

Upward Accountability:

Village Politicians, Decentralization and the Electoral Success of Party Machines in India

Preliminary Draft

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Abstract

The importance of local intermediaries in machine politics has been well documented. But, when and why do local politicians have an incentive to work towards the success of their party at higher levels of government? The paper develops the argument that a village representative is most likely to encourage voting for her party's candidates in state elections when state level leaders of her party (1) allow high levels of fiscal and administrative decentralization (2) are able to exercise executive discretion over the implementation of these measures and (3) have a greater ability to selectively monitor and target resources to village politicians. Through a controlled comparison of parties and village constituencies within a single Indian state, the paper finds support for the argument by showing that village level incumbents were more likely to increase the degree to which their supporters vote for their co-partisans in state elections when they belonged to a ruling party that oversaw the implementation of major decentralization reforms rather than opposition parties and when their constituency fell within that of a co-partisan state level incumbent. The argument and findings suggest the paradox that, in a patronage dependent system, implementing decentralization may provide an avenue for higher level government elites to exert political control over the behavior of local politicians.

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The importance of local political actors in influencing the electoral success of politicians at higher levels has been recognized in a variety of contexts including parts of Southeast Asia (e.g. Scott 1972), sub-Saharan Africa (Baldwin 2011, Kasara 2007), Latin America (Ames 1994, Samuels 2000, Levitsky 2003), postcommunist Europe (Tavits 2011) as well as India (Robinson 1988, Brass 1994, Dunning and Nilekani 2011). Previous work has shown that local politicians, in particular, have an important role to play in the electoral success of higher-level candidates. For example, Ames (1994) and Samuels (2000) both find that there are reverse coattails in Brazil for mayors and governors respectively. In a similar vein, Tavits (2011) documents the importance of local parties by showing that MPs in constituencies with a stronger local party presence are more likely to defect and also more likely to gain prominent party posts. Yet, while this research shows that the presence of local politicians is an important ingredient of a party's success, we know little about the conditions under which local politicians are motivated to act as intermediaries. *When and why do local politicians have an incentive to work towards their party's success in higher level elections?* Addressing this question can shed important light on the conditions under which local politicians act less or more independently of the control of higher level governments. This in turn has significant implications for our understanding of how and when the establishment of local elected institutions can result, perversely, in increased 'upward' accountability of local politicians to their party superiors rather than to more autonomous decision-making at the local level.

Despite the importance of the question, however, existing research has failed to pay close attention to the conditions that provide the incentive for local politicians to mobilize votes

for party members at higher levels. While some studies observe that local politicians might mobilize votes for candidates at higher levels in anticipation of future benefits (e.g. Ames 1994), there has been little evidence explicitly investigating the link between the treatment of local politicians by parties at higher levels and their propensity to mobilize votes for them. Moreover, while an increasing number of studies of machine politics have begun to focus on commitment problems between parties and voters (e.g. Stokes 2005, Nichter 2005), the existing literature has largely failed to recognize the other important commitment problem that arises when parties use local intermediaries to monitor voting behavior and mobilize votes at the local level. Thus, the conditions that strengthen the ‘upward accountability’ of local politicians to their party superiors are not well understood.

In this paper, I address this gap by using electoral data from multi-level constituencies to investigate the conditions under which local incumbents increase the tendency of their constituents to vote in favor of their party members at higher levels. Using a principal-agent framework, I argue that local politicians have an incentive to act as intermediaries when party leaders at higher levels implement decentralization reforms with significant room for executive discretion and when they are able to selectively target these resources to local politicians. To test the argument, I leverage the variation across parties and constituencies within a single Indian state - Kerala - in the degree to which the parties had discretion over the allocation of resources to local governments and in the degree to which parties had state level representatives who could oversee the actions of local politicians in their constituency. The analysis of this within state variation allows several institutional, political, and socio-cultural factors that could be determinants of the strength of linkages across lev-

els of government to be held constant. The evidence supports the hypothesis that village incumbents are more likely to increase voting for their co-partisans in state elections when they belong to a ruling party that implements significant decentralization reforms and when their constituency falls within that of an incumbent party member at the state level. Thus, while the establishment of elected grassroots institutions is often advocated as a means of bringing local politicians closer to the people, the findings indicate that there are certain conditions which create an ‘upward accountability’ of local politicians to their party superiors. Paradoxically, the argument and findings indicate that in a patronage dependent system the implementation of fiscal and administrative decentralization can provide governments with an avenue to exert control over the behavior of local politicians.

The findings of this research thus suggest a novel explanation for why governments implement decentralization. Existing explanations fall into two main categories. The first category of explanations attribute the occurrence of decentralization *to an increase in the relative power or representation of local level actors or groups*. One group of arguments posits that central governments empower local governments when actors at the lower end of party hierarchies gain more importance in higher-level politics (e.g. Garman, Haggard and Willis 2001, Eaton 2004, Phillipov, Ordeshook and Shvetsova 2004, Wibbels 2006). Other scholars attribute the decision of national parties to decentralize to their expectation of the party retaining greater representation at the local than at the national level (e.g. O'Neill 2003, Escobar-Lemmon 2003). Several studies on federalism have also highlighted the importance of the bargaining power of lower-level units in determining the level of decentralization (e.g. Riker 1965, De Figueiredo and Weingast 2005). In a similar vein, Falleti (2004) offers a

sequential theory of decentralization in which political decentralization to the sub-national level is established because of the prevalence of sub-national interests in negotiations and Boone (2003) also emphasizes the bargaining power of local rural elites to explain variation in decentralization strategies pursued by central governments. Finally, the appeasement of ethno-regional interests has also been shown to be a driving force behind decentralization (e.g. Amoretti 2004, Roeder 1991, Meguid 2008). The second category of explanations posits that decentralization is implemented because of its *desirable political and economic effects on the well-being of citizens*. For example, Grindle (2000) argues that decentralization was implemented due to a need to restore legitimacy in the wake of institutional decay and crisis⁶ and a large literature in economics highlights the economic efficiency gains associated with decentralization in terms of reducing information asymmetries. (e.g. Besley and Coate 2003, Bardhan 2002, Seabright 1996, Oates 1972). My research suggests instead that, in a patronage democracy, governments have an incentive to implement decentralization not as a means to empower local actors or to improve the welfare of citizens, but as a means of using local politicians to serve the political interests of the government at higher levels .²

The results also contribute new insight to existing theories about self-enforcing federalism (e.g. Weingast 1995, Phillipov, Ordeshook and Shvetsova 2004, Bednar 2009) . These studies have increasingly recognized that federations cannot be successfully sustained in the absence of limits on the authority of the central government. This research advances our understanding of the nature of federalism by shedding new light on the consequences of decentralization

²Note that, in other work (Bohlken 2010), I provide support for the argument that governments choose to implement decentralization when alternative channels of mobilizing support at the local level through the party's existing organizational wing become too costly.

in the absence of constraints on central governments. While Weingast (1995) argues that the effects of federalism that is not self-enforcing would be similar to the effects of no federalism, this research suggests that the absence of limits to the discretion of higher level governments can have especially perverse consequences - leading to the possibility that higher level governments can use their discretion over the implementation of decentralization to manipulate local politicians into serving their political interests.

