in the later periods. Furthermore, Figure 5.3 suggests that in-migrant growth seems to pick up in President Kérékou's birthplace during his time in power (black cross in middle panel), while it slows again in the subsequent period. The same seems to be the case for President Boni's birthplace and his regime (black star in right panel). This provides first evidence of increased migration flows towards districts that are connected to a national leader during her time in power.

Looking at some of the other demographic aspects in our sample reveals that migrants are rather equally divided by gender with 53.6% being female. As expected, migrants are

considerably better educated than non-migrants with an average of 4.86 years of schooling compared to 2.36 years of schooling. The average migrant is considerably older at 24.5 years than the average non-migrant at 18.9 years, which can be explained by the relative underrepresentation of young children in the group of migrants. However, at the time of migration migrants are relatively young with 19.8 years on average. Lastly, within our group of migrants the Fon and Bariba ethnic groups are overrepresented with 52% and 16.5% compared to their representation in the whole population. On the other hand, the Peulh and Yoa ethnic groups are rather underrepresented at 2.7% and 1.5%. However, the Yoruba and Otamari, the ethnic groups of the two Presidents we focus on, are equally represented among migrants and the overall population.

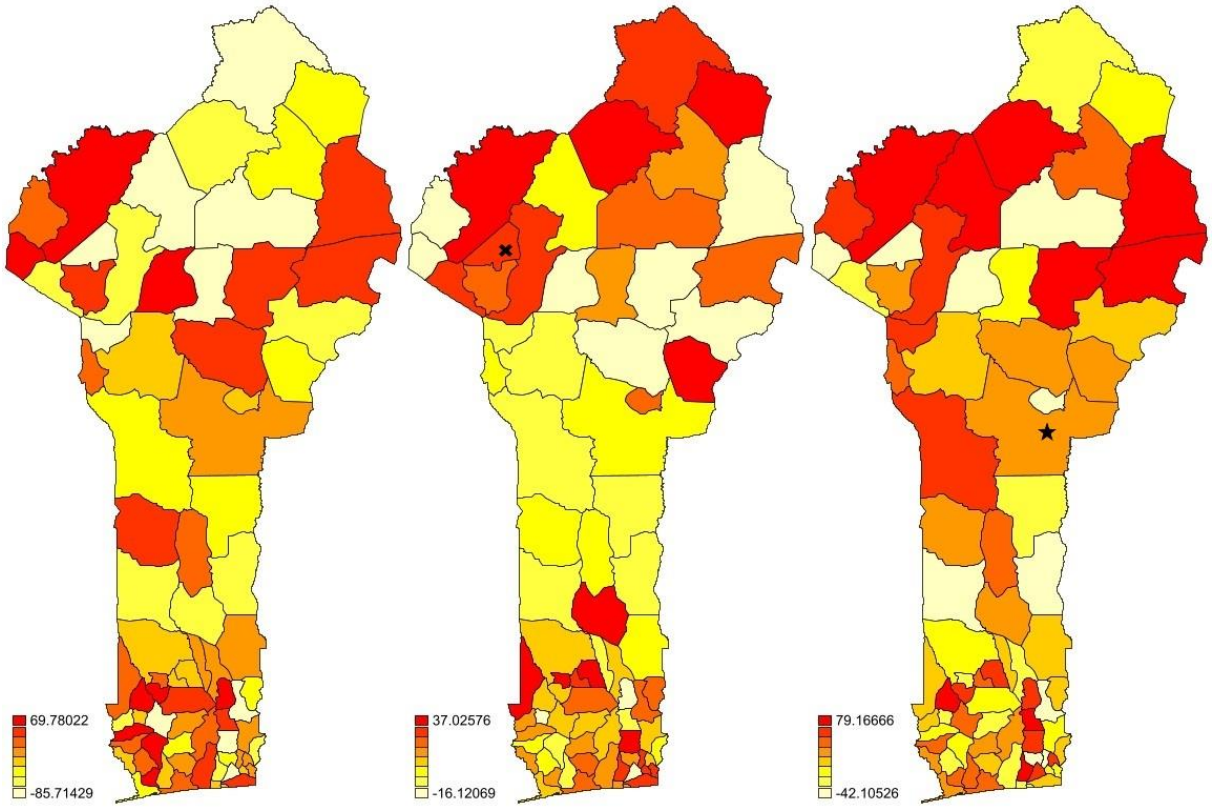

Figure 5.3. Migration Growth by District The figure depicts from left to right the median of the yearly growth rate of in-migration across the periods 1991-1995, 1995-2005 and 2006-2013.

5.3.2.2. Ethnicity

We again use the census data to compile the ethnic composition for each of the 77 communes. Although, as mentioned, the overall population in Benin is highly fractionalized across many

ethnic groups, its ethnic groups are also highly segregated into their respective homelands. This allows to identify ethnic groups geographically, based on the tier 2 administrative level. We classify communes as an ethnic homeland if the respective ethnic group represents 50% or more of its population. Based on the employed census data this is the case in 69 of the 77 districts with each of the 8 main ethnic groups having at least one commune as their homeland. Figure 5.1 above illustrates the distribution of the different homelands across the whole country. We employ this data for our analysis on ethnic favoritism.

5.3.2.3. Public Utilities

The census surveys also ask respondents about their access to certain public utilities such as electricity and water. We use this data in one of our extensions to proxy the allocation of public goods in the respective districts across the different census periods.

5.3.3. Nighttime Light Data

We utilize nighttime luminosity as a proxy for changes of economic activity at the local level. This data is based on images of the earth at night obtained by satellites of the US AirForce (USAF) Defense Meteorological Satellite Program Operational Linesman System (DMSP-OLS). The original imagery is processed by the National Oceanic and Atmospheric Agency (NOAA) and released to the public as raster datasets.

The raster datasets consist of annual average stable night lights between 8.30pm to 10pm and are available at a resolution of 30 arc-seconds (about 0.86 square kilometer at the equator) for all years after 1992. Each pixel of the dataset stores a digital value ranging from 0 to 63 indicating the amount of average light of an area covering 30 arc-seconds. Higher values imply that a pixel emanates more light. To obtain cell-level measures of economic development, we overlay the tier 2 map of Benin over the raster datasets and calculate the area mean of the

digital values of each cell with size 30 arc-seconds that falls within the boundaries of each of the 77 communes.

