

The Empirics of Political Agency

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BREAD-IGC Virtual PhD-Level Course on Political Economy

October 6, 2026

Research questions

1. Do elections **discipline** politicians?
 - ▶ Does the prospect of reelection change what politicians do in office?
2. Do voters use **information** to hold politicians accountable?
 - ▶ Do they punish bad performance and reward good performance when they learn about it?

Why are these questions hard to answer?

Challenges

- ▶ Reelection incentives and voter information are not randomly assigned
- ▶ Politicians are **selected**: those reelected differ from those who are not
- ▶ Corruption and effort are hidden and hard to measure

Research designs we need

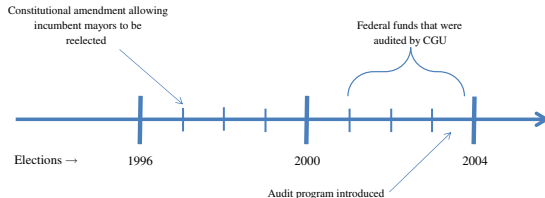
- ▶ Variation in **incentives**: term limits, close elections, timing relative to elections
- ▶ Exogenous variation in **information**: random audits, media markets, field experiments
- ▶ Objective **measures of performance**: audit reports, censuses of infrastructure

Politicians' responsiveness

- ▶ If voters use information to enforce accountability, politicians should respond by adjusting their behavior
- ▶ The main source of accountability in democracies is the prospect of reelection
- ▶ Do politicians that face reelection incentives behave differently? Are they more accountable to voters?

Setting: reelection incentives for Brazilian mayors

- ▶ Mayors serve 4-year terms; a 1997 constitutional amendment allowed **one** consecutive reelection
- ▶ In the 2001–2004 term, some mayors were in their first term (could run again in 2004), others in their second term (**lame ducks**)
- ▶ Federal audits measure corruption in that same term, so both types of mayors are observed under the same rules



Measuring corruption from audit reports

- ▶ Since 2003, the CGU selects municipalities by **public lottery** (50–60 per draw, among those with fewer than 450,000 inhabitants)
- ▶ Auditors inspect accounts, documents and public works; each report lists every irregularity and the amount of federal funds involved
- ▶ The authors read each report and code **corruption** as:
 - ▶ fraud in procurement, diversion of public funds, over-invoicing
- ▶ Main measure: **share of audited resources involving corruption**; also the number of corrupt irregularities and the share of items audited
- ▶ Sample: 476 municipalities from the first 11 lotteries; 79% have at least one corrupt irregularity

Empirical strategy

Compare first-term mayors (who can run again) with second-term mayors (who cannot):

$$r_i = \beta I_i + X_i\varphi + Z_i\gamma + \varepsilon_i$$

r_i : share of audited resources involving corruption in municipality i ; $I_i = 1$ if the mayor is in his first term; X_i, Z_i : municipal and mayor characteristics. Reelection incentives discipline if $\beta < 0$.

Two threats

- ▶ **Selection**: second-term mayors won reelection, so they may differ in ability
- ▶ **Experience**: second-term mayors may be better at hiding (or at extracting) rents

How the paper addresses them

- ▶ Rich controls, plus state and lottery intercepts
- ▶ Regression discontinuity on the 2000 election margin of victory
- ▶ Compare with first-term mayors of similar ability and experience