The rest of the paper is organized as follows. The next section discusses the theoretical argument and its empirical implications. Section 2 describes the context while Section 3 describes the data and methodology. Section 4 presents the main results of the analyses and the paper concludes with a discussion of the broader implications of the findings.

1 Theory and Hypotheses

1.1 Local Politicians as Agents of Higher Level Party Leaders

Why and when do local politicians work to improve their party's success in higher level elections? Regardless of whether their influence is direct or indirect, it is assumed that local politicians must exert costly effort in order to influence the vote-choice of her constituents in favor of her party's candidates at higher levels.³ I develop a simple principal-agent framework to understand the conditions under which local politicians would exert this effort. In this framework, a party leader acts as 'principal' who wishes to motivate a local politician to

³I leave for the next section a discussion of the mechanisms of influence.

mobilize votes in favor of the party in higher level elections. While the model is presented and analyzed in further detail elsewhere (Bohlken, in progress), I discuss the main results here.

A key implication of the model is that the size of the reward that a party leader can target to (and withdraw from) individual local politicians contingent on their political behavior is, in equilibrium, positively related to the propensity of local politicians to mobilize votes for party members at higher levels. In turn, the ability of a party leader to increase the size of the reward depends on the extent of discretion she possesses over the targeting of resources to local politicians on the basis of their political actions. In a patronage democracy, this result implies that ruling parties who implement significant fiscal and administrative decentralization reforms should, all else equal, be more likely to have local incumbents who aid the party's electoral success in higher level elections than opposition parties or ruling parties that do not channel significant resources to local governments.⁴

The governing status of a party is important since, although policy is decided in the legislature, the control of ministries gives a ruling party significant control over the implementation of policy and, thus, significant control over state patronage (see Wade 1982, Chandra 2004). It is due to their control over bureaucratic decisions affecting implementation that ruling parties acquire *disproportionate discretion* over the allocation of patronage compared to other parties in the legislature. It is true that most party leaders have discretion over the allocation of party positions and can provide symbolic or organizational support to a local politician.

⁴Fiscal decentralization entails transferring finances to local governments or giving them the power to levy (additional) taxes. Administrative decentralization entails providing local governments with additional personnel or giving them jurisdiction over larger policy spheres.

However, the most valuable resources for a local politician are likely to be patronage in the form of government jobs or development assistance and benefits targeted to her constituency. These resources not only provide the local politician with the opportunity to extract private rewards for herself, but also enhance the prestige of her own position in local government as well as allowing her a greater chance of gaining re-election and securing her own position. Indeed previous qualitative studies of village politics in India have observed that a village politicians ability to win elections has been shown to be strongly determined by her ability to secure promises of development assistance for her district from state-level representatives from the ruling party (e.g. Weiner 1967, Robinson 1988).

While many ruling parties may have significant discretion over resources, not all ruling parties would wish to channel these resources to local governments. Some ruling parties may have other ways of mobilizing votes at the local level, such as through the party organization. For others, the opportunity cost of devolving resources to local actors may be very high especially if the state is facing a fiscal deficit or other pressing financial problems. Thus, it is only those ruling parties that channel a significant amount of resources to local governments that are likely to have local politicians who tend to mobilize votes for party members at higher levels. One indication of the degree to which ruling parties allocate resources to elected local governments is the extent of fiscal and administrative decentralization to the local level. In some political systems, the allocation of decentralized resources and powers across local governments is largely governed by legislation and is decided by pre-determined formulae. In a patronage democracy, however, the implementation of fiscal or administrative decentralization gives higher level governments a significant amount of discretion over resources

that can be allocated to local governments and constituencies within them. Indeed, previous studies have noted that decentralization often results in a politically biased allocation of certain types of grants across sub-national or local governments in India and elsewhere (e.g. Khemani 2003, Bardhan and Mookherjee 2006, Galiani, Gertler and Schargrotsky 2008). In terms of fiscal decentralization, although some allocations to local governments are based on pre-determined formulae, the ministries within a state government have various tools to influence how various line items within a budget are allocated across local governments.⁵ Even administrative decentralization can have a significant discretionary component if state governments can influence how and where the legislation is implemented. It is reasonable to assert at the very least that, in a patronage dependent system, an increase in either fiscal or administrative decentralization is often associated with an increase in the amount of executive discretion over the resources allocated to local governments.⁶

The model also shows that the availability of resources that can be targeted to local politicians is not sufficient for a party leader to be able to incentivize a local politician to mobilize votes for the party at higher levels. What is also required is the ability to monitor the actions of local politicians and to target patronage rewards contingent on these actions. Since there are a large number of local politicians who are geographically dispersed, it is difficult for a party leader to monitor a given local politician directly. In this situation, a key channel

⁵Interview with Mr. P.V. Unnikrishnan, Member of State Planning Board, Kerala, March 6th 2008.

⁶Note also that the model indicates that even those aspects of fiscal and administrative decentralization that cannot be targeted to local politicians conditional on their loyalty makes it more likely that a party leader will prefer to use local politicians as intermediaries, and thus, increases the degree to which local politicians will be incentivized to mobilize votes for the party at higher levels.

through which a party leader can monitor the efforts of local politicians as well as selectively target benefits to them is through party members who are state or national level representatives in the constituency in which the local politician serves. Here, I focus on state level representatives. A state-level representative from the local politician's party would have a clear incentive to monitor the efforts of local politicians since she has a direct stake in the local politician's success in influencing vote choice in higher level elections.⁷ An incumbent state representative also has an incentive to make ongoing connections with her constituents for the purposes of her own re-election and this effort has a positive externality in terms of allowing her to monitor the local politician. The targeting of resources to local politicians is also facilitated when the state-level incumbent representative whose constituency encompasses that of the local politician belongs to the same party as the local politician. This is because state or national representatives often have the powers to decide the allocation of resources within their constituency and the incentive to allocate these resources to local politicians in their own party. In most Indian states, state representatives (MLAs) are members of planning committees at the district level that are responsible for overseeing the development activities of local governments and can decide on the allocation of resources across them.⁸ MLAs belonging to ruling parties in particular have special authority because of their links with the ministries and they often approach ministries with a request to fund particular projects in their constituency.⁹

⁷It is assumed, since the local politician's influence over vote choice derives from her own connections within her constituency, that the local politician would be most able to mobilize votes on behalf of higher-level politicians whose constituency overlaps with her own.

