Social Policy, Democratic Linkages, and Political Governance

May 12, 2015

Herbert Kitschelt
Department of Political Science
Duke University

Paper prepared for delivery at the conference on The Quality of Government and the Performance of Democracies, Gothenburg May 20-22, 2015, convened by the Quality of Governance Institute, University of Gothenburg.
People care most about existential threats posed by the loss of their capacity to provide for their own lives, alone or in cooperation within a primary group. These threats are triggered by diseases, accidents and the infirmities of old age, and more recently by the lack of training and resources to acquire the skills needed to participate in productive social enterprises. Among Polanyi’s (1944) three major orders of allocating scarce resources—reciprocity, exchange, and redistribution—historically the burden of risk hedging against these various existential threats initially fell almost entirely upon the kinship-based primary group through reciprocal arrangements, later supplemented by religious associations the role of which has remained tenacious in a number of places (Gill and Lundsgaarde 2004). Markets (voluntary “exchange” in a setting with multiple suppliers and customers) and states (“redistribution” by authoritative command under the shadow of monopoly control of coercive capacities in a bounded collective) began to play a role only in the late 19th century. What we now call the “welfare state” and “social policy” is therefore still only one element of a more inclusive “welfare regime” in which primary associations—particularly kinship, but also ethnic and religious associations—as well as markets also play critical roles (cf. Esping-Andersen 1999).

In a very broad bird’s eyes view of global social dynamics, the developmental perspective originally outlined by Wilensky (1975) still holds true: As societies use more skills and technology and gain affluence, the emphasis in the composition of welfare regimes shifts from hedging against existential risks through primary groups via markets to states. While in this extended process the point of departure—there kinship groups engaged in generalized reciprocity—and the point of current, but probably only temporary and provisional arrival—here encompassing social insurance systems and public infrastructures to build skills and restore individuals’ capacities to participate in labor markets—are pretty well understood, a reconstruction of the pathways that occur between departure and destination is not.

This paper will focus on how politics gets involved in helping citizens hedge against existential risks. The usual presumption is that politics achieves this through public policy, universalistic social insurance programs, mostly of a contributory kind that entitle participants to certain benefits when they meet specified conditions. Much less studied is the nature and extent to which political organizations perform risk hedging through targeted services where individuals receive benefits and protection contingent upon the contribution they make to their specific benefactor (“clientelism”). This paper is concerned only with the relationship between clientelist risk hedging and social insurance policy in multi-party systems, where the delivery of either benefit depends on an electoral linkage. Party politicians institute social programs and/or they disburse targeted benefits to clients.

More specifically, I analyze the conditions under which the political process will result in a greater weight of targeted benefits or of social insurance policies in risk hedging strategies, with a focus on developing countries. Just as in the literature on the rise of the welfare state (Wilensky 1975), there is a simple developmentalist story against the backdrop of which the specifics of this question can be addressed. In poor countries, most risk hedging occurs through kinship systems and voluntary associations (e.g. of a religious kind). If politics gets involved, it will be risk hedging of a targeted, conditional clientelist kind. In rich countries, by contrast, most risk hedging is organized through public social insurance systems, with clientelist target exchange, as well as kinship and voluntary associations, playing a minor, albeit not insignificant role.

But holding constant for levels of development, closer analysis reveals that the mechanisms of social insurance vary a great deal. Most of the literature on social welfare regimes in advanced capitalist democracies, for example, tries to understand these differences as a function of political regime trajectories (Flora and Alber 1981), power resource mobilization by social classes and sectors (Stephens 1979; Korpi 1983; Esping-Andersen 1990), welfare production regimes (Estevez-Abe et al. 2001; Iversen 2005) or some combination thereof (Iversen and Stephens 2008; Iversen and Soskice 2009 and 2015).
But what about social risk-hedging strategies in developing countries, particularly, as we shall see, those at intermediate levels of development in which there is a sizeable group of “middle income” citizens who are no longer in danger of sliding back into abject poverty (Birdsall 2015)? The existing literature covering this question has focused on two specific subjects. Either it has analyzed the scope of state involvement and the redistributive impact of social policies, quite in the spirit of the social policy literature on advanced capitalist democracies, albeit with a greater emphasis on political regime variation and international political-economic embeddedness of social insurance strategies (cf. especially Haggard and Kaufman 2008; Huber and Stephens 2012; Pribble 2014; Rudra 2002; 2007; Segura-Ubiergo 2007). Or, inspired by a literature distinguishing types of developmental states (e.g., Haggard 1990), scholars have investigated whether social policy in developing countries emphasizes “consumption” oriented income support, triggered by people’s failure to generate a market income because of illness, old age, or lack of demand for labor, or “investment”-oriented formation of skills and qualifications to enable people to generate a market income (Wibbels and Ahlquist 2011; Wibbels forthcoming).

This paper, however, will address a different question: Where do risk-hedging strategies emphasize targeted, conditional clientelist exchange between citizens and partisan politicians and where do they concentrate on universal social policy insurance programs? To put my question in a different way, I will explore whether in developing democracies, and particularly in middle-income developmental states, clientelist exchanges between citizens and politicians serve as a (partial) substitute for universalistic social policy, evidenced by a more or less sharp trade-off between the efforts politicians make to supply either clientelist linkages or social policy.

I should hasten to add that my question is not entirely unprecedented. It does appear in existing treatments of clientelism and social policy, albeit without systematic comparative investigation. Haggard and Kaufman (2008: 113), for example, indicate that the pressure to expand social policy may be weaker, where clientelism is practiced more vigorously. Pribble’s (2014) case studies of universalistic social policy formation also incorporate clientelist exchange as a barrier to universalistic social policy expansion. In the clientelism literature, various contributors have emphasized that clientelist political exchanges should be regarded not always as asymmetrical dependency relations of clients on patrons, but sometimes, at least under conditions of competitive democracy, as ways for the poor to extract valuable benefits from the political system (Taylor-Robinson 2010; Hilgers 2012).

The answer I will give to the question what influences the composition of risk-hedging practices in developing countries, when clientelist hedging strategies and universalistic social insurance systems are the potential political instruments, comes in three elements. The first part builds on the existing social policy literature in developing countries: Political regime matters. Even though my set of countries includes only multi-party regimes, almost all of which involve meaningful and open competition for executive office, where civil liberties are better protected and thus encourage more voices of disagreement with incumbent governments tend also to exhibit more universalistic social policies. The other two parts of my answer to the question whether risk hedging relies on clientelism or universalistic social policy will, however, involve two arguments less common in the social policy literature. My paper will emphasize the variable capacity of states to deliver social policy, something often assumed as a given in the existing social policy literature, as well as the extent to which politicians compete about party programs in the first place, also something assumed at least in the resource mobilization literature on social policy formation.

I will show that more democratic civil liberties, more state capacity, and more programmatic party competition are robustly correlated with greater emphasis on universalistic social insurance policies in developing countries. Upon closer investigation, however, it turns out that this link applies primarily to a middle income tier of countries most of which have developmental states. In this tier of polities, political conditions, not the level of economic development, determines whether risk hedging is a matter of clientelist
targeting or universal social insurance. Among rather poor countries, the overwhelming correlate of risk-hedging mechanism is the fact that they lack resources, regardless of how their political features vary.

The paper will first clarify what unites and divides social policy from clientelist linkage practices in democratic politics. I will then detail the theoretical argument, as well as itemize a list of rival arguments that may turn out to be required controls, complements, or alternatives to the arguments I am pursuing. In this provisional paper, I have, however, no chance to test them exhaustively. The next parts of the paper introduce the data employed in the comparative analysis and the present the empirical evidence.

The empirical implementation of the theoretical agenda outlined here suffers several severe and familiar weaknesses only some of which may be remedied by better, more probing, tenacious analysis, given data and case limitations:

- There are few cases on which to build the argument. The universe of countries is 66, stratified by wildly varying levels of development.
- The data for critical variables are measured as a single time point cross-section (2008-9) and/or are stationary over time, thus making it impossible to squarely deal with endogeneity problems in causal inference through time series analysis to gain more leverage to draw causal inferences.
- There is a fair amount of collinearity among the independent variables of interest.
- All data are observational so that selection bias cannot be ruled out. For example, the polities that opt into the dataset of multi-party electoral regimes are not a random sample of all developing countries, missing most countries in the Middle East, a high proportion in South Asia and Sub-Saharan Africa, and even some countries in the Latin American and post-communist Eastern European and Central Asian regions.

Nevertheless, at this stage of research progress of the literature in the field of political party competition and political economy of development, even novel correlational “pattern recognition” may be a useful and constructive contribution to the literature, if for no other reason than to put new and hopefully strikingly plausible theoretical arguments on the agenda for investigation. And in many cases the causality may involve such interactive, two-way patterns that it may neither be theoretically fruitful nor empirically likely to resolve the chicken-egg problem and decide what came first and what later.

1. Clientelism and Social Policy

Some conceptual clarifications should come first. The most fundamental one concerns the difference between citizen-elite exchanges based on “policy” or “programs” and on “clientelism.” Two criteria are pertinent to draw the distinction, group size/excludability from benefits and contingency of the partisan exchange. In programmatic policy linkages, politicians offer voters club goods and collective goods, provided a voter belongs to the club or the polity at large. Equally, costs to finance policies are apportioned to social categories. Goods are delivered and costs are assessed based on general universalistic rules and categories to large groups of citizens (e.g., farmers, receiving a tariff) or all citizens, regardless of whether any specific individual within these categories actually voted for the politician (party) who helped bring about the policy that imposes costs and benefits on group categories.

By contrast, in clientelism, goods are targeted to individuals or small, circumscribed groups. Moreover, they are awarded in contingent terms, based on whether an individual or group has or keeps supporting the politician (party) that is its benefactor by delivering votes and often enough also labor and
funding to that party.\(^1\) Clientelism does not necessarily imply vote buying in the crude spot-market sense, but requires from politicians an understanding and a capacity to sanction at least some of the constituents who do not deliver their contribution to a politician’s quest for electoral office, although they have received valued benefits.\(^2\)

This leaves us with two variants of distributive policies I will not consider in greater detail here, namely what American political discourse calls “pork” and “constituency service.” In these instances, the targets are individuals and bounded groups, but there is no contingency between politicians’ benefits and services and citizens’ delivery of vote or other scarce resources.\(^3\)

Common Baseline of Clientelism and Social Policy

Both most empirically observable acts of clientelism and social policy have a similar impact on citizens’ life chances, at least in a very abstract sense: They reduce people’s risks of losing market-based sources of income support necessary to feed, clothe and house themselves and their closest kin, as well as to fight diseases. In social policy, this “decommodification” of support (Esping-Andersen 1990) is achieved by contributory insurances (pension, health care, unemployment, disability) and means-tested income support (in cash or kind, such as housing provision or housing subsidies). In addition to such social “consumption” benefits that are depleted in one time period, social policy may also encompass social “investment” strategies that equip individuals with capacities to generate future market incomes over many time periods.

Clientelism, like social policy, most of the time aims at filling income gaps. People may receive food, building materials, clothing, medication or even money from politicians, but this are short-term and unreliable acts of benevolence that may do little to improve people’s existential risk hedging. More important (and politically expensive) may be longer-term, lasting benefits, such as access to municipal health facilities, patronage jobs in public agencies, non-profits, or a private regulated and subsidized sector. Also discretionary income support schemes that require individualized qualification for benefits according to complex criteria and thus make the award uncertain and discretionary upon the reviewer—such as is often the case in applications for disability pensions, educational scholarships, or subsidized and public housing—are likely to be disbursed according to a logic of clientelist exchange with elected politicians. Job and benefits guarantees can also be awarded indirectly through clientelist schemes where businesses receive government procurement contracts or obtain favorable regulatory decisions (health, environment, safety, foreign currency allocation, etc.) that enable them to employ wage earners whom the company management then “motivates” to support their partisan benefactors.

