D.PHIL. THESIS

Clientelism, Social Policy and Welfare State Development: a Case Study on Thailand

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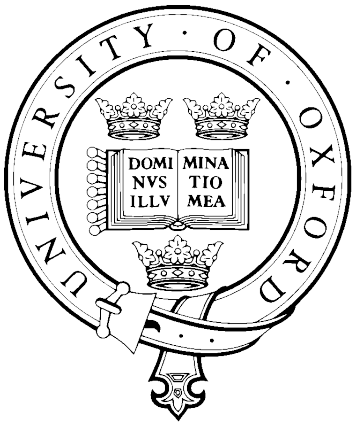
The Queen's College, University of Oxford

A Thesis Submitted in Partial Fulfilment of the Requirements for the Degree of

Doctor of Philosophy



Trinity Term 2015

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Thesis Abstract: This thesis consists of four independent chapters each of which addresses the relationship between clientelism and social policy in relation to welfare state development from different perspectives. The overarching research question examines whether the adoption of such policies leads to de-clientelisation, and, if so, to what extent. The research extensively draws upon both cross-national data and that from Thailand between 2000-2012 during which populist welfare policies have gained significant influence on political development. Chapter 1 employs a global dataset of developing countries to offer a comparative perspective on the subject and shows that political parties generally trade-off between social policy and their engagement in clientelism. The latter three chapters take Thailand as a case study empirically investigate clientelist mechanisms at different geographic levels. Focusing on the household level, Chapter 2 evaluates the role of patron–client relations in determining access to the Thailand Village Fund based on the Socio-Economic Household Surveys. The provincial level is examined in Chapter 3 which studies economic and political determinants of two types of provincial-level distributive transfers: social policy spending and discretionary spending. Chapter 4 examines the clientelist mechanism at the national level through an assessment of the electoral linkage dynamics by measuring changes in personal votes. The findings show some degree of resilience of clientelist relations as they intervene with social policy allocation, particularly at local level. The global trend contrasts with the case of Thailand where, as in-depth analyses of the latter three chapters have shown, clientelist relations often persist and convert into a new form, for example the southern model of welfare regimes.

Acknowledgements

First and foremost, I would like to thank Dr. Erzsebet Bukodi for her tremendous support and thorough supervision. My gratitude also goes to Dr. Clare Leaver, Dr. Roberto Bonfatti, Dr. Paola Mattei, Dr. Georg Picot and Dr. Faisal Ahmed for their helpful comments and advice from the start of this project during my M.Phil. until the final submission of the D.Phil. thesis. I would also like to thank participants of the Policy & Politics Conference in Bristol, the Midwest Political Science Association Conference in Chicago, and the European Consortium of Political Research Joint Sessions of Workshops in Salamanca for their insightful contribution and suggestions. I am also grateful to my family and friends for their help and encouragement throughout the endeavour. Financial support from the Bank of Thailand and the Peggy Howard Fellowship is greatly appreciated.

Word Count

The computerised word count is 71,562. Taking page 10 as a representative page, the thesis counts 338 words per page. Multiplying this number by 241 pages results in an overall word count of 81,458 words.

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Introduction

Informal security regimes are defined by concerns about social exclusion and adverse incorporation or clientelism. In many developing countries such features are accounted for by the long-term practice of patron–client relationships protecting people against the insecurity of markets. Following Wood and Gough's broader comparative typology of welfare regimes (welfare state, informal security and insecurity), this research investigates a possible transformation of informal insecurity regimes into welfare state regimes through *de-clientelisation*: the complex and subtle process of de-linking client dependents from their patrons (Wood and Gough, 2006). This thesis consists of four independent chapters which each discuss the main theme of the relationship between social policy and clientelism. The research focuses on Thailand, a country with a long history of clientelism that, after the introduction of populist welfare policies, is currently facing radical social and political challenges. The overarching research question asks whether the adoption of such welfare policies leads to de-clientelisation and, if so, to what extent.

Conventional welfare regime approaches, predominantly influenced by the works of Esping-Andersen, which focus on the welfare regimes of the developed world, may not be fully applicable to developing countries. Esping-Andersen's classic work shows that the development of capitalism, state-market-family interaction, social stratification, and decommodification produce a distinct pattern of welfare provision (Esping-Andersen, 1990). Scholars of social policy in developing countries have constructively criticised Esping-Andersen's original attributes of welfare regimes when applied to developing contexts (Gough, 2004; Davis, 2004; Wood and Gough, 2006; Haggard and Kaufman, 2008).[1] In addition, these scholars have identified other factors in the characterisation of welfare regimes in developing countries, under two broad categories: actors and instruments. In fact, a wider range of actors and institutions play an important role in the making of social policy in the developing world. In particular, institutional effects are conditional on the distribution of underlying policy preferences and the

[1]Firstly, instead of capitalism, the dominant mode of production often consists of informal economies within the peripheral capitalism and uneven development that exists in developing countries. Secondly, due to powerful non-state external influences, the institutional landscape extends beyond the state-market-family interactions, resulting in a broader institutional responsibility matrix. Thirdly, social stratification can be diffuse, particularistic, non union-based and clientelist instead of being issue-based political mobilisation and class coalitions. Finally, decommodification may be irrelevant in developing countries because the dominant social relationships and sources of livelihood are not fully commodified in the first place.

strength of interest groups in the political process (Persson and Tabellini, 2000). For example, in the case of Bangladesh, Davis (2004) has identified non-governmental organisations (NGOs) and community-based organisations as important social policy actors. Some of these non-state actors also involve local actors and institutions, such as networks and clientelist groups. With additional policy actors, a broader scope of policy instruments must be examined. Additional policy instruments (especially those in social protection and social assistance) are available such as micro-finance, transfer programmes and community-based welfare provision.

As a result of different actors and political landscapes in developing countries, in addition to the welfare state regimes, Wood and Gough propose a broader comparative typology of welfare regimes consisting of two further meta-welfare regimes: informal security regimes and insecurity regimes. Informal security regimes are institutional arrangements where people rely heavily upon community-based and informal, hierarchical and asymmetrical relationships to meet their security needs. Most informal security regimes are marked with concerns about social exclusion and adverse incorporation or clientelism. Insecurity regimes reflect institutional arrangements which generate gross insecurity and block the emergence of stable informal welfare mechanisms (Wood and Gough, 2006).[2]

Studying de-clientelisation, this research focuses on how clientelism in informal security regimes evolves through the introduction of populist welfare policies. Both clientelism and populism are vaguely defined concepts.[3] Clientelism in this research, as with recent works in the field, is defined as *an individualised exchange of particularistic benefits for political support in an informal and hierarchical network*. Clientelism is a selective distribution of benefits and public resources which is not justified in universalistic terms (Hopkin, 2001). In clientelism, a citizen's access to welfare benefits depends on his/her proximity to, and relationships with, local notables or officials. Clientelist linkages function through a hierarchical organisation of patron–client relationships where welfare transfers flow downwards and political support flows upwards the pyramidal structure (Scott, 1972a; Hicken, 2011).

In contrast, populist policy benefits are neither individualised nor contingent upon individual

[2]Informal security regimes can be found in South Asia, in Latin America's conservative-informal and liberal-informal welfare regimes, and in East Asia's productivist welfare regimes. In contrast, sub-Saharan Africa is marked by insecurity regimes (Wood and Gough, 2004).

[3]For example, see Mouzelis (1985); Piattoni (2001); Roniger (2004); Hopkin (2006); Kitschelt and Wilkinson (2007); Stokes (2009); Weitz-Shapiro (2009); Hicken (2011); Weyland (2001)

voting behaviours. Following Laothamatas (2006) and Weyland (2001), Thailand's welfare populism can be defined as *a combination of a development approach and a "political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalised support" from unorganised mass followers* (Weyland, 2001).[4] Populism also starkly differs in its organisational structure as policies and transfers are directly promised between party leaders and voters (Mouzelis, 1985). From a broader populist position, clientelism is criticised because it gives primacy to the distribution of individual, selective benefits to citizens, to the detriment of the provision of collective goods. While both are modes of political mobilisation and contingent exchanges, clientelism is more hierarchical (through multiple layers) and more selective than populism (Hopkin, 2006). This difference thus motivates an investigation into how clientelist exchanges and populist welfare policy interact in this research.

In Thailand, few would dispute that, in the absence of welfare state systems, welfare support was informally provided by patron–client relationships. However, since 2001, some of populist policies that promised greater attention to social welfare, including debt relief, cheap healthcare and micro-credit programmes, have become popular strategies for obtaining electoral votes. These policies raise questions as to whether they have replaced the informal practice of clientelist welfare provision, and whether they have had a large impact on the poor segments of Thai society and those previously excluded from most government and formal welfare support. As social policy strategies may weaken clientelist relationships in developing contexts, Thailand's recent welfare policies will be evaluated in this research in terms of their varying de-clientelisation capacity.

This introductory chapter presents an overview of the background on Thailand, justification for the selection of the particular case and the objectives of this thesis. Research questions for each chapter are then discussed, along with their expected contributions and methodological approaches. Then, we introduce guiding concepts and frameworks to be employed in each chapter and outline the research contributions.

[4] According to Roberts (2006), what makes populism difficult to define is partly its "organisational malleability and association with diverse patterns of sociopolitical mobilisation." All populist movements speak and behave as if democracy meant the power of the people and only the power of the people. Indeed, this feature is probably the sole element shared by most populist movements and parties (Mény and Surel, 2002).

Background on Thailand

Since the political reform of the absolute monarchy in 1932, Thailand has had 17 constitutions and charters. Under the current 2010 Constitution, democracy in Thailand is governed within the framework of a constitutional monarchy, with the Prime Minister as the head of government and a monarch (king) as head of state. Party and electoral politics are observed in the form of multi-party competition, with regular party-switching and a number of short-lived parties. The country has also been marked with high levels of corruption in the government sector as well as rising inequality. The informal sector also plays a significant role in contributing to the composition of the national economy and labour force.

Long history of the clientelist organisations of Thai society has been well documented and analysed by Rabibhadana (1969) and Scott (1972a). In pre-modern Thai society, patrons (*nai*) and clients (*phrai*) were interdependent: whereby the patrons provided basic means of subsistence and social protection to clients who returned basic labour services and promoted the patron's interests (Scott and Kerkvliet, 1977). However, the patron–client relationships in Thailand have been transforming following a series of political and economic events. Different interpretations of clientelism may occur in different socio-political landscapes. For instance, democratisation during the 1970s and 1990s promoted the rights to demand for social protection and shifted the political landscapes by signifying the politician-citizen linkages.[5]

Thailand also has powerful networks of rural politicians who play an important role in vote mobilisation (Khan, 1998). Nevertheless, over the last 30 years, local capitalists have gradually taken over localised political networks– to the extent that the country has the highest number of businessmen in parliament in the region (Sidel, 1996). Thus, clientelist networks can be easily built or maintained on the basis of local politics and finance. The most important feature distinguishing the Thai political system has been the ability of its capitalists to buy their own political factions. Electoral records suggest that politicians who have switched parties often get re-elected, suggesting that votes are cast for individuals, rather than for parties. Moreover, clientelist politics have been observed, with fragmented parties, candidate-focused campaigns and little attention to party policies.

[5]One commonly proposed general argument regarding the effect of democracy on redistributive politics is that the expansion of the franchise introduces incentives for politicians to invest in social policy (Bueno de Mesquita et al., 2003; Meltzer and Richard, 1981).

The year 1997 brought two events that had important effects on the Thai political economy: the promulgation of the "People's Constitution" and the Asian Financial Crisis. The new constitution, praised for its democratic and participatory drafting process, aimed to foster democratic development and increase political stability (Hicken, 2006a). Many key innovations of electoral reform were introduced to ensure high participation and fairness: compulsory voting, an independent Election Commission, and mixed electoral systems (single-member-district and proportional representation). Despite high economic growth prior to the financial crisis, causes of the crisis are widely linked to the country's weak institutions and corporate governance, corruption, poor policies and resource misallocation (Hewison, 2004, 2005). More importantly, weak political parties largely contributed to most of these factors. While the crisis boosted demand for welfare provision, informal suppliers of protection were severely affected and no longer able to sufficiently provide welfare support.

In fact, four areas which have been widely discussed by scholars as the backbone of Thai politics in the 1990s are vote-buying and electoral networks, policies, coalition-building, and patronage (Ockey, 2003; Murray, 1997). Many also highlight the role of party factions in shaping party policy and resource allocation as a way to study Thai political parties. According to McCargo (2005), "Thai politics are best understood in terms of political networks." The New Aspirations Party (NAP) who led the government before the crisis is a prime example. The party was largely organised around individual members of parliament and its decision-making based upon an oligarchy of faction leaders (Ockey, 1994, 2003). The financial crisis put pressures on the NAP whose leader resigned from Prime Minister thereafter.

The Democrat Party who led the opposition was then chosen by the parliament to lead a coalition government after the crisis. Thailand was under a recovery package administered by the International Monetary Fund (IMF) which demanded austerity and market-enhancing reforms. Poorer households were severely affected but none of the IMF neoliberal reform strategy aimed to expand social safety nets. While real wages were falling and inequality was increasing, the reform focused on keeping the wages low, privatising state enterprises and easing restrictions on foreign investment. The Democrat Party was therefore seen unpopular among voters as the party embarked upon "disastrous" guidelines for economic recovery (Phongpaichit and Baker, 2008). The party attempted to call these guidelines a long-term development which

further increased frustrations among poorer households as well as domestic businesses.

Thailand: 2001–2012

The implications of the 1997 events emerged in the 2001 general election, the first to be contested under the new constitution. Thaksin Shinawatra who "won by embracing populism on a grand scale" swept into power (Crispin and Tasker, 2001). According to Phongpaichit and Baker (2002), one implication of this was that Thaksin's popular measures were "buying" support to gain power, in order to pursue other objectives. Nonetheless, it would be too simplistic to understand Thaksin's populism as a vote buying tool. As noted by several political scientists and social policy scholars, Thaksin's party (Thai Rak Thai, or TRT) used a dual-track platform which combined support for domestic business and some of populist policies that had mass appeal with greater attention to social welfare (Phongpaichit and Baker, 2003; Hewison, 2005; McCargo and Pathmanand, 2005; Croissant, 2007; Haggard and Kaufman, 2008). His party developed a concrete platform based on specific commitments to social policies (Hewison, 2005). Moreover, these policies were heavily campaigned for in relation to Thaksin's innovative thinking and leadership styles. The implications from the financial crisis and the unpopular IMF policies often associated with the previous Democrat-led government paved the way for Thaksin to campaign for social policies, especially for the poor.

In fact, the terms *populism* and *populist* were introduced to Thai politics for the first time during the 2001 general election (Phongpaichit and Baker, 2008; Laothamatas, 2006). Analysts remain divided on what precisely defines Thaksin's populist policy. Thaksin's policy platform which appealed to the mass with greater attention on social welfare was only part of Thaksin's success. Voters were also drawn to the kind of innovative leader and modernised politician portrayed by Thaksin. His party's slogan emphasised the need to have something new in politics: "New thinking, new ways, for all Thais" (Hewison, 2004). Populism also became a catchword, particularly in the media, to designate the newborn political or social movements which challenge the entrenched values, rules and institutions of democratic orthodoxy (Mény and Surel, 2002). The thesis concerns two new features of Thai populist politics: a consolidation of populism around Thaksin and a more institutionalised policy platform. These two

features should be made clear and distinguished here before being explored in detail in each chapter.

First, the consolidation of populism around the TRT party founder Thaksin weighted heavily on the populist label given to him. A direct link between Thaksin and voters was constantly emphasised throughout the electoral campaign as he dismissed the role of political intermediaries such as local politicians and NGOs (Phongpaichit and Baker, 2008). Thaksin served as a core political agency which brought out this new relationship between political leader and voters in Thai politics. The notion of a populist leader was also well-reflected in Thaksin's speeches where his party or government was reduced to the first person singular. For example, in his last speech before the 2005 election, Thaksin spoke as follows:

> "I will make the Thai economy improve. I have already raised the GDP from 4.8 to 6.5, and now I will take it from 6.5 to 9 trillion [baht]. I will increase exports. I will expand the markets ... I will fix the economy by fixing the problem of poverty ... I ended the IMF loan. I changed the status of the country from one which chases around borrowing money to one which lends ... I will take care of kids by developing their brains...I will change the way of giving financial support to universities ... I will build more sport stadiums and more parks ... I already gave officials a salary adjustment in 2002, and I will give another ... I will provide opportunities for people to study at university level without their parents having to open their wallets" (Phongpaichit and Baker, 2008).

Second, Thaksin's populist policy also signified a move toward formalised and institutionalised social policy. This possible transformation was in fact in response to social demand following the financial crisis.[6] After the 1997 Asian financial crisis, the core of the neoliberal policies in Thailand emphasised market liberalisation, deregulation, decentralisation, privatisation and a reduced role of the state while neglecting job losses and higher poverty resulted by the crisis (Phongpaichit and Baker, 2003). Against this backdrop, Thaksin may have been opportunistic to focus his electoral campaign on providing social welfare for the poor. However, his new policy aimed to meet social demand of workers, mostly in Thailand's large informal sector

[6]Populism is a reaction to a sense of extreme crisis, emerging as an accompaniment to change, crisis and challenge (Mény and Surel, 2002).

who needed much help to recover from falling real wages and unemployment. These policies highlighted economic redistribution and social welfare which were designed to go head-to-head with the Democrat Party's neoliberal stance adopted from the IMF.

Nonetheless, there is no conclusive evidence of whether Thaksin's policy was intended to de-clientelise the country's long practice of informal welfare support. To some extent, policy implementation and design could still evolve around clientelist practices as channels of policy distribution (Rabibhadana, 2004). On the other hand, the focus on poverty reduction, particularly during the 2005 electoral campaign, could strengthen the poor's economic status and lessen their dependence on patron-client ties for support. However, developing a welfare state in Thailand was never really an agenda put forward by Thaksin. According to him, "his government was developing 'social capitalism', where the state's role would be reduced once the gap between the rich and the poor had been bridged" (Phongpaichit and Baker, 2008). Thaksin's policy was designed to win votes from poorer households who constitute the largest voting power in the country. In order to do so, establishing formal social policy where voters are more closely and directly related to the government came at a timely manner after the slow crisis recovery.

With or without the intention to de-clientelise, Thaksin's three-point platform during the 2001 electoral campaign displayed a substantial transformation towards a more rule-based and institutionalised welfare provision. The platform was drawn from various proposals of a group of former student radicals in the 1970s period and NGOs. Designed for rural voters, the first item on the platform was an agrarian debt relief scheme. A universal health scheme which had been proposed and developed by a group of NGOs was incorporated as a second agenda. The final item was the village fund programme which promised to give all villages in a country one-million baht for micro-credit loans. The three policies were quickly implemented after Thaksin's party won the election and were marked as the new face of social policy for the poor (Hewison, 2004). It appears that Thaksin aimed to advance a new political paradigm in Thailand where electorally-based party dominance would be the key element.

Since 2001, policies that have promised greater attention to social welfare have become popular strategies for obtaining electoral votes. This has given rise to the new political linkages and the introduction of many formal welfare programmes, potentially shifting the criteria for success-

ful elections away from local influence towards party competition (Phongpaichit and Baker, 2003). One important common feature of these policies is reflected by Thaksin's message: "I give to all of you" (Phongpaichit and Baker, 2008). Unlike past policies which were specifically applied to certain areas or low-income groups, Thaksin's policy was available to every one and institutionalised via nation-wide programmes. These welfare policies have largely affected the poor in Thai society and those previously excluded from most formal welfare programmes. Whereas populist leadership is transitory (Weyland, 2001), these policies can be seen as transformations toward a new and formal mode of welfare provision. These events signal greater attention to welfare state development, more focus on policy-based electoral competition, and a weaker role of local political intermediaries.

However, it is important to note that some of Thaksin's policy can solely be a populist measure without any programmatic intention. For instance, the poor-registration scheme encouraged "poor" households to register with the government. However, only about 15% of the registered households were poor (Jitsuchon, 2006). As the scheme itself proved to make no use of the registration for anti-poverty purposes, it turned out to provide only a psychological effect that the government was looking after the poor. Another example is a rural development programme known as the "Artsamart Model" named after the Artsamart sub-district in the northeastern region. The model was essentially a roadshow for Thaksin to hear the locals' issues and appear to solve their problems within ten minutes under a live television broadcast. Indeed, his popularity soared after conducting the "virtual reality show" (Nation, 2011, May 23). These two policies correspond to only the first feature of Thaksin's populism which personally focuses on Thaksin as a populist leader. They are likely to last only in the short term and will not contribute to a formalisation of social policy.

The two characteristics of Thaksin's populism outlined above are identified as determinants for Thaksin's political success in 2001. It is however difficult to attribute either feature more than the other to this success (Ockey, 2003; Phongpaichit and Baker, 2003). Both populist policy platform, as a reaction to preceding neoliberal development policy, and Thaksin as a novelty leader mark a significant change in Thai politics during the past decade. In the following election in 2005, Thaksin launched a new campaign under the slogan "Four Years of Repair, Four Years of Reconstruction" which promised many more social provision schemes

including education system reform, financial assistance for small farmers, housing support for low-income earners and public care for the elderly.

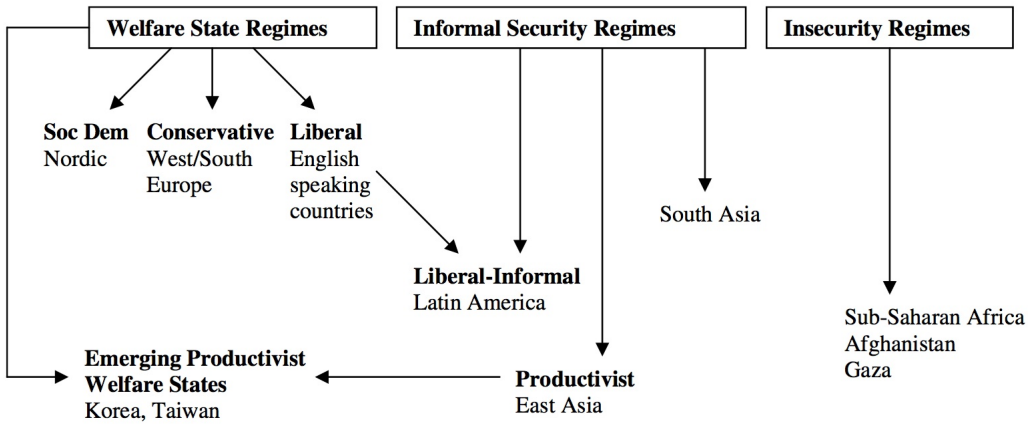
As a result, government spending on in-kind social benefits, which reflects the budget spent on populist welfare policies, has been exponentially increasing since 2001 (according to official GDP data released by NESDB). Despite early criticisms on Thaksin, other political parties also developed their own populist policies such as free education and health care and more job promises. According to McCargo and Pathmanand (2005), both Thaksin's TRT Party and its main opposition Democrat Party attempt to claim that voters now vote on the basis of policies. However, skeptics remain cautious to make such claim as the the basis of politics remains unchanged and still relies on local political networks. What Thaksin does with his populist policy is seen as becoming a national patron himself and taking a short-cut in the patron-client networks (Laothamatas, 2006). Nonetheless, this change undoubtedly affected the political economy of welfare mechanisms in the country.