⁸Interview with Mr. V.K. Agarwal, Additional Chief Secretary Finance Department, Maharashtra, March 15th, 2008

⁹Interview with Mr. P.V. Unnikrishnan, Member of State Planning Board, Kerala, March 6th 2008.

1.2 Channels of Local Influence

The above discussion implies that local politicians will have the most incentive to encourage voting for party members at higher levels when they belong to a ruling party that implements fiscal and administrative reforms with a significant discretionary component and when they belong to the constituency of a higher level incumbent representative of their own party. But, how do local politicians exercise this influence on their constituents' vote choice in favor of their party in higher level elections? One possibility is that local incumbents send a passive signal to their constituents about the quality of the party at higher levels by aligning their official goals and priorities with those of party members at higher levels. In this case, the costly effort exerted by the local politician is not in terms of mobilizing votes per se, but in terms of compromising on her own preferences to act more closely in line with what state level party leaders desire. If voters observe this alignment between local and state level members of the same party, then a local politician who performs well will generate positive externalities for the electoral success of the party at higher levels and, conversely, poor local performance would generate negative externalities at the state level.

A second possibility that local politicians engage in active persuasion. In an ethnographic study of voting in an Indian village for example, Robinson (1988) observes how a village *panchayat* president was able to instruct voters who arrived at the booth in terms of how they should vote in the state-level elections (see Bohlken 2010 for additional examples). A third possibility is that local incumbents distribute patronage in a manner that rewards those who have shown loyalty to the party in elections at higher levels of government. Indeed,

many previous studies have argued that the influence of local politicians over voting behavior in general derives from the control over resources they acquire as a result of their political power (e.g. LeMarchand and Legg 1972, Scott 1972). With both active persuasion or the patronage mechanism, however, we would expect that the influence of a local incumbent would be driven by the level of her own support in her local constituency. With the patronage mechanism, for example, previous studies have noted that clientelistic exchanges between politicians and voters require a commitment mechanism that prevents voters from renegeing from their obligation to vote for the party that provides them with benefits (e.g. Stokes 2005). Such a commitment mechanism is more likely to exist between a local politician and her supporters than those who have voted for another candidate.

Distinguishing between these alternative mechanisms is not possible given the data we have and is beyond the scope of the paper. What is important, however, is that if any combination of these mechanisms of influence were to hold, then a local politician's influence over vote choice in higher level elections would be driven by her own electoral support in local elections. Thus, we would not expect a local incumbent's influence to produce an unambiguous increase in her party's electoral support at higher levels but to increase the extent to which her own supporters vote for the party at higher levels. For any of the mechanisms, we would thus expect that a local representative belonging to a given party would increase the correlation between her own local vote share and the party's state vote shares. Since we are dealing with single member districts and since parties field only one candidate per local constituency, this implies that *we should see a stronger correlation between a party's local and state vote shares in the presence of a local representative affiliated with the party.* Moreover, if a stronger

correlation between a party's local and state level vote shares were to exist in the presence of a local incumbent affiliated with the party rather than one affiliated by another party, then this would suggest some type of upward accountability of local politicians to her party members at higher levels. If the correlation in vote shares between a party's local and state levels were entirely driven by intrinsic voter preferences being similar at both levels, we should not expect the presence of a local incumbent affiliated with the party to have any independent effect on the strength of the correlation.

Thus, taken together the theoretical argument suggests two hypotheses.

H1: A local representative belonging to a ruling party that has implemented significant decentralization reforms will be more likely to influence her supporters to vote for her party in state elections when the state representative in the local representative's constituency also belongs to the ruling party.

H2: A local incumbent representative who has access to a state incumbent from her own party will be more likely to influence her supporters to vote for her party in state elections when she belongs to a ruling party that has implemented significant decentralization reforms rather than when she belongs to an opposition party.

The first hypothesis emphasizes the importance of co-partisanship between local and state incumbents in influencing the degree to which local politicians from a ruling party that has implemented decentralization will mobilize votes for the party at higher levels. The second hypothesis emphasizes the modifying effect of the governing status of the party and its approach to decentralization on the degree to which local politicians act as intermediaries

for party members at higher levels.

2 Context

In this section, I describe the context in which the theoretical argument and hypotheses laid out in the previous section are tested. The hypotheses are evaluated by considering the influence of village-level politicians on their party's electoral success at the state level in the Indian state of Kerala. Both local and state elections in the state use single member districts with a first past the post system. Although the state itself is an outlier with regard to its socio-economic profile, the interest here is in examining *within state* variation in the degree to which local politicians influence the vote choice of their constituents in higher level elections. In terms of this within state analysis, this state has several characteristics that make data analysis easier and that allow the parsing out of alternative explanations. One important reason to focus on Kerala is that two major parties tend to alternate in government at every election: Communist Party of India - Marxist (CPM) and Indian National Congress (Congress). This feature makes it possible to separate the effects of intrinsic characteristics of a party from the effect of its position in government. Another advantage of this case is that, as described below, the CPM-led government between 1996 and 2001 implemented one of India's most major decentralization reforms and, moreover, these reforms appear to have had a significant discretionary component. Thus the degree to which discretionary resources were channeled to local governments is likely to be significantly greater for this case of the CPI-M between 1996 and 2001 than in the case of opposition parties. This variation is used

to examine a key feature of the theoretical argument which posits a relationship between the amount of targetable resources channeled to local governments and the degree to which local politicians serve as intermediaries. The final practical reason for focusing on this state is that it is one of two major states in India where village elections are officially held along party lines.¹⁰ This feature makes it possible to detect the party affiliation of local candidates simply using electoral returns compiled by the election commission and thus makes the data collection task significantly easier.

Qualitative information about the decentralization reforms that were ushered in by the CPI-M led government between 1996 and 2001 suggest that the CPM government channeled a greater amount of resources to local governments than previous or subsequent governments and that the CPM, as a ruling party, had greater discretion over the allocation of resources across local governments than opposition parties in the same time period. The fiscal and administrative decentralization reforms brought about by the CPI-M led Left Democratic Front (LDF) government shortly after it assumed power in 1996 were known as the People's Plan Campaign and were described by many as the most significant reforms of its kind in India.¹¹ As part of this plan, the government devolved a significant 35 to 40% of the state's plan expenditures to local bodies in a single year (see Heller 2001) which amounted

¹⁰While this characteristic appears to indicate that Kerala is unique in terms of the strength of parties or partisanship, it is widely observed, even in Indian states where village elections are not officially held along party lines, that most village level candidates are unofficially affiliated with one particular party or another and that their affiliation is observable to local voters as well as higher level party members (e.g. Sud 2001, Dunning and Nilekani 2011).