Reelection incentives lower corruption

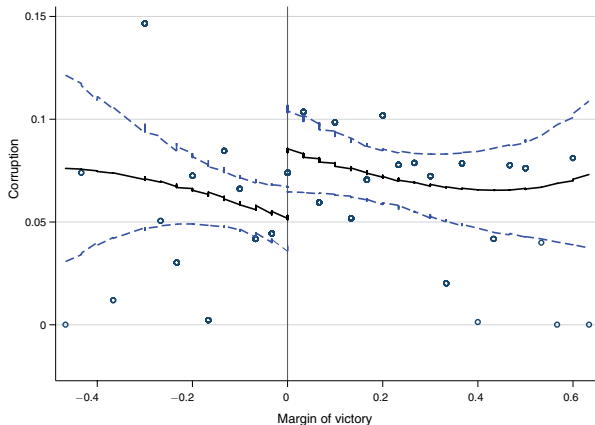
TABLE 4—THE EFFECTS OF REELECTION INCENTIVES ON CORRUPTION

Dependent variable	Share of audited resources involving corruption							
	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	Matching (7)	Tobit (8)
Mayor in first term	−0.019 [0.009]**	−0.020 [0.010]**	−0.020 [0.010]**	−0.024 [0.011]**	−0.026 [0.011]**	−0.027 [0.011]**	−0.028 [0.010]**	−0.042 [0.012]**
R^2	0.01	0.08	0.10	0.12	0.14	0.20	n/a	n/a
Observations	476	476	476	476	476	476	476	476
Mayor characteristics	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Municipal characteristics	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Political and judicial institutions	No	No	No	Yes	Yes	Yes	Yes	Yes
Lottery intercepts	No	No	No	No	Yes	Yes	Yes	Yes
State intercepts	No	No	No	No	No	Yes	Yes	Yes

First-term mayors: 1.9 p.p. less corruption (column 1), a **27% decline** relative to the second-term mean of 7.4%

Regression discontinuity: close reelection races in 2000

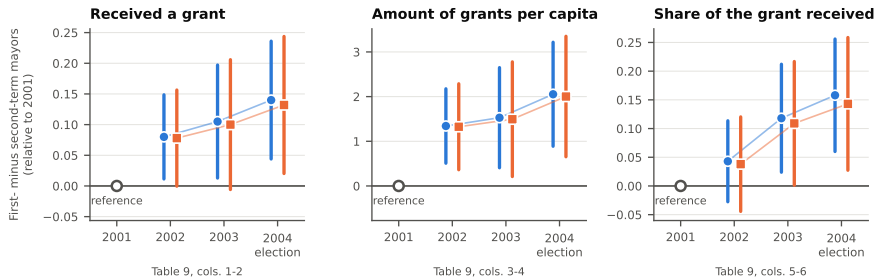
- ▶ 328 municipalities where the incumbent ran in 2000: if he barely won, a **lame duck** governs in 2001–04; if he barely lost, a **first-term** mayor does
- ▶ Corruption jumps at the threshold: RD estimates between -0.028 and -0.047
- ▶ Effects robust to controlling for political experience



Reelection incentives and effort: matching grants

- ▶ If reelection incentives matter, first-term mayors should not only steal less but also **work harder**
- ▶ Matching grants from federal ministries are the only way mayors can attract additional discretionary resources
 - ▶ Not formula-based: they depend on the mayor's **ability and effort**
 - ▶ They fund visible public works (roads, schools, clinics) that can win votes
- ▶ Do first-term mayors attract more grants? Is the gap larger as the election approaches?

First-term mayors attract more grants as the election approaches



—●— with mayor & municipal controls —■— with municipality FE & trends

$$y_{it} = \alpha_0 + \sum_t \alpha_t (T_t \times I_i) + \lambda_t + \eta_i + \epsilon_{it}$$

y_{it} : grant outcome of municipality i in year t (2001–04); $T_t \times I_i$: year $\times$ first-term mayor; λ_t : year FE; η_i : municipality FE. Points are α_t with 95% CIs, relative to 2001. Source: Ferraz and Finan (2011), Table 9.

Does anticipated public disclosure discipline politicians?

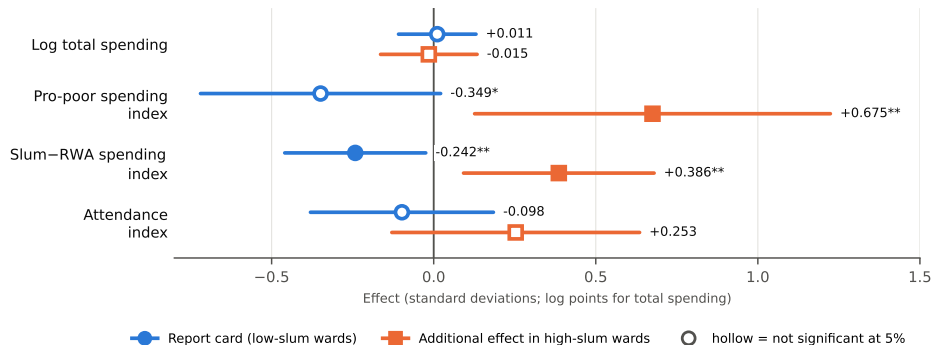
- ▶ Banerjee, Enevoldsen, Pande & Walton (2024)
- ▶ Delhi municipal councillors
- ▶ Newspaper **report cards** on their performance before the election