Despite major political events during the past decade, populist policy and clientelism remain the focus of Thai politics. The military coup in 2006 and corruption charges against Thaksin and his sister (Yingluck Shinawatra) who was prime minister during 2011-2014 have not significantly affected Thailand's addiction to populist policy. In 2006, the military intervened after months of street protests, concerns over corruption and government budget balance resulted from several of Thaksin's populist measures. Public dissatisfaction against Thaksin grew further following Thaksin's tax avoidance on capital gains in a deal on Shin Corporation (a leading Thai telecommunications company). As with the Democrat Party and other TRT's competitors, the junta is a critic of Thaksin's populist policy but later seen to adopt populist measures during his office (Wehrfritz, 2008). The military government was in power for only one year during 2006-2007 and called a general election which was again filled with populist promises on social welfare (Schaffer, 2007; Schafferer, 2009). The composition of political networks may have changed but are still embedded in the underlying function of Thai politics (McCargo and Pathmanand, 2005; McCargo, 2005).

Case Study

The introduction of populist policy could add a new dimension to the way through which welfare support is provided. The intertwined links between clientelist relations and the implementation of such policy will be explored in relation to the de-clientelisation argument. Welfare in Thailand, among other countries in the region, has been based on a "narrowly growth-focused state system combined with a heavy reliance on family or informal support networks" which did not work well during crisis (Cook and Kwon, 2007). Often described as a productivist (Holliday, 2005) or developmental welfare system (Haggard and Kaufman, 2008), this type of welfare provision is a subset of the informal security regimes according to the taxonomy of meta-welfare regimes presented in Figure 0.1 (Wood and Gough, 2006). These informal security regimes are mostly accounted for by the long-term practice of patron–client relationship to protect people against the insecurity of markets. In addition to the triangle of state-market-family interaction referred to by Esping-Andersen, the patron–client relationship potentially adds a fourth dimension to the institutional responsibility matrix for policy analysis purposes (Haggard and Kaufman, 2008).

Figure 0.1: Taxonomy of Global Welfare Regimes (Wood and Gough, 2006)



The choice to study Thailand was further motivated by Wood and Gough's cluster analysis, in which they identify Thailand as the only non-OECD country with an "actual or potential welfare state regime" in Asia (2006). This finding provides promising signals of de-clientelisation in Thailand. Nonetheless, for them to claim that Thailand has moved away from an informal security regime would be debatable. The data on public spending used in their analysis could largely reflect the expansion of government expenditures due to populist policies. In partic-

ular, their cluster analysis of welfare mix cannot explain a possible de-clientelisation process because this research method does not capture any changes over time.

As noted by Hicken (2011), comparative studies across time, rather than across countries, have become increasingly common in studying clientelism. Inter-temporal analysis has allowed recent scholarship to seek explanations for how clientelism changes. For this reason, time-series analyses are employed in the majority of this thesis. However, it is important to note that it has been just over a decade since populist strategies were introduced to Thailand in 2001. This relatively short timespan prevents the present analysis to fully engage with historical institutionalist path-dependency which is widely used to explain the persistence of clientelist culture. However, ideally, this research would involve data on public welfare provision from before and after the introduction of populist policies, and would compare the strength of clientelism at these times. Unfortunately, such data do not exist.[7] Due to limited data, the main methodological weakness in the present study is that the empirical analyses capture only the *ex-post* evaluation of clientelism in welfare provision. Therefore, the *ex-ante* evaluation of Thailand's clientelism is extracted from the extensive literature regarding, and evidence of, political clientelism in Thailand. It is also important to acknowledge that the relationship between social policy and clientelism may purely be a correlation without a causal effect. The empirical methods will attempt to reflect on this issue in each chapter.

This de-clientelisation process is not unique to Thailand. Some countries in Southern Europe and Latin America provide formal welfare under clientelism or may have experienced some degree of de-clientelisation through welfare reforms involving certain populist elements. Not only does Thailand's politico-economic environment represent commonly-shared characteristics of clientelism that are found in other contexts, Thailand's populist policies, especially the micro-credit Village Fund, are in line with those proposed by Wood and Gough as a strategy to de-link client dependents from solely relying on political patrons for assistance. In addition, various welfare programmes were introduced at the same time, making a radical transformation possible. Thailand's long history of clientelism and the recent waves of populist welfare policies thus make it an interesting case to explore. In addition to the recent political development, the choice to study Thailand reflects a need to study clientelism outside the Latin

[7] Faced with a similar problem, Brusco et al. (2004) instead use age cohort analysis to compare clientelist response rates before and after the Peronist neoliberal turn in Argentina.

American context which has been extensively studied.

Nonetheless, the trade-off between depth and generalisation should be recognised when designing a case-study method, as compared to a comparative study. In cross-national analyses, developing theories and deriving testable predictions provide causal mechanisms that connect various independent and dependent variables of clientelism (Keefer, 2007; Bustikova and Corduneanu-Huci, 2011). Due to the nature of the research question, this study focuses on the comparative aspect of clientelist welfare provision across time. More recent works in the field are comparative studies across time, rather than across countries (Hagopian et al., 2009; Hicken, 2011). Having gained greater insights into, and developed a theoretical understanding of, the de-clientelisation process, future works may simultaneously compare across time as well as across countries.

Objectives

Given the adoption of populist welfare policies in Thailand, this research aims to understand changes in Thailand's patron–client relationships in order to conceptualise a de-clientelisation process. The main objectives of this research are:

1. To establish empirically whether Thailand has formalised its welfare support and to discuss the prospect of developing welfare regimes.
2. In answering that, the research examines whether the clientelistic distributive channels of welfare benefits have weakened as a result of the changes that have taken place.
3. The research identifies the underlying mechanisms of any changes in the patron–client relationship in the distribution of welfare programmes.

Research Questions and Thesis Structure

In the absence of the welfare state, patron–client relationships are an important source of welfare support. The introduction of populist welfare policies in Thailand in 2001 can be seen

as a possible transformation away from informal welfare arrangements towards more formal modes of welfare provision. This leads to the main research question:

RQ: Does the adoption of Thailand's populist welfare policies lead to de-clientelisation, and, if so, to what extent?

In order to investigate a process of de-clientelisation, the central overarching question is how welfare policies have affected the existing patron–client relationships. To measure the extent of de-clientelisation, four research sub-questions closely investigate clientelism at different levels. Each sub-question will be answered in each empirical chapter. A general conclusion to the main research question will then be drawn from the results obtained from the four chapters.

Q1: How do political parties' preferences toward social policy relate to their clientelist efforts?

The first question aims to provide an overview and a comparative perspective of the debate on social policy and clientelism across different developing contexts. The empirical investigation considers the relationship between political parties' social policy preferences and clientelism. Unlike the following three chapters which focus on Thailand, this chapter utilises a new party-level data set for over 50 developing countries which was collected by the Democratic and Accountability Linkages Project in 2008–2009. Multi-level models will be used to take into account of the party-country hierarchical data structure. Comparing across political parties in the developing world, the empirical analysis aims to test the argument as to whether preferences toward social policy are negatively associated with clientelist efforts exerted by political parties. However, a cross-national study will likely give a generalised relationship and may overlook particular mechanisms through which clientelism operates. This motivates more in-depth analyses which will be conducted in the latter chapters based on the data from Thailand.

Q2: Do patron–client relations matter in distributing populist welfare benefits at the local level?

The second question asks how populist benefits and the existing patron–client modes of support interact in the distributive mechanisms of benefits. It aims to understand local-level processes of welfare distribution in a clientelist context. The second chapter investigates whether there exist at the local level discretionary distributions in the populist micro-credit programme called the "Thailand Village Fund". While populism directly links the welfare provider and

recipients through formalised policy promises, the distribution of benefits often relies on local-level officials through whom clientelism may intervene. This second chapter aims to test whether, as theories of clientelism would predict, households with connections to officials have received more benefits. The empirical design utilises household-level data from the Socio-Economic Household Survey collected by Thailand's National Statistical Office (NSO). The main empirical analysis will assess the fund allocation using the probit, ordinary least squares, Tobit and Heckman selection models.

Q3: What are the economic and political determinants of distributive policy spending at provincial level?

The third question considers distributive politics at provincial level through an investigation of policy spending determinants. More institutionalised policies possibly shift the scope of benefit distribution and targeting. However, some populist policies may reinforce clientelism at a broader level instead of weakening the clientelist and particularistic linkages. Because government spending is allocated by provinces, political targeting of distributive spending is likely to occur at this level. Drawing upon time-series cross-sectional data on spending priorities which covers 76 provinces during 2000–2012, the second empirical chapter aims to test the importance of economic and political determinants in allocating distributive transfers. The dataset is constructed by compiling and aggregating data from various sources, such as government expenditures and gross provincial product (from Thailand's National Economic and Social Development Board), tax revenue (from the Revenue Department), and unemployment data (from the Labour Force Survey). An error correction model with panel-corrected standard errors is employed similarly to other studies on government spending determinants.

Q4: Have there been any changes in national party politics and voting behaviours since 2001?

As clientelism is embedded in political linkages, the fourth question seeks to capture any changes in party politics and the role of individual politicians. The question considers changes in the patron–client relationships in broader terms when populist strategies are adopted by political parties. In fact, this possible transformation away from clientelism may give rise to other forms of politically-driven distribution or logic. Political linkages seem more direct when parties and voters are related by policy promises, which reduces the role of individual

politicians and personal voting. At a national level, the chapter examines politician-voter relations in elections and whether they have changed during the period studied. This chapter examines changes in party politics and, in particular, the degree of personal voting during 2001–2011. It attempts to measure the personal votes cast for political intermediaries which give rise to the hierarchical structure of clientelism. The empirical analysis examines four elections in 2001, 2005, 2007 and 2011 based on the data published by the Office of the Election Commission of Thailand (ECT). The empirical investigation utilises the ordinary least squares method with fixed effects to assess the role of personal voting.

The four chapters in this thesis evaluate social policy mechanisms at different layers of hierarchical clientelist relations. The conclusion chapter of this thesis will discuss the empirical results obtained from the four empirical chapters regarding the degree of de-clientelisation. This chapter will therefore address the issue of in which *form* and at what *level* clientelism may be converted due to policy changes. The resulting implications can then be summarised: whether Thailand's populist policies de-clientelise (substitute) or re-clientelise (complement) the system of welfare support.

Concepts and Overall Framework

The four empirical chapters in this thesis engage with two theoretical debates on theories of clientelism. Guiding concepts on distributive politics and political linkages provide an analytical tool from which the empirical research design is derived. The framework will closely draw upon Hopkin's and Mouzelis's discussions of the relationships between populism and clientelism, regarding their distinct and shared characteristics. First, theories of distributive politics and political linkages can then help conceptualise how populist policies operate and their effects on characteristics of clientelism, especially on particularistic distribution and hierarchical distributive linkages. Second, political linkages can be combined or substituted to some extent when parties use both welfare programmes and clientelistic relations.

Distributive Politics: Particularistic vs. Non-Particularistic

Clientelist exchanges are particularistic to those belonging to the same networks. In clientelism, a citizen's access to welfare benefits depends on his/her proximity to, and relationships with, local notables or officials. Clientelism involves a selective distribution of benefits and public resources which is not justified in universalistic terms (Hopkin, 2001). However, populist policy benefits are not contingent upon individual voting behaviours and are based on institutionalised allocational rules. Therefore, all those eligible to receive benefits should have equal access to welfare programmes. While clientelism emphasises particularistic distributions of welfare benefits, populism does not share this characteristic (Hopkin, 2006). This distinction highlights the critical importance of institutional design when introducing formalised social policy. As noted by Hopkin (2006), "the expansion of the welfare state in clientelist polities has led to a wide range of inefficiencies and injustices with some individuals and groups benefiting disproportionately at the expense of others." This theoretical framework will be further developed in the Chapter 2 which assesses the equality of access to the micro-credit programme in question. The framework employed in the other three chapters will also build upon the literature on distributive politics.

Political Linkages

Analysing the electoral linkage between politicians and supportive groups is one way to grasp the structure of clientelist links in a country (Park, 2006). Political linkages define how voters and politicians are related, either by programmatic, clientelist or charismatic relations (Kitschelt, 2000). Clientelist linkages function through a hierarchical organisation of patron–client relationships where welfare transfers flow downwards and political support flows upwards in a pyramidal structure (Scott, 1972a; Hicken, 2011). In contrast, populism sharply differs in its organisational structure as policies and transfers are promised directly by party leaders to voters (Mouzelis, 1985). According to Weyland (2001), "the relationship remains populist as long as the party has low levels of institutionalisation and leaves the leader wide latitude in shaping and dominating its organisation." This quality of populism potentially by-passes manipulations by local politicians. Therefore, the role of political intermediaries,

i.e. local politicians at district or provincial levels, is undermined, making the linkages less hierarchical and less clientelistic.

Substitution vs. Complement As policy competition gains in dominance, populist welfare policies arguably substitute for the informal welfare support previously provided by patron–client relations. However, it is not always the case that welfare and social policy represents a programmatic linkage (Stokes et al., 2013). Although clientelism and populism differ in the nature of their political mobilisation, they are theoretically interrelated and compatible concepts. Ironically, the success of a populist leader depends on the skills with which that leader can extend the patron–client relationship and build up a sense of kinship between himself and his or her dependents (Hennessy, 1970; Mouzelis, 1985). Rather than weakening the relationship ties, populism may instead reinforce the direct links between a national patron and his clients (Rabibhadana, 2004). In fact, political linkages, such as clientelistic and programmatic linkages, can be combined to some extent (Kitschelt, 2000). The ways and extent to which social policy and clientelism substitute or complement each other are further discussed particularly in Chapter 1, 3 and 4.

Contributions

According to Wood and Gough, a process of de-clientelisation is proposed as a strategy transforming informal security regimes into welfare state regimes. However, Wood and Gough do not fully explain how such transformation may take place or provide a full case-study of the de-clientelisation process. Indeed, theoretical and empirical literature on de-clientelisation are both still scarce, especially regarding the problems of welfare policy development. Thus far, no empirical cases have been investigated in-depth to test the de-clientelisation hypothesis. Therefore, this study offers an alternative explanation regarding the origin of the welfare state in developing contexts.

Social policies can be individually or geographically targeted and potentially influenced by patron–client exchange relationships. Not only does the fact that these benefits accrue to a fraction of citizens make it an interesting subject of study, there are also three important reasons why clientelist linkages are an important research agenda. First, the general theoretical

models of responsible party government fail to account for many of the observed variations in citizen-politician linkages (Kitschelt and Wilkinson, 2007). Second, the pervasiveness of clientelist relations has clear implications for economic growth and prospects for welfare reform. In particular, clientelist relations, which dominate informal modes of welfare support, can complicate a possible transformation toward formal social policy and welfare state development. And third, clientelist structures have remained resilient in established party systems in advanced industrial democracies such as Italy, Japan, Austria and Belgium. Kitschelt and Wilkinson (2007, p. 50) highlight that "[c]lientelism exists in all polities. The form it takes, its extent, and its political functions vary enormously, however, across time and place."

The main contribution of this research is to take Wood and Gough's argument on de-clientelisation further by analysing Thailand's new forms of welfare provision. Surprisingly, clientelism and the transformation of clientelism have received little attention in the fields of social policy. The recent works in Brun and Diamond (2014) are the only main collection of studies on the topic. Informal mechanisms of coping with risks and shocks (family, kinship, community, and patron–clientelist mechanisms) are significant, but they are only partially understood (Davis, 2004). Thus, this thesis suggests a set of analytical tools to conceptualise populism as a de-clientelisation process, and it carries out quantitative empirical tests of the argument. The ultimate goal of the thesis is to explain the stratification of systems that transforms informal security regimes to welfare state regimes in developing contexts.

In particular, the research's contribution to the existing literature is to evaluate populist strategies as one possible transformation in a de-clientelisation process. Wood and Gough's proposition regarding de-clientelisation seems to restrictively suggest that a universal welfare state is the only product of a transformation away from clientelism. Empirical tests in this thesis, in fact, add to their proposition by incorporating other possible outcomes and levels of this transformation. The empirical investigation in this research highlights the need to go beyond a cross-national study where interesting features of the relationship may have been lost due to aggregated data. Therefore, the latter three sub-questions are designed to uncover the relationships between clientelist and populist welfare arrangements at different levels. By looking closely at each layer of the clientelist structure, this research provides a better understanding of welfare policy mechanisms under clientelism-populism dynamics and

the possible development of the welfare state in Thailand.

Previous studies of welfare policies often emphasise the development discourse, which tends to overemphasise the welfare outputs of development interventions, and to overlook stratification and political mobilisation outputs (Davis, 2004). Moreover, previous studies have focused on the politics of populism rather than on the underlying mechanism of populist policies in relation to welfare state development. As policy incentives and attractive populist promises are used to gain votes, new criteria are set for both political victory and welfare policies. The complexity of the redistributive mechanism hence raises questions as to how these welfare policies and clientelism are intertwined.

Summary

This research takes a case-study approach to understand changes in patron–client relationships and their effects from the implementation of social policies. Because key concepts and analytical frameworks regarding such process are still underdeveloped, the choice to conduct an in-depth research using a case-study approach is logical. The first chapter of this thesis employs a cross-national data set and aims to establish a comparative perspective across developing countries as a starting point. However, there is still a lack of understanding as to why some countries are able to make a transition from clientelism to other forms of exchange, while in others clientelism adapts and endures (Hicken, 2011). Both formal theories regarding, and conceptualisation of, de-clientelisation are still scarce. Therefore, this research follows the trend of recent works which apply their attention to an in-depth understanding of specific cases. As noted by Hicken (2011), the case-study approach has produced empirical richness and creativity in the works on clientelism.

Despite the generalised findings obtained in the first chapter, the other three chapters underline the importance of an in-depth study at sub-national level. The latter three chapters utilise offer additional insights from an investigation on clientelism at different levels in Thailand. The empirical analysis attempts to provide a set of rigorously quantitative and empirical evidence regarding the political economy of the de-clientelisation argument. The process of changes in the patron–client relationships, and the nature of those changes, are examined in

these three chapters which analyse secondary data at household, provincial and national levels, respectively. In each chapter, the data sets and methodological approaches employed will be discussed in detail.

CHAPTER I

Party Preferences, Social Policy and Clientelism Reconsidered

Abstract

This chapter explores the relationship between social policy and clientelism across developing countries by analysing the choices made by political parties. On the one hand, political parties' support for social policy should lead to less clientelist efforts. Increased social spending expands the scope of the social safety net, making it more universal, and threatens the discretionary nature of clientelist relations. On the other hand, parties may combine clientelist strategies with social policy programmes to attract poor voters. In addition, this relationship between a party's preferences towards social policy and clientelism is conditional on the level of social policy already present in a country. In countries with a generous social policy, we argue that a party's social policy preferences have a lower level of negative association with its clientelist effort. As we can observe a large within-country variation of clientelist effort, a party-level dataset based on the Democratic Accountability and Linkages Project (DALP) provides an opportunity to investigate these arguments. The findings offer a broader and more systematic view of the issue which will contribute to the on-going debate on clientelism in distributive politics. The results obtained from multi-level models provide support of our main argument and that regarding country-level factors.

1.1 Introduction

This chapter revisits the factors that determine the degree to which political parties engage in clientelism – an exchange of targeted material benefits for political support. Such benefits often involve consumer goods, social policy support and preferential access to government jobs or contracts. Of particular interest is the association between political parties' preferences toward social policy and their engagement in clientelism. Whereas some social policy benefits can be used to facilitate clientelist exchanges, some work as substitutes to clientelism. In fact, the extent to which social policy replaces or reinforces clientelism remains an open debate. In this chapter, the central research question relates to how political parties' preferences towards social policy are associated with their clientelist efforts. We argue that; (1) in general, political parties' support for social policy discourages them from participating in clientelism. However, exceptions may apply to parties who target poor voters and use social policy benefits to facilitate their clientelist relations; (2) the relationship between social policy and clientelism is also conditional on the level of economic and welfare state development of a country in which political parties operate. This chapter also compares Thailand to other developing countries and aims to understand their similarities and differences before the following chapters explore the Thai case in more detail.

The concept of social policy refers to public provision of benefits to ensure certain minimum standards and opportunities. Social policy provides both economic and non-economic welfare to citizens and involves some measure of progressive redistribution from the rich to the poor (Titmuss et al., 1974).[1] Unlike other exchanged benefits, the use of social policy can be two-fold. On the one hand, increasing social policy extends welfare benefits to citizens who used to rely on clientelist exchanges for support. This idealised type of welfare provision resonates with a programmatic social policy. On the other hand, some social policy benefits can be allocated at the discretion of politicians to their supporters through political networks such as clientelist relations. Indeed, the latter is a popular mobilisation strategy employed by political parties to target the poor (e.g. Hilgers, 2009). In this research, we treat the notion of social policy more broadly, not assuming it to be either programmatic or clientelistic. According to

[1]The concept echoes Marshall's statement (1965) that : ""Social Policy" is not a technical term with an exact meaning . . . it is taken to refer to the policy of governments with regard to action having a direct impact on the welfare of the citizens, by providing them with services or income. The central core consists, therefore, of social insurance, public (or national) assistance, the health and welfare services, housing policy."

a detailed classification of distributive politics by Stokes et al. (Chapter 1, 2013), it is possible to have a non-programmatic distribution of social policy when "[e]ither there are no public criteria of distribution or the public criteria are subverted by private [...] ones."[2] In accordance with Kitschelt and Wilkinson (Chapter 1, 2007), social policy can be viewed as "club goods" based on either programmatic or clientelist linkages.

Clientelist effort is dealt with more concretely as the effort exerted by political parties to target discretionary goods or government contracts in return for political support. In some cases, preferential access to social policy benefits has long been associated with clientelist mobilisation, as a way to reward voters. Empirical single-case studies provide evidence of clientelist use of social policy by political parties in various contexts. Other studies have employed qualitative methods based on two- or three-country comparisons.[3] In contrast, cross-national work (e.g. Keefer, 2007) often rely on country-level aggregate data, which may neglect informative and interesting variations of parties within a country. Nonetheless, few systematic analyses have been conducted regarding how parties' social policy preferences are related to the level of clientelism exercised by political parties. While results from previous works highlight the role of social policy in facilitating clientelist relations, such studies are specific to either a small number of countries or social policy programmes. They are also generally conducted in relation to programmes or areas which are prone to clientelism in the first place. As a result, it is difficult to come to a clear conclusion regarding the relevance or external validity of the findings. Particularly in the field of party politics, clientelism has been difficult to measure and to analytically compare across contexts.