Differentia Specifica Between Clientelism and Social Policy. Concepts and Measurements

The difference between social policy and clientelism follows from the above definitions. Social policy is enshrined in code, statute, and law with universalistic, conditional statements that define the empirical circumstances and the nature of the benefits to which citizens are entitled. By contrast, clientelistic benefits result from situations governed by ambiguous, vague decision procedures and statutes (or none at all) and are based on localized case-by-case decisions about eligibility and size of awards to claimants,

---

\(^1\) For definitions of clientelism, see Hicken (2011), Kitschelt and Wilkinson (2007) and Stokes (2007) and Stokes et al. (2013).

\(^2\) Clientelism thus does have a coercive, negative side to it. It’s not just carrots, but also sticks.

\(^3\) A final configuration (contingent delivery of benefits to large clubs or all members of a collective) is either impractical because of high transaction costs (club goods) or logically contradictory (collective goods that are characterized by non-excludability obviously cannot be delivered contingent upon the recipient’s political performance).
disregarding compliance with a generalized code-based fact pattern. In contrast to unconditional and universalistic statutes in social policy, clientelistic awards are conditional and particularistic. Nevertheless, both clientelistic exchange and social policy contribute to counteracting or correcting the allocation of resources that would result from a pure market process by distributing to those who otherwise would generate no income or only a very small and intermittent income.

**DALP Clientelism Measures**

The *Democratic Accountability and Linkage Project* (DALP) gathered over 1,400 experts in 88 countries in 2008-9 to assess on a four-point scale five targeted clientelistic partisan activities along two analytical dimensions. On the temporal dimension, benefits can be delivered on a one-time basis only (“spot-market”), or they can accrue to clients as a steady flow of benefits (“relational”). Second, in social terms, benefits may be targeted to individuals and small groups (families), as final recipients (“retail” clientelism), or to organizations (especially businesses), as intermediaries (“wholesale” clientelism), who then distribute the received benefits to their members, contingent upon their contribution to the patron’s quest for electoral office.

Table 1 organizes the options in a two-by-two table. In terms of political transaction costs, spot-market retail transactions are the most expensive, as they give clients the greatest room for opportunism to defect and therefore require extensive monitoring and sanctioning by political parties. Most clientelism, therefore, is at least “retail relational,” drastically cutting the enforcement and coordination costs for parties by sustaining ongoing social relations where compliance can be checked through informal observation and gossip (cf. Auyero 2001; Magaloni 2014: 254). The costs of maintaining contingent clientelist exchange relations further diminish for parties, if they practice “wholesale” clientelism, delivering benefits (procurement contracts, regulatory decisions) to with external “subcontractors,” whether these are community organizers, notables, or businesses who then take on the tasks of motivating or coercively compelling their members to support their candidate benefactor.

Relational retail clientelism is most directly a substitute for universalistic social policy programs. It includes benefits such as employment (“patronage”), access to income support, subsidized housing, or direct assistance through gifts. These forms of clientelism supplant unemployment insurance, pensions, and means-tested income support. Government procurement contracts and regulatory favors both of which tend to accrue to “wholesalers” are more intermediately related to social policy. If there is a trade-off between social policy insurance programs, as universalistic policies of risk-hedging, and clientelism, as its particularistic counterpart, it should be particularly pronounced with regard to the individually targeted spot-market or relational benefits, less so the “wholesale” forms of mediated clientelism.

**Bertelsmann Index of Social Policy Effort in Developing Countries**

There is a deplorable shortage of empirical measures of social policy beyond the core affluent postindustrial democracies assembled in the OECD. Social expenditure data is available only in fragmentary state for subsets of Latin American and post-communist Eastern European countries and a scattering of

---

4 For the methodology and data gathered in the DALP project, see [http://sites.duke.edu/democracylinkage](http://sites.duke.edu/democracylinkage).

5 While I have explored the differential effects of individual methods of clientelistic exchange with results basically consistent with this expectation, the paper will not report on these details.
Asian countries. Data on Sub-Saharan Africa and the Middle East are almost entirely unavailable or not credible. It is therefore most welcome that the Bertelsmann Transformation Index has tried to fill some of this void in a unique fashion.

The BTI gathers country reports by a single rapporteur, now covering well over 125 countries every other year. These rapporteurs score countries on 52 indicators, but based on a detailed written report document that is subjected to a designated peer reviewer and publicly available online. If one of the two experts is local from the evaluated country, the other is likely to be from abroad. To help them in their assessments, the experts rely on a coding manual. A “regional coordinator” with comparative and area studies expertise covering a geographical region oversees the work of both experts and moderates the “process of calibration, correction and supplementation” of observations and scores awarded on individual dimensions (Bertelsmann Stiftung 2008: 10; Brusis 2010: 106–7). As a final back-up, there is a BTI Board that checks and compares all of the qualitative reports and quantitative scores globally. The various steps of the process are all designed to address the country “anchor” or “differential item functioning” problem, namely the lack of direct comparability of experts’ scores across countries and over time because of the myopic expertise and the idiosyncratic interpretation of rating scales by individual country rapporteurs.

For social policy, the general charge of the BTI country experts is to assess the “welfare regimes” based on two scales ranging from 1 to 10. The first scale (indicator bti.10.1) on which I rely here as it most closely matches the sorts of provisions made on a particularistic basis by clientelist exchange, concerns the extent to which “social safety nets exist to compensate for poverty and other risks, such as old age, illness, unemployment or disability.” (Brusis 2010: 103). The second theme (indicator 10.2) requires the experts to determine the extent to which equality of opportunity exists in a country. Whereas the first topic deals with the “consumption” and “insurance” aspect of welfare regimes, the second focuses on the “investment” dimension of enabling citizens to gain the skills and resources to protect themselves through market income from existential threats. Yet another indicator covers the social investment/opportunity dimension, namely the countries’ efforts to provide “solid institutions for basic, secondary and tertiary education as well as for research and development.” (12.2)

There is an important difference between welfare states oriented toward consumption and investment expenditures that needs to be treated in its own right (Wibbels, forthcoming). But I will be focusing in this paper exclusively on the social insurance/safety net aspect, as this is the functional task area where clientelistic partisan efforts and social policy provisions may be most closely matched. I am keenly aware of the limitations imposed on this study by the summary of the social insurance policies of each country in a single number. Other studies try to assess in distinctive measures the scope of benefits, the generosity of benefits, and the mode of financing the insurance pool (e.g., Haggard and Kaufman 2008). This is not possible with the BTI dataset. But, then, the advantage of the BTI data is their scope. In a systematic way they cover a substantially larger set of countries than any of the existing comparative studies of social policy.

What is impossible to chart with the BTI dataset is key specific attributes of social policy provisions on which students of social policy in advanced and now developing capitalist democracies have focused. This includes specific attributes of the comprehensiveness of insurance coverage and entitlement eligibility

---

6 For the recent use of available data, see especially Haggard and Kaufman (2008), Huber and Stephens (2012) and Wibbels (forthcoming).

7 Since the relevant items have remained the same for a number of rounds, consult the 2014 codebook at [http://www.bti-project.de/uploads/tx_itao_download/BTI2014_Codebook.pdf](http://www.bti-project.de/uploads/tx_itao_download/BTI2014_Codebook.pdf), although the 2010 data have actually been used, given the observation of partisan linkage mechanisms in DALP in 2008.

8 A more pragmatic consideration for this focus is that, at least in the 66 developing countries under investigation here, the scores the evaluating juries assign to a country’s national social safety net highly correlate with the scores these countries achieve for promoting equality of opportunity or education and research (simple Pearson’s correlations between .85 and .92).
(e.g., Flora and Heidenheimer 1981; Esping-Andersen 1990). Another is the more or less redistributive effect of the welfare state on household incomes and the dualism and regressiveness that can be encountered in some welfare states (cf. Rueda et al. 2015).

*The Social Protection Regime: Magnitude of Effort (Composition) and the Trade-off (Ratio) Between Clientelist Risk Hedging and Universalistic Social Insurance Policy*

When examining the interplay between risk-hedging clientelism and insurance providing social policy, two different measures of interest should be distinguished, the **magnitude** of the entire welfare regime and the **composition (ratios and trade-offs)** between different modes of risk hedging. Depending on available resources and public demand, politicians may expand both clientelist risk hedging as well as social insurance policies. Where politicians can reasonably expect to face diversified constituency tastes some of which favor clientelist and others programmatic benefits, it is well possible that parties engage in pushing the envelope on product diversification. Within the same party, they may service different linkage mechanisms to different constituencies (Levitsky 2003; Magaloni et al. 2007; Kitschelt/Singer 2011). Or parties may engage in a division of labor within party systems, such that each specializes in different linkage profiles geared to specific constituencies.

The magnitude of the entire welfare regime must be distinguished from its composition that is also influenced by politicians’ adaptation of benefits activities to different constituencies. Even by expanding both clientelist and social insurance effort at different speed, the ratio of effort will shift within the welfare regime. Indeed, in this paper the focus will be on the relative allocation of political efforts between clientelist risk hedging and social insurance provisions. Comparing across countries, I am trying to establish the **steepness of the slope of substitution between clientelism and social policy**. I am concerned with the ratio of social policy to clientelist partisan effort in each country, and the elasticity of this ratio to external conditions, when the composition of efforts is compared across a set of countries.

Let me add one further qualifier, by focusing on the relationship between universalistic social policy safety nets and clientelist targeted benefits as modes of socio-economic risk hedging, I ignore that there are other relevant forms of risk hedging both within and outside the polity. Within the polity, politicians may sometimes deliver local public goods or “pork” that is unconditional on electoral exchange (for a review, see Golden and Min 2013). Particularly in poor countries, the delivery of local public goods may be critical (cf. Baldwin 2013; Diaz-Cayeros et al. forthcoming). Outside the polity, religious and kinship networks may play a critical role. None of these additional channels of risk-hedging plays into my account of the social policy/clientelist risk hedging composition, although I am well aware that they matter for the overall make-up of welfare regimes.

**2. The Clientelism/Social Policy Trade-off in Developmental States**

Citizens’ demands for protection from the vagaries of the marketplace are ubiquitous. Whether politicians engage in clientelist risk hedging or social policy activities to meet this demand, however, depends on specific supply and demand conditions that may be partially interdependent. In a stylized way, let me distinguish three states of affairs in an initially “developmentalist” perspective: poor countries, relying mostly on natural resource extractive industries (agriculture, metals, minerals) and lacking skill-based comparative advantage, affluent countries deriving their competitiveness almost exclusively from knowledge-based comparative advantage, and countries with intermediate development mixing advanced

---

9 I ignore here rich natural resource based polities, as they do not empirically appear in my data set.
and backwards sectors and trying to acquire higher grade comparative advantages, historically mostly in urban-based manufacturing. Two of these configurations grant not much leeway to political forces to shape the ratio between clientelist linkage strategies and social policy as economic hedging mechanisms, if they operate with competitive party systems: the economically least and most developed polities. The former are clearly confined to clientelist linkage strategies with targeted, particularistic social risk hedging in market economies, whereas the latter overwhelmingly embrace programmatic linkage strategies yielding universalistic welfare states. At the margin, in either situation, politicians can substitute preciously little clientelist hedging (social insurance) by social policy (clientelist inducements). But it is at intermediate levels of economic development, where political-institutional conditions can make the greatest difference in enabling citizens and politicians to tip the balance between clientelist risk hedging and programmatic social insurance.