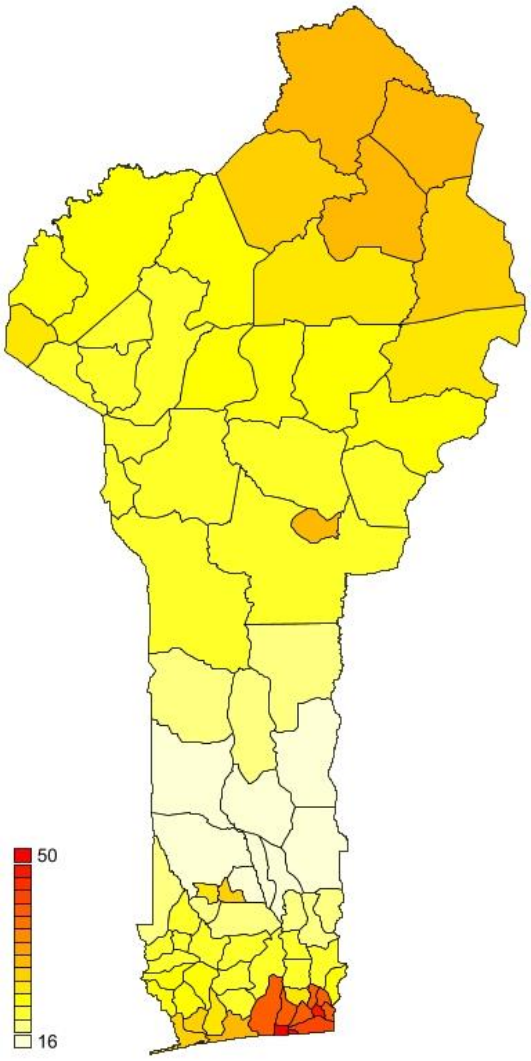

Figure 5.4. Nighttime Lights by District The figure depicts average nighttime light luminosity for each district over the period 1992-2013.

Figure 5.4 above illustrates the distribution of average nighttime light luminosity across the 77 districts, showing the concentration of economic activity in the coastal areas of the south, while the rest of the country exhibits relatively low luminosity levels, indicating lower levels of economic activity.

5.4. Empirical Strategy

The goal of our analysis is to explore in how far internal migration flows are linked to the regional connection with a national leader, i.e. a leader connection serving as a pull factor of migration.

In line with previous studies on migration, our econometric analysis is based on a gravity model of migration that allows for the analysis of bilateral migration flows between different district pairs across time. Our methodology loosely follows the approach by Cattaneo and Peri (2016), who develop a more elaborate framework that models individual migration decisions. So far, gravity models have been extensively applied to the analysis of bilateral trade flows for a long time (Anderson, 1979; Eaton and Kortum, 2002; Anderson and Van Wincoop, 2003), as these models are firmly grounded in an underlying theoretical framework, whose predictions also enjoy strong empirical support. On the other hand, the literature on migration flows has mostly confined itself to unilateral models, that only look at flows from many origins to a single destination, or employed other reduced-form models (Karemera et al., 2000; Clark et al., 2007). Most of these approaches lack an appropriate theoretical foundation, thereby diminishing the persuasiveness of their empirical results.

More recent contributions have tried to remedy these shortcomings by applying gravity models to migration flows (Ortega and Peri, 2013; Cattaneo and Peri, 2016; Lanati et al., 2021). These bilateral models come with certain advantages. First, the variation across three dimensions (origin, destination and time) creates a matrix structure in the data that allows for the use of a more extensive set of fixed effects, which helps in controlling for unobservable factors. Second, the inherent fragmentation of the data also allows for a more nuanced analysis of different patterns of migration. Lastly, the dyadic nature of the data also adds to the overall number of observations (Beine and Parsons, 2017).

We hypothesize that the flow of migrants is partly determined by a district containing the birthplace of a national leader in the form of a pull factor. Besides our main variable of interest, in our initial specification we only control for the impact of existing migrant networks, which is proxied by the lagged stock of migrants from origin district *i* in destination district *j*. Further, we

include a set of two different fixed effects that should help to control for different push and pull factors. First, an origin-destination dummy α_{ij} controls for all time-invariant dyadic determinants of internal migration, such as the geographic and cultural relationship of a district pair. Second, an origin-time dummy α_{it} absorbs all push factors of internal migration that are specific to the origin districts and years, such as local natural disasters and conflicts. Furthermore, this extensive set of fixed effects also accounts for the impact of alternative destinations on the bilateral migration flows between two locations. This concept has been termed multilateral resistance to migration by Bertoli and Fernandez-Huertas Moraga (2013) and is similarly found in gravity models of international trade (Anderson and Van Wincoop, 2003). While this simple model might be prone to omitted variables, including additional direct controls could possibly absorb parts of the effect of the regional connection we want to analyze. This approach of a more parsimonious model has been followed similarly by Cattaneo and Peri (2016) and Beine and Parson (2017) in their studies on international migration.

Following this discussion our baseline specification is as follows:

$$N_{ijt} = \alpha_{ij} + \alpha_{it} + \beta\, Connected\ Leader_{it} + \gamma \ln\left(Network_{ijt-1}\right) + e_{ijt}, \qquad (1)$$

where N_{ijt} is the number of migrants that moved from origin district *i* to destination district *j* in year *t*. Our main variable of interest, Connected Leader$_{it}$, is a simple dummy that is 1 if a district was connected to a national leader in the specific year. α_{ij} and α_{it} are the aforementioned fixed effects and ε_{ijt} is the district-pair and year-specific error, which is clustered at the level of the destination district.

Consistent with the established literature employing the gravity model of migration (Beine and Parsons, 2017; Bertoli and Fernandez-Huertas Moraga, 2015; Lanati et al., 2021), we estimate the equation above by Poisson Pseudo-Maximum Likelihood (PPML). This estimation method offers two main advantages over more common estimation techniques. First, the dependent variable in our sample exhibits a rather larger share of zeros with approximately 79%, which is

a common feature of gravity models. Thus, this aspect needs to be taken into account, first, from a theoretical standpoint suggesting that zeros are an important feature of the data and, second, the estimation method needs to remain consistent in the presence of frequent zeros (Head and Mayer 2014). Second, the estimation method needs to account for the presence of heteroscedasticity. For this purpose, Silva and Tenreyro (2006) propose the PPML estimator, showing that it leads to significantly different estimates than more traditional log-linearized methods, as they are subject to biased estimates in the presence of heteroscedasticity and are incompatible with the existence of zeros. Silva and Tenreyro (2011) extend their simulation evidence on the PPML estimator, indicating that it remains well behaved even with a large number of zeros.[17]

5.5. Results

5.5.1. Main Results

We begin our analysis by exploring the pull effect of migration on being connected to President Boni, based on his birthplace and the homelands of his ethnic group. The results can be found in Table 5.1 below. To start with, the first column indicates that there appears to be an increasing migrant inflow into Boni's birthplace during his time in power. The estimated effect is highly significant and sizeable. This suggests that being connected to President Boni makes his birthplace district more attractive to migrants. In contrast to other studies, migrant networks fail to have any statistically significant effect on the subsequent migrant flows, which could be a result of the employed inverse sine hyperbolic transformation and the fairly large number of null observations. Column 2 reveals that the positive link between leader connection and in-migration fades once the former is based on ethnic homelands. This means there seems to be no significant migration towards the ethnic homelands of President Boni during his time in power.