When and under what conditions political parties use clientelism have been widely analysed. Closely related to our work is the recent paper by Gans-Morse et al. (2013) which studies how political parties choose their particular mix of clientelist strategies. Indeed, our research aims to add to this growing literature by investigating how a party's preferences translate into their usage of clientelist linkage. This research differs from most previous works, which often focus on either micro-level or country-specific interactions between social policy recipients and political parties. Although such interactions form the fundamental mechanism of clientelist exchanges,

[2] A similar ideational argument regarding policy implementation, proposed by Kitschelt and Freeze (2010), suggests that social policy benefits to be supplied based on general criteria of entitlement or based on political discretion associated with clientelism.

[3] For example, see Brun and Diamond (2014) and Piattoni (2001).

the bigger puzzle of external validity and generalisation remains unanswered. On the other hand, existing cross-national analyses may overlook interesting party-level mechanisms which are essential determinants of parties' clientelist effort. Therefore, we revisit the the relationship between social policy and clientelism with a broader view and a new dataset.

In this chapter, the data from the Democratic Accountability and Linkages Project (DALP) in 2008–2009, based on over 80 countries around the world, are used to conduct party-level empirical analyses. Despite the presence of available data for advanced capitalist countries in the DALP, the parties included in our analyses are restricted to the developing world where clientelism is more pertinent. For consistency of terminology in this chapter, we refer to countries outside the classification of advanced capitalist countries by Kitschelt (2011) as developing countries. In accordance with the existing literature, the DALP data show vastly different levels of political parties' clientelist efforts across regions and levels of development. In particular, parties in the developing country dataset used are significantly more clientelist than those in advanced capitalist countries, by almost 30% (author's calculation based on Kitschelt, 2013). In addition, parties in a developing context are typically suspected of using social policy benefits to maintain clientelist relations and thus an interesting research case. A discussion regarding clientelism would be trivial in advanced capitalist countries such as Germany and Norway.

Not only does the focus on developing countries allow us to address the prevalence of clientelism, their similar levels of economic development also make variable scales and references more comparable across countries. More importantly, the global dataset used in this chapter enables us to place Thailand in a global context. Thailand's recent surge of social policy has followed a movement towards populist policy. This phenomenon appears to emphasise the role of policy competition rather than old-style politics where parties clientelistically rely on personalised exchanges of goods for votes. In this chapter, we examine Thai political parties' preferences regarding social policy and their clientelist efforts, in comparison to other developing countries. The findings obtained will motivate the Thai case study to be carried out in the following chapters.

Our empirical design also differs from previous comparative analyses of clientelist linkages. Previous works are either based on country-level data or case-studies of political parties within

one country. Instead, our empirical research design utilises party-level data in over 50 developing countries to capture important variations in parties' strategies within a country, while taking into account country-level conditions such as economic development and other known factors that accommodate clientelist strategies. In other words, we incorporate country-level literature into our party-level empirical investigation as a contextual variable. As a result, our research design enables us to address why parties from the same country differ in their clientelist practice although they face the same level of economic development.

We employ multi-level modelling with varying country intercepts as our main estimation technique. The results provide support for the general argument that political parties' preferences towards social policy are negatively correlated with their clientelist efforts. Our estimates are also consistent with findings obtained by the ordinary least squares method (with country-clustered standard errors) and robust to regional subsample analyses. In addition, the estimates of contextual factors known to influence the level of clientelism within a country are in line with previous works. Countries' economic and welfare state development level prove to be a significant condition under which the relationship between social policy preference and clientelism operates. However, we find no significant differences for parties which target the poor as regards advocating social policy for clientelistic purposes. Moreover, political parties in Thailand are not statistically different from those in other developing countries.

Following this introduction, Section 1.2 reviews and discusses the literature on social policy, party politics and clientelism before outlining the main argument and hypotheses. Section 1.3 illustrates the research design, data and methodology. Section 1.4 presents the empirical findings and robustness checks. Section 1.5 offers concluding remarks.

1.2 Previous Works, Argument and Hypotheses

This section draws upon the existing literature on clientelism to derive three hypotheses regarding political parties' level of clientelist practice. Our main argument is formulated from theoretical accounts on clientelism and the welfare state which explain why parties' support for social policy discourages clientelist practice. In developing contexts, clientelism can be an equivalent to the welfare state. With immature government-supported welfare and so-

cial programmes, most citizens rely on personalised exchange relationships with local politicians for economic security and assistance (Scott, 1972a; Hilgers, 2009). Under these circumstances, political parties employ clientelist mobilisation as party-building and electoral strategies (Kitschelt, 2000; Scott, 1969). Such parties offer basic welfare assistance, consumer goods or public employment, or a combination of these to gain support in elections. Clientelist strategies seem inevitable when the citizens have no other alternative to obtain much-needed support and resources. As "clientelist networks [...] are sort of a poor country's welfare state" (Brusco et al., 2004), political parties' clientelist efforts can be substituted by generous social policies. By this logic, if political parties are inclined to support social policy, they will expand the systems of welfare assistance where help is previously provided by clientelist exchanges. Because clientelist exchanges and social policy act as substitutes, such parties are therefore less likely to engage in clientelist practices.

Moreover, the trade-off in parties' choices between clientelism and social policy occurs due to income inequality. Whereas social policy is considered to be a redistributive tool, clientelism thrives in areas with high income inequality. According to Titmuss et al. (1974), social policy incorporates redistribution as one of its key goals. With normal standards and income compensation in social policy programmes, the redistributive effects alleviate inequality when all citizens are provided equal access to healthcare, schooling and other welfare support (Korpi, 1980). On the other hand, clientelism is an attractive vote mobilisation strategy in areas which are strongly affected by economic inequality and hierarchical social relations (Markussen, 2011; Wantchekon, 2003; Robinson and Verdier, 2013). Political parties' support for social policy implicitly promotes more equality in society, which threatens the working mechanisms of clientelist relations. Therefore, preferences towards social policy and its redistributive effects restrain parties' clientelist efforts.

Indeed, clientelism proves costly and inefficient in a context where vote brokers or party machines extract rent (Stokes et al., 2013). In clientelist exchanges, politicians rely on local intermediaries, such as vote brokers or party machines, to distribute benefits in exchange for votes. These middlemen are able to appropriate part of the benefits allotted to them before allocating the rest to supporting voters. As a result, rent extraction and discretionary allocations make clientelism an inefficient channel of distributing welfare benefits. By contrast,

social policy, which often has a clear set of rules, is formally administered. There are less loop-holes for politicians to manipulate for electoral gain. Political parties who support social policy therefore operate with a different party structure, as they need not rely on party machines: political parties and voters are now linked more directly through their policy platform. Because they pertain to different organisational structures, parties are constrained from pursuing both clientelism and social policy simultaneously. As a result, parties are discouraged from maintaining their clientelist relations. In addition, social policy will eventually lead to more accessible programmes, which contradict the underlying mechanisms of discretionary and selective inducement of clientelist appeals (Hopkin, 2006). Thus, our main hypothesis is as follows:

H1a: Political parties with greater support for social policy engage less in clientelism.

Indeed, the objective of this hypothesis is to understand the combination of the two party preferences held by political parties. Because parties are already involved with clientelistic exchanges, they may not consider social policy important for their vote mobilisation. It is also important to note that hypothesis H1a claims no causal relationships between social policy and clientelism. The results obtained from testing the hypothesis will only determine the significance of correlations between the two party preferences of interest.[4]

However, some existing empirical evidence presents contradicting results of this theoretical argument. Case study research show evidence of parties engaging with both clientelism and social policy programmes. For instance, Hilgers (2009) shows that clientelistically targeted benefits go hand-in-hand with ideological and programmatic social programmes in Mexico. In fact, political parties may distribute social policy benefits to poor voters in a clientelist manner (Álvarez Rivadulla, 2012). Depending on the constituencies and characteristics of voters, politicians may combine a clientelistic linkage with a programmatic one. The political linkage concept[5] is therefore a useful analytical tool to unpack this phenomenon. The recent

[4]The causal effect of social policy support on clientelist effort could be empirically studied if the DALP dataset were to collect additional variables on, for example, the degree on which parties campaign on a formalisation of social policy. This kind of variable could then be used as an instrument for parties' social policy support. If parties who are keen on a formalisation of social policy are correlated with the lack of their engagement in clientelism, then there is causal evidence on the effect of social policy support on reducing clientelist practices.

[5]As discussed in the introductory chapter and to be discussed in detail in Chapter 4 of this thesis.

theoretical conceptualisation of political linkages relaxes the strict substitutability assumption as regards clientelist and programmatic linkages. Not only are political linkages possibly combinable to some degree (Kitschelt, 2000), some political parties are also able to mix linkage strategies effectively to a high degree (Singer and Kitschelt, 2011).

Therefore, we propose an alternative explanation to the first hypothesis, that: complementary combinations of social policy and clientelism may occur when parties target poor voters with material benefits. This rationalisation is based on (1) a portfolio diversification argument, and (2) the diminishing marginal utility of income argument. The first explanation for a profitable combination of linkages comes from the parties' portfolio diversification argument proposed by Magaloni et al. (2007). According to them, political machines optimally allocate resources across a portfolio consisting of both clientelist and programmatic benefits to maximise returns on electoral investment. Because voters differ across electoral districts, parties strategise their linkage mechanisms according to socio-economic characteristics and voters' preferences to obtain maximum electoral returns. This strategy-mixing is motivated by the assumption that political parties are risk-averse (Magaloni et al., 2007; Stokes, 2007; Wantchekon, 2003).

The second explanation for this alternative hypothesis is the diminishing marginal utility of income. Some parties differentiate their linkage strategies and tend to target poor voters with materialistic benefits (e.g. Dixit and Londregan, 1996). Precisely due to different income or endowment, the marginal utility of receiving additional material benefits is higher for the poor when compared to the rich.[6] Therefore, parties attract more votes when they spend the same amount of clientelist largess on poor voters in comparison to spending on rich voters. This theoretical assumption has been well supported by empirical evidence that the poor have a higher marginal utility of income (Diener and Biswas-Diener, 2002; Inglehard, 2000 in Stokes et al., 2013). In accordance with the diminishing marginal utility argument, citizens are assumed to be risk-averse. The poor are therefore a primary target in clientelism because they are more risk-averse. Uncertainty in respect of programmatic policies in the future makes the poor enter clientelist networks where they can receive material benefits today rather than waiting for uncertain future policies. In fact, when parties fail to make credible policy

[6]By contrast, the responsiveness of voters to programmatic social policy does not diminish with income. Due to better literacy rates and print media exposure among wealthier voters, responsiveness to programmatic strategies tends to be a positive function of income (Chapter 7 Stokes et al., 2013).

promises, clientelism appears to be an appropriate strategy for gaining votes (Keefer, 2007). In such circumstances, parties may opt into clientelist hand-out to poor voters while continuing somewhat regressive social policy to attract the rich who are more risk-accepting as regards policy uncertainty (Berens and Ruth, 2014). As a result, political parties' clientelist efforts can be applied to their support for social policy. The alternative hypothesis we set out to test is therefore:

H1b: For parties targeting poor voters, preferences towards social policy can be combined with clientelist practices.

In addition, country-level conditions known to influence the level of clientelism are integrated into our main argument. Such conditions include economic development, inequality, ethnic fractionalisation, infrastructure and the welfare system (Kitschelt and Wilkinson, 2007). The most commonly highlighted condition needed for clientelism to prosper is low levels of economic development. With low levels of development, citizens are more dependent on clientelist hand-outs and also "cheaply" induced by social policy benefits. Not only does economic development generally discourage political parties from using clientelist practices, it also undermines the connection between parties' support for social policy and clientelism. In other words, the debate regarding political parties substituting clientelist strategies for social policy provision seems trivial in countries with higher levels of development.

The same line of argument can be applied to countries with generous social policy. With extensive welfare state systems, citizens already have good coverage of social policy. An increase in parties' support for social policy in such context has little meaning for citizens who are already enjoying social policy benevolence.[7] Moreover, in richer countries where a welfare state is in place, social policy appears to be an efficient form of welfare distribution (Park, 2006; Hopkin, 2006; Stokes et al., 2013). As a result, the trade-off between social programmes and clientelism is mitigated in countries with high levels of development or social spending. Our second hypothesis re-investigates the general argument regarding parties' social policy preference and their clientelist efforts across different degrees of economic development or

[7]However, party preferences for social policy and clientelism may go hand-in-hand when social policy is regressive and distributed in a clientelistic way. Berens and Ruth (2014) argue that clientelism is a significant factor in explaining why regressive social policy is persistent in some Latin American countries.

welfare state generosity. As some richer countries may choose not to spend on social spending, we will examine economic and welfare state development separately. Combining both party- and country-level explanations, the second hypothesis proposes that:

H2: Where there is better economic development or welfare state generosity, a party's preferences towards social policy will have a weaker association with clientelist effort.

Furthermore, we examine Thai parties' clientelist engagement in comparison to those in other developing countries. The Thai case is not straightforward because the long-time practice of political clientelism in Thailand (Scott, 1972a) has faced a rapid expansion of populist promises in relation to welfare policy (Laothamatas, 2006; McCargo, 2001; Phongpaichit and Baker, 2008). However, very few studies of clientelism in the recent wave (after the late 1990s) focus on Thailand.[8] The current levels of clientelist politics in Thailand are, then, hard to gauge. When compared to other countries, the lack of interest in studying clientelism might be explained by the possibly lower levels of clientelism Thailand has recently experienced. Since 2001, populist policy competition has opened up discussions about social policy provision. Therefore, we expect a stronger role of parties' support for social policy in Thailand when compared to other countries. Thai parties are thought to have replaced their clientelist engagement as the criteria for successful elections seem to move away from local influence and towards party-based competition (Phongpaichit and Baker, 2003). Motivated by the current political context, our third hypotheses place Thailand in a comparative perspective in relation to other developing countries:[9]

H3a: Thai political parties generally have lower *levels* of clientelist effort than those in other developing countries.

H3b: In Thailand, political parties' support for social policy has a stronger negative *association* with clientelist effort.

To understand the relationship between parties' social policy preference and their clientelist engagement, we have derived three hypotheses which will be empirically investigated in the

[8] To our knowledge, only two book chapters – by Thompson (2012) and Hutchcroft (2014)– investigate Thailand, in comparison to Japan and the Philippines.

[9] It is important to note that our argument in this chapter only compares Thailand with other countries – it does not make any claims regarding changes over time.

next sections. Whereas the first hypothesis, H1a, covers the general trade-off faced by political parties in practising clientelism, its alternative hypothesis, H1b, considers any differences in clientelist efforts and social policy preferences on the part of political parties which target poor voters. The second hypothesis, H2, furthers the main argument by recognising the fact that the cost to parties of distributing clientelist benefits differs across levels of country's economic and welfare state development. Lastly, the third hypotheses, H3a and H3b, place Thailand on the global map of clientelism and social policy.

1.3 Research Design

Due to the variation of political parties' clientelist efforts within a country, the research design focuses on the underlying mechanism at party-level, as well as incorporating country-level factors. In order to test our three hypotheses, the empirical analyses rely on a global dataset of political parties' characteristics and preferences and additional country-level variables. The empirical investigation utilises descriptive graphical illustrations and statistical analyses to examine the hypotheses regarding social policy and clientelism.

1.3.1 Data

The dataset is constructed from party-level characteristics and country-level variables (party-country dataset). The party-level data come from the DALP. This project gathers and consolidates expert views of political competition, parties' organisational characteristics and policy preferences in more than 80 electoral democracies around the world.[10] The expert surveys for data collection were carried out in 2008 and 2009, in which there were 2 to 80 expert responses for each party. We restrict the data sample to parties with at least 5 expert responses in relation to the main variables. The number of responses for each party will be used as weights in the estimation, to take into account the reliability of the data. In particular, the analytic weights are inversely proportional to the variance of an observation of a party.[11]

[10] According to DALP, data collection includes all democratic polities of at least two million inhabitants with a minimum recent experience of two rounds of national electoral competition under at least semi-democratic conditions, as defined by the Freedom House survey.

[11] As party-level observations represent averages of expert responses, the weights are the number of elements that provide that average.

Whereas the DALP includes countries from all regions, the dataset employed in this study excludes parties in 20 "advanced capitalist" countries, for two reasons. Firstly, measurement scales of variables may be sharply different in developed and developing contexts. For instance, the reference point to which experts in Germany refer as "high clientelist effort" may be very different from that in Thailand. As we must be extremely careful when pooling data on political parties across contexts, variable measurement is arguably more comparable among countries with similar levels of political development. Secondly, the relationship between clientelism and social policy is an unpacked and pressing question particularly in the developing world. Not only does our decision to exclude parties in advanced capitalist countries provide a specific focus on the developing context, it also alleviates some potential measurement and reference problems.

The variables in our party-level data set are average values of non-missing expert responses to individual party attributes. After excluding parties with less than five expert responses, the proportion of missing responses is less than 10% for the variables of interest. The excluded parties are mostly smaller ones which would potentially bias the estimation. For instance, smaller parties may carry large measurement errors because there are few responses available. To minimise personal bias and partisan effects of the survey responses, experts who complete the survey consist of scholars, academics, journalists and individuals who are knowledgeable, as a result of their professional activities, about their country's party and political elections. The journalists selected come from independent national newspapers or weekly journals with different political orientations (Kitschelt, 2013).

Despite potentially large measurement errors found in expert responses of party behaviour, researchers of clientelism are unable to offer a distinctly superior research tool (Stokes et al., 2013). This kind of elite survey also provides a comparative perspective often lacking in the field of clientelism: previous studies have been constrained to work with ethnographic techniques or other proxy variables (such as public employment for patronage). While both the elite survey method and proxy variables are embedded with inevitable measurement errors, the elite survey offers an additional and broader cross-national view of the topic. Nonetheless, we are aware of potential data issues as the expertise and knowledge of the experts in question may be limited (Kitschelt and Freeze, 2010). Different national settings may provide different

reference points on which experts are rating parties. As a result, country-level variables are appropriate for contextualising party-level variables for cross-national comparisons. Country-level variables are taken from the World Development Indicators from the World Bank and the International Monetary Fund (IMF).

Dependent Variable In order to measure political parties' engagement in clientelism, we consider an "operational" attribute of political parties' practices in clientelism (Kitschelt and Freeze, 2010). The dependent variable for clientelism (b15) is the sum of a party's clientelist effort through five channels: (1) consumer good, (2) preferential access to material advantages in public social policy schemes, (3) preferential access to employment in the public sector, (4) preferential access to government contracts, and (5) influence over the application of government regulatory rules. The rating scores for each channel come from the questions which ask expert respondents to rate individual parties' and their candidates' effort to attract voters. For example, the question on preferential public benefits (b2) reads:

> "Consider whether candidates and parties give or promise to give citizens preferential access to material advantages in public social policy schemes (e.g., preferential access to subsidised prescription drugs, public scholarships, public housing, better police protection etc.) as inducement to obtain their votes. How much effort do candidates and parties expend to attract voters by providing preferential public benefits?"

As different channels of clientelist effort generally correlate, an additive index of parties' aggregate efforts on clientelism can be constructed. Similarly to Kitschelt's technical report of the dataset (2011), we employ this aggregate variable instead of relying on a specific channel of clientelism. This aggregate measure reflects parties' total clientelist efforts in accordance with the purpose of the research, due to its focus on the actual operation of parties in respect of engaging in clientelism. Moreover, possible errors may exist when experts classify the five clientelist channels. Attempting to quantify a complicated concept such as clientelism, we opt for an aggregate measurement rather than risking further measurement errors from a more specific indicator of clientelism. Experts' responses for each channel are in the scale of 1 to 4;

therefore, our aggregate clientelist effort variable runs from 5 (negligible effort) to 20 (major effort).

In fact, we choose not to work with a "symbolic" measure of clientelism from the survey question (e3) on "the extent to which parties seek to mobilise electoral support by emphasising the capacity of the party to deliver targeted material benefits to its electoral supporters." This indicator relates to the intent of political parties, rather than the practice of their engagement in clientelism. Moreover, the degree to which experts view parties' symbolic commitment to deliver clientelist benefits can differ as against their actual clientelist effort. In particular, such scores of parties' symbolic intent may be easily influenced by experts' own personal political biases.[12]

Independent Variables The main independent variable for *social policy support* is constructed from two variables in the DALP dataset. The first variable concerns parties' support for general social policy provision. This variable (d3) reflects the degree to which "parties support extensive public provision of benefits such as earnings-related pension benefits, comprehensive national health care, and basic primary and secondary schools for everyone". In addition, the second variable (d1) covers the redistribution dimension of social policy as it measures the degree to which a "party advocates social spending redistributing income to benefit the less well-off in society." Despite a high correlation coefficient of .858 between the two variables, they are combined in order to reflect both social policy provision and its redistributive effects, as discussed in the argument section. Since both variables range from low to high advocacy, on a scale of 1 to 10,[13] the independent variable runs from 2 to 20.

In order to test the alternative hypothesis, H1b, the second independent variable of interest is the extent to which political parties target *poor voters* (b9_1), as rated by the experts regarding whether or not "political parties make special efforts to attract poor voters with such [clientelist] inducements? [0] No [1] Yes." For each party, we take the average of all

[12]For instance, experts do not want to be seen to be affiliated with highly clientelist parties. This is indeed evident in the data set as experts who identify themselves as close to highly clientelist parties (as rated by other experts) are likely to rate their affiliated parties as having a lower level of clientelist intent (Kitschelt and Freeze, 2010).

[13]The original variables are reversely coded from high (1) to low (10) levels of support for social and public spending.

expert responses. As a result, our operationalisation of the variable is a percentage per "Yes" or "No" response, rather than experts' original responses in a binary variable form.

In addition to party characteristics, our second hypothesis concerns the contextual constraints that affect the working mechanisms of clientelism. For this reason, we introduce country-level variables on GDP, social spending, and welfare outcomes. As clientelism differs across countries with different levels of development, log *GDP* per capita is included in the estimation. Our second hypothesis, regarding whether economic development allows parties to display different associations between social policy and clientelism, can be tested through the interaction term of *GDP* and *social policy support*. Notwithstanding a high correlation between a country's GDP and its social spending, we assess social policy generosity as an additional factor that conditions the trade-off between social policy support and clientelism. For instance, some wealthy countries may choose to spend on some components of social policy but not on both education and public health, which are the basis of welfare assistance in developing countries. To measure a country's social policy generosity, the *social spending* variable is an average over five years of education and public health spending, as a percentage of GDP. The *social spending* variable is interacted with the parties' *social policy support* as our estimates of party-level clientelist efforts are conditional on the levels of countries' welfare generosity.

As it may be argued that government spending may not best reflect the distribution of social policy, we therefore include two variables for welfare outcomes, to explicitly measure the extent of a country's of welfare policy. The *infant mortality rate* (infants dying before the age of one) and average *schooling* years (of adults over the age of 25) reflect health care and education policies, respectively. Years of schooling also reflect citizens' literacy rates which allow them to receive a greater amount of policy information through print and broadcast media and discourage clientelism (Chapter 7 in Stokes et al., 2013). Each of these welfare outcome variables will be separately included in an interaction term with parties' *social policy support*.