¹¹The CPI-M's record on implementing decentralization when in government had been poor up until 1991 and, even the reforms implemented in 1991 paled in comparison to the People's Plan Campaign

to a four-fold increase relative to the previous Congress led government in the amount of resources channeled to local governments.¹² The amount of expenditure per village-level government also increased about five fold (Oommen 2004, p11).¹³ Accompanying this vast increase in fiscal decentralization, there was a considerable amount of administrative decentralization wherein local governments were charged with designing and implementing their own development plans which included designing and financing projects across the full range of development sectors.¹⁴ Moreover, bureaucrats from many line departments were brought under the control of the panchayats and municipalities.¹⁵

The discussion in the previous section would suggest that the CPM as a ruling party should have had significant discretion over the implementation of these large-scale reforms. There are several indications that this was indeed the case. A first indication of the CPM's discretion with regard to the allocation of decentralized resources and powers is that it was the dominant partner in this coalition and controlled the key departments such as Chief Minister, Finance and Electricity as well as Local Administration.¹⁶ The control of these ministries gave the CPM considerable decision-making power in the allocation of the budgetary resources of each of these departments across local governments. Moreover all of the ranking members of the State Planning Board, a bureaucratic agency that was the imple-

¹²Economic Review (2000), Government of Kerala cited in Sharma (2003), p3834.

¹³The swiftness with which the funds were devolved to local governments surprised even the most ardent supporters of the campaign and there were widespread reports that local governments did not have the administrative capacity to fully utilize these funds. (Das 2000, Sharma 2003)

¹⁴Heller et. al. 2007, p629.

¹⁵Heller 2005,p86

¹⁶see Kerala Assembly Election Database (<http://www.keralaassembly.org>), Accessed April 20, 2010. Ever since 1980, the CPI-M has ruled as part of a coalition of parties called the LDF which includes the CPI and other parties.

menting agency for the reforms, were either active members of the CPM or its affiliate NGO—the KSSP (Heller 2001). In addition, thousands of ‘resource persons’ were deployed at the state and district level to aid in the implementation of these reforms at the ground level and a large number of these were selected by the State Planning Board and were closely affiliated with the KSSP (Kumar 2001, Sharma 2003). Moreover, despite the scale of the decentralization measures, the dependence of local bodies in Kerala on grants from higher level governments continued to remain strong (Jha 2002). This dependence in itself would have given the CPI-M led state government additional leverage over local governments.

While the CPM-led government between 1996 and 2001 took active steps towards implementing a large-scale program for decentralization, the approach toward decentralization by the Congress-led government between 2001 and 2006 was more hesitant. There were some significant reversals in fiscal decentralization. First, although the formal budgetary outlay of funds allocated to local bodies did not decrease under the Congress-led government, news reports indicate the Congress-led government withheld a large installment of funds due to local bodies in 2003 and put various restrictions in place which in effect forced the local bodies to return a large proportion of the funds allotted to them.¹⁷ There was also reportedly a transfer of funds allotted to local governments under the tribal plan away from the elected panchayats and to the department (Chathukulam and John 2002, Mohanakumar 2003) Finally, there was also reportedly an increase in local government funds that were earmarked for state government schemes (Rajesh 2009), thus effectively decreasing the amount of resources that could be independently controlled by local governments. Administrative de-

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centralization was also partially reversed in that the Congress led government in this period reportedly brought about an increase in the role of higher level bureaucrats in the activities and decision-making of local governments (Mohanakumar 2003, Rajesh 2009, Krishnakumar 2005.). At the same time, the Congress led government was less able to monitor and reward the behavior of local politicians than its predecessor. While the previous CPI-M led used volunteers and resource persons, many of whom were affiliated with the party, to aid in the implementation of the decentralization reforms at the ground level, the use of volunteers and resource persons was significantly curtailed under the Congress led government (Rajesh 2009).

Given the scale of the decentralization reforms implemented by the CPM between 1996 and 2001 and the significant discretion that the party had over its implementation, we would expect that the local incumbents would have had a greater propensity to mobilize votes for higher level party members when they belonged to the CPM during this time period rather than when they belonged to the Congress led government between 2001 and 2006 which effectively brought about a partial reversal in fiscal and administrative decentralization and which had less on the ground oversight in the implementation of the reforms. Moreover, we would also expect that local incumbents belonging to the CPM in the period between 1996 and 2001 should have had a greater propensity to aid the electoral success of party members at higher levels than those belonging to the opposition Congress party in the same period or those belonging to the opposition CPM between 2001 and 2006. The next section describes the research design and data to test this argument.

2.0.1 Research Design

The analysis in this paper focuses on the two major parties in the state of Kerala: the CPM and Congress. To test the hypotheses in the previous section, I examine the effect of a local incumbent affiliated with each party on the party's state level vote share in the state election approximately 6 months after. Each row in the table below represents a party-election year combination with different characteristics. Henceforth, I refer to the party-election year combinations as follows. *CPM2001* refers to the case of the CPM in the state election year 2001 (and the GP election year in 2000), *Congress2001* refers to the case of the Congress party for the same election years, *CPM2006* refers to the case of the CPM in the state election year 2006 (and the GP election year in 2005) and *Congress2006* refers to the case of the Congress party for the same election years. Given *H2* we should expect the greatest translation of a party's support from the local to state level when the incumbent local and state representatives are co-partisans in the case of *CPM2001* - which is the case of a ruling party that significantly advanced decentralization during this time period - than in any of case of the opposition parties. A comparison of *CPM2001* with *CPM2006* helps to rule out the possibility that characteristics intrinsic to the CPM party organization, rather than the CPM's governing status and approach to decentralization, drive the propensity of local politicians to mobilize votes for higher level party members. A comparison of *CPM2001* and *Congress2001* helps to rule out the possibility that the overall decentralization climate in the state between 1996 and 2001, rather than the discretionary targeting of decentralized resources, drove the propensity of local politicians to serve as intermediaries. Since the case of *Congress2006* concerns that of a ruling party that brought about reversals in decentralization

relative to its predecessor, a comparison of *CPM2001* and *Congress2006* helps to disentangle the effect of a party’s governing status from its approach to decentralization. In the last two mentioned comparisons, however, we cannot rule out the possibility that intrinsic differences in the organization of the two parties are driving the results.