[17] Silva and Santos (2011) conduct their simulations with zero frequencies between 62% and 83%, which fits the data in our case.

Table 5.1. Main Results – Pull Effects Boni

	Birthplace	*Ethnic Homeland*	*Birthplace Lags*
Dep. Var.: Migrant Flows	(1)	(2)	(3)
Leader Connection	0.392***	-0.189	
	(0.094)	(0.127)	
Leader Connection year 1-3			0.682***
			(0.082)
Leader Connection year 4-6			0.374***
			(0.104)
Leader Connection year 7-end			0.162*
			(0.097)
Inv. Network, t-1	-0.004	-0.002	-0.004
	(0.069)	(0.067)	(0.069)
No. of obs.	86,876	86,876	86,876
R-squared	0.804	0.804	0.804
Pair FE	YES	YES	YES
Origin*year FE	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the destination district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

To get a better idea of the structure of the identified migration patterns, we adjust the analysis by dividing the treatment period into smaller treatment periods creating dummies for the years 1-3, 4-6 and beyond year 7 after treatment. The results in column 3 indicate that the inflows appear to be relatively stable over time, as there are still significantly positive inflows in the later treatment periods. This suggests that the migration toward President Boni's birthplace seems to be based on a more sustainable motivation, indicating that migrants seem to realize relevant benefits.

5.5.2. Heterogeneity

While the results discussed so far suggest that a leader connection can serve as a pull factor for migration, this relationship might be heterogeneous with regard to migrants' characteristics. This aspect should be addressed in the following, by dividing our baseline sample according to some of these characteristics. Table 5.2 collects the results. To begin with, column 1 only includes migrants that are connected by ethnicity to President Boni, i.e. those migrants that belong to the Yoruba ethnic group. The results indicate that there appears to be a considerably stronger in-migration among Yorubas into the birthplace of President Boni, given that the estimated coefficient is larger than in the baseline sample above. When dissecting the sample by gender, the resulting coefficients in columns 2 and 3 provide no evidence for gender-based heterogeneity, suggesting that both women and men seem to migrate into President Boni's birthplace during his presidency.

Table 5.2. Heterogeneity – Pull Effects Boni

	Yoruba	***Women***	***Men***	***Youth***	***Working Age***	***Low Education***	***High Education***
Dep. Var.: Migrant Flows	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Leader Connection	0.510***	0.402***	0.381***	0.500***	0.285**	0.409***	0.314*
	(0.132)	(0.091)	(0.099)	(0.079)	(0.110)	(0.083)	(0.166)
Inv. Network, t-1	-0.006	-0.003	-0.007	-0.023	0.016	-0.005	0.086
	(0.081)	(0.066)	(0.073)	(0.063)	(0.075)	(0.062)	(0.096)
No. of obs.	30,824	77,553	76,678	75,064	78,299	74,790	36,700
R-squared	.656	.758	. 742	.735	.761	. 739	. 672
Pair FE	YES	YES	YES	YES	YES	YES	YES
Origin*year FE	YES	YES	YES	YES	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the destination district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

In the following, we disaggregate migrant flows according to the age of migrants in columns 4 and 5 of Table 5.2. As can be expected, we find that in-migration seems to be stronger among younger parts of the population. The descriptive statistics already showed that the majority of migrants belong to the younger age group. Lastly, we conduct our analysis on a sample dissected by education. As mentioned above, here we only include adults, assuming that they have likely finished their education before migrating. The results suggest that the migration effect is slightly larger among less educated people, but the estimation for migrants with higher education are also subject to a much lower sample size.

5.5.3. Extensions

5.5.3.1. Push Effects

The undertaken analyses have shown that being connected to a leader can play a role as a pull factor. However, there are also theoretical arguments suggesting that a leader connection can also affect migration out of the respective districts. Having a leader connection might encourage people to migrate towards the political and economic centers of the country in the hopes of preferential treatment in the search for better jobs.

To investigate the effect of a leader connection as a push factor we adjust the baseline model, now rather including destination-year fixed effects and clustering the standard errors at the origin district level, while again differentiating between the regional and ethnic connection. The results in the columns 1 and 2 of Table 5.3 indicate that while there seems to be no significant emigration from the homelands of the Yoruba, there is a positive and significant effect regarding President Boni's birthplace.

Again, to provide further insights into the structure of these migration patterns, we interact the leader connection dummy with certain destination districts of interest. To begin with, we check whether significant amounts of those emigrating from President Boni's birthplace district move to the directly neighboring city of Parakou, which is the largest city in northern Benin and the country's third largest city overall. The results in column 3 suggest otherwise, as the

interaction has a negative coefficient, meaning there are rather less out-migrants leaving for Parakou. Columns 4 and 5 investigate movements towards the political and economic center Cotonou and its main suburb of Abomey-Calavi in the south with the results indicating there are significantly positive movements towards these two destinations, in particular for Abomey-Calavi, which is a popular destination for poorer migrants from the north. In contrast, the last column shows that there appears to be relatively less migration towards Benin's official capital of Porto-Novo, which is also located in the south. Overall, the results suggest that a leader connection also serves as a push factor for migration, further elevating the migration towards the economic centers of the country.

Table 5.3. Extension – Push Effects Boni

	Birthplace	***Ethnic Homeland***	***Birthplace Destination Interaction***			
Dep. Var.:	(1)	(2)	(3)	(4)	(5)	(6)
Migrant Flows			**Parakou**	**Cotonou**	**Abomey-Calavi**	**Porto Novo**
Leader Connection	0.222***	-0.083	0.255***	0.212***	0.174***	0.225***
	(0.035)	(0.099)	(0.036)	(0.035)	(0.036)	(0.035)
Destination Interaction			-0.103**	0.299***	1.985***	-0.685***
			(0.045)	(0.099)	(0.094)	(0.055)
No. of obs.	86,815	86,815	86,815	86,815	86,815	86,815
R-squared	. 813	. 813	. 813	. 813	. 813	. 813
Pair FE	YES	YES	YES	YES	YES	YES
Dest.*year FE	YES	YES	YES	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the origin district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

5.5.3.2. Transmission Channels

This section tries to ascertain potential channels that could serve as explanation for the identified positive link between a leader connection and internal migration patterns. Two of the main motives that the wider migration literature has found to drive migration are the increased presence of economic opportunities and better access to public services (Harris and Todaro,

1970; Greenwood, 2016). Coincidently, both of these aspects are also closely related to political favoritism (Hodler and Rascky, 2014; Burgess et al., 2015; Kramon and Posner, 2016). In the following we will test these potential transmission channels empirically.