Your Councillor	 Premia Bhai Parry -BJP Janakpuri West Ward no - 117 Education - BA Criminal record - none	 Nirmal Jain Parry -BJP Shahdara Ward no - 237 Education - LLB Criminal record - Accused in one case	 Satya Sharma Parry - Non-party New Issanapur Ward no - 261 Education - 10th Criminal record - none	 Santosh Kumar Parry - Non-party Sunder Nagri Ward no - 244 Education - 9th Std. Criminal record - none																																																																																				
	Ward Details Janakpuri West is located in the West Zone of the Municipal Corporation. After the division of the municipal corporation, this ward will fall in the South Delhi Municipal Corporation. Presently this ward is reserved for women but has not been in the general category under the new system.	Ward Details Shahdara Ward is located in Shahdara South Zone of Municipal Corporation. After partition, this ward will fall in the East Delhi Municipal Corporation. At present, this ward of general category has been reserved for scheduled castes under the new system.	Ward Details The new Issanapur ward is located in Shahdara North Zone of the Municipal Corporation. After the partition, this ward will fall in the South city. This ward, currently reserved for women candidates, has been kept in the same category under the new system.	Ward Details Sunder Nagri Ward is located in Shahdara North Zone of Municipal Corporation. After this division of the corporation, this ward will be East Delhi City. This ward was reserved for Scheduled Castes and will be reserved for women candidates under the new system.																																																																																				
Performance in assembly (April 07 - March 11)	Attendance at corporation meetings: 9/10/04 Questions asked: 09	Attendance at corporation meetings: 19/10/04 Questions asked: 02	Attendance at corporation meetings: 10/1/04 Questions asked: 00	Attendance at corporation meetings: 50/1/04 Questions asked: 00																																																																																				
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Councillor's Statements	Covered eight kilometer long drain Councillor Premia Bhai Parry said that she has got the community center and school building constructed in Block. The drainage of about eight kilometers length was covered. The work getting well done. Construction of the park and also get for the work done by her. When asked what work is left, she said that the sewer system has to be repaired and a park is to be built on the empty land on the park road.	Success in building maternity center Councillor of Shahdara ward Nirmal Jain said that she has built a new building of two municipal corporation schools in her area. A maternity center was also set up in the area to alleviate the problem of women getting well done. Construction of a park is also being developed. He said that little money could not be used for the problems at departmental level.	Road repaired, herbal park constructed Councillor Satya Sharma of New Issanapur said that the dispensary building in her area was in a bad condition, which she got repaired. There was also a community center, which she improved. The built a new building of two municipal schools. An herbal park has also been constructed in the ward. Also, a community center and all the recreation center is still under construction in the ward. She said that some money could not be spent due to technical fault in the corporation.	Developed Anand Park Councillor Santosh Kumar of Sunder Nagri said that he built a new building of a school. Along with this, a community center was also constructed in Anand Street. Street lights were installed at streets and roads. Anand Park was specially developed. When asked what work is left, he said that some streets are yet to be notified. He said that there was less work in the council. He said that there was less work and there was more noise due to which he went less in the meeting.																																																																																				

The experiment

1. In 2010, two years before the election, councillors in a **random** two-thirds of wards were told a major newspaper would publish their report card
2. Report cards showed how each councillor spent their discretionary fund and their attendance
3. Question: do councillors **change spending** toward what slum dwellers want?
4. In a second experiment, other councillors received the same information **privately**

Report cards shift spending toward the poor in high-slum wards



- ▶ Parties rewarded councillors with strong pro-poor records with tickets, and gained votes
- ▶ Councillors given the same information **privately** did not respond: **publicity** creates the incentive

Coefficients from eq. (2) with 95% CIs. Source: Banerjee et al. (2024), Table 1, columns 2, 4, 6, 8.

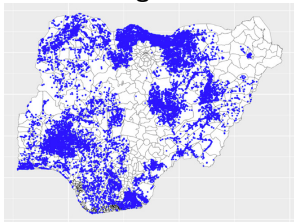
Do electoral cycles leave a lasting mark on infrastructure?