Case	Party	Governing Status	Implementation of Decentralization in Time Period	GP Election	State Election
<i>CPM2001</i>	CPM	Ruling	Major Reforms	2000	2001
<i>Congress2001</i>	Congress	Opposition	Major Reforms	2000	2001
<i>Congress2006</i>	CPM	Ruling	Some Reversals	2005	2006
<i>CPM2006</i>	CPM	Opposition	Some Reversals	2005	2006

3 Data and Methodology

3.1 Data

The analysis will focus on the correlation between a party’s vote shares at the lowest level of government in India (the GP level) on its vote shares at the state level.¹⁸ The unit of analysis in each dataset is the GP constituency. Each dataset pertains to a specific party P and a specific state election year T . The GPs are nested within State Constituencies (there are an average of about 10 GPs per State Constituency) and these are matched with relevant

¹⁸The electoral data for the GP elections has been obtained from the State Election Commission of Kerala website. The electoral data for the state elections has been obtained from the Election Commission of India website.

State Constituencies using Government Delimitation orders.¹⁹ Each GP comprises of an average of 15 GP constituencies, so that there are on average about 150 GP Constituencies in each state constituency. Unfortunately, however, the state level vote share in a given state constituency is only available in the aggregate and is not available at the level of the GP constituency. Thus, all GP constituencies in a given state constituency are assigned the *same state level vote share* of the relevant party but a *different GP level vote share* of the relevant party. These data present a potential inferential problem since they make it impossible to detect any within-(state) constituency correlation between a party's vote share in local and state elections and all inferences must be drawn on the basis of correlations across state constituencies between a party's vote share in local and state elections. In order to test the hypotheses outlined above, however, our interest is in examining *the differences in the strength of correlation* between a party's vote-share in local and state elections across cases. Even with the present data structure, bigger differences across cases in this regard should lead us to detect larger differences in the strength of local state correlations outside of the perverse case in which a *stronger cross-constituency correlation* between a party's vote-shares in local and state level elections also tends to systematically have a *weaker within-constituency correlation* between a party's vote-shares in local and state level elections or vice versa. With this caveat, any inferences we make regarding the strength of differences across cases should be valid. Note also that in all of the econometric results, the standard

¹⁹For the 2000 GP elections and 2001 state elections, pre-2005 government delimitation orders were used as printed in Bhatt and Bhargava (2006). For the 2005 GP elections and 2006 state elections, the government delimitation orders were taken from the Notification of the Delimitation Commission of India dated May 31st, 2005. Note that the boundaries of state constituencies drawn in the new delimitation exercise of 2005 came into effect in the 2006 state elections.

errors are clustered at the level of the state constituency to deal with the interdependence of observations within a state constituency.

The hypotheses are examined through regression analyses conducted with the dependent variable $StateVoteSh_s$ which measures the party P 's voteshare in the election year T in the state constituency s that contains the GP constituency g . In state constituencies where the relevant party did not run, the party's voteshare is recorded as 0. The independent variables are $GPVoteSh_{s,g}$ which measures Party P 's voteshare in the most recent GP election prior to year T in g - the relevant GP constituency²⁰, $StateInc_s$ which is coded 1 if the incumbent state level representative in the state constituency s that contains the GP constituency g as of election year T belongs to Party P and 0 otherwise²¹, $GPInc_{s,g}$ which is coded 1 if the incumbent village level representative in GP constituency g at time T belongs to party P and 0 otherwise. Also included as a control is the variable $StateVoteShPrev_s$ which measures Party P 's voteshare in the state election prior to year T in the state constituency s that contains the relevant GP constituency.²² I also create the following interaction terms: $StateGPInc_{s,g}$ is a dummy variable which takes on the value of 1 if *both* the state and GP incumbent representatives belong to party P and 0 otherwise, $GPVoteSh * StateGPInc$ is the interaction of the aforementioned variable with party P 's vote share in the GP election in the relevant GP constituency and $GPVoteSh * StateInc_{s,g}$ and $GPVoteSh * GPInc_{s,g}$ are

²⁰If Party P did not run in the GP constituency in the given GP election, the party is recorded as having a voteshare of 0 in that GP constituency for the given election.

²¹This variable is technically coded on the basis of the previous state election. Thus, it would not capture changes in candidate party affiliation due to by-elections.

²²Note, that because of the aforementioned data availability problem, the variables $StateVoteSh_s$, $StateVoteShPrev_{s,g}$ and $StateInc_{s,g}$ takes on the same value for all GP constituencies that are within the given state constituency s .

the interactions of party P 's vote share in the GP election in the relevant GP constituency with the party affiliation of the state and GP incumbent representatives respectively.

4 Methodology

To examine the hypotheses outlined above, we would want to examine the correlation between a party's local and state vote shares in constituencies where the incumbent representatives at the village and state level in the given GP constituency belongs to party P and compare this correlation for constituencies in which either or neither representative belongs to party P . However, this approach is problematic since GP constituencies in which both the village and state incumbents belong to party P are likely to be very different in many ways from GP constituencies in which neither or either incumbent belongs to party P . First and most obviously, the constituencies in each category are likely to vary significantly in terms of the constituents' underlying partisan tendency toward party P . In order to ensure that the results are not driven by GP constituencies at the extremes of partisan tendency toward or against party P , we would want to examine this hypothesis by comparing GP constituencies where party P has similar levels of electoral popularity. Second, the constituencies in each category are also likely to vary a lot in terms of the competition faced by party P in local and state contests. Since we are interested in the effects of incumbency and not the effects of competitiveness, comparing GP constituencies that differ on both these dimensions would prove problematic for causal inference. Since it is important to be able to compare similar units for the reasons described above, matching is employed to generate GP constituencies

that differ in their incumbency status at local and state levels but that are as similar as possible in terms of party P 's electoral popularity at both levels and the level of competition it faces at both levels. The matching allows the data to be “pre-processed” to reduce the dependence of any subsequent regression model on modeling choices and specifications (Ho et. al. 2007). For each election year and party combination, a matched dataset is produced that ensures a balancing of the covariates across GP constituencies in which both the local and state incumbent in the relevant time period belonged to the relevant party and those in which just one or neither of the incumbents in the relevant time period belonged to the relevant party. The details of the matching exercise are presented in Appendix 1.

The matching exercise produces four separate matched datasets for each party-election year combination (i.e. *CPM2001 Congress2001*, *CPM2006*, *Congress2006*). A regression analysis is then performed using heteroskedastic-consistent errors clustered by state constituency²³ to estimate the marginal effect of an increase in a party's local vote-share on its state level vote-share conditional on local and state incumbent representatives belonging to the party. Since an exercise in balance checking that was conducted after the matching procedure showed that there was good balance on all covariates except for previous state voteshare, all subsequent analyses control for the party's voteshare in the previous state election in the given state constituency.