Table 5.4. Extension – Transmission Channels Boni

	Avg. Nightlight Growth		***Access Electricity***	
	Birthplace	***Ethnic homeland***	***Birthplace***	***Ethnic homeland***
	(1)	(2)	(3)	(4)
Leader Connection	2.582***	0.527	0.258***	-0.026
	(0.334)	(0.482)	(0.013)	(0.046)
Pop. Density	0.007***	0.007***		
	(0.001)	(0.001)		
Gender			0.002	0.002
			(0.001)	(0.001)
Age			0.000	0.000
			(0.000)	(0.000)
Urban/rural location			0.191***	0.190***
			(0.019)	(0.019)
No. of obs.	1,617	1,617	2,184,424	2,184,424
R-squared	.888	.888	. 339	. 337
District FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Notes: (a) The dependent variable is the average annual growth of nightlight luminosity across each district in columns 1 and 2, and a dummy that is 1 if a respondent has access to electricity in columns 3 and 4. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the origin district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

In order to substantiate our findings and effectively link them to political favoritism, we first investigate patterns of economic growth in the connected districts. In accordance with the literature, we employ the growth of average nighttime lights as a proxy for changes in economic activity at the local level. Then, we run a simple fixed effects regression with our leader connection dummy as the main explanatory variable along with the standard district and year fixed effects and clustered standard errors. Table 5.4 collects these results in columns 1 and 2. In line with Hodler and Rascky (2014) and our anecdotal evidence, the results indicate

significantly increased economic growth in Thomas Boni's birth district during his time in power, suggesting that the identified migration inflows could be motivated by increased economic opportunities due to the presence of political favoritism. When basing the analysis again on the ethnic homelands of the Yoruba, there is no evidence of ethnic favoritism by President Boni, which once again goes along with the no-existing in-migration there.

Lastly, we explore the access to public utilities as another potential channel that links migration patterns and political favoritism. To investigate this channel empirically, we once again make use of the census data from IPUMS, employing information on the access to electricity covering the census years 1992, 2002 and 2013. We again employ the usual fixed effects model with the dependent variable being a simple dummy that is 1, when a respondent has access to electricity and 0 otherwise. The regressions further include some important individual-level characteristics, those being gender, age and rural/urban residence, on top of the standard district and year fixed effects. The results can be found in columns 3 and 4 of Table 5.4.

Mirroring our previous findings, we once again identify an increase in the access to electricity in President Boni's birth district once he takes power at the national level. This finding further supports our hypothesis that the surge in migration towards his birthplace is connected to political favoritism. Similarly, there is no evidence of improved access to electricity in the ethnic homelands of the Yoruba.

5.5.3.3. Other Leaders

While our baseline analysis only focused on the case of President Boni, as already mentioned there were two more Presidents in power over our sample period. Unfortunately, President Soglo was not born in Benin, making an analysis of migration in and out of his birthplace impossible. This leaves President Mathieu Kérékou for further analyses. Here again the setting is potentially problematic, as while Kérékou was democratically elected as President from 1996 to 2005, he also served as autocratic leader from 1972 to 1991. This will likely affect potential patterns of political favoritism, making results more difficult to interpret. Nevertheless, we

conduct the same set of estimations as with President Boni to compare the results.

To begin with, Table D1 in the appendix collects the pull effect analysis, which again shows a positive link between the leader's birthplace and migrant inflows. However, for Mathieu Kérékou this positive effect is rather small and only weakly significant, while the lagged analysis suggests that the predicted migrant inflows into President Kérékou's birth district seem to be fading rather rapidly after shortly peaking in years 1-3 after his return to power, turning negative in the following years. The estimate for the 1-year lead in column 3 is also strongly negative suggesting considerably less in-migration into President Kérékou's birthplace before his return to power. In line with the results of President Boni, migration patterns appear not to be connected to the ethnic homeland of President Kérékou.

Table D2 depicts the same heterogeneity analysis as before. Here the results indicate that there are relatively less Otamari, the ethnic group of President Kérékou, among the in-migrants into his birth district. This result might be affected by the fact that the Otamari are already the dominant ethnic group in this area, i.e. President Kérékou's birthplace falls into the Otamari's ethnic homeland. In contrast to the results above there appear to be gender differences in migration patterns, as the migration flows are mainly driven by male migrants. Additionally, migrants are pre-dominantly young and better educated, the latter again being in contrast to the results for President Boni.

Then, Table D3 looks at potential push effects. The results in the columns 1 and 2 indicate that in the case of President Kérékou there seems to be no evidence for increased out-migration from his birthplace during his time in power, while there is a positive effect for his ethnic homelands. The interaction analysis in columns 3 to 6 however does not show any significant movements towards the political and economic centers, like it was the case for President Boni.

Finally, Table D4 provides insights on the transmission channels. There appears to be no increase in economic activity in Mathieu Kérékou's birthplace, which fits our findings of weak and only brief migration towards this district, as the lack of political favoritism is unable to sustain a stronger migrant movement. In line with this, there is also no evidence for improved

access to electricity in the birthplace district of Mathieu Kérékou. As mentioned before, we are analyzing President Kérékou's second time in power, as his presidency was only interrupted between 1991 and 1995. There already could have been substantial political favoritism during his previous time in, especially considering him being an autocratic leader between 1972 and 1991, which would have made the diversion of public resources potentially much easier during this time. Therefore, the interpretation of the results in this sub-chapter are not as straightforward. However, together these results suggest that the intermittent inflows into President Kérékou's birthplace seem to be based on the expectation of benefits which are quickly reversed once these benefits did not materialize due to the absence of significant political favoritism.

5.6. Conclusion

This paper explores the relationship between being connected to a national leader and the incidence of population movements within Benin. Our analysis provides multiple insights. First, the results in this study indicate that a regional connection with a political leader is linked to a significant level of migration toward the connected region. Second, we show that this effect only extends to the leaders' birthplace and not also to the homeland of the leaders' ethnic group. Lastly, further analyses demonstrate that these migrant movements are at least in parts driven by the presence of political favoritism which manifests itself in improved economic opportunities and a better access to public goods in the respective regions. In line with the migration effect, this effect only applies to the regionally connected districts, while there is no evidence that the favoritism extends to the homelands of the leaders' ethnic groups. Thus, we conclude that in our context of Benin, there is only evidence for regional favoritism rather than ethnic favoritism and that this favoritism drives migration patterns within the country.