**Little Trade-off Choices Between Clientelist and Social Insurance Risk Hedging: Poor and Affluent Countries**

In poor countries, the population has mostly low skills and a short time horizon. Political demands usually concern immediate imperatives of survival with a short time horizon and immediate, personal needs. At the same time, citizens have great difficulties in solving collective action problems through encompassing formal interest associations, even where authoritarian rulers do not interfere in the process of political mobilization. At the same time, in poor countries governments have few resources and capabilities to implement social programs. Citizens realizing this, therefore, discount whatever programmatic commitments politicians may advertise and focus on gaining comparative advantage in the clientelist market for political exchange.

The equilibrium of democratic political accountability strategies in poor countries, therefore, will be unambiguously a clientelist one, with few efforts to provide public policy. *As a consequence, little “trade-off” between clientelism and social policy is to be expected in very poor countries.* The competitive situation may induce politicians to supply more or less clientelist effort, but this may affect their propensity and ability to deliver social policy very little. *The ratio of programmatic social policy to clientelist risk hedging is always going to be low in poor countries.*

At the opposite end of the scale, in affluent (post-)industrial polities, most voters have skills and endowments leading them to pursue social insurance demands all but impossible to satisfy through clientelist targeting. Typically clientelist ploys, such as low-skill public sector patronage jobs and basic social policy benefits (public housing subsidies, disability benefits, means-tested income support, etc.) will simply not be attractive to most of such voters. On the supply side, the state apparatus in affluent democracies typically has accumulated a level of rational bureaucratic resources and capacities to devise and implement universalistic social insurance policies delivering protection in much more efficient and equitable ways than clientelism possibly could, thus boosting the credibility of programmatic policy commitments issued by political parties and their candidates, net of other considerations (e.g., fiscal crises).

In affluent countries, then, the equilibrium of accountability strategies overwhelmingly favors programmatic partisan politics and social insurance policies with encompassing welfare states. Clientelist residues may survive as a legacy from a past era of state-led industrialization, but it is vulnerable to economic disruptions (Kitschelt 2007). Clientelist practices will have commonly acquired the whiff of corruption and scandal. Similar to very poor polities, however, also in this tier of polities, *little direct trade-off between social policy and clientelism may therefore be empirically detectible.* Clientelism is unattractive regardless of the precise nature and shape of the prevailing welfare regime. Citizens would not and cannot substitute social insurance by even the more sophisticated mechanisms of relational clientelism. *The ratio*
programmatic universalistic social insurance policy to clientelistic risk hedging is always going to be high in developed countries.

Sites of Social Policy/Clientelism Trade-Offs: Intermediately Affluent Developmental States

The direct trade-off between social policy and clientelism is likely to be almost entirely a matter of politics in countries with intermediate levels of economic development, but subject to further qualifiers that do not fit into a simple developmental scheme and affect where politics sets the clientelism/social policy ratio, given the structure of trade-offs. On the demand side, countries at intermediate levels of development incorporate both economic sectors predominantly incorporating very poor, unskilled laborers disposed toward demanding clientelist social hedging strategies, as well as sectors involving somewhat better-off, more skilled wage earners who are more likely to seek universalistic social insurance programs. On the demand side, intermediate development levels thus make it a toss-up, whether the political decision making process yields more clientelist or more universalistic risk hedging policies.

Also on the supply side, middle level income countries involve ambivalent cues for political linkage building. We are dealing here with countries most of which have in some ways constructed a “developmental state” (DS) in a generic and rather broader conceptual meaning than is often supposed: states with a cadre apparatus that is able to extract resources, particularly from the rural sector, and able to funnel those toward the construction of an urban sector with manufacturing and services. Developmental states incorporate a wide toolkit of political, coercive interventions in the allocation of scarce economic resources, ranging from the political management of currencies and trade flows, via the political governance of capital markets (e.g., state development banks) all the way to state-owned enterprises (SOE), at the extreme assembled in a nationally planned public economy.10

Developmental states typically do not embrace open liberal market policies, but deploy state intervention to acquire comparative advantages that then may enable them to thrive in open market regimes. They come in at least three flavors: export-oriented industrializers (EOIs), import substituting industrializers (ISI) and, third, what I would call “hyper import-substituting communist industrializers” (Hyper-ISCI). All forms of developmental state engage in a political allocation of scarce capital in more or less publicly owned and run domestic financial systems. EOIs devise a development strategy that relies on (1) an undervalued currency, (2) an export-promoting selective subsidization of industry, gradually exposing infant industries to global competition while protecting declining industries (agriculture), (3) extensive public capital market management and (4) considerable investments in human social capital. By contrast, ISIs opt for (1) overvalued currencies combined with (2) almost uniformly high tariff barriers nurturing import substituting, defensive industrialization strategies, (3) political governance of capital markets, including state-owned industrial development companies and (4) rather limited investment in human capital. Hyper-ISCI, finally, modify the ISI strategy by a comprehensive economic planning framework, systemic nationalization of all capital assets, and higher levels of human capital investments.

What are the implications of developmental states in middle-income countries for the pursuit of social insurance strategies through clientelist targeted risk hedging or universalistic social policy programs?

While the receptiveness of the ISI-developmental state to rent-seeking industries is widely perceived as a danger to the economic performance of such regimes that periodically contributed to the emergence of hyper-inflation, currency crises and economic contraction, it is usually presumed that EOI-developmental states created sufficient bureaucratic autonomy through professionalization to insulate themselves from rent-

seeking interests. I argue, however, that when it comes to social protection policies, all developmental states with competitive partisan democracy generate contradictory cues that give politicians opportunities to highlight either clientelist or programmatic electoral linkage mechanisms. Some incentives favor social insurance policy mechanisms, others clientelist politics. On balance, neither EOs, nor ISIs, nor Hyper-ISCI may be unambiguously associated with clientelist or programmatic social policy strategies:

- Favoring social insurance, on the political supply side, developmental states discourage clientelism by professionalizing the appointment and retention of state officials, thus constraining office patronage as a strategy of partisan penetration of the administration. Because EOIs show a greater propensity to develop bureaucratic professionalization, this would be the reason why the political process might here ultimately result in more universalistic social policy than in ISI and Hyper-ISCI regimes that are more likely to embrace clientelism. But there are countervailing forces in EOIs, While state capacity may be a factor tilting a country’s balance of risk hedging strategies toward universalistic social insurance, this factor is not decisive for the strategies of EOIs.

- In all developmental states, there is an electoral demand side mechanism that may favor universalistic social insurance: The emerging middle stratum of usually urban-based and skilled wage earners is unlikely to find clientelist social benefits sufficiently attractive and generous. To make them attractive for this target group would be fiscally too costly for governing parties. The growing middle stratum is thus a “progressive,” anti-clientelist engine in many places.11

- Finally, the original historical forces establishing developmental states often exert an anti-clientelist momentum, as they involve the sidelining, or conversion, or economic abolition (through land reform) or even physical liquidation (through terror and purges) of an agrarian gentry that relied on pre-democratic forms of political clientelism. Moreover, the political entrepreneurs who establish developmental states may have emerged either directly from rather professionalized and novel military organizations, sometimes battle-hardened such as the Taiwanese KMT or the Korean juntas, or they ally with military forces to entrench their power (e.g., Getulio Vargas, Brazil). Alternatively, they build popular movements that directly embrace an explicit programmatic partisan agenda of industrial development and urban empowerment that goes against clientelist practices. Military coercion, professionalism and political-economic conversion programs thus militate against clientelism at least in the phase of the initial inception of developmental states.

- Favoring clientelism, however, once developmental states have been established, the new modes of political-economic governance deliver a wide range of levers and resources to politicians that enable these operatives to allocate favors in a discretionary, particularistic and ultimately clientelist fashion. Even initially highly programmatic developmental states, therefore, may ultimately practice clientelist politics. This temptation may be particularly powerful, where developmental states are cast in the regime form of multiparty electoral competition. They extend across both ISI and EOI variants. With regard to the communist hyper-ISCI, this possibility for clientelist manipulation of economic levers under conditions of democratic competition, of course, opened up only after the collapse of communist regimes.

- As a further countervailing force against universalistic social insurance policy in developmental states, the rising new urban and industrial-based regimes may stabilize only by compensating the losers of the political-economic transition. Initially, these losers encompass a vast backwards peasantry that may clamor for protection and targeted benefits. Later, during times of rising urban

---

11 These progressive movements often surface under the cloak of “anti-corruption” drives. The relationship between corruption and clientelism is a complex one (cf. Singer 2011). As a discursive framing strategy, urban middle class progressives have a propensity to recast clientelism as corruption.
manufacturing wages, fading low-skill industries may become recipients of political largesse, much of it distributed through clientelist partisan channels.

The ability of bureaucratic operatives in developmental states to insulate themselves from rent-seeking societal pressures many of which seek clientelist relief measures may have been vastly overestimated. This is likely to apply even to such celebrated institutions of an earlier era as Japan’s Ministry of Trade and Industry (MITI) in the 1960s and 1970s (Uriu 1996). And Japan, of course, is an example of an earlier developmental state where clientelist electoral politics has persisted to the present time (Kitschelt 2007). Thus, a famous assumption of the clientelism and patronage literature that the establishment of a bureaucratic state before democratization may irreversibly immunise the state from rent-seeking interests (Shefter 1977) may be wrong.\textsuperscript{12}

If the inducements to pursue clientelist risk hedging or programmatic social insurance in developmental states are mixed, how do parties position their electoral linkage strategies, when faced with contradictory political incentives and signals? One might argue that starting with the “lost decade” of the 1980s in Latin America and the collapse of the communist Hyper-ISCI at the beginning of the 1990s, and followed by the financial crises of the Asian EOI in the late 1990s, developmental state strategies have fallen out of favor and with it whatever incentives there might have been for democratic politicians to adopt clientelist strategies. But the “Washington Consensus” on economic liberalization was always overestimated both in terms of its political implementation as well as its economic benefit (cf. Rodrik 2011). Moreover, political trajectories of economic liberalization themselves opened new political opportunities for clientelist constituency building, at least in the drawn-out transition process in which old state-run industries and social benefits schemes were replaced by new ones, and often in the governance structures of new institutions themselves.

So even in the first decade of the 21\textsuperscript{st} century, both developmental state strategies as well as the question for voters and politicians in middle-income democracies whether to rely more on clientelist risk-hedging strategies or on universalistic social policy insurance systems thus remain very much alive. Three hypotheses may stipulate where in these middle-income countries politics is more likely to lead to outcomes that favor targeted risk hedging or universalistic social insurance. These can be separated from a further set of rival or complementary hypotheses I will not investigate here in detail, but that would eventually have to be squared off against the three lead hypotheses. All three main hypotheses are grounded in the established literature on social policy and welfare state regimes in advanced capitalist and developing countries, but are not applied there to the focal question of this paper.