Rogger and Somani (2023): local water systems in Nigeria, Sierra Leone and Tanzania

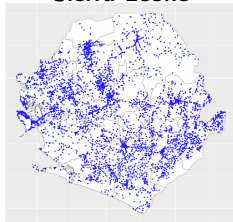
- ▶ **Question:** does *when* a water point is built, relative to an election, affect whether it still works decades later?
- ▶ **Idea:** if voters judge incumbents on what they see just before an election, politicians deliver better infrastructure then and cut corners right after
- ▶ **Design:** compare water points built just *before* vs. just *after* regularly scheduled elections; same event study in three countries

Setting: water points built in three countries

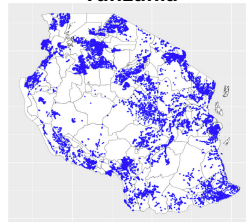
Nigeria



Sierra Leone



Tanzania

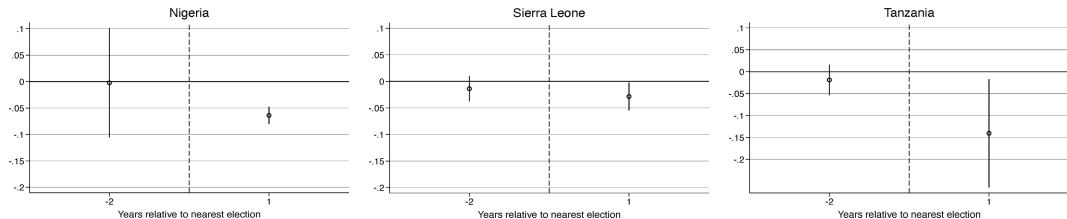


Water points built within 2 years of an election (blue dots). Source: Rogger and Somani (2023), Fig. 1.

	Nigeria	Sierra Leone	Tanzania
Elections studied	House of Representatives	Local councils	National Assembly
Cycle; elections in sample	4 years; 1979–2011 (7)	4 years; 2004–2012 (3)	5 years; 1970–2005 (8)
Water points in census	54,387	17,775	52,720
Share working today	65%	85%	60%

Census data (Water Point Data Exchange) record the location, installation year, technology, provider and current functionality of each water point, including those that have failed. All three countries are hybrid regimes; no term limits apply.

Water points built just after elections are less likely to work today



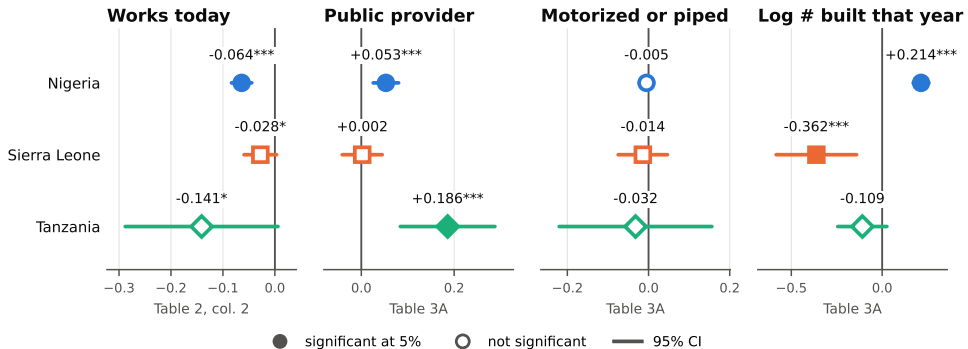
Functionality today by year of construction, relative to 1 year before the nearest election

$$y_{i,j,t} = \alpha + \delta_{\tau} \mathbf{1}[t = \tau \text{ years after election}] + \lambda_t + \phi_j + X_{i,j,t} + \epsilon_{i,j,t}$$

$y_{i,j,t} = 1$ if water point i (district j , built in t) works today; λ_t : year FE; ϕ_j : district FE; $X_{i,j,t}$: controls
Omitted category: built 1 year before the election; election years excluded; SEs clustered by district-year.

Source: Rogger and Somani (2023), *Journal of Public Economics* 222, Fig. 2 and Eq. 3.

Why? Who builds the water point changes over the electoral cycle



- ▶ Built just after an election: more often by a **public provider** (Nigeria, Tanzania), and public installations are 4–9 p.p. less likely to work today
- ▶ No change in **technology**, and no consistent quantity–quality trade-off

Coefficient on “1 year after election” (relative to 1 year before) from Eq. 3 for each outcome. Source: Rogger and Somani (2023), Tables 2 and 3A.