I estimate the following OLS regression model with heteroskedastic consistent standard errors clustered by state constituency²⁴ for each of party election year combinations represented in

²³Note that a grouped random effects model cannot be estimated since the dependent variables does not vary within state constituencies.

²⁴Note that the results are also robust to estimation of the same equation using a tobit

the matched datasets:

$$\begin{aligned}
StateVoteSh = & \beta_0 + \beta_1 GPVoteSh + \beta_2 StateInc + \beta_3 GPInc + \beta_4 GPVoteSh * StateInc \\
& + \beta_5 GPVoteSh * GPInc + \beta_6 StateIncGPInc + \beta_7 GPVoteSh * StateGPInc \\
& + \beta_7 StateVoteShPrev + \epsilon
\end{aligned}
\tag{1}$$

The interaction terms are included in Equation (1) to account for the contextual dependencies that would naturally arise in this multilevel context where GP constituencies are nested within the state constituencies. Note that according to Franzese (2005), estimation of a fully pooled linear interactive OLS regression in a multi-level context renders the coefficient estimates unbiased and consistent, although inefficient and the use of heteroskedastic consistent clustered standard errors renders the standard errors consistent to the sort of non-spherical error structures that multi-level models are expected to induce. Note, however, that the data structure here differ from a standard hierarchical setup since the dependent variable is measured at a higher level of aggregation than the predictors.

By estimating Equation (1) in the case of *CPM2001* - the case of a ruling party that has significantly advanced decentralization- we are able to examine evidence for *H1*. *H1* implies that in the case of *CPM2001*:

model that accounts for the censored nature of the dependent variable.

$$H1 : \beta_1 + \beta_4 StateInc + \beta_5 GPInc + \beta_7 StateGPInc > 0$$

To examine *H2*, we estimate Equation (1) for the case of the opposition parties (i.e. *Congress2001* and *CPM2006*) and for the case of the ruling party that partially reversed the decentralization measures undertaken by its predecessor (i.e. *Congress2006*) and compare the results across cases. The results in Appendix 2 show that the inferences drawn from this comparison across separate regression analyses are robust to conducting a combined analysis on the the combined matched datasets with the addition of the appropriate interaction terms.

5 Results

Table 1, Column (1) shows the results of the estimation of Equations (1) for *CPM2001* - the case of a ruling party that brought about significant fiscal and administrative reforms over and that had significant discretion over their implementation. Table 2, Column (1) shows the interpretation of the marginal effects for each of the models.

Column (1) of Table 2 indicates that an increase in the local vote share of the CPM produces a positive and statistically significant increase in the state level vote share of the CPM when both the local and state incumbent representatives are members of the CPM. The marginal effect shows that an increase in the CPM's local voteshare from its median to 75% produces an average 1.4% increase in its state-level vote share in the relevant state constituency when both state and local incumbents belong to the CPM, even after controlling for the past state

level vote share of the party in the constituency. However, the results, show that the presence of just a local representative belonging to the CPM is not enough to allow an increase in the CPM's local vote share to result in a significant increase in the CPM's vote share at the state level. Similarly, the presence of a CPI-M state representative is also not sufficient. Instead, an increase in the local vote share of the CPM produces a statistically significant increase in the CPM's vote share at the state level only when both representatives belong to the CPM. Given that the matching exercise ensures that we are comparing constituencies with similar CPM local vote-shares and vote margins, and given that we are controlling for previous state level vote shares of the CPI-M, we can further increase our confidence that the results are driven by the presence of the CPM local and state incumbents rather than other constituency characteristics that lead to a higher partisan affiliation toward the CPM at both levels. The results for *CPM2001* lend support for *H1*. The evidence is consistent with the argument that, for local politicians belonging to a ruling party that brings about major decentralization reforms with a significant discretionary component, the presence of a state level representative from the local politician's party increases the incentive of the local politician to influence vote choice at higher levels. These results are consistent with anecdotal evidence that CPI-M local representatives during this period took active steps to increase the partisan loyalty of their local constituents and that they were punished for not doing so. Several reports in Kerala noted that the implementation of the decentralization campaign had led to a politicization of the process of beneficiary selection at the local level where CPM loyalists were observed to have gained disproportionately (Das 2000, Mohanakumar 2002, Sharma 2003). Moreover, the CPM was reported to have denied tickets to CPM incumbents in a few successful panchayats who failed to follow the party's diktat, particularly in the

distribution of patronage (Das 2000, p4303)

An alternative interpretation of the findings, however, is that under a more decentralized regime, the boundaries of responsibility between local and state incumbents is blurred. Thus, a correlation between a party's local and state vote shares when both local and state incumbents belong to the party may arise because voters blame and reward incumbents from the same party at different levels similarly in a decentralized regime. If this were the case, however, similar correlation patterns in the same time period in the case of the Congress party as well (i.e. in the case *Congress2001*). Column (2) in Tables 1 and 2 show the results of estimating Equation (1) in the case of the *Congress2001*. The results show that, in this case, we fail to detect any effect of local representatives in increasing the degree to which local vote shares get translated into state vote shares regardless of whether the state representative belongs to the same party. While some of the difference in effects may be attributed to intrinsic differences between the CPI-M and Congress, note that in the case of *Congress2001*, the effects run in the opposite direction than would be expected if the dual accountability story were to hold. Table 2, Column (2) shows that for this case, the correlation between the party's local and state voteshares when both incumbents belong to the party is lower than the correlation when just the local incumbent belongs to the party.²⁵ Thus, it is the level of executive discretion in the implementation of decentralization possessed by party leaders, rather than the overall level of decentralization, that appears to be driving the results.

Column 3 in Tables 1 and 2 show, respectively, the results of estimating Equation (1) and

²⁵Note, however, that neither of the marginal effects approach conventional levels of statistical significance.

the relevant marginal effects, for the case of *CPM2006* which is the case of the CPI-M when it served as an opposition party between 2001 and 2006. A comparison of this case with *CPM2001* helps address the counter-argument that it is the intrinsic characteristics of the CPI-M's party organization, rather than its governing status and approach to decentralization, that produces the observed effects. In the case of *CPM2006* as well, we fail to detect any effect of local representatives in increasing the degree to which local vote shares get translated into state vote shares regardless of whether the state representative belongs to the same party. Moreover, in this case, we observe a *negative* and significant correlation between the party's local and state vote shares in GP constituencies where neither the local nor the state incumbent belonged to the CPM. Although these results are based on aggregate and not individual level data, they may indicate that local supporters of the CPM were systematically less likely to vote for the CPM in state elections when the local and state incumbents belonged to parties other than the CPM. In turn, this could suggest that local and state incumbents from other parties may have systematically influenced those who voted for the CPM in local elections to switch loyalties in state level elections.