First, the key hypothesis of the most encompassing analysis of social policy in developing countries, Haggard and Kaufman’s (2008), Development, Democracy, and Welfare States, is that \textit{regime type matters for the generosity of social policy} through a variety of channels.\textsuperscript{13} Democracies compel rulers to assemble broader winning coalitions than authoritarian regimes. These coalitions more likely involve groups with priority demands for risk-hedging strategies. No specific argument concerning the social policy/clientelism trade-off appears in the regime literature. But, as an extension, it is plausible to postulate that authoritarian elites prefer selective, targeted clientelist strategies, as they require fewer resources and allow them to tailor their management of popular dissent selectively. By contrast, democracy unleashes collective action potentials that allow large deprived sectors and social classes to organize around social policy demands. Office-seeking political elites then may face difficulties in delivering clientelist benefits to large groups of voters for reasons of fiscal constraint. I am more skeptical about another micrologic that leads to a similar

\textsuperscript{12} Consider France (Piattoni 2001: 19; Roniger 2004: 361), credited by Shefter (1977) as a bureaucratic state, but actually conducive to clientelist politics throughout its democratic republics.

\textsuperscript{13} For an inventory of the research design and results of empirical studies that examine the role of political regime for social policy financial effort and ultimate quality of life outcomes, see Haggard and Kaufman (2008: 365-9).
implication: Mass publics incorporated into democracy through universal suffrage, particularly when combined with vote secrecy, may undermine clientelism, as politicians lack the organizational capabilities to stop voters from opportunistically defecting (e.g., Cox 1987; Stokes et al. 2013). Hence, office-seeking politicians will primarily resort to the provision of social policy to craft winning electoral coalitions. There are too many examples of functioning democracies with both universal suffrage and formal vote secrecy,

Second, the implementation of universalistic social policies requires the presence of state capacities to extract taxes and insurance contributions from the market society and effectively disburse them through social policies embodied in transfer payments and social services. Under conditions of democratic contestation, politicians can make credible commitments to social policy innovations only in polities with sufficient state capacities to realize such projects. State capacity involves, among other things, (1) the selection of civil servants based on professional training, (2) promotion based on performance and seniority, not partisan affiliation, (3) performance based remuneration, (4) an effective and efficient system of tax extraction, (5) the provision of basic infrastructure of communication and transportation, and (6) efficient delivery of services to citizens. Where state capacity is weak, politicians and voters are likely to opt for clientelist hedging strategies, net of level of economic development.

Until recently, the literature on social policy in advanced capitalism has assumed that such state capacities have been uniformly present in affluent countries and thus do not provide a mechanism that can account for variance in the profile of social policy. This assumption has only recently been proven unwarranted (cf. Rothstein 2011: chapter 6, as well as similar Rothstein et al. 2012). Even more so than in today’s advanced capitalist democracies, in intermediate income development states the balance of risk hedging strategies between clientelism and universalistic social insurance policies will be critically affected by the availability of state capacities.

Third, protection of civil liberties and state capacities characterize the supply-side opportunity structure by which political actors are constrained in pursuit of their objectives, but this does not say much about the objectives themselves that characterizes different players. In the literature on social policy advanced capitalist democracies, this is where power-resource theory, or more broadly: group interest theories, come in to specify the kinds of political programs different classes, sectors, or occupational skill groups might want to see enacted through social insurance policies, mediated through programmatic political parties (cf. Stephens 1979; Korpi 1983; Esping-Andersen 1990; Mares 2003; Iversen 2005). A similar frame has been applied, with mixed success, in the literature accounting for the size and profile of welfare states in developing countries (see especially Huber and Stephens 2012, for a summary 2012: 268-71).

It is often difficult to characterize the social group base of parties in developing countries, as parties lack specific programs. As a derivative, or minimalist, version of a resource-power theory, let me therefore propose as an indicator of social group mobilization in favor of universalistic social policies the widespread presence of programmatic party structuration, i.e. the crystallization of parties around distinct, recognizable policy programs that include positions on social and economic policy prospects. Net of civil liberties and state capacities, the presence of greater programmatic party structuration in the competitive arena may signal more political attention to social insurance programs and ultimately the enactment of social policies. It is likely that programmatic partisan structuration unfolds with the mobilization of economically disadvantaged social groups that intend to change the status quo and intend to employ social policy to that end.

Table 2 summarizes the argument. It highlights the different demand and supply-side conditions as well as the configurations in which social policy/clientelist risk hedging strategies should involve greater or lesser trade-offs and display greater or lesser elasticities across a range of contingencies that may affect politicians’ choices. State capacity, political regime form/civil liberties and programmatic partisan competition are the most prominent ones.
Let me also visualize the argument about the trade-off between social policy and clientelist risk hedging in different types of development regimes (figure 1). In affluent post-industrial democracies, most risk-hedging is performed through social policy, and there is next to no trade-off between changes in social policy generosity and clientelist partisan effort. This is represented by the upper left black bar (or imaginary regression line around which observations of advanced capitalist democracies would cluster). It breaks off early, as we lack observations of such countries with very high clientelist partisan effort. Conversely, in poor countries, more risk hedging will be delivered in terms of clientelist targeting, but it tends to vary independently of additional (modest) provisions of universalistic social policy. A starker trade-off and substitution effect occurs only in intermediate income countries with developmental states. There politicians may choose between a more programmatic or clientelist risk hedging strategy, net of other risk hedging mechanisms in politics (pork) and society (kinship, religious associations).

What are other arguments that could be advanced to account for the social policy/clientelism trade-off and that I am more or less ignoring for now? Let me simply provide a few bullets based on the existing literature:

- As mentioned above, one hypothesis would focus on the differences among developmental states. Because of a greater entrenchment and protection of sectional interests in ISI-states, are these more disposed to tilt the balance toward clientelist hedging strategies than EOI-states in East Asia? Because of the ambiguous cues sent by developmental states itemized above, this conclusion may not be drawn with confidence from the existing literature on social policy in developing countries.

- An often-fielded explanation of differential social policy effort in developing countries has to do with the openness of economies to trade, foreign direct investment, and capital flows. While in advanced industrial democracies trade and capital market openness is often found to be neutral to or positively correlated with higher social insurance expenditure (e.g., Boix and Adsera 2002), this logic of compensation may break down in developing countries for a whole host of reasons the explanation of which I must bracket here (cf. Rudra 2008; Rudra and Haggard 2005; Segura-Ubiergo 2007). If the consumption-oriented social policies (pensions, unemployment insurance, income support, etc.) accrue over-proportionally to sectors protected from external economic exposure, trade and capital market liberalization is likely to bring about welfare state retrenchment. But how does international trade and capital market exposure affect the balance of risk hedging through targeted clientelist benefits and universalistic social insurance?

- Specific political institutions—such as presidentialism, electoral systems that prime intra-party competition more than inter-party competition, and federal delegation of political authority to subnational jurisdictions—may boost clientelist partisan linkages and consequently also the ratio of clientelist risk hedging to social policy effort. While individual country and small-N studies often tie candidate-centered electoral systems to clientelism (e.g. Katz 1980; Ames 2001), broad cross-national evidence about the relationship between electoral systems and democratic linkage strategies is empirically much shakier, and possibly confined to a weak correlation between the scope of presidential

---

14 In the DALP dataset, even the on average most clientelist party systems (Italy, Japan, Greece) have scores that do not exceed the midpoint of the full scale and that fall far short of average levels of clientelist partisan efforts in developing countries.

15 The most detailed quantitative study of various aspects of social policy effort in Latin America (social security and welfare, health, and education spending) found little evidence that trade and FDI affect budgetary spending patterns (Huber and Stephens 2012: 138-40).
legislative powers and clientelism (Kitschelt 2011b). In a more generic fashion, the expansion and contraction of welfare state expenditures may be slowed down by a proliferation of institutional veto-points (cf. Huber and Stephens 2012: chapter 5), but it is unclear how veto points and players may be related to the choice between clientelist hedging and social insurance strategies.

- The age of democracies and the institutionalization of parties may over time boost social policy at the expense of clientelist targeted benefits (Keefer 2007). But the relationship between democratic experience and clientelism appears not to be linear and rest on a variety of contingencies (Kitschelt and Kselman 2013). Both programmatic and clientelist partisan linkage mechanisms rely on the construction of party organization and political reputation building by the parties and thus require time to bear fruit under democratic regimes. Clientelism may not go away, as developmentalist states accumulate more democratic experience. In a similar vein, it is difficult to argue that the balance of social risk hedging effort should decisively shift toward social policy with increasing partisan institutionalization.

- Do party systems with more intense inter-party competition, in the sense that small shifts in voter support between parties will result in large shifts of parties’ bargaining power and leverage to benefit their electoral constituencies, provide more clientelist or more programmatic, social policy based risk hedging? Some of the clientelism literature argues that more intense competitiveness makes politicians shift to a lower-cost strategy by compensating voters programatically (cf. Diaz-Cayeros et al. forthcoming; Magaloni et al. 2007; Ting et al. 2012). But others argue that this may be contingent upon the presence of a large electoral market with public demand for programmatic policies among swing voters to be found only in more economically developed regions and countries (Kitschelt and Wilkinson 2007: 28-35; Weitz-Shapiro 2014: 58-69; 92-119). In any case, it is difficult to conceptualize differential degrees of competitiveness in a multi-party situation so that this literature is still in its infancy.

- Economic crises and fiscal constraints limit the provision of either clientelist risk-hedging or generous social policy benefits. It is less clear, however, whether these constraints affect clientelist and social policy practices in differential ways. Clientelist provisions may falter in the face of economic crises (Greene 2007; Kitschelt 2007; Kitschelt with Wang 2012). But it is also a staple of the social policy literature that weak state revenue and negative revenue changes precipitated by weak economic growth and rising unemployment negatively influence programmatic social policy effort. So far, there is no systematic argument or insight that these short-term macro-economic forces should affect established clientelist and social policy-based risk hedging strategies in differential ways.

- Finally, political alignments and motivations to vote for a political party do not exclusively rest on (some combination of) clientelist and/or programmatic policy compensation of voters, but also on other linkage mechanisms. Voters may support parties and candidates because of valence/competence considerations, such as in providing local public goods (“pork”) and national collective goods (economic performance), affective party identification, descriptive representation of ethnic identities, or idiosyncrasies of a party’s leadership personalities (“charisma”). It is unclear how the presence and differential salience of these additional linkage mechanisms affect parties’ choices among more clientelist, targeted social hedging strategies and more universalistic social insurance policies.

The list I present is not exhaustive, as shown by Haggard and Kaufman’s (2008) study, where successive case study chapters appear to feature a proliferation of additional variables that matter to individual cases and time episodes beyond the core theoretical variable of interest (political regime). It illustrates how daunting

---

16 See for the developing world welfare state literature, Haggard and Kaufman’s (2008: 203-5) treatment of government revenue changes and economic performance changes as predictors of social expenditure in Latin America, Asia, and the post-communist region, as well as Huber and Stephens’ (2012: 138-40) identification of fiscal deficits and (sometimes) demographic changes as influences on various Latin American social policies.
the task is to determine with sparse data how politicians manage the choice of risk hedging strategies. My exploratory investigation will be confined to the three focal considerations—regime, state capacity, and partisan mobilization—and report only in passing on the use of controls and the more unsystematic exploration of some of the hypotheses and variables listed above as additional forces that may impinge upon the clientelist risk hedging/universalistic social policy provision balance.

3. Data

My universe of observations is limited by countries included in the Democratic Accountability and Linkage expert survey 2008-9 from where I take critical indicators on parties’ clientelist and programmatic linkage efforts to electoral constituencies and the Bertelsmann Transformation Index investigations that supply the estimates of social policy effort in “regimes in transition,” as well as a host of my independent variables. Further variables come from the World Bank’s World Development Indicators.