Our findings extend the emerging literature on political favoritism by highlighting a previously unexplored aspect in its potential to drive patterns of internal migration and thus alter the demographic constitution of a country. Overall, these findings perfectly blend in with

the existing evidence from the related literature on political favoritism, that also add the dimension of foreign aid to the presence of favoritism and patterns of internal migration. In addition, this paper could motivate subsequent studies that further explore the temporal stability of the effect and confirm its presence in other contexts. Furthermore, one could investigate if and how those migrants benefit from their migration decision.

Appendix

Appendix A

Partisanship in a Young Democracy

Table A1. Definition of Variables

Living Conditions **In general, how would you describe:** - **Your own present living conditions** - **Your living conditions compared to those of other Ghanaians**	0=Very Bad & Fairly Bad, 1= Fairly Good & Very Good
Utilities **Are the following services/facilities present in the primary sampling unit/enumeration area:** - **Electricity grid** - **Piped water system** - **School** - **Health Clinic**	0=None, 1= at least one of them, 2=at least two of them, 3=at least three of them, 4=all four of them
Asset Index **Which of these things do you personally own:** - **Radio** - **Television** - **Motor vehicle, car**	0=None, 1= at least one of the three, 2=at least two of the three, 3=all three of them
Economic Conditions (present) **In general, how would you describe:** - **The present economic condition of this country?**	0=Very Bad & Fairly Bad, 1= Fairly Good & Very Good
Economic Conditions (future) **Looking ahead, do you expect the following to be better or worse** - **Economic conditions in this country in twelve months time**	0=Much worse & Worse, 1=Better & Much Better
Corruption Perceptions **How many of the following people do you think are involved in corruption, or haven't you heard enough about them to say:** - **Office of the President**	0=None/Some of them, 1=Most or All of them
Security **Over the past year, how often, if ever, have you or anyone in your family:** - **Feared crime in your own home**	0=Never, 1=Just once or twice, 2=Several times, 3=Many times, 4=always
National identity **Let us suppose that you had to choose between being a Ghanaian and being a _____ [R's Ethnic Group]. Which of the following best expresses your feelings?**	0=I feel only (R's ethnic group) & I feel more (R's ethnic group) than Ghanaian, 1=I feel equally Ghanaian and (R's ethnic group), 2=I feel more Ghanaian than (R's ethnic group & I feel only Ghanaian

Taxation **For each of the following statements, please tell me whether you disagree or agree:** - **The tax department always has the right to make people pay taxes**	**0=Strongly disagree & Disagree, 1=Agree & Strongly agree**
Democratic Principles **Which of the following statements is closest to your view? Choose Statement 1 or Statement 2:** - **Freedom of Association:** o **Statement 1: Government should be able to ban any organization that goes against its policies.** o **Statement 2: We should be able to join any organization, whether or not the government approves of it.** - **Freedom of Press:** o **Statement 1: Government should be able to close newspapers that print stories it does not like.** o **Statement 2: The news media should be free to publish any story that they see fit without fear of being shut down.**	0=Agree very strongly / Agree with Statement 1, 1=Agree / Agree very strongly with Statement 2
One-Party-Rule **There are many ways to govern a country. Would you disapprove or approve of the following alternatives:** - **Only one political party is allowed to stand for election and hold office**	0=Strongly disapprove & Disapprove, 1=Approve & Strongly approve
Gender	0=Female, 1=Male
Location **Is the PSU urban or rural?**	0=Rural, 1=Urban
Education **What is the highest level of education you have completed?**	0=No formal or informal schooling only, 1=Some primary or primary completed, 2=Some secondary or secondary completed, 3=Post-secondary qualifications or higher
Employment **Do you have a job that pays a cash income? Is it full-time or part-time? And are you presently looking for a job (even if you are presently working)?**	0=No (Not looking), 1=No (Looking), 2=Yes, part-time (looking and not looking), 3=Yes, full-time (looking and not looking)
Age	A numeric value between 18 and 110
Religion **What is your religion, if any?**	0=Christian, 1=Muslim, 2=Other
Ethnicity **Which Ghanaian language is your home language?**	1=Akan, 2=Ewe, 3=Ga, 4=Northern

Appendix A

Figure Panel. Trend Analysis

The area of the graphs with white background depict the pre-period, while the dark background illustrates the post-period

Figure A1. Economic Cond. (pres.)

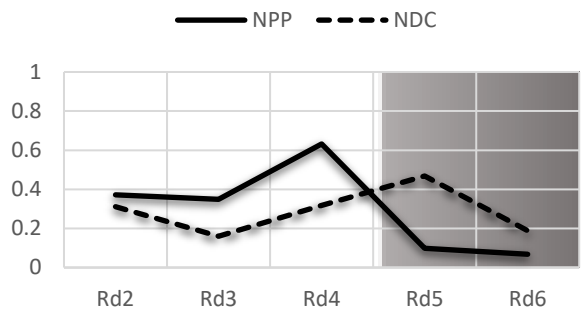

Figure A2. Economic Cond. (fut.)