What happens when voters receive information?

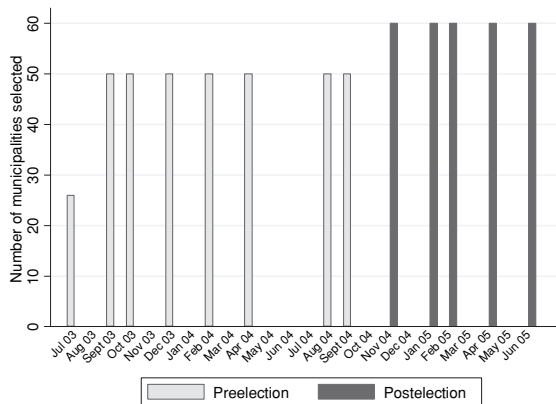
- ▶ In the agency model, voters update their beliefs about the incumbent when they observe performance
 - ▶ Bad news $\Rightarrow$ **punish**; good news $\Rightarrow$ **reward**
 - ▶ What matters is the news relative to what voters already believed
- ▶ Testing this is hard: what voters know is not random, and it is correlated with performance
- ▶ Ideal experiment: vary what voters learn, **holding actual performance fixed**
 - ▶ Timing of audit releases, local media, information experiments

Exposing corrupt politicians: Brazil's random audits

Ferraz and Finan (2008)

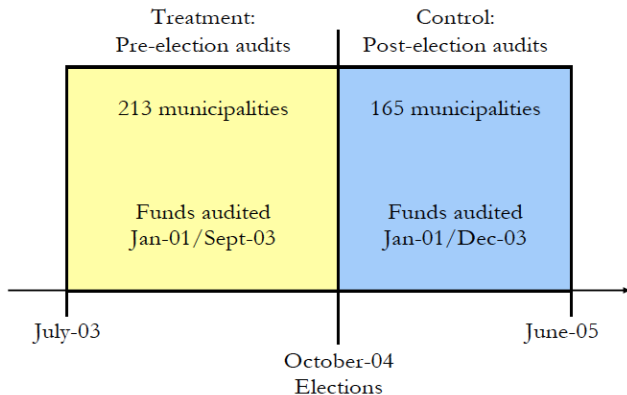
- ▶ From 2003, the federal government audits municipalities chosen by **public lottery**
- ▶ Audit reports are made public and disseminated to the media
- ▶ Lotteries continued around the October 2004 election: some reports were released **before** it, others **after**
- ▶ Compare incumbents eligible for reelection audited before vs. after the election, with the **same reported corruption**

Municipalities audited, by lottery date



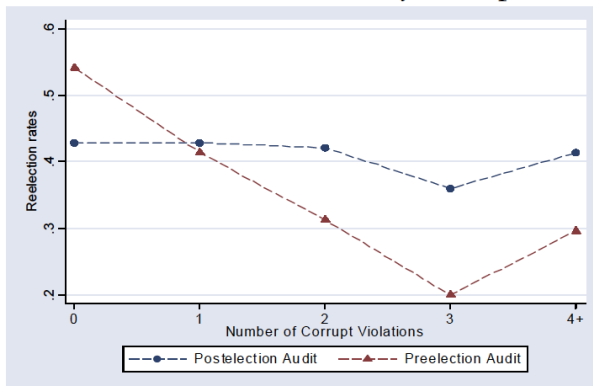
Voters punish corruption

- ▶ Corruption counts based on:
 - ▶ Fraud in procurement
 - ▶ Diversion of public resources
 - ▶ Over-invoicing



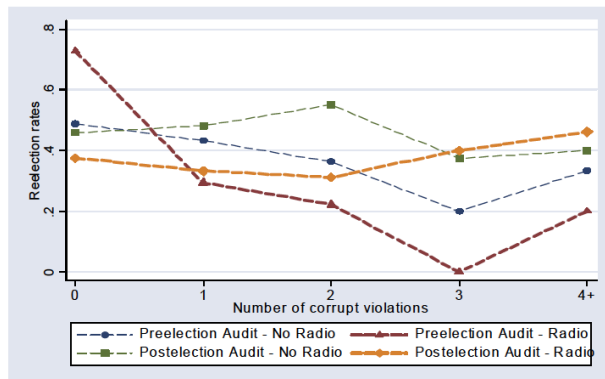
Voters punish corruption

- ▶ Voters punish mayors that are revealed to be corrupt, and punishment increases with more corrupt practices
- ▶ Voters reward mayors shown to be non-corrupt



Effects larger with media

- ▶ Back in 2004, internet penetration was very low and local news was diffused through radio
- ▶ Do effects vary by the presence of local radio?