The index of clientelist partisan effort measures relies on the five clientelist exchange types analytically distinguished above in table 1 (see appendix A1 for further explanation and Kitschelt 2011a). I am here using only the summary index of clientelism across all forms of clientelist exchange and averaged by country, weighted by parties’ electoral size (B15.nwe = b1 – b5 nationally weighted). Exploratory calculations for individual clientelist practices that have particularly high potential to serve as substitutes for universalistic welfare state programs—particularly b1 (gifts for household consumption), b2 (preferential access to social policy entitlements) and b3 (office patronage), rather than b4 and b5 (procurement contracts and regulatory favors)—reveal that reliance on these individual linkage strategies may sharpen the contours of the findings reported below.

The universe of polities covered by DALP is confined to (1) countries with roughly more than 2 million inhabitants and (2) countries with a modicum of competition in a multi-party set-up. No one-party or no-party dictatorships are included in DALP, and only precisely few of the countries in the survey would qualify unambiguously as dictatorships in 2008-9 when the data were collected (Angola, Egypt, maybe Malaysia, Morocco, Russia and Tanzania). This selection bias in favor of multi-party regimes results from the intent of the project to explore the role of linkage mechanisms in electoral contestation, but it constrains the aspiration to test the political regime hypothesis when exploring the balance between clientelist risk hedging and universalistic social policy effort in this paper.

The key empirical variable for social policy is the Bertelsmann Transformation Index (BTI) variable bti.10.1., measuring the density of the public policy constructed social safety net in 2008 at the time of the DALP survey’s measure of clientelist partisan effort. Expert instructions on what to consider in their qualitative country dossiers before trying to arrive at a score on a 1-10 scale, ranging from minimal (=1) to maximal (=10) social policy provision, are displayed in appendix A2. The score assigned to countries does not vary much in the overwhelming number of observations between 2008, 2010 and 2012, the latest available set of data. Social policy provision is relatively time invariant, although there appears to have been a break in some countries’ continuity (or BTI scoring practices?) sometime earlier in the 2000s.

With raw measures of polities’ average partisan clientelist effort and of universalistic social policy effort at hand, I then construct a simple measure of the configuration of social policy to clientelist effort for each country. Two avenues were pursued. First, both clientelism and social policy indices were normalized on a 0-1 scale. Then, the ratio index of social hedging efforts divides a country’s 0-1 normalized social policy score, augmented by 1.0, by the 0-1 normalized clientelist partisan effort index, also augmented by
Second, I also calculated the absolute difference score between normalized social policy and normalized clientelism indices. Both measures are highly correlated and yield almost identical results for the findings reported below.

As measure of a country’s development level, I adopt the BTI’s variable bti.13.4 that rescales gross national income (GNI) per capita, purchasing power parity controlled, in 2008, on a 1-10 scale (10 = lowest income). This variable correlates with more conventional GDP per capita measures at PPP at a level of $r = -.93$ (N=66). Whereas DALP misses authoritarian developing countries, the BTI leaves out the advanced postindustrial developed countries in its analysis of governance and democracy. The set of comparisons is thus limited to a total of N=66 countries, ranging from extremely poor countries such as Mali and Niger to countries that are nearing, but still trailing the global innovation and wealth frontiers by 2008-9, such as Taiwan, South Korea, Slovenia, and the Czech Republic, to name the four most affluent countries in the data set in descending order of per capita GDP.

Because few outright authoritarian regimes are included in the DALP dataset and in order to give the regime mechanism still some leverage in accounting for variance in social hedging strategies, I have adopted the relatively most fine-grained measure of subtle differences in the leveling or slanting of the democratic political playing field I could find. This leverage is provided by another BTI measure, a 10-point scale of the extent to which civil liberties are guaranteed and protected and to which citizens can seek redress for violations of these liberties (bti.3.4).

Power-resource theories of social policy rely on an economic left-right placement of parties in government and opposition, often aggregated over some longer duration of time, in order to explore whether and how demand-side political mobilization matters for policy formation. When dealing with party systems in developing countries, a crude left-right measure, as tracer of economic and social policy divisions, is hard to use for a variety of reasons. The substantive policy content of what is projected onto the contentless left-right geography varies a great deal across countries and even parties. More troubling, there is often little programmatic policy content to left-right partisan scores at all. These notions then become merely symbolic markers of rival partisanship. In order to capture meaningful programmatic policy differentiation in party competition within a system, and particularly over socio-economic issues of risk hedging, government intervention in the economy, or redistribution, it is necessary to rely on more specific characterizations of party policy preferences. Moreover, such policy positions can make a difference for programmatic competition and ultimately for social policy provision only, if party competitors actually offer substantive alternatives. What ultimately needs to be measured is both the internal cohesiveness of parties’ programmatic policy messages, as supported by a party’s leaders and stakeholders, as well as the parties’ inter-party differentiation of policy messages on social policy that is indispensible to enable voters to discriminate between parties’ programmatic positions in making their vote choice.

The development of a rather complicated measure of parties’ programmatic appeals is sketched in Appendix A3 and more fully documented in Kitschelt and Freeze (2010). While this measure is not confined just to economic-distributive policy items, but may also include parties’ positions on socio-cultural traditionalism and on national cultural and political identity, most parties that score high do show considerable programmatic structuring (= internal cohesion and external differentiation of programmatic

\[ Sp_{cl1} = \frac{(1+bti10.1n)}{(1+B15n)} \] in order to avoid infinitesimally large or small scores near the scale endpoints.

17 In other words, the formula is $Sp_{cl1} = \frac{(1+bti10.1n)}{(1+B15n)}$ in order to avoid infinitesimally large or small scores near the scale endpoints.
content from other parties) on questions of economic and social policy-making. A high average score in a
party system is a signal that parties take different positions on economic and social policies.\(^{18}\)

The idea here is that where the national index of parties' programmatic partisan appeals scores high,
parties do spend a great deal of energy on differentiating their positions and trying to woo voters by their
distinctive partisan positions. This state of programmatic excitement typically occurs, when there are deep
tensions and conflicts in society that, among other items, articulate themselves in policy competition. High
programmatic cohesiveness would thus signal division and competition over socio-economic policies. This,
in turn, should, on average, make governments delivery more (controversial) social policies. If parties care
about their social policy positions, it is also likely that they deliver economic hedging strategies more in
terms of universalistic social policy than clientelist targeting.

An indicator hard to operationalize is the variable “state capacities.” Strong capacities lend
credibility to politicians’ programmatic partisan commitments in electoral contests. My analysis relies on the
World Bank Governance Indicators' summary index of “government effectiveness” 2008 that draws on a
complex profile of governance delivery attributes, from bureaucratic quality via infrastructure investments to
actual performance measures of service delivery. Close inspection of alternative indicators with a narrower
focus on bureaucratic professionalism indicates that the latter tend to generate odd, empirically implausible
scores for too many observations and thus falter, when subjected to a face validity test in light of case study
evidence.\(^{19}\)


Given the availability of only a medium-N cross-section of observational data, I deploy extremely
simple statistical tools of descriptive and correlational analysis to gain some leverage on the relationship
between politicians’ investments in risk hedging strategies based on clientelistic targeting (variable B15.nwe)
or universalistic social policy effort (bti.10.1). Let us begin by checking the relationship between parties’
clientelistic targeting efforts and the provision of a universalistic social safety net (figure 2).

Figure 2 about here

---

\(^{18}\) In future iterations to test the robustness of the paper's empirical findings, I will rely on the parties' programmatic
cohesiveness on the strictest individual measures of social policy positions, namely the three economic policy scales d1-d3
in the DALP survey.

\(^{19}\) A candidate would be the Quality of Governance Institute’s meticulous and broad bureaucratic professionalism expert survey
(Dahlberg et al. 2013), an improvement on an earlier 30+ country survey by Evans and Rauch (1999). It does not include,
however, 10 of the 66 countries for which dependent variable scores for my study are available in DALP and BTI. Moreover, it
has a number of implausible scores in its summary index of administrative professionalization. Among the 56 countries that
overlap between the QoG survey and the DALP survey, Tanzania is attributed the highest score of administrative
professionalization (5.31), and other countries ranked very high include India (4.97), Thailand (4.71), Jamaica (4.58), Ghana
(4.10), and Mozambique (4.06), compared to some implausibly low scores for Serbia (2.58) or Slovenia (3.34) and some further
Southeast European post-communist countries. In a more extreme way, Besley and Persson’s (2012: 314–7) measure of fiscal and
legal state capacity yields too many implausible scores. Very high scores (on a 0–1 scale) go to Bolivia (.76), Georgia (.82),
Moldova (.69), Mongolia (.77), Nicaragua (.72), Nigeria (.62), the Philippines (.6), and Zambia (.59), compared to implausibly low
scores to Botswana (.35), Costa Rica (.35), Lithuania (.15), Poland (.36) and Uruguay (.27). Every index yields a few odd outliers.
But here at least 20% of the set overlapping with DALP and BTI data is way off. For the set of overlapping countries, neither the
QoG index nor the Besley & Persson index of state capacity correlate highly with the World Bank’s government effectiveness
index (.57 and .44) and even less so with each other (.20). There is, however, a very high consistency between the World Bank
index and various BTI measures of state capacity.
Indeed, where clientelist hedging strategies are more prominent, social insurance efforts are weaker. Let us keep in mind the metrics used here. The scale of clientelist partisan efforts ranges from a minimum of 5 to a maximum of 20. Advanced postindustrial countries not in this dataset typically display very low scores between 5 and 10. None of the 66 countries in the current dataset has a clientelism score of less than 10 and most are well above the scale midpoint of 12.5 somewhere between 14 and 18.5. On social policy, BTI’s high score is 10, and the distribution of the 66 countries is pretty much across the entire scale.

A simple hypothesis with overwhelming evidence that I try to qualify is that both clientelistic efforts as well as social policy efforts are driven by development levels that affect citizens’ preferences over the hedging alternatives and politicians’ resources to provide matching services. Sure enough, as figures 3 and 4 demonstrate, both clientelist effort and universalistic social policy provisions correlate with levels of economic development. The bar diagrams split the set of 66 countries into three groups: very low incomes, with BTI GNI scores of 8 to 10, corresponding to per capita GDP at purchasing power parity in 2008 below $4,000; intermediately low incomes with BTI scores of 4 to 7, reflection per capita GDP between $4,000 and $10,000, and intermediate incomes between $10-20,000, with few outliers reaching $26,000 (Korea, Slovenia) or even 31,000 (Taiwan).

The middle-income developmental states where the theoretical framework detailed above expects steep trade-offs between social policy and clientelist politics is almost entirely limited to the third (red) bar of countries with BTI GNI scores of 1 to 3, representing per capita GDP levels of $10,000 to 20,000 for the most part, beyond which there are a few outliers (TWN, SVN, KOR, CZE). Appendix A4 itemizes these countries and their scores on most of the relevant variables. The lower quantitative cut-off at around $10,000 may not be arbitrary, but qualify countries with sufficiently large, skilled and economically secure middle classes to call for good governance and thus also the development of universalistic social policies. As Birdsall (2015) argues, only in countries where at least 20% of adults live on incomes that put them beyond risk of sliding back into poverty are movements to be expected that call for good governance. This typically happens above a level of disposable incomes of $10/day/person.

The countries that according to Birdsall qualify as middle income according to this criterion are all in the group of intermediate income countries itemized in DALP by the $10,000 criterion (N = 27). To split the DALP dataset in half and alleviate the statistical degrees of freedom problem a bit, I split the dataset in half, thus qualifying countries with more than $7,000 per capita (@ 2008 $ PPP) to join the intermediate income group (bti.13.4. scores of 1 through 5). Results are not influenced by this decision.

