There Is No Free House: Ethnic Patronage in a Kenyan Slum

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Research Questions

- Role of bureaucrats/locally appointed elites in informal environments where the police and legal system have less jurisdiction
- Elites arbitrate landlord-tenants disputes and monitor housing investments (important source of rents)
- Do ethnic interactions in these informal environments matter? Do ethnic leaders extract rent and how?
- What are the impacts of these interactions on rental prices and investments?

Empirical Questions

- Understand how ethnic collusion affects rents and investments
- · Pairwise ethnic collusion between households, landlords and chiefs
- Mechanisms: the effects vary by whether there are "alternative" checks on the power of the chief

Identification Assumptions

Why Does This Happen?

Joireman and Vanderpoel (2011) describe Kibera chiefs as "bureaucratic entrepreneurs, exhibiting rent-seeking behavior in exploiting their formal office to secure personal gain" and further argue that

"Since structure owners have a higher socioeconomic status than tenants, they can pay more, giving chiefs an incentive to decide in favor of a structure owner. An alternative outcome is possible if the chief and tenant are of the same ethnic group and the structure owners' tribe is perceived as adversarial. For example, a Luo chief would generally side with a Luo tenant against a Kikuyu structure owner despite the smaller payment offered by the tenant."

Identification Assumptions

Rotation of Chiefs

- Transfer process entirely determined by the Administration so Chiefs cannot sort based on characteristics of the residents or landlords
- In August 2012, current chiefs had been appointed in June 2010, August 2010, May 2011 and October 2011
- Households have the same landlord for 7 years, same structure for 8

Data The Kibera Slum Satellite Images

Data

We use the following sources of data:

- Survey data
 - Census of households
 - Short household survey
 - Village elder and Chief surveys
- Satellite image data measure luminosity
- Kenya National Bureau of Statistics (KNBS) census data

Data **The Kibera Slum** Satellite Images

Tribes in Kibera: Residents



Data **The Kibera Slum** Satellite Images

Tribes in Kibera: Landlords



Data The Kibera Slum Satellite Images

Roofs



Data The Kibera Slum Satellite Images

Roofs and Luminosity



Results on Rents Results on Investments Results on Mechanisms

Basic Results on Rents

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Log Rent	Log Rent	Log Rent	Log Rent	Log Rent	Log Rent	Log Rent
LC match	0.108***	0.071***	0.070***	0.069**	0.067**	0.077***	0.084**
	[0.040]	[0.026]	[0.026]	[0.027]	[0.026]	[0.025]	[0.033]
HC match	-0.047	-0.081 ^{***}	-0.080 ^{***}	-0.074 ^{***}	-0.073 ^{***}	-0.064 ^{***}	-0.069**
	[0.041]	[0.027]	[0.026]	[0.026]	[0.025]	[0.022]	[0.028]
LH match	-0.034	0.006	0.006	0.005	0.006	0.011	0.020
	[0.026]	[0.019]	[0.019]	[0.019]	[0.018]	[0.019]	[0.021]
All match						-0.038 [0.057]	
LE match							-0.023 [0.020]
HE match							-0.021 [0.024]
LC+HC=0	0.061	-0.010	-0.010	-0.005	-0.007	0.014	0.015
SE	[0.063]	[0.043]	[0.042]	[0.042]	[0.041]	[0.037]	[0.049]
Dep Var Mean	7.255	7.255	7.255	7.254	7.254	7.254	7.313
Village FE HH Controls EA Controls R-squared Observations	.09 14311	.4 14311	X X .405 14277	X X .419 14236	X X X .426 14202	X X .426 14202	X X .329 11823