Column 4 in Tables 1 and 2 show the results and marginal effects of estimating Equation (1) for the case of *Congress2006* which represents the case of the Congress party in the time period when it was a ruling party that brought about a partial reversal in fiscal and administrative decentralization. Here also, we fail to detect any significant effect of Congress local representatives in affecting the degree to which the party's local vote share affects its state level vote share. Note, however, that as the theoretical argument would predict, the marginal effect in the case where both incumbents belong to the Congress is higher than the

marginal effect when just one of the representatives belong to the Congress. A comparison of the effects found in this case with those found in the case of *CPM2001* may suggest that a party's approach to decentralization exerts an important modifying effect even after controlling for its governing status.²⁶

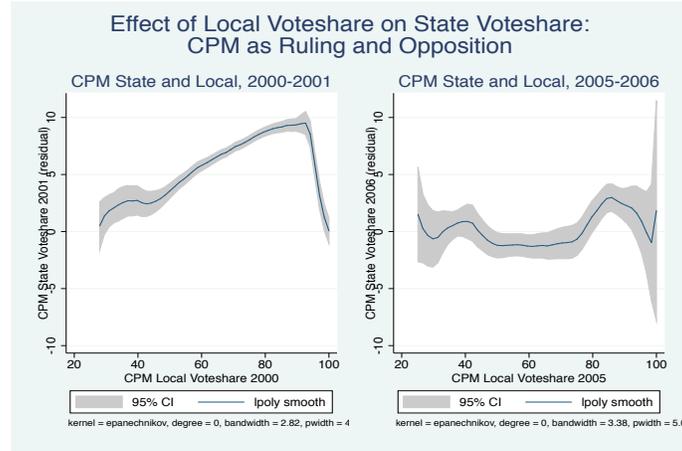
The comparisons discussed above between *CPM2001* on the one hand and *Congress2001*, *CPM2006* and *Congress2006* on the other, lend support for *H2* which asserts that the governing status of a party and its approach to implementing decentralization modifies the extent to which local representatives influence vote choice in higher level elections. Note that while the above discussion discusses a comparison of effects across separate regression analyses based on the matched datasets, the inferences also confirmed by running combined regression analyses, using the matched data for all the cases, with the appropriate interaction effects (See Appendix 2) as well as by examining kernel-weighted local polynomial regressions of party's residual state vote shares²⁷ on its local vote shares based on the entire sample before matching.

Figure 1 examines the correlation between CPM's local and state level voteshares in GP

²⁶Note, that we do not have a clear theoretical expectation regarding whether the effect of local representatives as intermediaries should be greater in the case of the Congress party in the period between 2001 and 2006 when it was a ruling party that effectively partially reversed fiscal and decentralization reforms rather than the Congress party in the period between 1996 and 2001, where it was an opposition party in a period where large-scale decentralization reforms were implemented. Regression results fail to detect any significant difference in the degree to which local representatives serve as intermediaries across these cases.

²⁷The residual is obtained from a regression of the party's current state level vote share (i.e. $StateVoteSh_s$) on the party's state level vote share in the previous state election (i.e. $StateVoteShPrev_{s,g}$). This residual captures deviation in the party's current state level vote-share from the party's expected state level vote-share based on the previous election results.

Figure 1: CPM as Ruling Party and Opposition



constituencies where both the local and state representatives were members of the CPM and compares the strength of this correlation when the CPM was the ruling party versus when the CPM was an opposition party. The axes of the graphs are drawn on the same scale to facilitate comparison. The comparison shows clearly that there is a strong positive correlation between the CPM’s local and state voteshares when it was the ruling party (except at the very extreme end of the distribution) but a practically non-existent correlation when it was part of the opposition. This figure again disproves the possibility that the strength of the correlation is purely driven by characteristics intrinsic to the CPM, rather than its governing status or approach to decentralization.

6 Conclusion

When and why do local politicians have an incentive to work towards the success of their party at higher levels of government? This paper has developed the argument that village

Table 1: Effect of Local Voteshare on State Voteshare, Conditional on Partisan Affiliation of Local and State Incumbent

	(1) <i>CPM2001</i>	(2) <i>Congress 2001</i>	(3) <i>CPM 2006</i>	(4) <i>Congress 2006</i>
Party Local Vote Share	-0.21 (0.67)	-0.06*** (0.05)	-0.26 (0.10)	0.33 (0.25)
Party State Incumbent	-3.51 (26.06)	-4.05 (3.22)	-4.28 (17.26)	20.60 (14.60)
Party Local Incumbent	-14.76 (29.86)	-8.52** (4.15)	-11.77** (5.30)	16.29 (12.90)
Party Local and State Incumbents	12.02 (29.66)	6.07 (5.47)	1.83 (20.52)	-23.33* (13.81)
Local Vote * Local Incumbent	0.31 (0.72)	0.15* (0.08)	0.31*** (0.11)	-0.38 (0.29)
Local Vote * State Incumbent	0.34 (0.68)	0.01 (0.11)	0.11 (0.42)	-0.46 (0.28)
Local Vote * Both Incumbents	-0.26 (0.72)	-0.11 (0.11)	-0.11 (0.43)	0.56* (0.31)
Previous Party State Vote Share	0.67*** (0.13)	0.90 (0.55)	0.88*** (0.16)	0.67*** (0.10)
Constant	9.50 (27.29)	11.93 (26.31)	18.85** (8.19)	-10.56 (9.52)
Observations	2228	1489	2184	2615
R-squared	0.66	0.05	0.22	0.36

The above table presents results based on the matched datasets *CPM2001*, *Congress 2001*, *CPM 2006* and *Congress 2006* described above. The dependent variable is the vote share of the relevant party's candidate in the state election held in the designated year. Heteroskedastic-consistent standard errors clustered by state constituency in parentheses. * significant at 10% level, ** significant at 5% level; *** significant at 1% level

politicians are most likely to encourage voting for their co-partisans in state elections when party leaders use their discretion over the implementation of decentralization and the presence of state level representatives in the local politician's constituency to incentivize them to do so. The argument highlights a paradox with regard to decentralization that has important practical implications. Decentralization is often advocated by policy-makers as a way of increasing the independence of local decision-makers thereby bringing elected gov-

Table 2: Effect of Local Voteshare on State Voteshare, Marginal Effects Conditional on Incumbency