If development conditions the relationship between clientelist and social policy effort, then the relationship between the latter two should vanish, if economic development is added as a predictor of one by the other. Table 3 performs this test by regressing social policy on clientelist effort and development. Column 1, reporting results for the whole set of 66 countries, shows the development hypothesis having only limited reach. There is a rather strong, substantively sizeable residual independent effect of clientelist effort in the theoretically predicted direction. But the theoretical argument outlined above postulates that the negative relationship between different hedging strategies should occur only among intermediately developed countries. This is the argument to which remaining two columns in the table are speaking. Indeed, it is only for countries at intermediate levels of development, where the clientelism/social policy trade-off

---

20 The only countries in this group that clearly had no developmental states in the variants specified above are in the lower right corner—Lebanon, Mauritius, and Panama.

21 This reduces the cutoff for the intermediate development group from $10,000 to $7,000 (2008 $ at PPP) and adds Brazil, Ecuador, Macedonia, Peru, South Africa, and Thailand to the upper tier. In this group, only Brazil developed an unambiguously developmental state. Of these 6, Birdsall mentions Brazil as belonging to the middle-income group. But thinks that South Africa and Thailand miss that qualification by a small margin. According to her count, the other three of the six probably would also marginally fail to meet her criterion.
remains robust, when controlling for development. Among poorer countries, the trade-off all but vanishes. This is also illustrated by figure 5 with scattergrams, regression lines and confidence intervals for the two groups of countries, when simple bivariate correlations are computed separately.

Table 3 and Figure 5 about here

Finally, let us explore what may influence how the interplay between politicians and electoral constituencies in the political arena decides how the trade-off between social policy and clientelism is resolved in the different countries. Do countries with greater state capacity evidence more social policy? Are countries with greater civil liberties, creating a more level playing field for the contenders yielding more social policy rather than clientelist exchange? And is the programmatic mobilization of political parties, typically around issues of economic distribution, as hypothesized in the power-resource theory, responsible for a predominance of social policy over clientelism?

As dependent variable, I now introduce the ratio between social policy and clientelist effort in a country, as defined above, with high scores indicating that a country’s balance tilts toward universalistic risk hedging over clientelism. The theoretically interesting independent variables that are added to GNI per capita (development) as a control are (1) political regime openness to political mobilization (effective civil liberties), (2) state capacity to implement universalistic policy (WB government effectiveness) and (3) programmatic partisan divisions over public policy, including economic distribution (programmatic structuring). Again, the regression is run for all 66 observations, as well as separately for low and intermediately developed countries, the latter mostly with developmental states, albeit quite varying state capacities. As a cautionary note, let me draw attention to the moderate to strong collinearity among some of the right-hand side variables documented in appendix table A5 that is more pronounced when all 66 observations are pooled than when the two sub-groups are separated, showing no single pair of independent variables related more closely than .60.22

Table 4 about here

The results are consistent with the theoretical expectations. Once regime, state capacity and political mobilization are introduced, the development variable pretty much loses its direct impact on the ratio of social policy effort to clientelist risk hedging. In the pooled dataset, all three theoretical arguments about the sources of how political systems resolve the social policy/clientelism trade-off appear to be borne out. A composite of more civil liberties, greater state capacity, and more programmatic partisan mobilization promotes universalistic social policies to strengthen the social safety net. With similar coefficients, this result is replicated when observations are confined to the middle-income developing states. The substantively biggest effect is exerted by state capacity, smaller effects by civil liberties and the programmatic structuring of party systems around economic-distributive lines of conflict.

Among poor countries, the only one potential predictor of the balance between universal insurance and clientelistic risk hedging that remains statistically significant is the opportunity for political mobilization (civil and political liberties). But even this mechanism comes with a substantive coefficient that is small by comparison with those that relate the balance of risk hedging strategies to political conditions in middle income developmental states.

All this does not mean, however, that levels of development are entirely irrelevant for the configuration of risk-hedging policies. The collinearity between development, civil liberties, state capacity,

---

22 In most instances, the collinearity among independent variables is negligible among poor countries and mild among intermediately affluent countries. When pooled, collinearity hovers around .60 for several variable pairs, as can be gleaned from table A5.
and programmatic party system structuration suggests that development is intertwined with the political parameters that are proximate predictors of risk hedging policies, particularly in intermediately affluent polities. Without time series, it is, of course, impossible to determine the causal direction of the association between development, political conditions, and social risk hedging strategies. Is development causing political conditions (civil liberties, state capacity, political mobilization) that then produce universalistic social policy? Or are political conditions the priors that facilitate both economic development as well universalistic risk hedging strategies? 23

Without being able to resolve the thorny issues of causal direction, let us finally rush through alternative or supplementary explanations that may account for the calibration of risk-hedging strategies in developing countries and that are still in need of exhaustive investigation.

- Do export-oriented industrializers (in Asia) adopt a stronger orientation toward social policy trumping clientelistic targeted risk hedging, when compared to import substituting industrializers in Latin America, Asia, and the Middle East or Hyper-ISCI in Eastern Europe? As an inspection of appendix table A5 immediately shows, within each distinctive set of developmental regimes, observers encounter rather different social policy/clientelism ratios. If anything, it appears that export-oriented industrializers may engage in a lower ratio of programmatic to clientelist risk hedging activities than their competitors around the world. Unfortunately, there are too few pure EOI developmental states in the set of even mildly competitive multi-party regimes (only three, strictly conceived: MYS, S KOR, and TWN) to determine for sure, whether EOI regimes deliver more clientelism rather than less. Neither Korea nor Malaysia may have a particularly low level of clientelistic ties, given their levels of development. Conversely, despite being the richest of the three EOI countries, Taiwan in 2008 had the weakest programmatic party system structuration and a relatively strong involvement of politicians in clientelist networks capabilities. Knowing the type of development regime does not provide much leverage in accounting for a polity’s social insurance strategies. 24

- Do trade and capital market openness dispose politicians toward embracing a more vigorous construction of universalistic welfare states, as in today’s advanced post-industrial economies, or are there economic conditions and political roadblocks preventing a similar trajectory in developing countries, as suggested by the works of various social policy analysts, particularly with data pertaining to the Latin American region? While this research question deserves deeper probing, its empirical face value is not terribly auspicious. As a first step, one might assess the bivariate relationship between an economy’s trade exposure (combined exports+imports, as percentage of a country’s GDP) and the stock of foreign direct investment, on one side, and the social policy-clientelist targeting ratio of risk hedging strategies: At least when compared across the 66 observations available, it is weak to non-existing, even when the comparison is restricted to the better-off polities at intermediate levels of development. These findings feed into the critique of facile globalization arguments voiced by Haggard and Kaufman (2008: 352-3) contradicting those who postulate that globalization eliminates the domestic “room to maneuver” in social policy formation.

---

23 As a further option, consider that economic development in the early 20th century may have spawned social and political movements, as well as elite strategies, that induced the beginnings of a social insurance system and shaped political regimes. Later, then, it is these political conditions that shaped programmatic party competition, not subsequent levels of economic growth and development, and with it also sustain certain social policy strategies. This argument would be consistent with the account of programmatic party system structuration in Latin America presented in Kitschelt et al. (2010).

24 And the existing literature on social policy and developmental states predicts a different object of explanation: It argues that EOI regimes put more emphasis on investment policies (education, health care) than consumption policies (pensions, unemployment insurance, etc.), not the specific strategies of consumption policies.
• Do electoral constituencies and/or politicians opt for a stronger emphasis on social policy in older democracies with a longer history of experience with multi-party competition and/or a greater institutionalization of parties? Again, a simple inspection of the relationship between correlates of democratic and party institutionalization and risk hedging strategies in the 66 DALP countries does not buttress this simple argument. In a similar vein, there appears to be precisely little support in the empirical data for the idea that in the 66 DALP countries greater disposition toward universalistic social policy occurs in systems where parties, on average, have shown greater longevity or organizational extensiveness.

• Do party systems with more intense inter-party competition provide more clientelist or more programmatic, social policy based risk hedging? This is a question to which I can give only an entirely speculative response drawing on ongoing research. Based on a tentative new measure of party system competitiveness in multi-party systems I have begun to devise, it may indeed be the case that in the intermediately developed polities more intense competitiveness among parties leads partisan strategists to emphasize programmatic competition and ultimately support for universalistic social policy. In this tier of countries, on the demand side, contested “swing” voters are more likely to respond to programmatic appeals than in very poor democracies. Moreover, intense competition reveals that the incumbent is insecure in office and must face alternation, a condition that may lead incumbent politicians to call for a depoliticization of the civil service and other measures that might undercut the capacity of a new incumbent to entrench itself in the halls of power. On the supply side, therefore, a threatened incumbent may want to remove opportunities for clientelist targeting, e.g. by professionalizing a hitherto patronage-based civil service, to make it harder for a victorious competitor to entrench itself in government office. Even if this argument finds robust empirical support in cross-national comparison, it remains to be seen, however, whether it complements or cancels out the association of state capacity, civil liberties, and programmatic mobilization I have proposed as correlates of universalistic social insurance policies in intermediately developed countries in this paper.

• The paper has little to say about the role of political institutions and social hedging strategies and I have not systematically probed into this complex question. In light of the distribution of middle-income developmental states across profiles of social risk-hedging strategies itemized in appendix table A4, let me simply voice skepticism about a strong institutional argument, for example along the lines that parliamentary systems, maybe combined with closed-list proportional representation electoral systems for legislative elections, produce a stronger universalistic social policy orientation. Also a generalized institutional veto-points hypothesis that finds some support in empirical studies of Latin American social policies (Huber and Stephens 2012: 138 and 140) does not look terribly auspicious, but deserves more probing.

• My account also has little to say about the possibility that episodes of economic crisis and breakdown in democracies undercut clientelist risk hedging more so than universalistic social policy strategies, or the other way round. Probing into this argument would require a long time series with multiple independent observations of crisis periods. In the DALP dataset of middle-income developing states, many of the ISI and Hyper-ISCI countries underwent profound economic crises in the 1980s. Process-tracing case studies provide some indications that such crises may trigger a shift from clientelist to programmatic strategies (cf. Kitschelt et al. 2013; Kitschelt and Wang 2012; 2014). In authoritarian regimes, it may be more common that external security threats—such as exposure to and/or actual defeat in war—precipitate a professionalization of administration (cf. Grindle 2012: 77-81; Mungiu-Pippidi

25 This is essentially the argument made the U.S. in the late 19th and early 20th century, maybe then what from today’s perspective might be considered an archetypical “middle income” country by Folke et al. (2011) and Ting et al. (2012). Patterns of inter-party competitiveness explain the differential timing of civil service reform across individual states. On the U.S. progressive movement see also Grindle 2012: 91-6.
2013: 1271-2; Teorell and Rothstein 2012: 26-8) and thus, in turn, possibly also a universalization of social policy, at least beginning in the late 19th century with authoritarian Germany (Flora and Alber 1981).

The paper thus makes no attempt to sort out all these alternative and/or complementary explanations for the political choice of social hedging strategies more in line with clientelist or programmatic social

- Finally, political alignments and motivations to vote for a political party do not exclusively rest on (some combination of) clientelist and/or programmatic policy compensation of voters, but also on other linkage mechanisms. Voters may support parties and candidates because of valence/competence considerations, such as in providing local public goods (“pork”) and national collective goods (economic performance), affective party identification, descriptive representation of ethnic identities, or idiosyncrasies of a party’s leadership personalities (“charisma”). It is unclear how the presence and differential salience of these additional linkage mechanisms affect parties’ choices among more clientelist, targeted social hedging strategies and more universalistic social insurance policies.