Results on Rents Results on Investments Results on Mechanisms

Investments: Luminosity

	Luminosity Change				Luminosity Level, Panel			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Roof	Roof	HH	HH	Roof	Roof	HH	HH
LC match	-0.340	1.083	-3.328***	0.281	-0.583	-0.255	-1.570	-0.815
	[1.551]	[1.470]	[1.269]	[2.107]	[1.152]	[1.106]	[1.472]	[1.548]
HC match	3.604**	2.145	4.463***	1.597	2.936***	2.541**	2.868**	2.056
	[1.731]	[1.488]	[1.602]	[1.975]	[1.034]	[0.979]	[1.234]	[1.320]
LH match	-0.189 [0.235]	-0.038 [0.230]	-0.526 [0.491]	-0.343 [0.470]				
LC+HC=0	3.263	3.228	1.135	1.878	2.353*	2.286**	1.298	1.241
SE	[2.246]	[1.986]	[1.644]	[1.913]	[1.211]	[1.161]	[1.593]	[1.404]
Dep Var Mean	20.371	20.306	20.175	20.024	303.342	303.629	300.733	300.811
No Laini Saba Roof Cluster GPS Cluster Tribe Cluster R-squared	X X X .179	X X .177	X X .151	X X .15	X X .485	X .473	X X X .411	X X .408
Obs	41017	43290	41057	43352	54621	57704	54686	57744

Results on Rents Results on Investments Results on Mechanisms

Renovations

	(1) Luminosity Roof	(2) Luminosity HH	(3) Roof Renovated Ever	(4) Roof Renovated 2 Years	(5) Roof Renovated 5 Years
Roof renovated since tenant moved in	2.556** [1.072]	2.173** [1.014]			
Roof renovated in last two years	2.013** [0.950]	2.259** [1.124]			
Roof renovated in last five years [0.852]	1.653* [1.041]	2.019*			
LC tribe match			-0.037** [0.017]	-0.030** [0.014]	-0.034** [0.017]
HC tribe match			0.005 [0.017]	0.003 [0.016]	0.001 [0.015]
LH tribe match			0.013 [0.013]	0.002 [0.012]	0.003 [0.013]
Roof Clustering GPS Clustering Tribe Clustering	х	х	х	х	х

Results on Rents Results on Investments Results on Mechanisms

Chief Power

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Diversity,	Diversity,	Diversity,	Kiosks	M-PESA	High	High
	EA	Zone	Village	in Zone	in Zone	UE	UE
LC tribe match*Variable	-0.012	-0.119 ^{***}	-0.181 ^{***}	-0.104 ^{***}	-0.087**	-0.075 ^{***}	-0.089 ^{***}
	[0.040]	[0.035]	[0.040]	[0.038]	[0.040]	[0.019]	[0.019]
HC tribe match*Variable	-0.070	-0.082	-0.075	-0.119**	-0.060	-0.016	-0.009
	[0.052]	[0.060]	[0.056]	[0.058]	[0.052]	[0.028]	[0.026]
LH tribe match*Variable	-0.009	0.036	0.010	0.045	0.000	0.024	0.023
	[0.039]	[0.032]	[0.038]	[0.046]	[0.045]	[0.020]	[0.022]
LC tribe match	0.059	0.116 ^{***}	0.172***	0.089 ^{**}	0.107**	0.109***	0.109***
	[0.045]	[0.040]	[0.046]	[0.044]	[0.049]	[0.029]	[0.033]
HC tribe match	-0.018	-0.031	-0.011	-0.061	-0.046	-0.064 ^{**}	-0.058
	[0.056]	[0.052]	[0.065]	[0.040]	[0.048]	[0.031]	[0.040]
LH tribe match	0.036	0.006	0.023	0.072**	0.055	-0.005	0.013
	[0.040]	[0.034]	[0.039]	[0.034]	[0.034]	[0.021]	[0.039]
Dependent Variable Mean Education Interac Wealth Interac Poverty Interac All Controls R-squared Observations	7.254 X X X X .427 14202	7.254 X X X X .429 14202	7.254 X X X X .429 14202	7.313 X X X X .33 11823	7.313 X X X X .332 11823	7.254 X .43 14202	7.254 X X X X .43 14202

Conclusions

- Ethnic interactions with local officials can have big consequences on rents and investments
- Chiefs play an important role in these informal environments
- However, these effects are weaker where the power of the chiefs is weaker
- Perhaps if the slum or parts of it formalize, the power of the chiefs would be further weakened