Does bad news always hurt incumbents?

- ▶ In Brazil, voters punished corruption only beyond what they expected: more than one violation
- ▶ What voters do with information depends on their **priors**: bad news that confirms expectations is not news
- ▶ Negative information can also **disengage** voters: in Mexico, corruption flyers lowered turnout and support for both incumbents and challengers (Chong et al. 2015)
- ▶ Next: an experiment in Mexico on how priors shape the response to information

Priors rule: an information experiment in Mexico

Arias, Larreguy, Marshall & Querubín (2022)

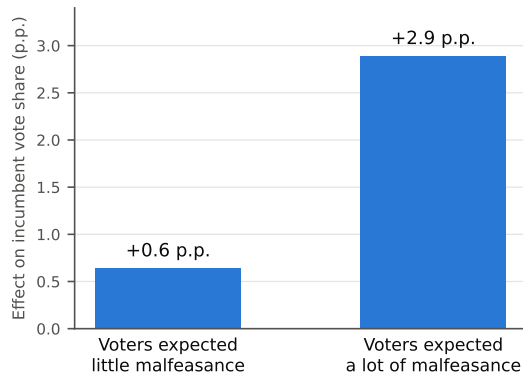
- ▶ 2015 municipal elections: 678 precincts, 26 municipalities
- ▶ Leaflets delivered just before the election in randomly selected precincts
- ▶ They report the share of the mayor's federal infrastructure funds that auditors found **misspent** (mean 21%)
- ▶ Outcomes: incumbent party vote share, turnout



"In 2013, the party governing Ecatepec received 146.3 million pesos from the FISM and spent 45% on things it should not"

Priors rule: the effect of information depends on what voters believed

- ▶ The leaflets were **not worse than expected**: on average, beliefs did not move
- ▶ Where voters expected the worst, the audit was good news: the incumbent's **vote share** rose most
- ▶ Incumbents were **never punished**, even when 58% of funds were misspent



Outcome: incumbent party votes as a share of turnout. Effects in the municipalities with the most favorable and most unfavorable priors. Source: Arias et al. (2022), Table 4.

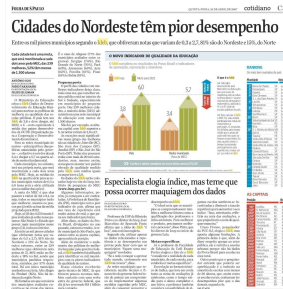
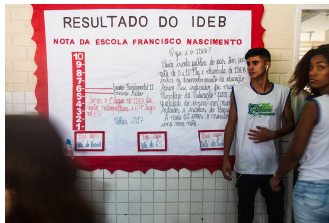
From corruption to the quality of public services

- ▶ So far, information about **misbehavior**: corruption and misspent funds
- ▶ But most of what governments do is **deliver services**: schools, health, water
- ▶ Service quality is hard for voters to see and to attribute to the mayor
 - ▶ Politicians favor visible projects (roads, transfers) over quality (learning, maintenance)
 - ▶ We saw this with water points: those built just **before** elections, when voters are watching, are more likely to work today (Rogger and Somani 2023)
- ▶ If voters learn about **service quality**, do they reward good performance? Do politicians respond?