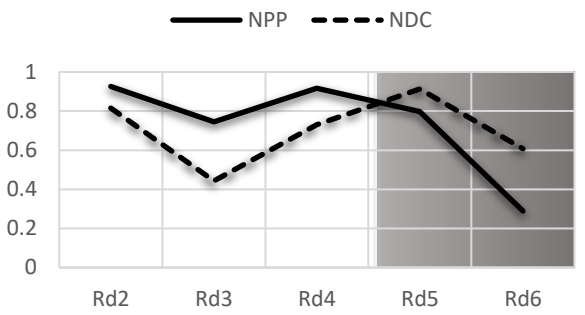

Figure A3. Corruption President

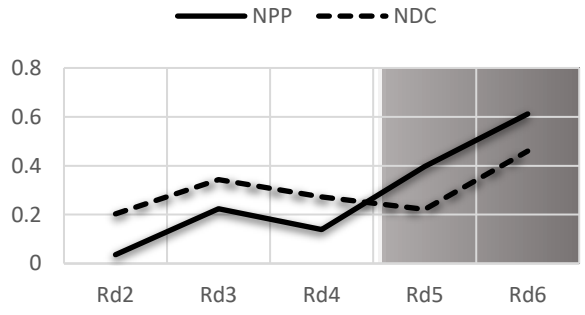

Figure A4. Fear of Crime

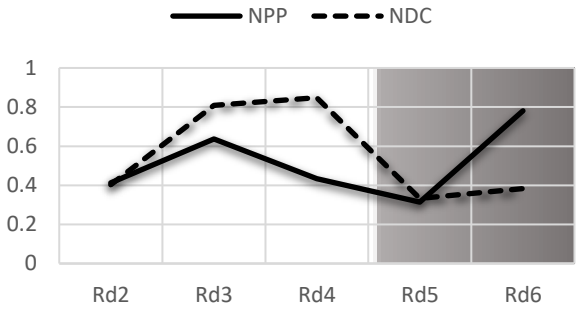

Figure A5. National Identity

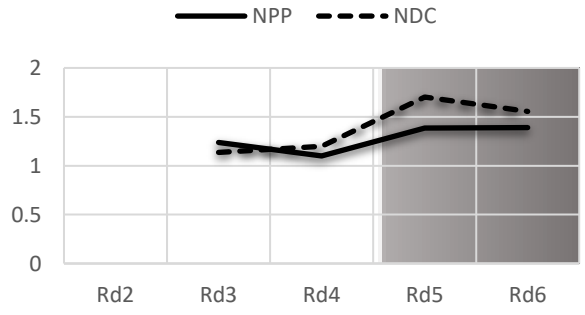

Figure A6. Taxation

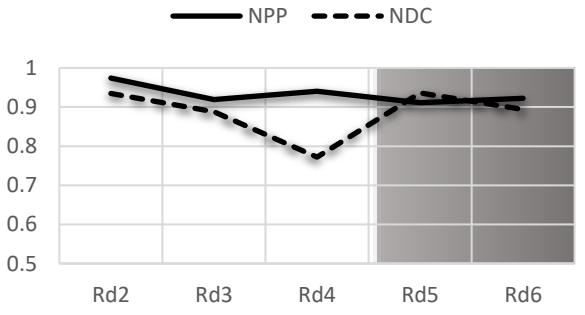

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Fig. A7. Freedom of Association

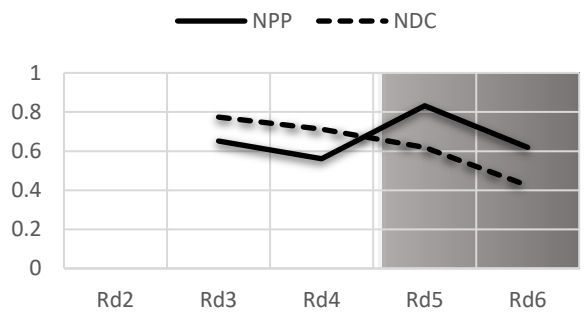


Figure A8. Freedom of Press

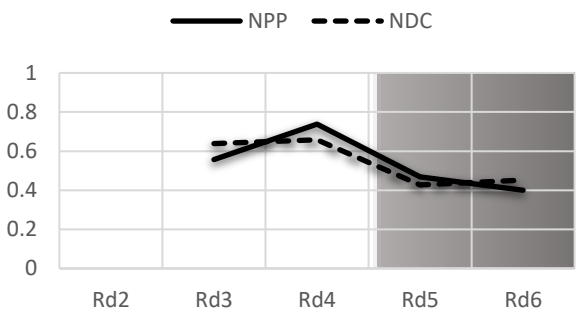
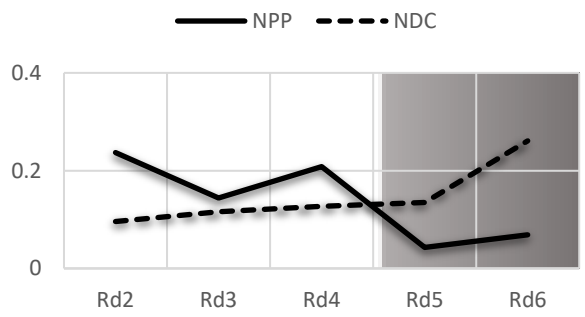


Figure A9. One-Party-Rule



Appendix B

Partisan Alignment and Political Corruption

B1. Coding of Audit Reports

This appendix shall explain how the audit reports were used to code the two types of irregularities by including illustrative examples for the different types.

<u>Irregularities in the payment process:</u>

1. Missing or faulty documentation:
    - *"Contrary to Regulation 1 of the Financial Administration Regulation, 2004 (LI 1802), the Ga West Municipal Assembly failed to present six payment vouchers amounting to GHS 351,661.12 for audit scrutiny. We could therefore not authenticate the expenditure incurred whether or not they were made in the interest of the Assembly."*
    - The assessed expenditures were flagged as irregular, as they lacked the necessary documentation. This item was coded as a payment irregularity of GHS 351,661.12 of the respective District Assembly. (Source: DACF Audit Report of 2018)
2. Overpayment/Duplicated payments:
    - *"Management of Amansie West District Assembly paid two contractors a total amount of GHS 293,891.50 instead of GHS 278,469.26 for the construction of a Police Station at Tontokrom and 3 Unit Classroom block at Manso Nkwanta respectively leading to an overpayment of GHS 15,422.24."*
    - Here the auditors found an overpayment on the original contract sum without any reasonable explanation, which creates an avenue for the diversion of public

funds. Hence, this violation was coded as a payment irregularity of GHS 15,422.24 for the respective District Assembly. (Source: DACF Audit Report of 2016)

3. Direct misappropriation of funds:
    - *"We noted that a total amount of GHS 409,873.08 out of a total sum of GHS 556,662.58 granted to 28 officers of two Assemblies were not accounted for by them contrary to Regulations 39 of FAR, 2004 (L.I 1802). At Nandom, the payments were made to Patrick Nakpenaa, a special Assistant to MP for Nandom, Hon Ambrose Derry meant for payment of fees to needy students in the District."*
    - The expenditure above was found objectionable, as the involved amount could not be accounted for and no explanation was given for how the amount was used. I classified this item as misappropriation and a payment irregularity for the involved District Assemblies. (Source: DACF Audit Report of 2017)

Irregularities in the procurement process:

1. Uncompetitive procurement:
    - *"We however noted that five Assemblies procured goods and services to the tune of GHS 576,056.13 without alternative quotations from other prospective suppliers or service providers to ensure competitive pricing and value for money. The Assemblies also did not seek approval from the Public Procurement Authority to use single sourcing method."*
    - The audit report assessed the above-mentioned procurement as uncompetitive. The report further included a breakdown for the amount of GHS 576,056.13, which was coded as procurement irregularities in the involved District Assemblies. (Source: DACF Audit Report of 2018)

- *"Our review of contract management of Effutu Municipal Assembly disclosed that Management awarded four contracts totaling GHS 827,387.96 to two of Mr. Emmanuel Appiah-Kubi's four companies which were the only companies that submitted quotations, namely Solid Accord Enterprise and EAK Company Limited."*
- The procurement process in these cases was also evaluated as uncompetitive, as it included fraudulent bids from companies that have the same ownership. The total amount of GHS 827,056.13 was coded as procurement irregularity for the respective District Assembly. (Source: DACF Audit Report of 2018)