	(1) <i>CPM2001</i>	(2) <i>Congress2001</i>	(3) <i>CPM2006</i>	(4) <i>Congress2006</i>
Increase in Local Voteshare, Neither	-0.95 [-10.52 7.95]	-0.47 [-1.15 0.17]	-2.56** [-4.13 0.79]	2.87 [-1.45 7.28]
Increase, Just State Incumbent	1.01 [-0.45 2.56]	-0.32 [-1.58 0.95]	-1.55 [-9.05 5.84]	-1.15 [-3.36 0.92]
Increase, Just Local Incumbent	0.81 [-1.41 3.08]	0.68 [-0.39 1.74]	0.39 [-0.74 1.61]	-0.55 [-2.26 1.28]
Increase, Both Incumbents	1.43** [0.72 2.11]	-0.05 [-0.62 0.52]	0.40 [-0.31 1.12]	0.40 [-0.50 1.23]
N	2228	1489	2184	2615

The above table is based on results using the matched dataset as described above. The table presents the average change in the relevant party's voteshare in the state elections in the given time period associated with an increase in the party's local voteshare from its median to its 75th percentile in the GP elections held just prior. 95% confidence intervals in brackets calculated using simulation. The first row represents the effect of an increase in the party's local vote share when neither the local nor the state incumbent belong to the party. The second and third rows represent, respectively, the effect of the same increase when just the state incumbent and just the local incumbent belong to the party. The last row represents the effect of the same increase when both the local and state representatives belong to the party. Results based on Table 1 Columns (1), (2), (3) and (4) respectively.

ernment closer to ordinary citizens. The evidence presented in this paper challenges this view showing that if government elites have discretion over the implementation and targeting of decentralization, then decentralization can be used as an instrument to control the actions of local politicians. The findings also cast doubt on some important arguments on the merits of decentralization. For example, one long-standing argument in favor of decentralization emphasizes the role that local governments could play in checking central government abuses and protecting individual freedoms (Tocqueville 1966 [1835], Weingast 1995, Madison 1999[1772-1836], Hamilton 2001 [1769-1804]). In his analysis of the merits of

decentralization, Treisman (2007) concludes that this is the most convincing argument for decentralization. This research suggests instead, that in the types of patronage dependent political systems that characterize much of the developing world, decentralization should result in local governments having less of an incentive to challenge those at higher levels.

This research also contributes to an understanding of the link between decentralization and the dynamics within political parties. Ever since Riker (1965), numerous studies have argued that electoral institutions and party systems shape the vertical organization of a party and that this party structure in turn influences the degree of decentralization (e.g. Garman, Haggard and Willis 2001, Phillipov, Ordeshook and Shvetsova 2004, Rodden 2005, Wibbels 2006). This research however turns the argument on its head by arguing that, if there is sufficient discretion in the hands of higher level authorities over the implementation of decentralization, then decentralization itself can be used by higher-level government leaders as a means of exerting control over local politicians within their party. Moreover, the research design allows us to control for the effects of the key factors emphasized by these arguments by analyzing variation in a party's governing status and approach to decentralization holding institutions, electoral rules and even the type of party constant.²⁸ Thus, while the findings confirm an association between the degree of decentralization and the mobilization of votes by local politicians for higher level party members, they simultaneously cast doubt on the conventional Rikerian wisdom that this association is driven by electoral or other institutions. Instead, the findings lend credence to an alternative causal argument that emphasizes the

²⁸Note that, in other work (Bohlken 2010), I provide support for the argument that the decision of the party to implement large-scale decentralization reforms was largely driven by a *horizontal split within the party* at higher levels. This again, is a significant departure from the Rikerian argument about the vertical integration of parties.

role of discretionary decentralization in shaping the vertical electoral integration of a ruling party.

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7 Appendix 1

The overall dataset contains four party P and election year T combinations: *CPM2001*, *Congress2001*, *Congress2006*, *CPM2006*. Matching requires creating a propensity score for each observation in the dataset. Since we would like to compare the effect of an increase in local voteshare conditional on incumbency in similar constituencies, the treatment indicator $T_{P,T,s,g}$ is a dummy variable indicating whether the GP incumbent in GP constituency g and the state incumbent in the relevant constituency s belong to the party P in election year T . Since the treatment indicator varies by each combination of party-election year P and T , it was necessary to create three separate matched datasets. The following model is estimated to generate a propensity score for each of the party election year combinations P and T .

$$Pr(T_{s,g}) = X_{s,g}\beta$$

where $X_{s,g}$ is a data matrix containing the covariates: $GPVoteSh_{s,g}$, $GPVoteMargin_{s,g}$, $StateVoteShPrev_s$, $StateVoteMargin_s$. The variable $GPVoteSh_{s,g}$ measures Party P 's voteshare in the most recent GP election prior to year T in GP constituency g . The variable $GPVoteMargin_{s,g}$ is the difference in the number of votes obtained by the winner and runner-up in the GP election prior to year T in GP constituency g . The variable $StateVoteShPrev_s$ measures Party P 's voteshare in the state election prior to year T in the state constituency s that contains the GP constituency g . The variable $StateVoteMargin_s$ is the difference in the number of votes obtained by the winner and runner-up in the state

election in year T in state constituency s . The matching procedure used was Genetic Matching (Diamond and Sekhon 2010) with replacement as implemented in R by Ho, Imai, King and Stuart (2011). This procedure uses a search algorithm to iteratively improve covariate balance. For each matched dataset, balance after matching was checked using Quantile-Quantile plots for each covariate (i.e. $GPVoteSh_{s,g}$, $GPVoteMargin_{s,g}$, $StateVoteShPrev_s$, $StateVoteMargin_s$) This exercise in balance checking showed that there was good balance on all covariates (as indicated by the qq plot) except for previous state voteshare. Therefore, all subsequent analyses control in some way for the party's voteshare in the previous state election in the given state constituency.

8 Appendix 2

Table 3: Effect of Local Voteshare on State Voteshare, Marginal Effects Conditional on Incumbency

	(1) <i>CPM as Ruling and Opposition</i>	(2) <i>CPM & Cong. , 2000-2001</i>	(3) <i>CPM & Cong. as Ruling Parties</i>
Increase, Both Incumbents, Not Ruling	0.06 [-0.02 0.14]	-0.001 [-0.06 0.06]	
Increase, Both Incumbents, Ruling			0.05 [-0.06 0.15]
Increase, Both Incumbents, Ruling& Decent.	0.17 [0.09 0.25]	0.18 [0.09 0.26]	0.19 [0.10 0.28]
N	4,409	3,717	4,841

The above table is based on results using the combined matched datasets as described above. The table presents the marginal effect of a one unit increase in the party's vote share in the local (GP) election on its subsequent vote share in the subsequent state election when both the local and state level incumbents belong to the party. 95% confidence intervals in brackets calculated using the delta method. Results based on Table 4, 5 and 6 respectively (tables available upon request).