Control Variables The estimation equation includes party-level control variables. Variables for party characteristics come from the DALP data including ideological orientation, party size, party machines, use of charisma and programmaticism. Ideological orientation of a political party is included because leftist parties are more likely to support social policy in general,

without necessarily engaging in patron–client exchange relations. The *ideology* variable is rated by experts for each party on a scale of 1 to 10, from left to right. The *party size* variable is an average of vote shares received in the two most recent legislative elections. The variable can be a proxy for the resources parties possess which maintain their clientelist networks. In order for clientelism to function, politicians often rely on intermediaries in local areas to target benefits and monitor their recipients' vote choices. Therefore, we include a variable for the existence of *party machines* (as rated by the experts in the survey) to reflect the capacity of parties to locally engage in clientelism. As a result, holding constant the capacity of parties to practice clientelism, our estimates reflect the impact of parties' social policy preference on their clientelist efforts.[14]

Instead of clientelism, political parties may employ alternative mobilisation strategies as the question of reinforcement and trade-offs between linkage mechanisms remain debatable. The decision to engage in clientelism is therefore dependent upon the extent to which political parties are already charismatic and/or programmatic (Kitschelt, 2000; Stokes et al., 2013; Kitschelt and Wilkinson, 2007). For instance, the use of *charisma* to attract voters may well correlate with parties' clientelist efforts as charismatic politicians can establish and maintain clientelist relations more easily. This is reflected by the survey question (e1): an average of expert ratings of the extent to which "parties seek to mobilise electoral support by featuring a party leader's charismatic personality."

On the other hand, parties can rely on programmatic policies to attract votes. We measure the degree of political parties' "*programmaticism*" by the *CoSal(Po)_4* index developed by Kitschelt and Freeze (2010). Their measure of programmatic linkage mechanisms is based on the degree of cohesion across a party's political positions, issue salience and policy polarisation, following a scale from zero (least programmatic) to one (most programmatic). Parties employing programmatic linkages will tend to have clear and cohesive policy positions. This is proxied by the standard deviation of expert scores for each policy issue in the survey. As a rough measure of issue salience, Kitschelt and Freeze use the proportion of valid expert responses out of all responses, with a range from zero (many non-responses) to one (no non-responses). They measure polarisation by calculating the mean distance of a focal party's position on the is-

[14]It is both capacity and preferences of parties which determine their clientelist levels (Szwarcberg, 2013).

sue from the positions of each of the other parties in the system, with each dyad's distance weighted by the relative size of the two parties whose distance is being compared.[15]

1.3.2 Descriptive Statistics

The descriptive statistics introduce the variables from the DALP data as well as illustrating simple correlations between party preferences towards social policy and clientelism. To map the political parties from different developing countries, we discuss the data in all regions, although the empirical estimation will exclude the advanced capitalist countries. Table 1.1 provides an overview of both the party-level and country-level variables used in this research. Out of 452 parties covered in the data set, 114 parties come from 20 Advanced Capitalist, 114 parties from 19 Post-Communist, 85 parties from 19 Latin American, 52 parties from 14 African, and 87 parties from 14 Asian/Middle Eastern democracies.[16] Almost all parties included in the dataset obtain at least a seat in their national legislatures.[17] As the advanced capitalist countries are excluded in our analyses, the universe of our sample parties is arguably the population of effective parties in developing countries. Nonetheless, we present descriptive statistics of all regions for illustrative purposes.

A party-level empirical analysis is necessary because parties vary greatly in their clientelist efforts within the same country. Much of the interesting characteristics would be lost if we were to conduct this analysis with an aggregate value at country-level. Figure 1.1 illustrates a country average and its within-country variance of parties' clientelist efforts. We can observe this variation across all levels of clientelism, especially around the middle range of the variable. Indeed, the data represent a full range of clientelism levels, covering political parties with minimal effort to almost full effort in clientelism. Such variations will enable the statistical investigation to be estimated with more precision. In addition, substantial regional variation is shown in our data (Table 1.1). As expected, Advanced Capitalist countries hold the lowest

[15]The three components are multiplied to create the CoSalPo scores for each issue for each party. Finally, *CoSal(Po)_4* is constructed by adding three of the five common issue scales (d1-d5) that have the highest CoSalPo scores, but no more than two of them may be economic, then adding the highest scoring country-specific issue, or one of the remaining d1-d5 issue scores, provided the latter trumps the CoSalPo score of the available customised national questions (Kitschelt and Freeze, 2010).

[16]The country classification follows that of Kitschelt and Freeze (2010); Kitschelt (2011).

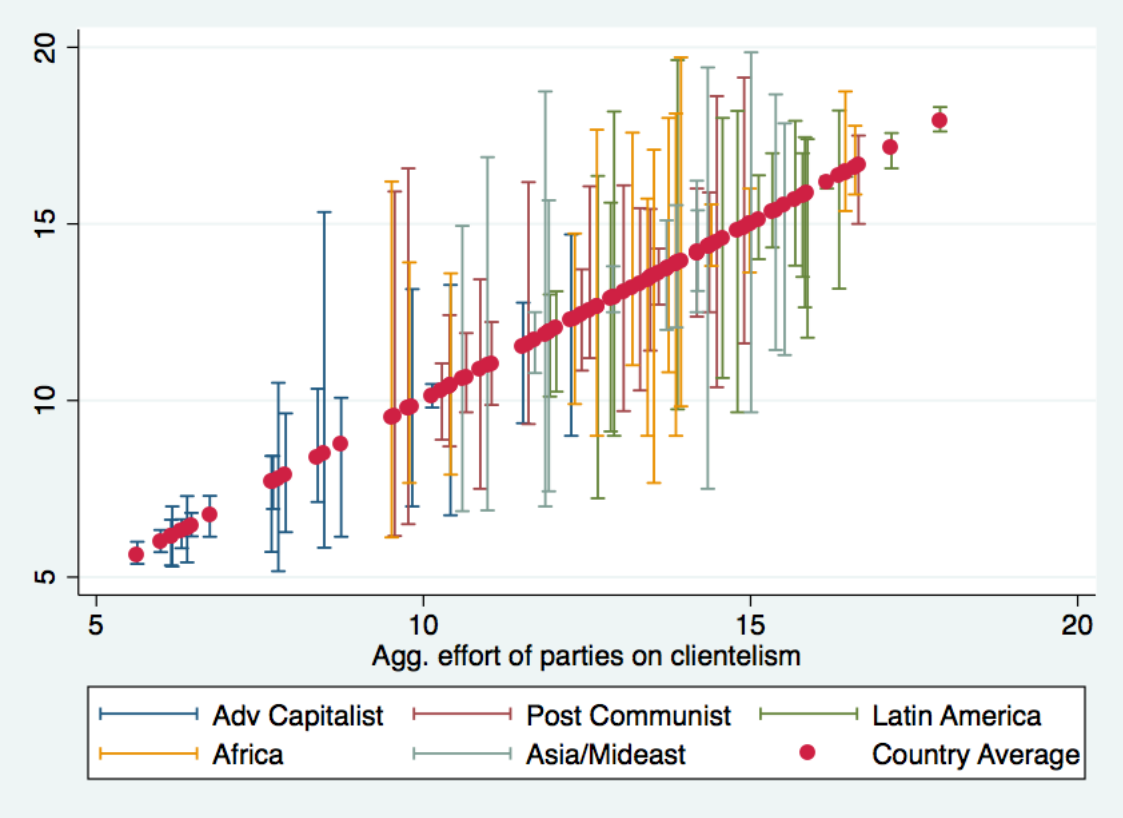
[17]The exceptions are four parties which have no representatives in the national legislatures: Citizens for European Development of Bulgaria (Bulgaria), Lebanese Communist Party (Lebanon), Proud of the Netherlands (Netherlands), Felicity Party, Democratic Society Party and Democratic Left Party (Turkey).

Table 1.1: Descriptive Statistics

	Adv Capitalist	Post Communist	Latin America	Africa	Asia /Mideast	Total	Thailand
Party-level							
Clientelist effort	8.13	12.5	15	13.5	13.9	12.3	12.9
	(2.48)	(2.65)	(2.63)	(3.5)	(3.16)	(3.79)	(.551)
Social policy support	11.2	11.3	10.1	12.3	11.5	11.2	9.04
	(3.87)	(3.18)	(2.45)	(2.1)	(2.78)	(3.13)	(1.68)
Poor voters	.418	.518	.443	.715	.691	.535	.667
	(.317)	(.297)	(.315)	(.162)	(.23)	(.304)	(.143)
Ideology	5.48	5.53	6.2	5.44	5.82	5.69	8.28
	(2.42)	(2.07)	(2.14)	(1.39)	(2.19)	(2.15)	(.932)
Party size	15.4	14.7	17.7	22.5	12.3	15.9	6.82
	(13.3)	(12.9)	(13.9)	(21.2)	(12.6)	(14.6)	(8.89)
Party machine	1.1	1.24	1.3	1.35	1.28	1.24	1.15
	(.444)	(.428)	(.484)	(.417)	(.408)	(.444)	(.447)
Programmaticism	.407	.31	.224	.134	.223	.281	.0839
	(.147)	(.127)	(.0865)	(.0798)	(.108)	(.148)	(.0511)
Charisma	2.64	2.97	2.94	2.97	2.9	2.87	2.52
	(.688)	(.736)	(.658)	(.608)	(.79)	(.717)	(.486)
Observations	114	114	85	52	87	452	7
Country-level							
GDP per capita PPP	32762.4	13095.8	8714.5	4140.3	10937.7	14818.4	7489.3
	(6180.3)	(6566.7)	(3783.7)	(4259.4)	(9913.6)	(12143.8)	
Social spending/GDP	13.37	9.442	7.982	7.749	6.092	9.183	6.822
	(2.115)	(2.024)	(1.902)	(2.739)	(2.534)	(3.329)	
Infant mortality rate	3.720	9.417	17.31	55.73	20.79	19.91	11
	(0.964)	(6.291)	(7.408)	(26.46)	(17.99)	(22.41)	
Schooling years	10.89	10.71	7.770	5.470	7.434	8.648	6.548
	(1.381)	(1.135)	(1.478)	(2.460)	(2.875)	(2.820)	
Observations	20	19	19	14	14	87	1

Main statistic is the mean. Standard deviation is in parenthesis. GDP in USD international constant prices. Party size is an average of vote shares received in the two most recent legislative elections.

Figure 1.1: Variation within Country of Parties' Clientelist Effort, by Regions



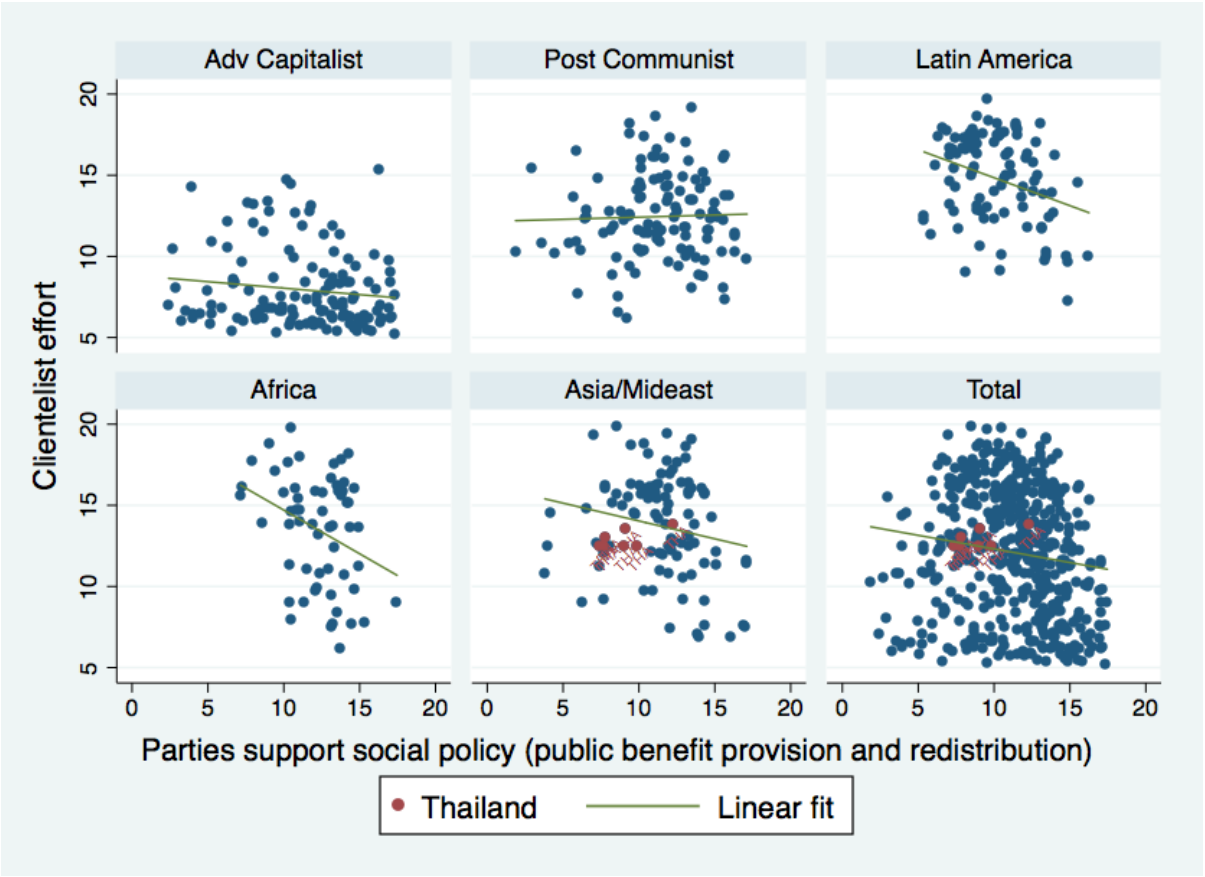
average clientelist effort, of 7.94 points, whereas Latin American countries have the highest average, of 14.8 points.[18] In fact, the other four regions show a significantly larger average than that of the Advanced Capitalists. The table also shows the descriptive statistics for seven parties in Thailand from the DALP dataset. Thai parties are on average less clientelist than those in other Asian and most developing countries. This supports the third hypothesis that clientelism level among Thai political parties is relatively low.

As displayed in Table 1.1, there is no obvious regional difference for the main independent variable regarding a party's support for social policy. The regional averages are between 10.1, in Latin America, and 12.3, in Africa. The similar regional averages could reflect parties that hold extreme values of very low and very high social policy support within a region. In Thailand, average parties are only 9.04, whereas the incumbent Palang Prachachon Party (a reincarnation of Thaksin's TRT Party) obtains a score of 12.29 from the experts.

A correlation between the dependent and main independent variables is illustrated in Figure

[18]Descriptive statistics of each clientelist effort channel are displayed in the Appendix.

Figure 1.2: Parties' Clientelist Effort and Support for Social Policy, by Regions



1.2 as we plot parties' social policy preferences against their clientelist efforts by regions. The trade-off hypothesis (H1a) appears to be more strongly supported in Africa, Latin America and Asia/the Middle East whereas Advanced Capitalist and Post-Communist countries show weaker associations. Since the countries in different regions experience distinct socio-politico contextual and institutional settings, careful consideration of both party-level conditions and country-specific contexts is required when estimating the association between a party's preference on social policy and its clientelist effort. In comparison to other countries, Thailand's parties appear to be close to the linear projection of the independent and dependent variables. The two components of the independent variable for social policy support are individually plotted against clientelist effort in the Appendix.

In relation to the alternative hypothesis (H1b) on parties targeting the poor, the simple correlation plots in Figure 1.3 show that: parties which support social policy also tend to target the poor. This is particularly evident in Africa and Asia/the Middle East where the poor-targeting parties (in the right-hand panel) show significantly stronger preferences towards social policy.

Figure 1.3: Parties' Clientelist Effort and Support for Social Policy, by Parties Targeting the Poor

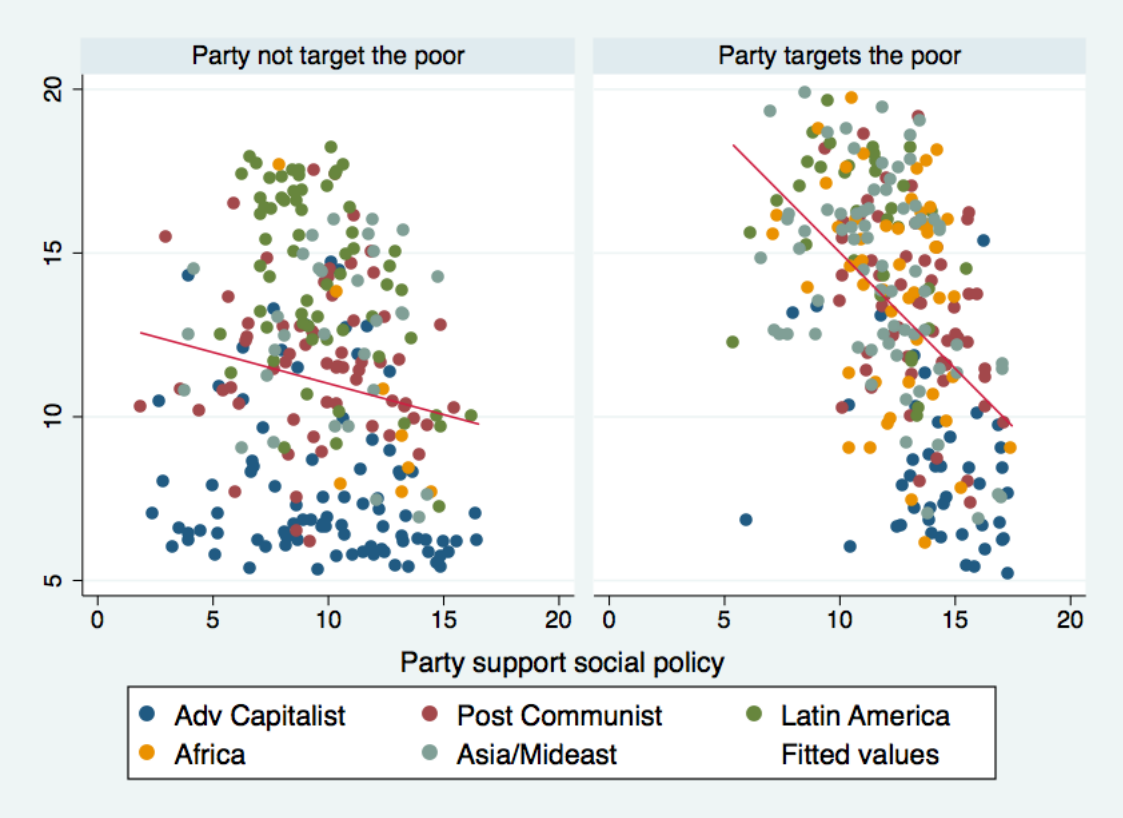
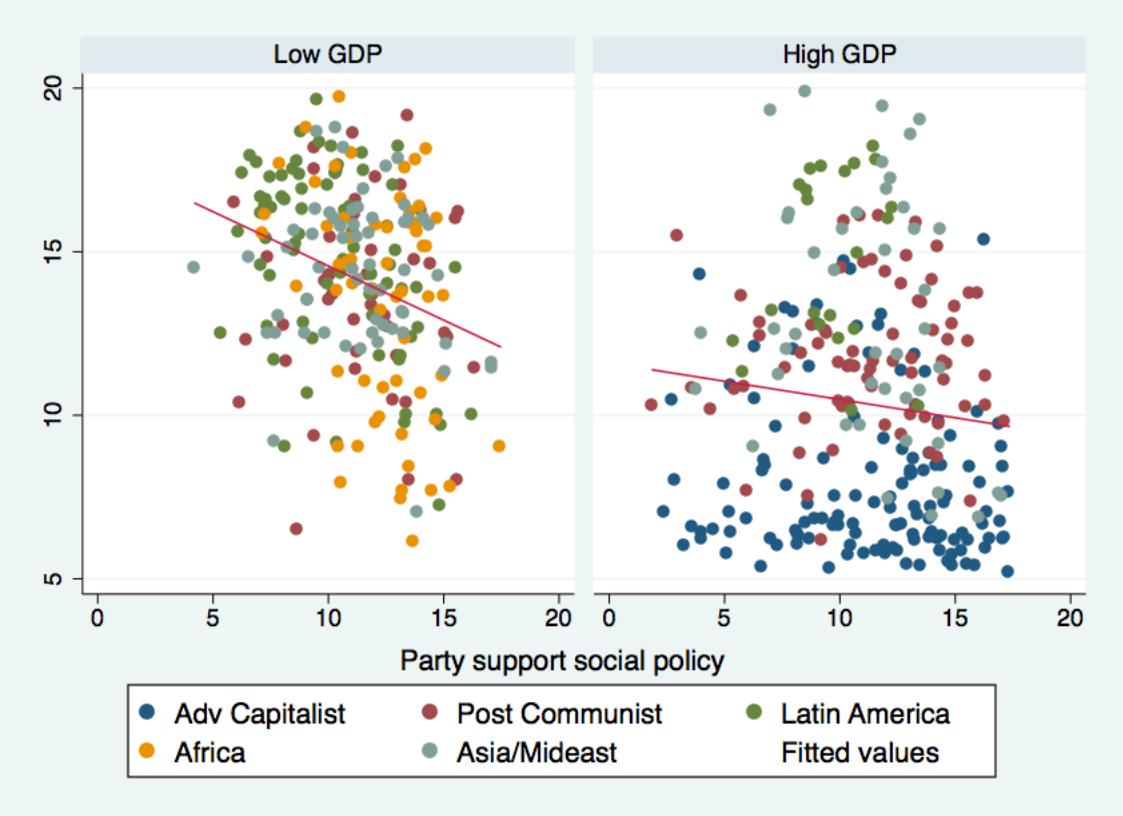


Figure 1.4: Parties' Clientelist Effort and Support for Social Policy, by Country's Levels of GDP



Such parties also possess a higher degree of clientelist effort than those not targeting the poor. In other words, parties are concentrated in the top-right corner of the right-hand panel. As a result, we may expect a different level of clientelist engagement because the poor-targeting parties combine and reinforce clientelist effort with social policy. Despite the expected smaller trade-off, we actually observe a stronger negative relation between a party's social policy support and its clientelist effort. The simple correlation plot implies that a smaller increase in support for social policy is required for targeting parties to substitute away from clientelist linkage mechanisms.

According to the second hypothesis, a country's economic development may play a role in determining political parties' preference trade-offs. The correlation plots in Figure 1.4 motivate our claim further that parties in higher GDP countries are substituting less between the two preference factors. We define the low/high GDP countries as those below/above the median GDP level of all countries in the dataset ($9,946 per capita). Because voters in wealthier contexts may already receive substantial welfare support, parties do not face such a large

trade-off between social policy and clientelism. The level of economic development and the benefits currently experienced by citizens likely underpins political parties' decisions.