Setting: school quality scores released before elections in Brazil

**Dias, Duque, Ferraz & Sandholtz
(2026)**

- ▶ Brazil's school quality index (IDEB): test scores in math and Portuguese $\times$ pass rates
- ▶ Released for nearly 50,000 schools in June 2008, 4 months before the municipal elections
- ▶ Mayors run primary schools, so school quality is their responsibility
- ▶ Scores were salient: posted in schools and widely reported in the press



Research design

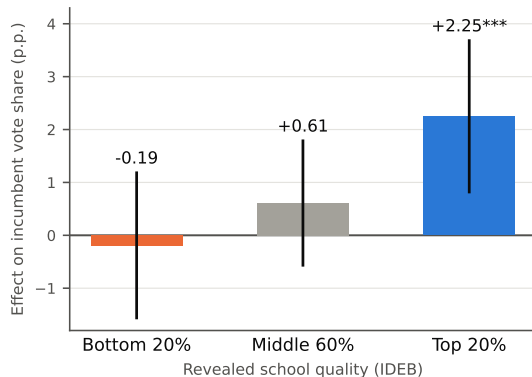
- ▶ Only urban schools with **at least 20 pupils** in grade 5 had their score released
 - ▶ Treated: 5,502 schools with a published score; control: 4,080 schools without one
- ▶ Schools are polling stations: compare votes at treated vs. control polling stations, **before vs. after** the release, within the same municipality

$$\text{votes}_{imt} = \beta \text{Info}_{im} \cdot \text{Post}_t + \theta \text{Info}_{im} \cdot \text{Post}_t \cdot \hat{Q}_i + \lambda \text{Post}_t \cdot \hat{Q}_i + \zeta_{mt} + c_i + \epsilon_{imt}$$

votes_{imt} : incumbent vote share at polling station i in municipality m ; Info_{im} : school had its score released; $\hat{Q}_i$: predicted school quality; ζ_{mt} : municipality $\times$ year FE; c_i : polling-station FE. SEs clustered by school.

Voters reward good schools

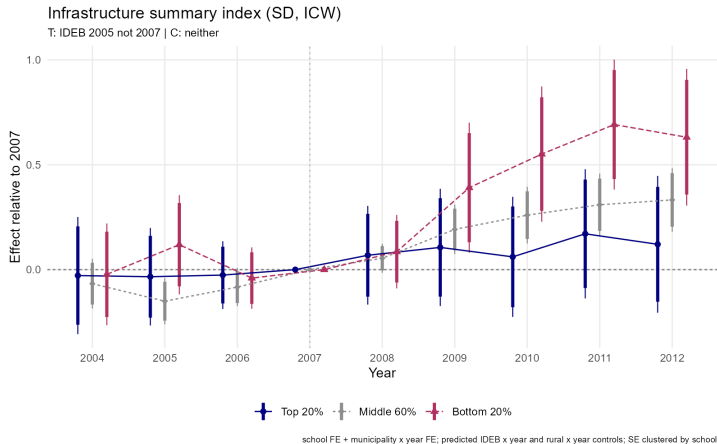
- ▶ No effect of the information on average
- ▶ Where the school was in the top 20%, the incumbent gained 2.25 p.p.
- ▶ A shift of that size would change the winner in 23% of 2008 mayoral races



Effect of the release on incumbent vote share at the polling station, by revealed quality, with 95% CIs. Source: Dias, Duque, Ferraz and Sandholtz (2026).

Mayors then invest in their worst schools

- ▶ Index of 20 school infrastructure items: equipment, facilities, services
- ▶ After the release, infrastructure **improves in the bottom 20%** of schools



Information and accountability: takeaways

- ▶ Voters respond to **credible, public** information: they punish revealed corruption and reward clean mayors and good schools
- ▶ What matters is the **news**: the response depends on what voters already believed
- ▶ **Media** amplifies the effect of information
- ▶ Politicians **respond**: they reduce corruption, provide visible infrastructure before elections, and invest where performance is revealed to be poor
- ▶ Rewards for service quality are not automatic (Bursztyn 2016; Cox et al. 2020; Sandholtz 2023)
- ▶ Information can also work outside elections, through **pressure from citizens** (Björkman and Svensson 2009)

Threats to accountability

Old problems

- ▶ **Vote buying**: politicians can offset bad news by buying votes (Cruz, Keefer and Labonne 2021)
- ▶ **Manipulation at the polls**: fraud and vote tampering weaken the link between performance and reelection (Callen and Long 2015)
- ▶ **Political violence**: intimidation keeps voters from the polls (Collier and Vicente 2014)

New problems

- ▶ **Polarization**: voters may prefer “my corrupt politician” to “your clean one” (Padró i Miquel 2007; Baysan 2022)
- ▶ **Social media and fake news**: information is abundant but less credible (Allcott and Gentzkow 2017)