**Conclusion**

The point of the paper is to posit that development is not the over-riding determinant of risk-hedging social protection strategies in developing countries, but that a number of political mechanisms come into play, when we look closer and single out middle-income countries with multi-party competition and developmental state legacies. Because of the diversity of the societal demand functions in these polities, as well as the complex incentives offered by the developmental state to induce politicians to generate clientelist or programmatic partisan strategies of political appeals, there is great elasticity to choose between more universalistic, inclusive, egalitarian welfare states and a more clientelist targeted provision of hedging mechanisms to parties’ favorite constituencies.

The cross-sectional and highly aggregate nature of the data make it hard to conceive extensions of the argument presented here that could more rigorously probe into the causal direction of the observed correlations between development, regime, political capacity, and programmatic structuration. One way to go would be at least to use a familiar instrument for economic development in order to establish that it works through political regime features and state capacity on social policy, not the other way round. Another more interesting extension may be the disaggregation of the round-about clientelist effort index (B15.nwe) and instead examine the trade-off between social policy effort and specific clientelist exchange types (gifts/vote buying, job patronage, contingent social service benefits). Furthermore, going beyond the “consumption” side of social welfare regimes, it might be instructive to replicate the analysis here by focusing on the “investment” side of social policy in education, on-the-job training, and research activities: Are such policies thriving only when clientelist risk-hedging subsides?

Obviously more needs to be done to fend off contending explanations for political choices of risk hedging strategies. This paper only briefly introduced them, but then ushered out again without conclusive examination. Intellectually most promising appears to me to be an argument related to the competitiveness of elections in middle-income countries. I see less promise in treating international exposure, age of democracy, and party system institutionalization as more than control variables. Disruptive economic crises and political dislocations obviously matter, but given the nature of the data are best analyzed through qualitative historical case studies. But the bottom line is that plenty of work needs to be done to throw more light on the interface between social policy regimes and citizen-politician linkage mechanisms in multi-party democracies.
Table 1: Typology of Clientelist Exchange and Questions b1-b5 in DALP Survey

<table>
<thead>
<tr>
<th>TIME HORIZON</th>
<th>CONTRACTS: AGGREGATION LEVEL</th>
<th>RETAIL</th>
<th>WHOLESALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGLE-SHOT</td>
<td>VOTE BUYING (b1)</td>
<td></td>
<td>REGULATORY FAVORS (b5)</td>
</tr>
<tr>
<td>RELATIONAL</td>
<td>SOCIAL POLICY BENEFITS + OFFICE PATRONAGE (b2+3)</td>
<td></td>
<td>PROCUREMENT CONTRACTS (b4)</td>
</tr>
</tbody>
</table>
Table 2: The Contingency of the Social Policy/Clientelism Trade-off

<table>
<thead>
<tr>
<th>Electoral Demand for clientelism and universalistic social policy?</th>
<th>Poor countries: Low-value comparative advantages</th>
<th>Intermediately affluent countries: acquiring high-value comparative advantage</th>
<th>Affluent countries: High-value comparative advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clientelism: high</td>
<td>Clientelism: high</td>
<td>Clientelism: high</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public resources to cover hedging strategies?</th>
<th>Highly constrained</th>
<th>Rapidly rising, with low pre-existing obligations</th>
<th>Generous, but also high social policy obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low, clientelistic equilibrium</td>
<td>High: variable social policy/clientelism ratios, steep trade-offs</td>
<td>Limited, programmatic politics equilibrium, amended by clientelistic legacies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prospects of elasticity of social policy to clientelism ratios (SP_CL) across countries?</th>
<th>Low trade-offs</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Affecting SP_CL rations I: state capacities?</td>
<td>no</td>
<td>yes</td>
<td>Yes, limited variance</td>
</tr>
<tr>
<td>Affecting SP_CL rations II: political regime conditions/civil liberties?</td>
<td>Yes, limited</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Affecting SP_CL rations III: partisan programmatic interest mobilization?</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>
Table 3: Does Development Drive Social Policy Alone?

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Poor</th>
<th>Intermediate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clientelistic Effort</strong></td>
<td>$-0.209^{***}$</td>
<td>$-0.095$</td>
<td>$-0.228^{**}$</td>
</tr>
<tr>
<td>(dalp b15nwe)</td>
<td>(0.062)</td>
<td>(0.095)</td>
<td>(0.089)</td>
</tr>
<tr>
<td><strong>GNI per capita</strong></td>
<td>$-0.485^{***}$</td>
<td>$-0.322^{***}$</td>
<td>$-0.535^{***}$</td>
</tr>
<tr>
<td>(bti 13.4)</td>
<td>(0.042)</td>
<td>(0.111)</td>
<td>(0.154)</td>
</tr>
<tr>
<td><strong>Constant</strong></td>
<td>11.310^{***}$</td>
<td>8.240^{***}$</td>
<td>11.720^{***}$</td>
</tr>
<tr>
<td></td>
<td>(0.848)</td>
<td>(1.805)</td>
<td>(1.171)</td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>66</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td><strong>Adjusted R(^2)</strong></td>
<td>0.774</td>
<td>0.178</td>
<td>0.464</td>
</tr>
<tr>
<td><strong>Residual s.e.</strong></td>
<td>0.924 (df = 63)</td>
<td>0.753 (df = 30)</td>
<td>1.075 (df = 30)</td>
</tr>
<tr>
<td><strong>F statistic</strong></td>
<td>112.300^{***}$</td>
<td>4.476^{***}$</td>
<td>14.860^{***}$</td>
</tr>
<tr>
<td></td>
<td>(df = 2; 63)</td>
<td>(df = 2; 63)</td>
<td>(df = 2; 63)</td>
</tr>
</tbody>
</table>

*Note:*  \( *p < 0.1; **p < 0.05; ***p < 0.01\)
Table 4: Determining the Trade-off between Social Policy and Clientelism

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>Poor</td>
<td>Intermediate</td>
</tr>
<tr>
<td>Per Capital GNI @ PPP 2008</td>
<td>-0.013</td>
<td>-0.005</td>
<td>-0.023</td>
</tr>
<tr>
<td></td>
<td>(0.011)</td>
<td>(0.019)</td>
<td>(0.033)</td>
</tr>
<tr>
<td>Effective Civil Liberties</td>
<td>0.913***</td>
<td>0.292</td>
<td>1.153***</td>
</tr>
<tr>
<td></td>
<td>(0.218)</td>
<td>(0.246)</td>
<td>(0.337)</td>
</tr>
<tr>
<td>Effectiveness of Governance</td>
<td>0.202***</td>
<td>0.078</td>
<td>0.211**</td>
</tr>
<tr>
<td></td>
<td>(0.049)</td>
<td>(0.053)</td>
<td>(0.080)</td>
</tr>
<tr>
<td>Programmatic Partisan Appeal</td>
<td>0.064***</td>
<td>0.036**</td>
<td>0.065**</td>
</tr>
<tr>
<td></td>
<td>(0.016)</td>
<td>(0.015)</td>
<td>(0.029)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.373**</td>
<td>0.523**</td>
<td>0.317</td>
</tr>
<tr>
<td></td>
<td>(0.158)</td>
<td>(0.200)</td>
<td>(0.256)</td>
</tr>
<tr>
<td>Observations</td>
<td>66</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.780</td>
<td>0.179</td>
<td>0.688</td>
</tr>
<tr>
<td>Residual Std. Error</td>
<td>0.163</td>
<td>0.103</td>
<td>0.196</td>
</tr>
<tr>
<td></td>
<td>(df = 61)</td>
<td>(df = 28)</td>
<td>(df = 28)</td>
</tr>
<tr>
<td>F Statistic</td>
<td>58.730***</td>
<td>2.749**</td>
<td>18.660***</td>
</tr>
<tr>
<td></td>
<td>(df = 4; 61)</td>
<td>(df = 4; 28)</td>
<td>(df = 4; 28)</td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01
Figures 1: Differential Trade-Offs between Clientelism and Social Policy Contingent Upon Development
Figure 2: Clientelist Partisan Effort and Social Safety Net

- BTI 10.1. To what extent do social safety nets exist to compensate for poverty and other risks, such as old age, illness, unemployment or disability? (scale 1-10)
- DALP b15.nwe: Average electoral support-weighted partisan effort to provide basket of clientelistic benefits
Figure 3: Development and Social Safety Net

![Figure 3: Development and Social Safety Net](image)

- **low development** (N=20; GNIpc < $4K)
- **low-intermediate development** (N=19; GNIpc = $4-10K)
- **intermediate development** (N=27; GNIpc > $10K)

Figure 4: Development and Clientelist Partisan Effort

![Figure 4: Development and Clientelist Partisan Effort](image)

- **low development** (N=20; GNIpc <$4K)
- **low-intermediate development** (N=19; GNIpc = $4-10K)
- **intermediate development** (N=27; GNIpc >$10K)
Figure 5: The Trade-Off between Clientelism and Social Policy. Two Tiers of Development
APPENDIX

A.1. Measures and Index of Parties’ Clientelistic Effort

For a more detailed analysis of the notion of clientelism and the individual questionnaire items, as well as the construction of the summary index of clientelism, see Kitschelt (2011), downloadable from the DALP website at http://sites.duke.edu/democracylinkage/. Experts rated parties on 5-point scales on five different types of clientelistic exchange displayed in table 1 of this paper. Below I display a correlation matrix for the five variables. These correlations are extremely high, but this feature is driven by the presence of a substantial number of parties in Western advanced postindustrial democracies that have virtually no clientelism. As shown in Kitschelt (2011), the correlation is substantially lower between some of the five indicators, when affluent countries are excluded. Especially the correlation between providing gifts/vote buying (b1) as spot-market, individually targeted clientelistic technique and the relational clientelistic techniques (whether targeted at individuals as patronage b3 or procurement b4 at business firms and non-profit associations) as well as the spot-market “wholesale” technology of regulatory favors account for only 40-45% of the variance. Nevertheless, in spite of the diversity of clientelistic linkage profiles across parties and countries, even then a principal components analysis generates just one very strong underlying latent variable that captures the variance of most of the scores on all five clientelism indicators (chronbach’s alpha=0.955). Let us here display only the very high correlations among the five variables, when all 506 parties in 88 countries are included:

```
pwcorr b1 b2 b3 b4 b5
```

```
<table>
<thead>
<tr>
<th></th>
<th>b1</th>
<th>b2</th>
<th>b3</th>
<th>b4</th>
<th>b5</th>
</tr>
</thead>
<tbody>
<tr>
<td>b1</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b2</td>
<td>0.8192</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b3</td>
<td>0.7722</td>
<td>0.8267</td>
<td>1.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b4</td>
<td>0.7965</td>
<td>0.8137</td>
<td>0.9023</td>
<td>1.0000</td>
<td></td>
</tr>
<tr>
<td>b5</td>
<td>0.7537</td>
<td>0.7926</td>
<td>0.8037</td>
<td>0.8924</td>
<td>1.0000</td>
</tr>
</tbody>
</table>
```

A 2: BTI Instructions to Country Rapporteurs

**BTI 10.1. BTI SOCIAL SAFETY NET:**

*To what extent do social safety nets exist to compensate for poverty and other risks such as old age, illness, unemployment or disability?*

Social safety nets aim to ensure that all citizens are included in economic life. These nets may be organized by the state or by society (private welfare institutions), and comprise a variable welfare mix. Pension systems may be organized as pay-as-you-go and/or capital-funded schemes.