2. Unaccounted purchases:
    - *"Contrary to Section 52 of the Public Financial Management Act, 2016 (Act 921), four Assemblies purchased store items valued at GHS 69,613.00 but failed to provide records of usage as well as distribution list. Non-maintenance of store records could result in diversion of stores for personal use."*
    - The auditors were unable to ascertain the appropriate use of the purchased items in question. Together with the provided breakdowns of the involved District Assemblies, the amounts combining to GHS 69,613.00 were coded as procurement irregularities. (Source: DACF Audit Report of 2018)

Appendix C

Regional Favoritism and Human Capital Accumulation

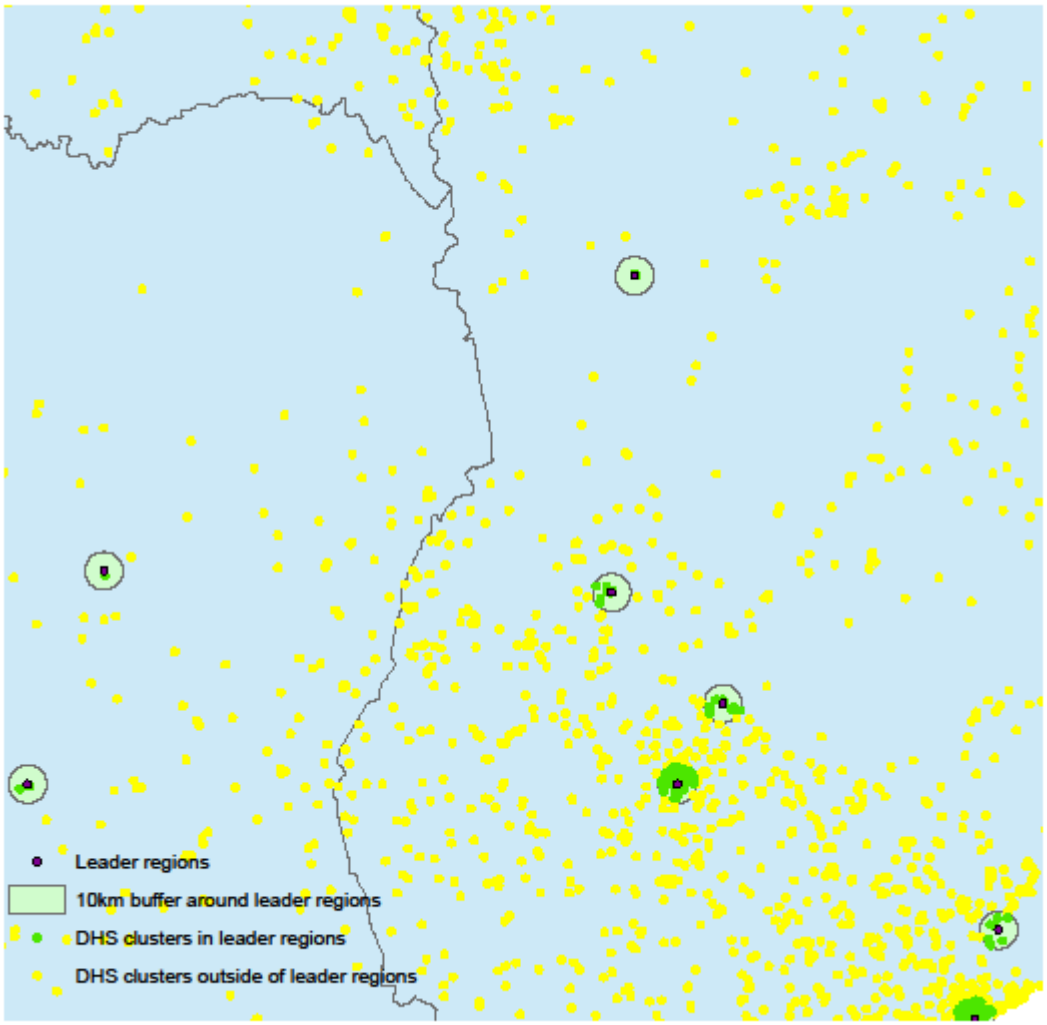


Figure C1: DHS clusters and national leaders' birthplaces in Africa. This figure shows the 10km buffers around leaders' birth regions (light green circles) and indicates treated (green dots) and untreated (yellow dots) DHS clusters

Appendix C

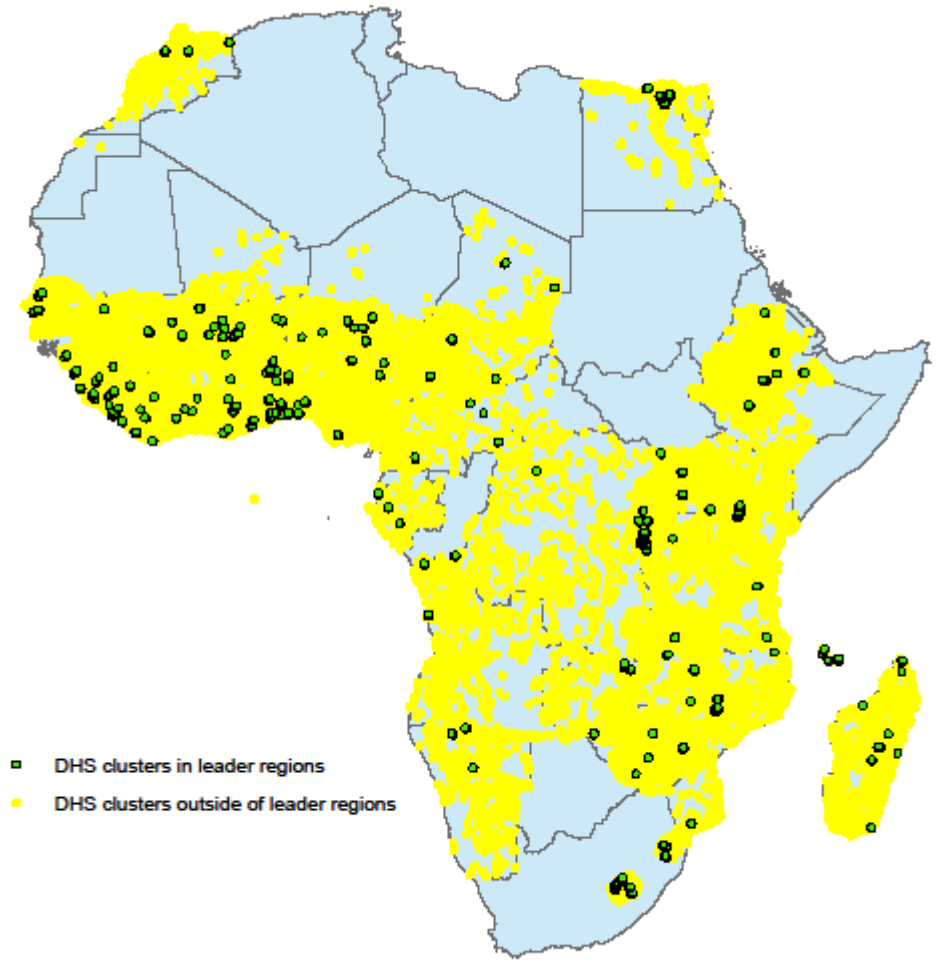
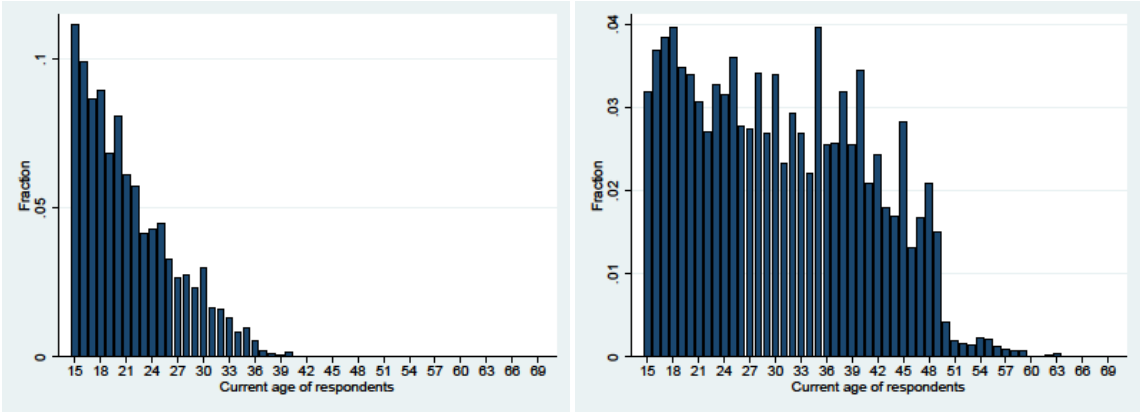