The dataset of party characteristics and country-level factors enables the hypotheses regarding political parties' social policy preferences and their clientelist effort to be empirically tested. The descriptive statistics presented above provide some overview of the data in relation to the research question. The simple correlation plots offer a crude display of the hypothesised negative relationship between political parties' social policy preferences and their clientelist efforts. However, further statistical exercises are required to properly examine their association in detail. Following this subsection, we introduce the main estimation model which extends the bivariate descriptive statistics to multivariate regression analyses.

1.3.3 Multi-Level Model

The linear Multi-Level Models (MLM) with varying country intercepts are applied to take into account the hierarchical structure of the party-country data. The multi-level estimation technique exploits party-level variation while controlling for country-specific characteristics. In order to accommodate cross-country differences in the level of clientelism, the model intercept is allowed to vary across countries. The baseline model for party i in country j to be estimated is:

$$clientelism_{ij} = \gamma_{00} + \gamma_{10} socialpolicy_{ij} + \gamma_{20} poorvoters_{ij} + \gamma_{01} GDP_j + \underline{X}_{ij}^{'}\Gamma + \delta_{0j} + \epsilon_{ij} \quad (1.1)$$

where $clientelism_{ij}$ is the level of clientelist effort rated by experts. The main independent variable $socialpolicy_{ij}$ is parties' support for social policy. This equation, which can be estimated by the maximum likelihood method, implies that party-level clientelist effort depends on (1) party-level factors, such as party preferences regarding social policy and the party's targeting of poor voters, (2) country-level factors, such as GDP, and (3) party-level control variables in the vector $\underline{X}_{ij}^{'}$. In this varying-intercept model, the country-level intercepts can also be written by

$$\beta_{0j} = \gamma_{00} + \gamma_{01} GDP_j + \underline{X}_{j}^{'}\Gamma + \delta_{0j} \quad (1.2)$$

The coefficient γ_{10} estimates the role of political parties' social policy preferences on clientelistic practices which tests the first hypothesis, H1a. To test the H1b and H2 hypotheses, intra-level and cross-level interactions of $socialpolicy_{ij} * poorvoters_{ij}$ and $socialpolicy_{ij} * GDP_j$ will be introduced to Equation 1.1, respectively. As to be closely examined by other chapters of the thesis, Thailand's political parties have recently faced the same debate on social policy and clientelism. In this chapter, we also offer a comparative perspective as we place Thailand on a map along with other developing countries. In particular, our third hypotheses, H3a and H3b, reinvestigate the trade-off between social policy support and clientelist effort, and compare political parties in Thailand with those in other countries. The baseline model now includes a dummy variable for Thai political parties and its interaction term with $socialpolicy_{ij}$.

Since the data are cross-sectional, only party-level control variables are included in the estimation. It is not possible to add country-level controls because adding more than one country-level variable would only move the country intercepts up and down. If panel data were available, multiple country-variables could be simultaneously estimated thanks to their variation over time. As a result, we only include one country-level variable one at a time, to evaluate the second hypothesis.

One potential limitation of using the MLM with our data comes from the small number of parties observed in each country. The countries in the sample contain 2-17 parties, with an average of five parties per country. This relatively small cluster size may limit the statistical power when testing random slope variances at country level, but not when testing fixed regression coefficients in our model (Snijders, 2005). For testing the regression coefficient at party-level in this chapter, the average cluster sizes are not a particular concern with respect to statistical power. In spite of the low average number of parties sampled per country, the party-level fixed regression coefficients can be consistently estimated.

In addition, as a robustness check, we employ a second statistical model to estimate parties' clientelist practice. The ordinary least squares (OLS) can be estimated where the model for party i in country j is:

$$clientelism_{ij} = \beta_0 + \beta_1 socialpolicy_{ij} + \beta_2 poorvoters_{ij} + \beta_3 GDP_j + \underline{X}'_{ij}\beta + \upsilon_{ij} \qquad (1.3)$$

As the dataset consists of both party- and country-level variables, the OLS model can be estimated with country-clustered standard errors. Similarly to the MLM estimation, the alternative and second hypotheses will be examined with an introduction of the interaction terms, $socialpolicy_{ij} * poorvoters_{ij}$ and $socialpolicy_{ij} * GDP_j$ to Equation 1.3, respectively.

While the MLM is a conventional method when dealing with such data (Gelman and Hill, 2007), the OLS method still proves useful as a robustness check. In contrast to the MLM, OLS estimation pools together all parties and treats them as independent observations regardless of whether they are from the same country. While the potential problem of statistical power will not arise with OLS, the stronger assumption on independent observations of the parties is imposed. To make this assumption to be more realistic, we include some relevant country-level control variables to condition parties which come from the same country. Moreover, the OLS will be estimated with country-clustered standard errors which can alleviate the clustered data issue which results from basic robust standard errors.

1.4 Empirical Results

In this section, eight multi-level models are estimated and presented in Table 1.2. The logic of model building follows the three hypotheses we set out to test in this chapter. The first model, which includes only party-level explanatory variables, serves as a baseline model without any country-level variables or interaction terms. Model (2) evaluates the alternative hypothesis, H1b, regarding poor-targeting parties, with an interaction term of *social policy support* and *poor voters* variables. Models (3)-(6) correspond to the second hypothesis regarding levels of economic and welfare state development. Lastly, Models (7)-(8) compare Thailand to other countries in the dataset in accordance with the third hypothesis.

In all models, we find support for the main argument that political parties with strong preferences for social policy exert less clientelist efforts. The coefficients of *social policy support* are negative and significant across all specifications. In Model (1), a one point increase in a party's *social policy support* corresponds to a decrease of .22 points in clientelism. All party characteristic variables show expected and significant coefficients. With respect to the theoretical account of political linkage combinations, parties' clientelist efforts show a positive association

Table 1.2: Multi-Level Linear Model Estimates of Parties' Clientelist Effort

	H1a	H1b	H2				H3a	H3b
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Social policy support *(SPS)*	-0.22***	-0.16*	-1.16**	-0.40***	-0.16**	-0.69***	-0.22***	-0.22***
	(0.063)	(0.084)	(0.48)	(0.15)	(0.074)	(0.16)	(0.063)	(0.063)
*SPS**Poor voters		-0.15						
		(0.13)						
Log GDP			-1.39**					
			(0.67)					
*SPS**Log GDP			0.10**					
			(0.051)					
Social spending				-0.29				
				(0.20)				
*SPS**Social spending				0.020				
				(0.015)				
Infant mortality rate *(IMR)*					0.065**			
					(0.031)			
*SPS***IMR*					-0.0050**			
					(0.0023)			
Schooling						-0.74***		
						(0.21)		
*SPS**Schooling						0.050***		
						(0.015)		
1[Thailand]							-2.17	-2.52
							(1.93)	(5.79)
*SPS**1[Thailand]								0.035
								(0.54)
Poor voters	3.32***	4.93***	3.11***	3.20***	3.16***	3.34***	3.31***	3.31***
	(0.56)	(1.54)	(0.57)	(0.57)	(0.56)	(0.54)	(0.56)	(0.56)
Ideology	0.21***	0.20***	0.18**	0.19***	0.19***	0.21***	0.21***	0.21***
	(0.067)	(0.068)	(0.072)	(0.069)	(0.071)	(0.069)	(0.067)	(0.067)
Charisma	0.56***	0.54***	0.59***	0.56***	0.60***	0.31**	0.56***	0.56***
	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Programmaticism	-5.89***	-5.47***	-6.11***	-5.64***	-6.16***	-5.58***	-6.00***	-6.00***
	(1.41)	(1.45)	(1.53)	(1.46)	(1.48)	(1.44)	(1.41)	(1.41)
Party size	0.043***	0.043***	0.042***	0.042***	0.040***	0.046***	0.043***	0.043***
	(0.0096)	(0.0096)	(0.0098)	(0.0097)	(0.0098)	(0.0096)	(0.0096)	(0.0096)
Party machine	1.24***	1.21***	1.33***	1.28***	1.35***	1.10***	1.26***	1.26***
	(0.32)	(0.32)	(0.33)	(0.32)	(0.32)	(0.31)	(0.32)	(0.32)
Constant	10.0***	9.45***	23.1***	12.6***	9.22***	17.7***	10.0***	10.0***
	(1.24)	(1.29)	(6.32)	(2.13)	(1.32)	(2.36)	(1.17)	(1.18)
Region dummy	YES	YES	YES	YES	YES	YES	YES	YES
Observations	337	337	328	337	330	305	337	337
Var(Constant)	1.45***	1.46***	1.457***	1.484***	1.472***	1.405***	1.440***	1.439***
	(.181)	(.182)	(.184)	(.184)	(.184)	(.185)	(.182)	(.182)
Var(Residual)	1.69***	1.69***	1.69***	1.67***	1.67***	1.55***	1.69***	1.70***
	(.074)	(.074)	(.074)	(.074)	(.074)	(.072)	(.074)	(.075)
Loglikelihood	-707.2	-707.7	-686.3	-710.8	-696.3	-620.4	-705.0	-704.7
AIC	1440.4	1443.4	1402.5	1451.7	1422.7	1270.9	1438.0	1439.4
Wald Chi^2	372.62	374.54	389.81	375.86	392.05	386.09	374.04	372.83

Main statistics are the coefficients; country-clustered standard errors in parentheses.
Log GDP/capita, Social spending/GDP, Average schooling years. GDP in USD international constant prices per capita.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

with the application of *charisma* and a strong negative link with *programmaticism*. While charismatic parties may bypass political intermediaries, such as vote brokers, and manage to avoid clientelism (Stokes et al., 2013), the results suggest that clientelism and charisma reinforce each other. Indeed, parties may rely on their charismatic politicians to distribute clientelist goods and maintain support networks. On the other hand, parties with a high level of programmatic structure engage less in clientelism. The two linkage mechanisms appear to operate in opposite directions as programmatic linkages emphasise policy appeals, the benefit distribution of which follows systematic criteria. The estimated coefficients on party size show a small but significant effect. This implies that additional members parties have in the national legislature are correlated with a slight increase in the parties' clientelist efforts. As expected, parties operating with a strong presence of party machines are more involved in clientelist practices.

Testing the alternative hypothesis, Model (2) includes an interaction term of *Social policy support*Poor voters*. The coefficient of the interaction term shows the expected but insignificant sign. In other words, the targeting parties are not significantly different from other parties in their operation of social policy and clientelist efforts. Previous research which study specific social policy programmes or carry out country case-studies often find evidence of clientelist strategies – especially for parties which target the poor. Mostly focusing on Latin America, such research tends to select clientelist-prone cases or contexts as the researchers are interested in the impact of clientelism on public policy (e.g. Dornbusch and Edwards, 1991; Díaz-Cayeros et al., 2014; Larreguy, 2012). In contrast, the results here, based on a global dataset of effective political parties, show no statistical significance as regards poor-targeting parties behaving differently from others. The findings provide a more general answer to the question of clientelist targeting of the poor. Nonetheless, we do not disregard possible cases that clientelist practices can be directed at poor voters.

The second hypothesis regarding economic development and welfare state conditions is examined by Models (3) to (6). The country-level variables are individually introduced to the baseline model, including GDP, social spending, and welfare outcomes (infant mortality rate and average schooling years). In Model (3), the coefficient of GDP is negative and significant (-1.39) and its interaction term with *social policy support* is positive and significant (.10).

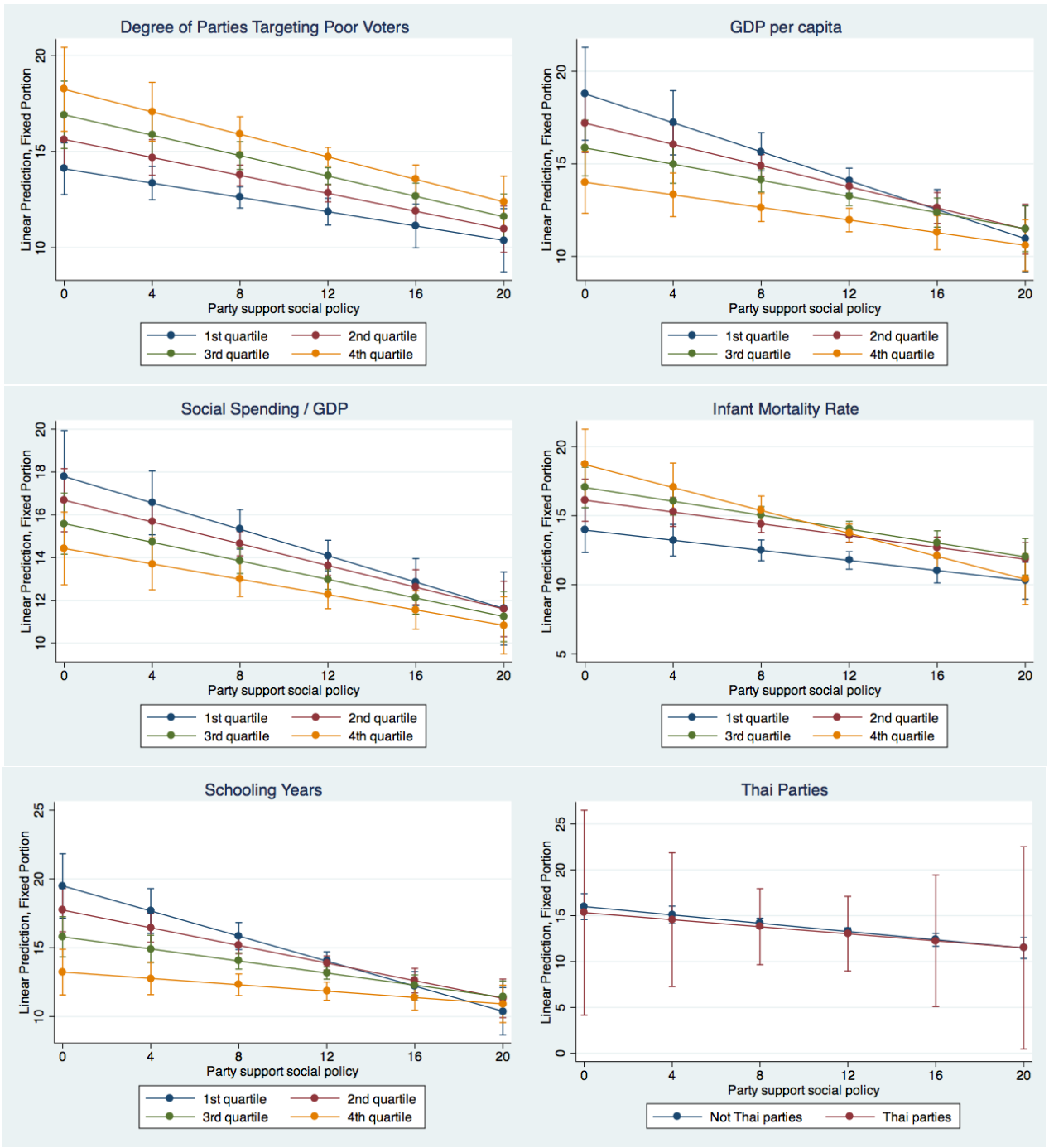
For parties in countries with higher GDP per capita, the negative relationship between a party's preference towards social policy and clientelism (of -1.16) is weaker (less negative) by .10 points. In other words, political parties in richer countries encounter a smaller trade-off between social policy support and clientelist effort. This smaller trade-off in wealthier countries is illustrated in flatter lines for higher income quartile countries in Figure 1.5. Moreover, parties in higher income quartile countries are generally less clientelist, as reflected by the lower intercepts.

Similarly, parties in countries with low (high) infant mortality rate (average schooling years) are those with better health (education) conditions. Because the level of welfare advantage is already high, there is less incentive for political parties to replace clientelist effort with more social policy benefits. Therefore, the interaction terms in Models (5) to (6) suggest a weaker association between social policy and clientelism in countries with superior welfare outcomes. Average marginal effects of each interaction term are also shown in Figure 1.5. We also note that, countries in the worst quartile of both welfare outcomes display much steeper slopes, whereas other quartiles are relatively in line with each other. Thus, the interaction term effects are driven by the larger trade-offs in countries with inferior welfare outcomes.

As regards the second hypothesis, Models (3) to (6) consider different levels of economic and welfare state development as conditions in which political parties operate. The interaction terms between *social policy support* and the country-level variables show expected and significant coefficients for *GDP*, *infant mortality rate* and *schooling years*. The interaction effect is likely caused by the prominence of clientelism in poorer countries as reflected by steeper slopes among the worst quartile countries in Figure 1.5. However, no evidence of such relationship being conditional on social spending is found in Model (4). As has been widely argued by critics, welfare state generosity may not be entirely reflected by levels of social spending. In fact, the findings on developing countries here underline existing measurement problems regarding the use of social spendings in previous welfare state research among advanced capitalist countries.

In Models (7) and (8), the dummy variable for Thai political parties shows a negative but insignificant coefficient. This suggests no statistical difference as regards levels of clientelist effort between political parties in Thailand and those in other developing countries. Moreover, there is no evidence that the association between social policy and clientelism faced by Thai

Figure 1.5: Average Marginal Effects



political parties differs from that encountered by others in the developing world. In other words, Thai political parties are representative of parties in the developing world, as previously displayed in the correlation plots in Figure 1.2. We note that the Thai parties used in the analysis include two main parties as well as five smaller parties. Despite controlling for party size, the two main parties are the ones which prefer social policy. Therefore, welfare policy competition has been driven by the two parties. One of these is a reincarnation of Thaksin's Thai Rak Thai Party who introduced welfare populism in Thailand.

When compared to countries in Latin America who share similar levels of economic and welfare outcomes (Table 1.1), social policy preferences of Thai political parties also reflect a populist mobilisation of votes. Barrientos and Santibanez (2009) describe the broad social protection reforms of the 1990s in Latin America as contributing to a transition from a "conservative-informal" to a "liberal-informal" welfare mix (Gough and Wood, 2004). Although the two welfare mix differ in terms of formal policy design, they largely depend on informal arrangements with some political interference. For example, social funds as an integral part of the government of Venezuela were controversial and subject to political interference. Penfold-Becerra (2007) shows that political manipulation was present in the "misiones" social funds programme as the government invested the funds in the patron-client relationship for electoral purposes. Similar to Venezuela, the Argentine experience exhibits decentralised and targeted social welfare policies (Weitz-Shapiro, 2009). Decentralised ruling parties with strong insertions into social networks – incumbent machines – channel benefits from ostensibly public policies to individual voters, using voter responsiveness as a criterion of distribution and threatening (Stokes, 2005). Nonetheless, Stokes argues that welfare programmes and clientelism are indeed substitutes as the Peronist party relied more on clientelism after abandoning its welfarist platform in the 1990s (Stokes, 2009).

As with Latin American countries (Navia and Walker, 2010), social policies in Thailand also followed an economic crisis, opposed neo-liberal policies and gained popularity mainly through electoral mobilisation. For decades, Thailand resorted mainly to a liberal economic policy in tackling poverty through economic growth. This growth-driven view of poverty reduction was not automatically accepted as it had been previously once the 1997 financial crisis occurred and poverty increased. The social policies quickly filled the gap, and became a huge political

success that has lasted until now. Yet, to become a welfare state, Thailand would have to pay a huge cost. The working-age population would have to pay more taxes. Changes in the allocation method are needed to transform the country to become a welfare state. While the local-level implementation of social welfare programmes is still adapting, formalised and institutionalised social policy may undermine the informal clientelist relations to some extent.

Despite its open economy and relatively weak left parties, Thailand saw an expansion of social policy developments in most dimensions of welfare provision (Haggard and Kaufman, 2008). The "dramatic" expansion of health insurance under the Thaksin administration proves to be the most important initiative of social policy development following gradual expansion of health card schemes in the 1990s. In education, the 1997 Constitution made secondary enrolments mandatory. In social assistance and anti-poverty programmes, large expansions of social safety nets, rural schemes and transfers under Thaksin were consistently implemented. These initiatives provided the basis for a further expansion of coverage following the Asian financial crisis, particularly under the conservative-populist government of Thaksin.

However, it is not clear in the preceding empirical results and the previous studies how such policies can sufficiently substitute for clientelist practices of welfare support. The cross-country analyses are unable to investigate where in the institutional process and distributive levels that the trade-off between social policies and clientelism occurs. For instance, the design of some policies corresponds to a "new social contract" (Hewison, 2004) as they "establish a higher level of social protection than ever considered possible in the past." The crafting of Thailand's new social contract indeed takes place at various levels of distributive levels. While welfare support is more formalised through social policy, certain organisational-managerial practices of national welfare administration at some levels may still depend on the local influence for more efficient channels of welfare delivery. As a result, puzzles still remain as to at which levels and under what conditions the trade-off between social policy and clientelism occurs. This has prompted further analyses at sub-national level to study the interaction between social policy and clientelism in the following chapters.

Robustness Checks

The main findings presented in Table 1.2 are robust to a number of robustness checks and specification variations. Firstly, we apply the OLS with country-clustered standard errors to check whether the results are robust to model selection. The OLS findings in Table 1.3 in the Appendix confirm our main hypothesis, H1a, that there is a negative relationship between parties' social policy support and their clientelist engagement. The OLS results are, however, inconclusive as regards the second hypothesis regarding country-level characteristics. Moreover, we find support for the third hypothesis, H3a, that the level of clientelist effort among Thai parties is generally lower than that in other countries. Given the hierarchical party-country dataset, we must carefully interpret the cross-level interaction terms in the OLS estimates, which implicitly assume a single-level data structure. Nonetheless, both OLS and MLM results are in line with the main argument of this chapter.

Secondly, we apply the same multi-level estimation equation on political parties' clientelist efforts with either component of the main independent variable *social policy support*: public provision of social policy benefits (d3) and support for redistribution (d1). The top (bottom) panel of Table 1.4 in the Appendix re-estimates the main result table with *social policy provision* (*redistribution*) as the main independent variable. With *social policy provision*, the results for all three of the hypotheses are consistent with the main findings although only *schooling* shows a significant effect for the second hypothesis. The coefficients of *GDP*, *social spending* and *infant rate mortality* and their interaction terms with the independent variable are insignificant. With *redistribution*, the estimated coefficients and significance levels are very close to the main findings. We note that the results for the second hypothesis are largely driven by the redistribution dimension of social policy support. Moreover, levels of education are the most robust country-level factor conditioning the parties' preferences.

Thirdly, we consider ways to take into account regional differences with respect to the ways which political parties operate in clientelism. The main estimates already include region dummies which display a significant and positive coefficient for Latin America (with reference to Post-Communist countries). In addition, regional subsamples are individually estimated with the same multi-level model. Unfortunately, the number of parties available in each

region is quite small, which would inflate the estimated standard errors. As a result, we obtain similar coefficients to those estimated with full sample but the large standard errors undermine statistical significance.