In countries that do not provide comprehensive, state-funded welfare systems, social safety nets can refer to those arrangements that are functionally equivalent to formal compensation for social risks. Social safety nets may also compri- se family, clan or village structures, if these structures can provide viable compensation on a broad scale for risks.

There is a solid network to compensate for social risks, especially nationwide health care and a well-focused prevention of poverty.

Social networks are well developed in part but do not cover all risks for all strata of the popu-
lation. Considerable portions of the population are still at risk of poverty.

Rudimentary measures to avert social risks exist, but are extremely segmented in terms of territory, social stratum and sector. The country cannot combat poverty systematically on its own.

There are no state or societal measures for inclusion or compensation. Poverty is combated hardly at all, or only ad hoc. Health care is deficient for broad segments of the population.

A.3. The Index of Parties’ Programmatic Appeal or “Crystallization”

The DALP survey’s fourth module26 asked experts to identify parties’ precise policy positions on a series of issue dimensions.27 In addition to standardized policy questions asked in each country, the latter included nationally idiosyncratic issues and issue dimensions that could not be scored across the entire data set of 88 countries.28 Experts were also given the options ‘Don’t Know’ and ‘Party has no Clear Position’. We will make use of this policy placement data to identify whether or not a party meets three criteria Downs (1957) outlined to enable voters to choose among parties based on their programmatic commitments: The party must issue appeals that are (1) distinct from the appeals of other parties, (2) internally shared (coherent) by the relevant party operatives and (3) salient for the parties’ activities. A more detailed development of the operationalization of these attributes and of the overall measure of programmatic appeals can be found in Kitschelt and Freeze (2010), available on the DALP website.

First, to measure the distinctiveness of a party’s position on any issue dimension, we compute the average distance between a party j’s mean position (across experts) on issue k and the mean positions of all other parties (across experts) on the same issue k. The resulting indicator represents the average differentiation of a party j’s position on issue k from that of all other parties in the system.

Second, we operationalize the parties’ internal programmatic coherence by the consistency of the experts’ policy placements. Parties characterized by internal dissention and temporal inconsistency are more likely to generate inconsistent expert policy placements. We adopt the conventional approach and operationalize a party j’s cohesion on any single issue k as the standard deviation of expert judgments for j on issue k.29

Third, as a second measure of programmatic variance, but also of the salience of the issue dimension for the political pursuits of a party, we use the share of experts who do not attribute a position to j on dimension k (i.e. the share of experts who chose ‘Don’t Know’, ‘Party has no clear Position’, or left the question blank). To the extent that experts fail to score parties on a particular issue dimension, this is also a

26 Data can be downloaded from http://sites.duke.edu/democracylinkage.
27 Each was measured on a 10-point scale.
28 The five core policy issues cover (1) the defense of national identity, (2) moral-cultural governance (tradition versus individual choice) and (3) various aspects of economic governance and distribution (redistributive spending on the poor; state role in the economy; universalistic social insurance). Precise question wordings can be found on the DALP website.
29 To take out an individual expert’s idiosyncratic anchor, however, we have transformed expert i’s party positions jk into differences from the mean position k-bar she assigns to all parties j on issue k, by subtracting a party j’s position from that mean k-bar.
sign that said parties do not meet the minimal level of cohesion and consistency required for responsible and reliable programmatic choice.

For each party j on issue dimension k, this leaves us with three distinct indicators: differentiation, cohesion, and non-attribution. As a first step towards an integrated measure, we normalize each of these three measures to [0,1] such that each is increasing in the extent to which it satisfies the relevant programmatic criterion (i.e. higher scores indicate more distinctiveness, greater cohesion, and lower levels of expert non-attribution). The absence of any one of these properties is sufficient to undermine a party’s programmatic capacity: parties which do not differentiate from their competitors will generate a ‘rationality crisis’, regardless of whether or not their platform is unified and consistent (thus satisfying the responsibility/reliability criterion); parties which generate extremely low response rates are unlikely to satisfy the responsibility/reliability criterion, even if the small number of experts that judge place them consistently and distinctly from other parties; and so on. To create a single, integrated index operationalizing party j’s programmatic capacity on issue dimension k, we thus calculate the product \{distinctiveness X cohesion X non-attribution\}, which yields a programmatism score in the range [0,1] for j on k.

One approach to measuring a party’s aggregate programmatic capacity would be to average their programmatism scores across all of a country’s issue dimensions. However, different parties may give different emphases to different issues in campaigns and governance, and we may not want to classify a party as ‘non-programmatic’ for failing to generate high programatism on all conceivable issues. For the aggregate index of programmatic partisan effort, we therefore select the four issue dimensions on which party j has the highest programmatism scores, and takes the average of j’s scores on these four dimensions. Label this indicator PROGRAM. A range of different indices employing fewer or more items were constructed and compared (Kitschelt and Freeze 2010). The PROGRAM index turns out to provide scores that are highly correlated with the range of alternative indices explored. The index can numerically vary from 0 to 1; among the 506 parties in our data set it empirically varies from .012 to .780, with a mean (standard deviation) of .276 (.154).

Operationalizing the Downsian criteria for rational programmatic choice is, as can be seen, no simple task. The PROGRAM indicator is a composite of three distinct measures, each of which is likely subject to measurement error arising from the methodological pitfalls of expert surveys. Before proceeding, it is thus essential to establish a minimum of construct validity. The Kitschelt and Freeze (2010) exploratory paper reports the bivariate relationship between the PROGRAM indicator and four distinct variables with which, a priori, one would expect it to be associated. Past research suggests that policy-based accountability should be associated with both higher levels of economic development and higher levels of democratization (Keefer 2007; Stokes et. al 2013; Kselman and Kitschelt 2013). In both cases the association is strong and in the expected direction (correlations of \( r = .62 \) and \( r = .33 \)). The other two construct validity tests draw on information provided in the DALP dataset. Parties’ programmatic effort should not be perfectly correlated with the parties’ clientelistic effort, measured in ways described below in Appendix A1. But there should be—on average—a negative relationship between the two, even though some parties may simultaneously engage in intense clientelistic and programmatic efforts. Indeed, the overall relationship between programmatism and clientelism across 506 parties in 88 countries is \( r = -.52 \). Finally, the DALP also asks experts to provide a ‘round-about’ assessment of the extent to which parties pursue votes based on their programmatic policy promises. Although this item is noisy, and measures programmatic ‘effort’ rather than programmatic coherence and distinctiveness, the positive correlation \( (r = .40) \) again suggests that our more detailed measure of programmatism varies in ways which satisfy at some basic level the criteria for construct validity.
### A4: The Trade-Off Between Clientelism and Social Policy, State Capacity (SC) and Programmatic Partisan Appeal (PA)

<table>
<thead>
<tr>
<th>Ratio social policy/clientelistic effort</th>
<th>Post-Communist Countries</th>
<th>Latin America</th>
<th>Asia, Middle East, Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominant social policy effort (ratio &gt; 1.82)</td>
<td>CZ (2.70; SC: .99; PA: .40) SVN (2.56; SC: 1.08; PA: .26) SVN (2.56; SC: 1.08; PA: .26)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SVK (2.17; SC: .76; PA: .43) EST (2.07; SC: 1.19; PA: .38) POL (1.98; SC: .38; PA: .28) LAT (1.81; SC: .55; PA: .26)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaning toward social policy effort (ratio 1.53 – 1.82)</td>
<td>URU (1.77; SC: .57; PA: .24) CHL (1.63; SC: 1.22; PA: .25) CRI (1.53; SC: .40; PA: .22)</td>
<td></td>
<td>S KOR (1.66; SC: 1.26; PA: .41)</td>
</tr>
<tr>
<td></td>
<td>CRT (1.37; SC: .54; PA: .29) HUN (1.37; SC: .70; PA: .11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>MYS (1.37; SC: 1.07; PA: .30) BTW (1.33; SC: .70; PA: .17) TWN (1.33; SC: 1.05; PA: .14)</td>
<td></td>
</tr>
<tr>
<td>Intermediate social policy/clientelism ratio (1.23 – 1.52)</td>
<td>RUS (1.26; SC: -.40; PA: 16) LTH (1.24; SC: .78; PA: .17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaning toward clientelistic effort (ratio .94 – 1.22)</td>
<td>SRB (1.18; SC: -.34; PA: .45) ROM (1.05; SC: -.09; PA: .23)</td>
<td></td>
<td>MAU (1.01; SC: .60; PA: .07)</td>
</tr>
<tr>
<td>Stronger clientelistic effort (ratio &lt; .94)</td>
<td>BUL (.93; SC: .10; PA: .18) MEX (.78; SC: .13; PA: .22)</td>
<td></td>
<td>TUR (.83; SC: .24; PA: .23)</td>
</tr>
<tr>
<td></td>
<td>ARG (.70; SC: -.14; PA: .09) VEN (.70; SC: -.87; PA: .10) PAN (.68; SC: .25; PA: .07)</td>
<td></td>
<td>LBN (.38; SC: -.61; PA: .11)</td>
</tr>
</tbody>
</table>

SC = State Capacity: World Bank Governance Indicators, political effectiveness (2008); PA = Programmatic Partisan Appeal: DALP project, CoSalPo_4.nwe (see Kitschelt/Freeze 2010);
### A5: Correlation Matrix for All Developing Countries, Poor and Intermediate-Affluent Countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DALP B15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>-.11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>itmd</td>
<td>-.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>all</td>
<td>-.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SP/CL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>.74</td>
<td>-.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>itmd</td>
<td>.81</td>
<td>-.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>all</td>
<td>.89</td>
<td>-.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BTI GNI @ PPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>-.46</td>
<td>-.11</td>
<td>-23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>itmd</td>
<td>-.62</td>
<td>.38</td>
<td>-.56</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>all</td>
<td>-.86</td>
<td>.45</td>
<td>-.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WB_GE 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>.46</td>
<td>-.02</td>
<td>.29</td>
<td>-.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>itmd</td>
<td>.72</td>
<td>-.60</td>
<td>.72</td>
<td>-.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>all</td>
<td>.80</td>
<td>-.57</td>
<td>.78</td>
<td>-.71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BTI Civ- Lib</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>.45</td>
<td>-.09</td>
<td>.39</td>
<td>.02</td>
<td>.07</td>
<td></td>
</tr>
<tr>
<td>itmd</td>
<td>.77</td>
<td>-.40</td>
<td>.74</td>
<td>.39</td>
<td>.59</td>
<td></td>
</tr>
<tr>
<td>all</td>
<td>.78</td>
<td>-.44</td>
<td>.71</td>
<td>.59</td>
<td>.61</td>
<td></td>
</tr>
<tr>
<td>DALP CoSal-Po_4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poor</td>
<td>.08</td>
<td>-.14</td>
<td>.15</td>
<td>-.50</td>
<td>-.06</td>
<td>-.22</td>
</tr>
<tr>
<td>itmd</td>
<td>.41</td>
<td>-.62</td>
<td>.63</td>
<td>-.40</td>
<td>.26</td>
<td>.31</td>
</tr>
<tr>
<td>all</td>
<td>.57</td>
<td>-.57</td>
<td>.66</td>
<td>-.63</td>
<td>.47</td>
<td>.36</td>
</tr>
</tbody>
</table>


Rueda, David, Erik Wibbels, an Melina Altamirano. 2015. “The Origins of Dualism.” In Pablo Beramendi,