Figure C2: Treated and untreated DHS clusters in Africa. This figures shows all treated (green dots) and untreated (yellow dots) DHS clusters included in the main estimation sample.



(a) Unconnected respondents in treated clusters **(b)** Connected respondents in treated clusters

Figure C3: Age distribution of DHS respondents. This figure displays the age distribution of two subsamples of DHS respondents. Subfigure (a) shows the age distribution of those respondents who were never connected to a national leader in treated clusters. Subfigure (b) shows the age distribution of respondents who were connected at some point in their lives to a national leader.

Appendix D

Political Favoritism and Internal Migration

Table D1: Main Results – Pull Effects Kérékou

	Birthplace	***Ethnic Homeland***	***Birthplace Leads***	***Birthplace Lags***
Dep. Var. : Migrant Flows	(1)	(2)	(3)	(4)
Leader Connection	0.083*	0.211	0.047	
	(0.044)	(0.214)	(0.044)	
Leader Connection, t-1			-1.284***	
			(0.095)	
Leader Connection year 1-3				0.625***
				(0.058)
Leader Connection year 4-6				-0.153**
				(0.062)
Leader Connection year 7-end				-0.478***
				(0.050)
Inv. Network, t-1	-0.001	-0.001	-0.001	-0.001
	(0.068)	(0.068)	(0.068)	(0.068)
No. of obs.	86,876	86,876	86,876	86,876
R-squared	0.804	0.804	0.804	0.804
Pair FE	YES	YES	YES	YES
Origin*year FE	YES	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the destination district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

Appendix D

Table D2: Heterogeneity – Pull Effects Kérékou

	Otamari	*Women*	*Men*	*Youth*	*Working Age*	*Low Education*	*High Education*
Dep. Var. : Migrant Flows	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Leader Connection	-0.210**	-0.029	0.197***	0.187***	-0.014	-0.117***	0.618***
	(0.084)	(0.053)	(0.045)	(0.052)	(0.043)	(0.044)	(0.095)
Inv. Network, t-1	-0.156*	0.001	-0.003	-0.018	0.018	-0.002	0.086
	(0.083)	(0.065)	(0.072)	(0.062)	(0.074)	(0.061)	(0.095)
No. of obs.	11,912	77,553	76,678	75,064	78,299	74,790	36,700
R-squared	.557	.758	. 742	.735	.761	. 739	. 672
Pair FE	YES	YES	YES	YES	YES	YES	YES
Origin*year FE	YES	YES	YES	YES	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the destination district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

Table D3: Extension – Push Effects Kérékou

	Birthplace	*Ethnic Homeland*	*Ethnic Homeland Destination Interaction*			
Dep. Var. : Migrant Flows	(1)	(2)	(3) **Parakou**	(4) **Cotonou**	(5) **Abomey-Calavi**	(6) **Porto Novo**
Leader Connection	-0.016	0.159**	0..167**	0.171**	0.179***	0.165**
	(0.039)	(0.067)	(0.070)	(0.069)	(0.068)	(0.067)
Destination Interaction			-0.077	-0.247*	-0.525**	-0.502***
			(0.097)	(0.131)	(0.218)	(0.125)
No. of obs.	86,815	86,815	86,815	86,815	86,815	86,815
R-squared	. 813	. 813	. 813	. 813	. 813	. 813
Pair FE	YES	YES	YES	YES	YES	YES
Dest.*year FE	YES	YES	YES	YES	YES	YES

Notes: (a) The dependent variable is the number of individuals migrating between a district-pair in each year. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the origin district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

Table D4: Extension - Transmission Channels Kérékou

	Avg. Nightlight Growth		*Access Electricity*	
	Birthplace	***Ethnic homeland***	***Birthplace***	***Ethnic homeland***
	(1)	(2)	(3)	(4)
Leader Connection	-5.297***	-5.147***	0.011	-0.154***
	(0.383)	(0.983)	(0.012)	(0.046)
Pop. Density	0.007***	0.007***		
	(0.001)	(0.001)		
Gender			0.002	0.002
			(0.001)	(0.001)
Age			0.000	0.000
			(0.000)	(0.000)
Urban/rural location			0.190***	0.191***
			(0.019)	(0.019)
No. of obs.	1,617	1,617	2,184,424	2,184,424
R-squared	.888	.888	. 337	. 339
District FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Notes: (a) The dependent variable is the average annual growth of nightlight luminosity across each district in columns 1 and 2, and a dummy that is 1 if a respondent has access to electricity in columns 3 and 4. (b) Leader Connection is a dummy that is 1 if a destination district includes a leader's birth place or ethnic homeland. (c) The estimations include an unreported constant and standard errors in parentheses are clustered at the district level. (d) Significance levels are indicated by stars *** p<0.01, ** p<0.05, * p<0.1.

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