Additional robustness checks are estimated by OLS using country-level aggregate variables which show no effects of social policy support on clientelism. Here, the lack of within-country variation in party characteristics highlights the advantage of our the party-country dataset used in the main analysis. In addition, the main independent variables have been recoded into dummy variables and estimated by both OLS and MLM methods. The findings are consistent with our main results using continuous variables.[19]

1.5 Conclusion

Does social policy substitute patron–client relations in providing welfare support? Even when clientelism is more effective than programmatic policies, not all parties offer selective incentives and abandon policy competition. This is because political parties are not equally connected or intertwined with the social networks of low-income voters (Brusco et al., 2004). This chapter has investigated the relationship between political parties' preferences toward social policy and their involvement in clientelist practices. Our main argument is that political parties' support for social policy should generally lead to less clientelist effort. Nonetheless, this relationship may be conditional on whether parties target the poor, as well as a country's level of economic development. We propose three empirical hypotheses to be tested using the DALP data.

The first hypothesis concerns the general relationship between parties' preferences towards social policy and their engagement in clientelism. We argue that political parties which support social policy are discouraged from using clientelist mechanisms to earn votes. Increased social policy expands the scope of the social safety net, making it more universal, and threatens the discretionary nature of clientelist relations. Clients who used to rely on preferential access to policy benefits in clientelism are now more independent and have better bargaining power against their patrons. Alternatively, social policy may be used clientelistically to maintain an electoral base when parties target the poor. As a result, the alternative hypothesis re-examines

[19]The results are available upon request.

party preferences and their clientelist effort in the case of parties which target the poor. Such parties are more likely to distort social policy allocation for electoral purposes because the poor are more susceptible to material and transfer benefits. Due to this conditionality, the argument can be generalised beyond case-based clientelist practices on programme-specific social policy benefits observed in existing studies.

The second hypothesis examines how economic and welfare state development constrains the usage of clientelism by political parties. We propose that the general relationship between parties' social spending preferences and their clientelist effort is weaker in countries with high economic and welfare state development. Lower levels of clientelism and more established social policy programmes in such countries make the debate on social policy and clientelism extraneous. Political parties have little incentive to use social policy hand-outs to recruit voters into their clientelist networks because voters in countries with higher levels of development can access various channels of welfare support. This chapter offered empirical insights from developing countries before the following three chapters of this thesis focus on Thailand and the working mechanisms of clientelism and social policy in detail, The third hypothesis therefore aimed to compare Thailand with other countries in the developing context.

The dataset used in this research consists of both political parties' characteristics and country-level factors. Not only did we address the puzzle regarding social policy and clientelism at a broader-level than has been the case in previous case-studies, the arguments put forward also allow for country characteristics to affect potential differences in parties' choices of mobilisation linkage. In regard to the hierarchical data structure, the empirical exercises were designed to account for country-specific unobservables which may influence the party-level estimates. We employed MLMs with varying country intercepts as the main model. The three hypotheses were tested on the sample of political parties in over 50 developing countries, from the DALP dataset. The empirical findings provided support for our main argument. Across all estimation specifications, parties are faced with a trade-off between social policy support and clientelism. However, we found no evidence that parties which target the poor operate any differently regarding their social policy preference and clientelist engagement.

In line with previous works, economic development at country-level shows a significant impact on conditioning political parties' clientelist engagement. As expected, parties are discouraged

from clientelism in more developed countries with either higher income per capita or welfare state generosity. Moreover, they face a smaller trade-off between preferences for social policy and clientelism. These findings are consistent with the second hypothesis which incorporates country-specific contexts into our party-level argument. Our analyses differ from previous empirical works which either focus on either case-studies or aggregate data at country-level. The research design in this chapter captured within-country variation in parties' characteristics while placing them in a national context.

In addition, the global dataset showed that political parties in Thailand are not statistically different from those in other developing countries with respect to their clientelist level and social policy preferences. Nonetheless, the cross-national empirical design in this chapter faces limitations on which sub-national conditions may alter the relationship between social policy and clientelism from country to country. The empirical finding on the trade-off between social policy and clientelism rests upon only preferences expressed by political parties. Such limitations highlight the role of further investigation into sub-national levels which will be carried out in the following three chapters and based on the data from Thailand. The concluding chapter of this thesis will therefore consolidate findings from all four chapters, keeping in mind Thailand's position when compared to other countries.

1.6 Appendix A: Robustness Checks

Table 1.3: OLS Estimates of Parties' Clientelist Effort

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Social policy support (*SPS*)	-0.26***	-0.30***	-0.73	-0.15	-0.21*	-0.42**	-0.26***	-0.26***
	(0.096)	(0.088)	(0.52)	(0.19)	(0.11)	(0.20)	(0.096)	(0.096)
*SPS**Poor voters		0.091						
		(0.17)						
Log GDP			-0.92					
			(0.72)					
*SPS**Log GDP			0.053					
			(0.058)					
Social spending				0.063				
				(0.18)				
*SPS**Social spending				-0.011				
				(0.016)				
Infant mortality rate (*IMR*)					0.039*			
					(0.022)			
*SPS*IMR*					-0.0022			
					(0.0019)			
Schooling						-0.44**		
						(0.22)		
*SPS**Schooling						0.020		
						(0.017)		
1[Thailand]							-2.27***	-1.82***
							(0.27)	(0.63)
*SPS**1[Thailand]								-0.045
								(0.060)
Poor voters	4.02***	2.99	3.83***	3.93***	3.87***	4.03***	4.01***	4.01***
	(0.72)	(2.02)	(0.71)	(0.69)	(0.71)	(0.72)	(0.72)	(0.72)
Ideology	0.16	0.17	0.15	0.18*	0.16	0.20*	0.16	0.16
	(0.10)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.10)	(0.10)
Charisma	0.77***	0.78***	0.75***	0.74***	0.78***	0.57**	0.77***	0.77***
	(0.27)	(0.27)	(0.28)	(0.28)	(0.27)	(0.28)	(0.27)	(0.27)
Programmaticism	-7.39***	-7.59***	-6.87***	-6.89***	-7.01***	-6.07***	-7.43***	-7.43***
	(1.45)	(1.52)	(1.67)	(1.47)	(1.60)	(1.41)	(1.46)	(1.46)
Party size	0.0093	0.0098	0.012	0.012	0.0099	0.015	0.0092	0.0092
	(0.012)	(0.012)	(0.013)	(0.013)	(0.013)	(0.013)	(0.012)	(0.012)
Party machine	1.43***	1.43***	1.36***	1.41***	1.37***	1.18***	1.44***	1.44***
	(0.44)	(0.43)	(0.45)	(0.46)	(0.48)	(0.44)	(0.44)	(0.44)
Constant	10.6***	11.0***	19.0***	9.79***	9.83***	14.8***	10.6***	10.6***
	(1.67)	(1.49)	(6.59)	(2.20)	(1.90)	(3.08)	(1.68)	(1.68)
Region dummy	YES	YES	YES	YES	YES	YES	YES	YES
Observations	337	337	328	337	330	305	337	337
Countries	66	66	64	66	65	60	66	66
Adj R^2	0.533	0.532	0.545	0.533	0.544	0.574	0.533	0.532

Main statistics are the coefficients; country-clustered standard errors in parentheses.
Log GDP/capita, Social spending/GDP, Average schooling years. GDP in USD international constant prices per capita.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 1.4: MLM Estimates of Components of *Social Policy Support* on Clientelist Effort

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Social policy provision (*SPP*)	-0.37***	-0.24	-1.41	-0.72***	-0.26*	-1.00***	-0.37***	-0.37***
	(0.11)	(0.16)	(0.86)	(0.27)	(0.14)	(0.28)	(0.11)	(0.11)
Poor voters		4.70***						
		(1.41)						
*SPP**Poor voters		-0.28						
		(0.23)						
Log GDP			-0.92					
			(0.64)					
*SPP**Log GDP			0.11					
			(0.092)					
Social spending				-0.30				
				(0.19)				
*SPP**Social spending				0.041				
				(0.028)				
Infant mortality rate (*IMR*)					0.049			
					(0.031)			
*SPP***IMR*					-0.0066			
					(0.0043)			
Schooling						-0.61***		
						(0.20)		
*SPP**Schooling						0.074***		
						(0.028)		
1[Thailand]							-2.05	-2.47
							(1.96)	(5.72)
*SPP**1[Thailand]								0.077
								(0.99)
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Redistribution	-0.40***	-0.33*	-2.37**	-0.62**	-0.25*	-1.25***	-0.40***	-0.40***
	(0.12)	(0.17)	(0.94)	(0.30)	(0.14)	(0.30)	(0.12)	(0.12)
Poor voters		3.98**						
		(1.55)						
Redistribution*Poor voters		-0.15						
		(0.27)						
Log GDP			-1.41**					
			(0.65)					
Redistribution*Log GDP			0.21**					
			(0.10)					
Social spending				-0.22				
				(0.20)				
Redistribution*Social spending				0.026				
				(0.031)				
Infant mortality rate (*IMR*)					0.056**			
					(0.028)			
Redistribution**IMR*					-0.0093**			
					(0.0043)			
Schooling						-0.68***		
						(0.20)		
Redistribution*Schooling						0.094***		
						(0.030)		
1[Thailand]							-2.30	-2.39
							(1.93)	(5.92)
Redistribution*1[Thailand]								0.020
								(1.21)
Observations	337	337	328	337	330	305	337	337

Main statistics are the coefficients; country-clustered standard errors in parentheses.
Log GDP/capita, Social spending/GDP, Average schooling years. GDP in USD international constant prices per capita.
Control variables are not displayed. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

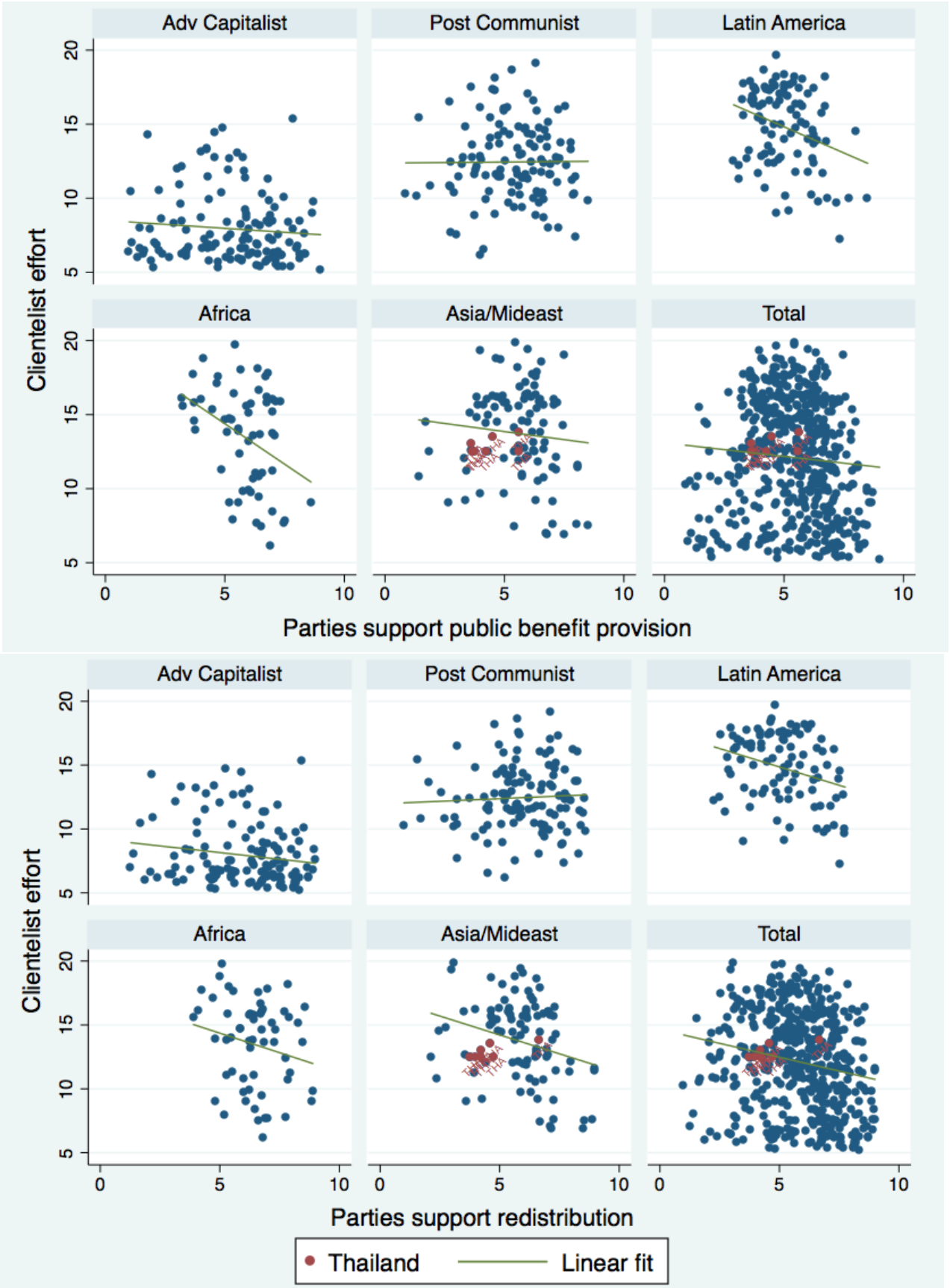
1.7 Appendix B: Additional Data Descriptions

Table 1.5: Descriptive Statistics of Components of Dependent and Independent Variables, By Region

	Adv Capitalist	Post Communist	Latin America	Africa	Asia /Mideast	Total	Thailand
Clientelist effort	8.13	12.5	15	13.5	13.9	12.3	12.9
	(2.48)	(2.65)	(2.63)	(3.5)	(3.16)	(3.79)	(.551)
– Consumer good provision	1.31	2.25	2.98	2.91	2.65	2.3	2.93
	(.288)	(.581)	(.65)	(.654)	(.735)	(.858)	(.189)
– Preferential public benefits	1.96	2.62	2.98	2.81	2.98	2.61	2.44
	(.569)	(.551)	(.538)	(.67)	(.612)	(.705)	(.391)
– Employment opportunities	1.61	2.53	2.98	2.73	2.82	2.46	1.83
	(.654)	(.678)	(.52)	(.707)	(.667)	(.827)	(.192)
– Government contracts	1.55	2.64	3.03	2.65	2.73	2.46	2.43
	(.654)	(.602)	(.556)	(.775)	(.764)	(.855)	(.535)
– Regulatory proceedings	1.78	2.48	2.98	2.48	2.69	2.44	2.86
	(.531)	(.511)	(.516)	(.624)	(.662)	(.701)	(.207)
Social policy support	11.2	11.3	10.1	12.3	11.5	11.2	9.04
	(3.87)	(3.18)	(2.45)	(2.1)	(2.78)	(3.13)	(1.68)
– Public benefit provision	5.26	5.39	5.05	5.84	5.54	5.37	4.43
	(2.04)	(1.6)	(1.18)	(1.17)	(1.41)	(1.59)	(.869)
– Redistribution	6.01	5.94	5.11	6.47	5.82	5.84	4.61
	(1.88)	(1.65)	(1.43)	(1.18)	(1.46)	(1.63)	(.97)
Observations	114	114	85	52	87	452	7

Main statistic is the mean. Standard deviation is in parenthesis.

Figure 1.6: Aggregate Effort of Parties on Clientelism and Support for Social Policy, by Regions



CHAPTER II

Political Economy of Clientelism: Equality of Access to the Thailand Village Fund

Abstract

This chapter examines clientelism in the distributive politics of welfare benefits by investigating the case of the Thailand Village Fund. The Fund is analysed as a form of targetable welfare transfers that has become a popular electoral campaign strategy for directly targeting votes in many new democracies, especially those rooted in clientelism. For this purpose, the Dixit-Londregan (1996) model of redistributive politics has been modified to capture clientelist exchanges, where groups of voters are identified by their clientelist ties. The findings obtained from household survey data in 2004 and 2010 show that clientelist households who are connected to government officials have preferential access to transfers because the benefits can be distributed more efficiently to those whom political patrons know well. The empirical evidence further suggests that, after correcting for selection bias, particularistic transfers exist in the form of an additional amount of transfers, rather than as regards the likelihood of receiving them.

2.1 Introduction

Since the 1970s, studies of politics and social relationships in developing countries have emphasised patron–client forms of organisation and their importance in the enforcement of agreements. These relationships are based on face-to-face interaction and repeated reciprocity between individuals. In this chapter, clientelism is examined as an individualised exchange of particularistic benefits in return for political support in an informal and hierarchical network. While earlier studies focus on the covert practices of clientelism, the recent literature has studied the problems inherent in the distributive politics of targeted clientelist transfers. Analyses of such redistribution often concentrate on the allocation of public goods and rent-extraction. Of particular interest to this chapter is the extent to which patron–client relationships play a role in the distribution of public goods and social policy. In developing contexts, recent changes and developments owing to more populist usage of social policies have emerged. These policies have provided those that have relied on patron–client relationships with alternative forms of support. Questions arise as to what extent clientelism plays a role in the distributive mechanisms of such policy. In this regard, the newly introduced populist-style policy in Thailand, a young democratic state with a long history of clientelism, appears to be an attractive candidate for empirical testing. Since 2001, policies that have promised greater attention to social welfare, including debt relief, cheap healthcare and micro-credit programmes, have become popular strategies for earning electoral votes.

This chapter investigates the case of the controversial Thailand Village Fund, which was one of the Thai Rak Thai (TRT) Party's Party's populist policies intended to offer poverty-relief to the rural poor. In theory, the Fund should increase access to credit by including non-clients in formal channels of welfare support. Hicken (2011) distinguishes TRT Party's policies, including the Fund, from clientelism, as qualified voters in constituencies that supported the opposition still had access to the Fund. In other words, there are no "electoral strings attached" to receiving welfare benefits. Eligibility for the Village Fund and other Thaksin's populist policies was not directly contingent on a vote for the TRT Party. However, clientelist relations may persist and still favour those connected to government officials with preferential access to the Fund. Therefore, this research investigates *whether patron–client relations play a role in allocating the Village Fund at the local level*. The empirical analysis focuses on the likelihood

of the outcome of obtaining the funds and the amount of funds obtained as two possible forms where a clientelistic practice may interfere.

Theoretical and empirical studies conducted to date have yielded mixed results on what types of voters are targeted in the distribution of public goods and social policy benefits. District-level studies have shown that various social fund programmes in Latin America and Africa can be diverted and used to bolster a president's political support and enhance their chances of re-election. For example, Penfold-Becerra (2007) reports that social fund programmes in Mexico continue to be criticised for their presumed manipulation by politicians seeking to obtain electoral support. Consistent with the claim that voters are more interested in local public goods than private goods, Young (2009) finds that clientelism has had an impact on elections in Kenya and Zambia. In these two contexts, neither being offered a gift in return for a vote nor being in direct contact with a politician makes voters more likely to support their candidates, but visiting the constituency helps an incumbent's re-election bid. While most studies focus on the allocation of benefits across districts, one empirical study conducted at the individual level by Wantchekon (2003) reports significant effects from clientelist platforms on voting behaviour in a uniquely designed field experiment in Benin. These results confirm the theoretical argument that politicians tend to promote clientelism among low-income voters, given that poor individuals derive a higher marginal utility from these transfers.

Closely related empirical studies include those that have tested whether swing or core voters are usually targeted for transfers.[1] Most of these studies have examined the allocation of benefits across electoral districts but they have failed to provide much evidence that is pertinent to the models which provide individual-level predictions. The recent literature also offers mixed empirical evidence on whether clientelism intervenes with economic and social redistributive policies. In Ethiopia, households with social connections to officials were more likely to benefit from the Food for Work Programme after a drought (Caeyers and Dercon, 2012). Similarly, relatives of officials were more likely to obtain public employment but not public health insurance in the Philippines (Labonne, 2013). On the other hand, Nichter (2011) identifies the absence of a heavy clientelist bias in the Bolsa Familia programme in Brazil and attributes this to the fact that the selection and targeting criteria are determined at the federal level.

[1] See a review of studies in Cox (2009) and Albertus (2012).

Nonetheless, Coleman's (2006) study of government micro-finance programmes in Northeast Thailand comes closest to the subject of the present thesis chapter. He shows that wealthier villagers are significantly more likely to participate in the programmes than are poorer ones. Moreover, the wealthiest often become programme committee members and borrow substantially more than rank-and-file members. However, Coleman does not prove the existence of electoral clientelism as the micro-finance programmes in his study are not contingent on a particular party's electoral success. In contrast, the Thailand Village Fund was.

To derive the main hypothesis in this chapter, we modify the Dixit and Londregan model which posits determinants of success in redistributive politics by different interest groups (Dixit and Londregan, 1996). The main theoretical prediction of the modified model is in line with the previous works, thus stating that clientelist voters and those with close social proximity to local officials will receive more benefits and, as a result, clientelism undermines the working of equally accessible benefits under populist welfare provision. Along with income and other model parameters derived from the model, this hypothesis is tested by assessing the distribution of the Thailand Village Fund. The empirical estimation is based on two repeated cross-sectional data of household socio-economic surveys in 2004 and 2010. The richness of the household-level data collected nationwide enables the identification of biographical ties between clients and patrons at the village level.

We employ multi-variate regression analyses to obtain estimates of clientelist effects on the receipts of funds with additional robustness checks for selection bias and measures of clientelism. The main independent variable, clientelist households, is defined as those who either have members working in government or have done business with government officials. Two types of outcome variables are considered and estimated: success in receiving the funds is estimated by the probit model (whether or not households obtain the funds) and the amount of funds obtained is estimated by ordinary least squares, Tobit and Heckman selection models. Moreover, the amount of funds per capita within a village provides an exogenous variation as a million baht was available for every village after the initial injection of the Fund, regardless of population and political support (Kaboski and Townsend, 2011). This quasi-experiment aspect is unique to the 2004 analysis because subsequent fund injections were subject to the past performances in respect of fund management. Nonetheless, it provides a robustness check

for reverse causality in the econometric specification.

Consistent with the theoretical prediction, the results show a significant role of clientelist ties in obtaining funds. The clientelist impact is more pronounced in raising the amount of funds obtained as opposed to the likelihood of obtaining any funds at all. We employ the Heckman Selection model to take into account households who self-select to apply for the programme. We also find a significant impact from self-selection based on clientelist ties into the application of the Village Fund in 2004. As most people who applied for the Fund got some money, the discrimination between clientelist and non-clientelist households could have been made on the basis of the amount of funds, rather than the virtual success of receiving any funds at all. With Heckman's correction for selection, the results confirm that households with stronger ties receive larger amounts of funds, but they do not confirm any significant impact of clientelistic influence on the likelihood of obtaining the funds. While selection problems inherent to such developmental programmes are incorporated into the empirical technique employed, it is beyond the scope of this chapter to thoroughly investigate the selection problems in those programmes. In addition, clientelist ties seem to have a smaller effect in 2010 when compared with 2004 as clientelism could be gradually superseded by increasing welfare policies in later years.

The chapter proceeds as follows. Section 2.2 introduces the Thailand Village Fund and its viability in the empirical testing. Section 2.3 outlines existing theoretical frameworks of particularistic and distributive politics and develops a theoretical framework of transfer allocations in a clientelist context. Section 2.4 introduces the data and the econometric specification for empirical testing. Section 2.5 presents the descriptive statistics from the Thailand Socio-Economic Household Surveys. Section 2.6 tests the model of clientelist redistributive politics and interprets the results. Section 2.7 offers the discussion and concluding remarks.

2.2 Background on the Thailand Village Fund

Moneylenders, loan sharks and other informal lenders often coexist with formal lending institutions such as government, commercial banks and – more recently – micro-lending institutions (Gine, 2005; Coleman, 2006). The existence of informal lending competes with the formal lend-

ing which is often limited due to high interest rates and contract enforcement problems (Gine, 2005; Awunyo-Vitor and Abankwah, 2012). In an effort to expand formal forms of lending, the Thailand Village Fund was introduced as the country's largest micro-credit intervention. During the 2001 general election, the Fund was a central part of the TRT Party's electoral campaign, which aimed at alleviating poverty through stimulation of the local economy. The TRT government wanted to prove its commitment to the general public in alleviating the severe impact of the financial crisis in 1997 and began implementing most key policies within the first six months of governance.

The Village Fund programme was launched in 2002 shortly after the TRT won the election, and provided a million baht ($24,000) to every village and urban community in Thailand. Most first-round applications to obtain the funds took place in late 2003. All adult household members were eligible to apply for funds under the programme, and it was also possible for more than one member per household to apply, thus allowing one household to obtain funds more than once. Covering 17.8 million participants in 77,000 villages, the initial injection of approximately $1.8 billion (1.5 percent of Thai GDP) was one of the largest government injections of its kind (Kaboski and Townsend, 2011). The programme injected subsequent rounds of capital in the following years and is still currently on-going.

The design was a grant to liquidate local finances because no repayment was expected to be made to the central government. Although the initial working capital came from the central government, the funds have been locally managed by the village committees. Elected committee members have a large degree of flexibility in deciding fund recipients, setting interest rates, loan amounts and the terms of loans (Boonperm et al., 2012). Loans are uncollateralised, although most funds require guarantors. The central regulations only determine that the term of a loan should be one year and the amount approved should not exceed 20,000 baht per person, although it can be extended to 50,000 baht in certain cases. According to Gine (2005), previous studies show that informal finance is still widely practiced in Thailand regardless of the expansion of formal credit. In fact, the Village Fund is is regarded as being between a informal and formal institution (Menkhoff and Rungruxsirivorn, 2011), which makes it an interesting case for exploring the influence of clientelism.

Not only did the launch of Thailand Village Fund represent a more institutionalised social

policy, it also highlighted Thaksin's leadership style. The TRT party leader emphasised his party's difference from the previous government by expediting and centralising many policy processes. Drawing upon his background as a successful businessman, he portrayed this governing style as a new way of thinking and a modern way of Thai politics. As a result, the Thailand Village Fund programme is subject to operational rules set by the national guidelines. The more institutionalised set-up of the Thailand Village Fund also opened up more local access to loans. Unfortunately, the policy's main weakness is its operationalisation through local community leaders to allocate funds. Their role in deciding who receive the funds poses risks for the country's existing practice of clientelism to intervene the institutionalised welfare programme. Historically known to engage in clientelism, local officials were however an inevitable distributor of funds at village level. However, there is no conclusive evidence to confirm whether the local officials were intended to gauge political support for the TRT party in the 2001 election as the programme first started out. Nonetheless, the actual implementation of the programme faced much criticism as a political mobilisation tool which was facilitated by the local officials (Chandoevwit and Ashakul, 2008).

A study conducted by the World Bank shows that the programme increased income by 1.9 percentage points and consumption by 3.3 percentage points (Boonperm et al., 2009). Based on a rural sample of 800 households, Kaboski and Townsend (2011) find that the programme raised spending on alcohol, and on repairs to homes and vehicles. These findings are also in line with those found of Chandoevwit and Ashakul (2008), who find that the borrowers of the Fund have a limited potential to spend the money on income-generating activities. Nonetheless, the programme helps reduce credit constraints and provides better credit access to poorer households who usually participate in informal lending (Menkhoff and Rungruxsirivorn, 2011). Despite the growth in income and consumption, the programme's effects have been concentrated mainly on consumption expenditures, and very little on investment. While the objective of the programme was to boost economic growth in rural areas, the eligibility criteria for application – residence in a village – was too general. In fact, the programme has been heavily criticised as a vote targeting tool whereby village officials acted as party machines[2] who distributed the funds (Phongpaichit and Baker, 2008; Chandoevwit and Ashakul, 2008).

[2]According to Stokes (2009), party machines are political agents who are in socially close proximity to voters, which was the case in advanced democracies in an earlier era and which is the case in developing democracies today. Machines can enforce implicit contracts in exchange for electoral support.

The main eligibility criterion for participating in the programme is village residency. This means that selection problems owing to households being eligible or not eligible are irrelevant. Because of the nature of the programme, the Thailand Village Fund is not subject to a take-up problem because households who desire to obtain funds must apply for them. Therefore, households which obtain funds are those who have applied; such householders only receive the funds when their applications are successful. Households which do not obtain any funds are either those which are not interested in participating or those which apply but are rejected. Potential selection problems may, however, occur because some eligible households choose not to apply in the first place. Tobit and Heckman selection models will be introduced to cope with such selection problems.

As in many Latin American countries, Thailand has been the subject of studies regarding political clientelism (e.g. Scott, 1972a; Punyaratabandhu and Unger, 2009; Hutchcroft, 2014). Thailand has powerful networks of rural politicians who play an important role in vote mobilisation (Khan, 1998). Nevertheless, over the last thirty years, local capitalists have gradually been taking over localised political networks, to the extent that the country now has the highest number of businessmen in parliament in the region (Sidel, 1996). The most important feature distinguishing the Thai political system has been the ability of its capitalists to buy their own political factions. Thus, clientelist networks can be easily built or maintained on the basis of local finance (Robertson, 1996), such as the Village Fund programme.

However, so far no empirical work seems to have been conducted that directly tests the presence of clientelist effects in Thailand's welfare allocation. While most research into the populist welfare policies, such as the Village Fund programme, concern their impact on the income and consumption of rural households, little work has looked at policy allocation. The descriptive statistics provided by Boonperm et al. (2012) are the first and only work, to our knowledge, which touches upon the political economy of Village Fund allocation. Using the same socio-economic household dataset as is used in this chapter, Boonperm et al. report no evidence of elite capture of the funds by village fund committee members. In fact, Boonperm et al.'s analysis is restricted to mean comparisons across the income decile and without having taking into account other control factors. As a result, this chapter extends their analysis by using multivariate regressions and by considering a different elite capture through patron–client

relationships where households are connected to government officials.

Compared to other transfer promises, the Village Fund is a well-defined programme and one which is quantifiable for empirical testing purposes. However, the Village Fund is different from programmatic policies, such as universal healthcare coverage, because the success in obtaining the funds is locally determined by village committees. We will examine the extent to which the officials play the role of party machines in allocating funds. In contexts where citizens are highly dependent on such handouts, including countries where the state fails to provide a social safety net, this pattern of machine politics can have particularly important consequences for democratic accountability and responsiveness (Kitschelt and Wilkinson, 2007). In addition to reasons of data availability, the Fund is also an interesting programme to explore: it has been chosen as an empirical case because policy interventions in relationship to micro-credit practices, as opposed to other types of welfare programmes such as healthcare, can potentially be used in the de-clientelisation process – the complex and subtle process of de-linking client dependents from their patrons (Davis, 2004; Wood and Gough, 2006).

As a million baht was available for every village in the initial implementation of the Village Fund in 2002, regardless of population, the amount of fund per capita within a village provides an exogenous variation in a quasi-experiment which is independent of political support and other geographic factors (Kaboski and Townsend, 2011). The analysis of 2004 data provides a robustness check on reverse causality by relying on the quasi-experiment nature of the programme for identification. As it preceded the Village Fund, the 2001 general election is of particular interest to studying de-clientelisation for two important reasons. Firstly, this first-time exposure to in-election welfare promises was not expected by Thai voters. Their voting decisions could have been based on the patron–client relationships which were existing prior to the election. Voting could not have been based on any past campaigning in this form. Secondly, the TRT Party was the first and only party to campaign for redistributive transfers. As a result, it is possible for the game theoretic set-up in the following section to exclude any competition among parties and to focus only on the optimal choice made by the TRT Party machines.

2.3 Theoretical Framework

The proposed framework brings together the study of political clientelism and distributive politics by viewing the Thailand Village Fund as a form of redistributive politics by special interest groups. This political economy framework of the allocation of public goods captures the mechanisms that might help identify what sort of voters are likely to be clients and recipients of such targetable distribution, and to identify their political relations. A preliminary question regarding the electoral payoff of delivering targetable benefits concerns the nature of the exchange. Cox (2009) notes that three types of transfer are used in vote mobilisation: (1) benefits delivered upon verification of an individual's vote; (2) benefits given before elections; and (3) benefits promised upon the relevant candidate or political party's victory. The third category is pertinent here, as the Thailand Village Fund consisted of outcome-contingent transfers after the TRT Party achieved an electoral victory. Delivering the promised transfers to a group of voters on the condition that the patron's political party wins avoids the costs of verifying individual voting behaviour. Nonetheless, Hicken (2011) distinguishes these programmes from clientelism as eligible voters in constituencies that supported the opposition still had access to the Fund. In other words, there are no "electoral strings attached" in receiving welfare benefits. The eligibility for access to the Village Fund was not directly contingent on a vote for the TRT Party.

Analyses of such distributive politics often concentrate on the allocation of public goods and rent-extraction. Cox and McCubbins (1986) and Dixit and Londregan (1996; 1998) incorporate "machine politics" into their study of transfer targeting. Party machines mobilise electoral support by trading personalised benefits to voters in exchange for their political support. In particular, certain non-political or non-ideological relationships, possibly economic or social, match machine patrons with client voters. Our proposed framework applies machine politics to the distribution of the Thailand Village Fund, through which the TRT Party promised to make one million baht available for local loans in every village in Thailand. While the funds were (and are) made accessible to all village residents, their allocation was decided locally and could potentially be influenced by local patrons or party machines. The framework facilitates the chapter's investigation of whether patron–client relationships play a role in providing "better" access to universally promised welfare benefits in populist policies.

Despite a large body of literature on patronage and clientelism, formal and theoretical models that explicitly introduce clientelism as a direct and individual political exchange between candidates and voters are scarce. The main references are Robinson and Verdier (2013), Robinson and Torvik (2005), and Keefer and Vlaicu (2008). All of these works show that inefficient redistribution arises when politicians make pre-electoral promises in a clientelist structure. Specifically, Keefer and Vlaicu assume that politicians can either try to build their reputations or rely on mediating patrons who personally know voters and so can make credible promises.[3] Their findings also imply that reliance on patrons may undermine the emergence of credible political parties in the long run. Working from similar assumptions, Robinson and Verdier (2013) instead focus on public sector employment as a form of clientelism and provide a formalisation of patronage based on a modified version of the probabilistic voting model. The self-enforcing character of patronage-based redistribution provides incentives to distort the investment in public goods and eventually leads to inefficiency. By contrast, Robinson and Torvik (2005) assume that no pre-electoral promises are credible and that the incumbent has a unique relationship with some voters but not others. They explain why governments choose inefficient policies in a political context marked by clientelism when they could make larger transfers to particular voters using more efficient policies.

Unlike the three previous works, in which, individual voting decisions are said to affect the equilibrium outcomes, the set-up of the theoretical framework suggested in this chapter allows party machines to target voters based on their observable characteristics, leaving unobservable individual voting decisions in the background. In this chapter, it is argued that candidates make policy promises to voters consisting of an offer of different transfer payments to different voters based on those voters' observable characteristics. We rely on the assumptions that machine politics emerges when groups have ideological affinities and parties are better able to make efficient transfers to their own affinity groups (Dixit and Londregan, 1996). Medina and Stokes (2002) characterise clientelism as a system where the incumbent holds a political monopoly over resources valuable to voters and, as Dixit and Londregan have suggested, politicians can make credible promises. In addition, clientelism seems most pervasive in countries where the ideological distinctions between parties are imperceptible, so the following model makes

[3]By introducing the idea that politicians can make credible promises to some voters but not others, their analysis suggests a different voting rationale – one that is not rooted in voter and candidate preferences – which could explain why some voters might be favoured by some candidates.

no assumptions about the ideological distribution of voters.

2.3.1 A Model of Clientelist Distribution

The theoretical framework in this research aims to explain a mechanism by means of which a targeted allocation of transfers takes place. We build on the Dixit-Londregan model according to which interest groups, instead of occupational or geographic groups, are defined by the strength of clientelist ties. As in Medina and Stokes's work, we assume that credible promises and other national policies, including taxes, are exogenously fixed. The Dixit-Londregan model is applied in the context of clientelism by including mediating patrons – in this case the party machines – who mobilise votes on behalf of parties. In addition, the inclusion of party machines allows the possibility that the transfers may be appropriated in a corrupt manner by local officials, which reflects a common clientelist structure.[4] Similar to the previous work by Robinson and Verdier (2013), the framework used here employs an efficiency channel to model clientelism, as transfers can be delivered to clientelist voters more efficiently and without leakage. The formal theory can help conceptualise the working mechanisms and identify the connection among key factors which determine the allocational rules of such transfers.

We modify Dixit and Londregan's original model to explain how the village funds are allocated according to household income and other characteristics. Three modifications are made: (1) the inclusion of party machines as mediating machine patrons who maximise votes on behalf of their parties; (2) the positive transfer of a budget in the absence of taxation; and (3) possible corruption of the transfer budget when parties have no ability to monitor budget usage. The first two modifications aim to reflect the nature of the pyramidal structure of political clientelism. The third modification captures the observed remaining budget of the Thailand Village Fund programme in some villages, challenging the original model's prediction that all of the budget should be spent. This modification will unlikely change the substantive

[4]While Dixit and Londregan's theory predicts that clientelist voters are targeted for transfers, the original model fails to explain why some funds were not distributed in some areas. This could be explained by possible corrupting behaviours being present in the party machines managing the decentralised administration at the village level. To explain this, the model is extended to capture a trade-off in the machines' objectives, between allocating funds to attract votes and appropriating some money. The prediction is that, the party machines are more likely to appropriate some of the budget money when voters are not sensitive to economic transfers. Some of the budget remains in the villages where the machines value keeping the budget money more than receiving the votes in return for the transfer allocation. This occurs when the characteristics of the fund recipients are not sufficiently attractive. Empirical tests of this proposition have been explored in the M.Phil thesis.

implications of the original model. However, it will help explain why there exist remaining transfer budgets in some villages whereas the original model predicts that all transfer budgets must be spent. We will first introduce the generic theoretical model of clientelist distribution and then apply it in the case of the Thailand Village Fund.

The model setting is such that, for simplicity, we work with two groups of households as identified by their clientelist ties to a party machine: clientelist and non-clientelist.[5] Clientelist households are those with close proximity to the party machine which decides on the transfer allocation. The clientelist ties are exogenously determined by family or occupational networks. Clients and non-clients appear differently to the party machine in terms of effective transfers.[6] The clientelist group of voters with whom the machine has close ties can be easily reached and targeted for their votes. Allocating the transfers, machines choose the optimal vector of transfers satisfying the budget constraint to maximise (1) the expected number of votes for their respective parties, and (2) the weighted left-over amount of the transfer budget in a possible corruption scenario. Differences in the machines' abilities to deliver transfers to each group yield the actual transfer receipts of $t_{ik} = (1 - \theta_{ik})T_{ik}$, where $\theta_{ik} \in (0, 1)$ measures the "leaky bucket" and T_{ik} the amount of transfers promised to household i by Party k. Election results are decided by majority rule. The electoral competition is a constant-sum game. Other model parameters include within-group ideology concentration, willingness to compromise ideology for material transfers, income and village size. The model aims to analyse the optimal choice of transfers made by party machines while assuming that there are no strategic interactions with the party. The electorates vote to maximise utility. Given how the voters vote, party machines are mediating patrons who choose the optimal distribution of tactical transfers. Political parties act as the top patron and reward machines for mobilising votes.

This game theoretic setting can be contextualised in the case of the Thailand Village Fund. Shortly after the TRT won the elections, every village in the country received one million baht, as had been promised during the electoral campaign. This one million baht corresponds to the total budget allocated to every village and households are promised the village funds,

[5] Model settings and predictions are formally shown in Appendix.

[6] The credibility of promises depends on a history of personal exchanges and interactions between the promisor and the promisee. Due to these past clientelist exchanges, the machines are committed to delivering the transfers ex-post.

or transfers T, through the implementation of the Village Fund programme, conditional on a TRT victory. The funds are locally managed at the village level by local committees who serve as party machines. The machines decide the optimal allocation of the funds in order to maximise votes from the villagers. The actual amount of funds received by households (t) are determined by their proximity to the machines identified by professional contact with government officials. In other words, households with ties to officials do not face any "leaky bucket" ($\theta = 0$). Clientelist groups, with a low value of θ, are those the machine can understand well enough so as to be able to deliver the transfers more efficiently, hence those who receive the funds fully. In return, the machines may receive some special favours, such as job promotions in the public sector or informal clientelist exchanges.

The model's assumptions are justified in the context of Village Fund. As Village Fund allocation is solely determined within each village, we assume that the machines in every village maximise the aggregate votes and that there is no strategic interaction among the machines in different villages. Electoral votes are counted at district-level and vote mobilisation and monitoring cannot be done at a lower level, such as villages. This absence of interaction is further justified by the rule that the funds are to be allocated within a village and are not allowed to be transferred to another village. In fact, the timing of Fund injections from the central government occur at the same time for all villages within a district. Therefore, Fund applications and allocation decisions should be made simultaneously and independently across villages (Menkhoff and Rungruxsirivorn, 2011; Chandoevwit and Ashakul, 2008; Boonperm et al., 2012).

Solutions to the party machine's vote maximisation problem suggest that close proximity in patron–client relationships yields more efficient transfers. Therefore, the machine prefers to target client households which gives rise to preferential access to a welfare programme. The model finds that clientelism interferes with the working mechanisms or creates a bias for providing such public goods to particular groups at a local level. Despite the universalistic rules that in populism, existing patron–client ties may influence a distribution of policy benefits. As a result, party machines still play a role, and populist welfare transfers are in fact particularistic. Our theoretical prediction is in line with the previous works that have been referred to. For instance, as noted in Hopkin's proposition (2006), "the expansion of the welfare

state in clientelist polities has led to a wide range of inefficiencies and injustices with some individuals and groups benefiting disproportionately at the expense of others."

While most theoretical accounts only deal with one-time distributive transfers, some works which consider repeated and on-going transfers do not allow the strength of patron–client ties to change over time (e.g. Stokes, 2005). In spite of a series of formal institutional changes, the persistence nature of informal institutions means that clientelism endures and evolves through time. North (1990) highlights that "informal constraints that are culturally derived will not change immediately in reaction to changes in the formal rules," leading to a "tension between altered formal rules and the persisting informal constraints." According to Roniger (2004), recent works on clientelism have accepted that "clientelism is not doomed to disappear but has changed and continues to change". This new interpretation is closely related to "comprehensive clientelism", which is used to describe a new profile of clientelism in Italy and Austria. Despite their formalised quality, these clientelist linkages work directly through material exchanges with voters (patronage jobs and social policy entitlements) and indirectly through political dealings with public and private businesses (Kitschelt, 2007).[7]

In this chapter, we argue that it is possible for the introduction of formal welfare policies, such as the Village Fund, to affect and interact with informal patron–client channels. Therefore, the allocation of funds in subsequent rounds may be subject to different degrees of clientelism. In other words, we allow the clientelist household variable to vary over time in the formal model, where party machines still maximise votes and weighted left-over funds over an infinite sequence of elections. This assumption is appropriate in the setting in question because "machines and clientelist parties are effective to the extent that they insert themselves into the social networks of constituents" (Stokes, 2005). Voters' perceptions of an interaction with no identifiable stopping point makes our assumption reasonable as an infinitely repeated game. Although our formal model is not extended to cover repeated games, we apply the implication of Stokes' repeated game to our case. When elections are held and village funds are distributed more than once, party machines no longer allocate funds to clientelist households when the benefits received after the current and future elections from non-clientelist households exceeds

[7]Inspired by the variety of capitalism literature, Kitschelt's analysis of political-economic governance structures expands the domain of development theories regarding clientelism to political development, state formation, and democratic institutions.

that from clientelist households. Where village funds are expanding, fewer households may feel the need to maintain their clientelist relations and party machines do not mobilise enough votes from the remaining clientelist households. Therefore, party machines are pressured to give more funds to non-clientelist households, hence making clientelist ties less important.

In summary, the theoretical framework of political clientelism provides the main predictions to be tested in the empirical part of this chapter. Among other model parameters, the allocation of transfers between groups is determined by households' clientelist ties. Those with ties are more successful in obtaining village funds where success is defined as (1) more likelihood to receive funds, and (2) a high amount of funds obtained. Existing patron–client relationships enable welfare transfer distributors, in this case the village fund committee, to deliver benefits more efficiently to connected households. As populist welfare programmes such as the Village Fund have endured over time, they serve as an alternative to informal channels of welfare support which exclusively serve households among the clientele. As a result, households are no longer restricted to the former patron–client exchanges. While clients may still benefit more than non-clients, clientelist ties are expected to have a weaker impact in subsequent rounds of the programme. However, we cannot explicitly test for any trends of clientelist effects with only two years of data. As the chapter compares the effects between 2004 and 2010, we can only suggest a potential change in the strength of clientelist ties. Nonetheless, their strength may be weakened as new forms of welfare support emerge.

2.3.2 Hypotheses

H1: Clientelist ties increase household's success in obtaining the village funds.

H2: Clientelist ties have a weaker impact on the Fund receipts in 2010 in comparison to 2004.

2.4 Data and Methodology

This section discusses the data, operationalisation of the variables, and empirical strategies. We introduce the Socio-Economic Household Surveys and their features that are relevant to

the Thailand Village Fund, as well as two additional datasets, the Village-Level Census and election results. Methodological issues relating to how to estimate the effects of patron–client ties on the allocation of the village funds are then addressed.

2.4.1 Datasets

Household Level The main data used to evaluate the allocation of the Village Fund come from the Socio-Economic Household Survey collected during January to December in 2004 and 2010. The Survey is a national cross-section survey carried out every other year by the National Statistical Office of Thailand (NSO). The objective of the Survey is to collect household economic and social information, such as income, expenditures, debts, housing characteristics, ownership of selected durable goods and changes in assets and liabilities. The purpose is to measure the variation in levels of living and disparities among households in different socio-economic groups and geographic areas. Households are defined as private and non-institutional households residing permanently in either municipal or non-municipal areas. A household sample is drawn using registered house numbers. It is important to note that a household may comprise of one or more nuclear families as long as they reside at the same registered address.

The sample size in 2004 and 2010 was approximately 34,000 households, covering more than 116,000 individuals, and randomly drawn from households throughout the country using two-stage clustered random sampling stratified by geographic regions and provinces. Ten households in every sample village were selected from total households, which serves as the sampling frame. All empirical analyses in this research are weighted according to the probabilistic weights carried by each responding household. The data were collected by personal interviews at the selected households and correspond to 74.77% response rates. Key variables used in the analysis have been surveyed with complete responses.

The special features of the 2004 and 2010 Surveys include an additional section of questionnaires on participation in the Village Fund. Survey questions ask for detailed information on the application process for the funds, such as the amount of funds requested and obtained, the number of funds received within a household, reasons for not obtaining the funds, and characteristics of their usage. In addition, the dataset in 2004 also captures households' application

decisions in the first round of this programme. The dataset in 2010 includes households' information on Village Fund participation for the 2009 application cycle and also that for past applications since the introduction of the programme. Unfortunately, the Surveys do not constitute a panel data.

Group Level Additional datasets include Village-Level Census and district-level election results which provide control variables in the analyses. These variables aim to control for contextual differences at village-level and electoral district-level.

Village-Level Census provides relevant village-level variables to be linked with the household-level data. The main advantage of these data is that the amount of transfer per head within a village can be included in the estimation. The Census was recorded during March to August by village chiefs and sent back to the NSO.

District-level data are from the general elections in 2001 and 2005 obtained from the Office of Election Commission of Thailand. Vote counts are available at the electoral district level (one district comprises 411 villages, on average). The boundaries of these electoral districts have changed slightly during the last ten years due to constitutional amendments. However, each village can be identified to a particular electoral district for both elections.

2.4.2 Variable Operationalisation

The unit of analysis is households. Although household members apply for the funds on an individual basis, all variables employed in this analysis are aggregated to household level to take into account intra-household allocation.

Dependent Variables Access to the Village Fund programme is measured by two types of variables. The first dependent variable is a dummy variable for households that successfully obtain at least some funds ($1[ObtainVF]$). The second variable is the amount of funds obtained ($Funds$). The two variables will be separately estimated by probit and continuous models (such as ordinary least squares), respectively.

Independent Variable In order to evaluate the role of patron–client ties in the Village Fund allocations, the main independent variable is a household's patron–client status. The clientelism variable is operationalised as a dummy variable by assigning the value of one to households with a member who is either a government official or has had business transactions with government officials ($1[Client]$).[8] According to the theoretical framework, by having close ties, households are assumed to be in a clientelist network and therefore to be able to receive any targeted transfers more efficiently, facing no leakage. This argument also corresponds to one commonly-described feature of clientelism, that the credibility of political promises depends on a history of personal exchange and interaction between the machine patron and the clients (Hicken, 2011).

One may argue that a measure of clientelist relationship can be constructed by counting the total number of contacts or connections possessed by all household members. However, there are very few households with multiple clientelist contacts as most clientelist households have only one member with a government connection. Without providing additional information on the Village Fund estimation, a continuous type of clientelist measures would yield larger standard errors. Therefore, the dummy variable supersedes a continuous type of clientelist variable in our empirical model. Further robustness checks on a continuous variable of clientelist ties ($Client\,Strength$) are included in the Appendix.

Connections with government officials reflect a household's position of influence, particularly in the Thai context. For instance, a village chief's wife in Thailand is likely to hold an influential position, authority obtained through which extends to the determination of the money received by local financial units (Coleman, 2006). In two microfinance programmes studied by Coleman, such connections could enable wealthier villagers to obtain a disproportionate share of funds by "virtue of holding influential positions" within a village. In Thailand, government officials often use government programmes as tools to distribute services or offer favours to citizens who will support politicians in elections (Nishizaki, 2011; Thompson, 2012; Chandoevwit and Ashakul, 2008). Focusing on the relationship with government officials, our independent variable captures a dimension of the patron–client mechanism commonly found in Thailand.

[8] As a robustness check, we have also performed the same estimations for each dummy variable for being an official or doing business with officials separately. While the results are robust to our measure of clientelism, the number of clientelist households for either group is very small which compromises the power of the estimates.

The results in our empirical analysis will be interpreted strictly in relation to clientelism among government officials and Fund recipients.[9]

Time Variable The dummy variable for the year 2010 is included in the estimation model when data from both years of the Survey (2004 and 2010) are pooled together. This year dummy interacts with the main independent variable on clientelist ties. The interaction term therefore captures whether the effect of clientelism in 2010 differs from that in 2004, hence capturing any changes in clientelist influence on village funds allocation.

Control Variables According to our modified Dixit and Londregan model, household *expenditure* (a proxy for income) and household size (number of *eligible voters*) are important parameters and are included as control variables in all estimations. Both variables are correlated with a household's patron–client status. Richer households tend to have better access to other institutionalised credit which allows larger loans. Therefore, they are less likely to participate in the Village Fund. They are also more "costly" in political terms due to higher marginal utility of income. Therefore, a larger amount of funds is required to engage richer households in electoral promises. Moreover, large households mean a greater number of votes. Household size therefore reflects the electoral power households have and hence their attractiveness for transfer distribution.[10] As the Fund was designed to stimulate income-generating projects, we also consider a *ratio of dependent members* to earners within households to control for a household's tendency to participate in the programme.

Particularism in relation to access to benefits also depends on political incumbency. Clientelist ties should work more efficiently in areas where most politicians in office are supportive of the distributive strategy. We then control for a political environment with a dummy variable for the districts in which the TRT Party won the elections. Households in these districts are likely to hold stronger preferences for the TRT Party and likely to be recipients of the transfer

[9] Both dependent and independent variables come from the same Survey year. While one could instead use the clientelist relationship information of the year before the allocation of the funds, we follow the majority of the literature which finds that such relationships are quite resilient over time (e.g. Piattoni, 2001; Stokes, 2005). Therefore, it is logical to assume that a household's clientelist status remains consistent before and during the Fund distributions.

[10] As is assumed in the model, if members within a household are believed to adhere to similar political ideologies and to cast separate votes, the concentration of ideologies can be proxied by the number of eligible voters in a household.

benefits. In other words, households in TRT-winning districts are expected to experience stronger effects of clientelism on TRT policy distribution. In order to capture vote targeting by the TRT Party, we also consider an interaction term between TRT-winning districts and the number of eligible voters within households. In addition, the household head's education level, measured by the number of years spent in education, reflects a household's social capital and is also a proxy for their alternative access to credit, i.e. from work. It may also reflect how informed the household is about the process and characteristics of the programme when that household decides to apply.

Furthermore, sectoral (agricultural, manufacturing and services) and regional dummies are included to account for any seasonal and geographical factors which might influence the distribution of village funds. The sectoral dummy variables are constructed from the industry in which the head of the household works. Agricultural households awaiting harvest time, whose incomes are highly seasonal, seek short-term loans more than those receiving relatively fixed wages in the service sector do. Not only are the North and Northeast regions usually the TRT Party's stronghold, households in these areas are also on average poorer and more likely to participate in the Village Fund (Boonperm et al., 2009). In addition, households in small villages should have a better chance of receiving funds as in such villages there are less people competing for the fixed amount of funds. Village population is therefore included in the estimations of village fund allocations.

2.4.3 Empirical Specifications

The empirical strategies presented here aim to evaluate the role of patron–client relations in determining access to the Thailand Village Fund. Access to the programme is captured by two dependent variables: (1) success in obtaining any funds, and (2) the amount of funds obtained. Firstly, a household's success in obtaining funds is examined in a probit model with binary outcomes. Secondly, the amount of funds obtained is tested by an ordinary least squares method. As with other developmental programmes, the outcome of obtaining funds is subject to selection problems at different stages. The relevance of the Tobit model and Heckman selection model to correct for censoring and selection are then discussed.

Probit Model The theoretical prediction implies that whether each person receives the funds depends on his/her proximity to the machine patron, implicitly assuming that everyone wants to get the funds. Following the modified Dixit and Londregan model, the explanatory variables affecting the chance of obtaining the funds include household characteristics (vector of household characteristics $\underline{X}_{ij}$). The main explanatory variable of interest is a household's clientelist ties , θ_{ij}, which is equal to one if a household member is a government official or has performed business transactions with government officials.[11] In particular, following from the assumed constant relative risk aversion (CRRA) utility function, the variables from the Dixit and Londregan model enter linearly into the probit model:[12]

$$\Pr\left(t_{ij}=1 \mid \underline{X}_{ij}\right) \quad = \quad \Phi\left(\underline{X}_{it}^{'} \cdot \Gamma + \xi_{ij} \mid \underline{X}_{ij}\right) \tag{2.1}$$

where $t_{ij}=1$ if household in village j receives the funds; and $t_{ij}=0$ otherwise. The discrete choice model allows for heteroskedasticity in error distribution because the variation in the receipt of funds is likely to differ by, for example, occupation and geographic region. The probit estimation is therefore estimated with robust standard errors.[13] In addition, village-level allocation of the funds means that the error terms are likely to be correlated within each village. All estimation equations are therefore corrected by village-clustered standard errors.

Ordinary Least Squares By the same set of explanatory variables $\underline{X}_{ij}$, we estimate the amount of funds obtained by households. The Village Fund equation is therefore:

$$T_{ij} = \underline{X}_{ij}^{'} \cdot \Psi + e_{ij} \tag{2.2}$$

where T_{ij} is either the total amount of transfers requested or received by household i, and Ψ is a column vector of the corresponding coefficients. This equation, which can be estimated

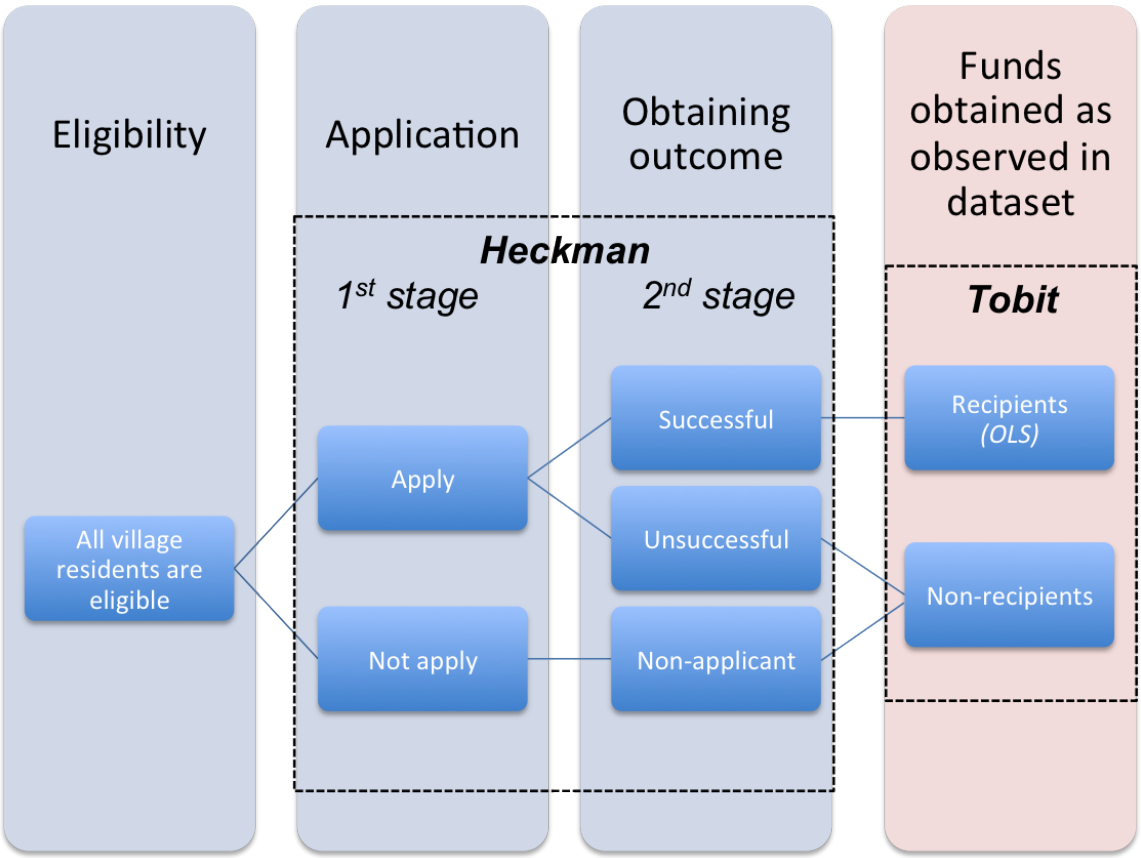
[11] Note that $\theta=0$ represents clientelist households in the Dixit and Londregan model. The empirical tests use $\theta=1$ to represent clientelist households for convenience in interpreting the dummy variable.

[12] When the outcome has two choices, assuming the extreme value distribution in the logit model is nearly the same as assuming that the errors are independently normal in the probit model (Train, 2003). Hence, the difference between the errors in the logit and probit models are empirically indistinguishable. Nonetheless, the probit model is used due to its common extensions to censored and selected samples, as discussed later.

[13] When the machine faces only two choices, assuming the extreme value distribution in the logit model is nearly the same as assuming that the errors are independently normal in the probit model (Train, 2003). Hence, the difference between the errors in the logit and probit models are empirically indistinguishable. Nonetheless, the probit model is used due to its common extensions to censored and selected samples as discussed later.

by the ordinary least squares (OLS) method, implies that the amount of funds depends on the variables in the vector $\underline{X}_{ij}$ which consist of clientelist ties, income and household size as well as other household characteristics. This equation will be estimated on a subsample of those households that obtain the funds.

Figure 2.1: Estimation Methods and Selection Problems in the Allocation Process of the Thailand Village Fund



Selection and Censoring Problem However, disregarding households who do not obtain any funds in estimating the amount of funds obtained could bias the coefficients. If all households are included in the estimation, the amount of funds obtained by those not receiving any funds is zero, which could be the case in two scenarios: where households choose not to apply or where they apply but get rejected. Illustrating the possible outcomes of household participation, Figure 2.1 shows that both unsuccessful applicants and non-applicants are considered non-recipients and are excluded in the naive OLS estimation. Because the only main eligibility criterion participating is village residency, we can rule out any selection problems at the eligibility stage. Nonetheless, two problems arise here when estimating the amount of funds

obtained. Firstly, there is self-selection as regard applying for the Village Fund. Secondly, conditional on application taking place, there are households which are rejected and whose amounts of funds obtained are censored at zero.[14]

In the dataset, it can be observed of households whether they have received the funds and, if so, how much. However, what we do not necessarily observe is whether and why some eligible households choose not to apply for the programme. Based on the observable data, the naive probit and OLS estimates could understate the role of clientelist ties if clientelist ties positively affected a household's decision to apply, for example because connected households were more likely to apply in the first place. To resolve this, we consider two model specifications: Tobit and Heckman selection models. Taking into account of censoring, the Tobit model includes both recipients and non-recipients without distinguishing unsuccessful applicants from non-applicants. On the other hand, the Heckman model distinguishes between whether non-recipients are non-applicants or unsuccessful households, as it makes additional assumptions on factors affecting household's decisions to apply for the Fund. While both models are designed to deal with censored and truncated data, they employ different assumptions and estimation techniques.[15]

Tobit Model To take into account households receiving no funds, the Tobit model is then applied to correct for censored data in relation to those who do not obtain any funds, assuming

[14]Including all households in the OLS estimation in the previous subsection would yield biased estimates:

$$\begin{aligned} \mathrm{E}\left[T_{ij}\right] &= \Pr\left[T_{ij}^{*}>0\right]\mathrm{E}\left[T_{ij}^{*} \mid T_{ij}^{*}>0\right] \\ &= \Pr\left[u_{ij}>-\underline{X}_{ij}^{'}\cdot\Upsilon\right]\left\{\underline{X}_{ij}^{'}\cdot\Upsilon+\sigma\lambda_{ij}\left(\underline{X}_{ij}^{'}\cdot\Upsilon\right)\right\} \\ &= \Phi\left[\frac{\underline{X}_{ij}^{'}\cdot\Upsilon}{\sigma}\right]\underline{X}_{ij}^{'}\cdot\Upsilon+\sigma\phi\left[\underline{X}_{ij}^{'}\cdot\Upsilon\right] \end{aligned}$$

where $\lambda_{ij}\left(\underline{X}_{ij}^{'}\cdot\Upsilon\right)=\frac{\phi\left[\underline{X}_{ij}^{'}\cdot\Upsilon\right]}{\Phi\left[\underline{X}_{ij}^{'}\cdot\Upsilon\right]}$ is the inverse Mills ratio evaluated at $\underline{X}_{ij}^{'}\cdot\Upsilon$, which behaves as an omitted variable in the full-sample OLS estimations, $\phi(.)$ and $\Phi(.)$ denote the density function and cumulative function of a standard normal distribution, respectively, with the standard deviation being σ.

Nonetheless, using only uncensored observations T_{ij}^{*} of only those who obtain the funds in the estimation also results in inconsistent estimators due to left-censored at zero observations:

$$\begin{aligned} \mathrm{E}\left[T_{ij}^{*}\right] &= \mathrm{E}\left[T_{ij}^{*} \mid T_{ij}^{*}>0\right] \\ &= \underline{X}_{ij}^{'}\cdot\Upsilon+\mathrm{E}\left[u_{ij} \mid u_{ij}>-\underline{X}_{ij}^{'}\cdot\Upsilon\right] \\ &= \underline{X}_{ij}^{'}\cdot\Upsilon+\sigma\lambda_{ij}\left(\underline{X}_{ij}^{'}\cdot\Upsilon\right) \end{aligned}$$

[15]It may be noted here that these methods are applied to consistently estimate the hypothesis regarding the Fund distribution. Understanding the problems of selections in social policy programmes is beyond the scope of this chapter.

that all households want to obtain the village funds. In fact, in the full sample of households, we observe:

$$T_{ij} = \begin{cases} T_{ij}^{*} \text{ if } \quad T_{ij}^{*} > 0 \\ 0 \text{ otherwise} \end{cases}$$

where $T_{ij}^{*} = \underline{X}_{ij}^{'} \cdot \Upsilon + u_{ij}$, which are uncensored for those who successfully receive the funds. Including both recipients and non-recipients, the model estimates the amount of funds obtained by households where censoring may occur due to a selection process by either households or the Fund committee. The single mechanism condition is satisfied here for the Tobit model as the characteristics that make households successfully obtain the funds should influence the amount of funds obtained in the same direction. For example, a household's strong clientelist tie makes it more likely to receive the funds (to be uncensored) and to increase the amount of funds obtained. The Tobit model can be estimated by the maximum likelihood method.

Heckman Selection Model If the proposed theoretical framework is correct regarding the transfer mechanism, selection may exist in the Fund application process. In other words, only households with, for example, clientelist ties are targeted and thus choose to apply. If households apply because they are likely to obtain or because they will receive more funds, they evaluate their chances using the same set of characteristics as those considered by the machine. In order to consistently estimate the role of clientelist ties on Village Fund allocation, we must consider this potential selection problem in the application process. The data collected in 2004 consist of additional information on households' decisions to apply to the programme. This feature allows us to separate out the effects of clientelist ties on access to the Fund from those of households who select themselves out of the programme in the first place. The following Heckman selection model therefore corrects for any selection bias arising from households' non-random decisions to participate in the programme.

Some households may choose not to apply for the funds because they are unlikely to receive any funds. If the decision to apply and the chance of receiving funds are unrelated, there should be no bias when estimating the allocation of funds based on the subsample of households who apply. To the degree that there are common factors determining both the success of applying and the decision to apply, a household's decision to apply is a source of bias. In addition, there may be other characteristics that influence a household's decision to apply for the funds apart

from those included in the control variables. The Heckman selection model does not assume the single mechanism condition and, therefore, allows for the flexibility of the same variables to influence differently the probability of the outcome and the outcome value. Let:

$$w_{ij} = \begin{cases} 1 \text{ if household i applies for the Village Fund} \\ 0 \text{ otherwise} \end{cases}$$

The estimation model on the amount of funds obtained with Heckman correction is:[16]

$$T_{ij} = \begin{cases} T_{ij}^{*} \text{ if } \quad w_{ij} > 0 \\ 0 \text{ otherwise} \end{cases} \tag{2.3}$$

With the first-stage selection equation for applying:

$$\Pr\left(w_{ij} = 1 \mid Z_{ij}\right) = \Phi\left[Z_{ij}^{'} \cdot \alpha + \upsilon_{ij} \mid Z_{ij}\right] \tag{2.4}$$

where T_{ij}^{*} is the amount of funds obtained and the errors are independently and normally distributed; $\underline{Z}_{ij}^{'}$ is a vector of household characteristics inducing households to participate in the Village Fund programme including in-kind income, household size, years of schooling, occupation sectors, and geographical locations (Boonperm et al., 2009; Chandoevwit and Ashakul, 2008). The latent variable, household's decision to apply, equals one if $Z_{ij}^{'} \cdot \alpha + \upsilon_{ij} > 0$ and zero otherwise.[17] Using the above selection equation, the Heckman correction is applied to

[16]We assume that the errors υ_{ij} and u_{ij} are jointly normally distributed with $Cov(\upsilon_{ij}, u_{ij}) = \rho\sigma \neq 0$, as there are common factors affecting both the receipts and the decision to apply. If we obtain the OLS estimates among the applying households, the conditional expectation of the funds received is:

$$\begin{aligned} \mathrm{E}\left[T_{ij}^{*}\right] &= \mathrm{E}\left[T_{ij}^{*} \mid w_{ij} > 0\right] \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \mathrm{E}\left[u_{ij} \mid \upsilon_{ij} > -Z_{ij}^{'} \cdot \alpha\right] \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \rho\sigma \frac{\phi\left[Z_{ij}^{'} \cdot \alpha\right]}{\Phi\left[Z_{ij}^{'} \cdot \alpha\right]} \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \rho\sigma\lambda_{ij}\left(Z_{ij}^{'} \cdot \alpha\right) \end{aligned}$$

The OLS estimates are biased due to selection arising through the omitted variable $\lambda_{ij}\left(Z_{ij}^{'} \cdot \alpha\right)$.

[17]The errors are assumed to be independently and normally distributed, $\upsilon_{ij} \sim N\left(0,\, 1\right)$ and $u_{ij} \sim N\left(0,\, \sigma^{2}\right)$. We assume that the errors υ_{ij} and u_{ij} are jointly normally distributed with $Cov(\upsilon_{ij}, u_{ij}) = \rho\sigma \neq 0$, as there are common factors affecting both the receipts and the decision to apply. If we obtain the OLS estimates among the applying households, the conditional expectation of the funds received is:

$$\begin{aligned} \mathrm{E}\left[T_{ij}^{*}\right] &= \mathrm{E}\left[T_{ij}^{*} \mid w_{ij} > 0\right] \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \mathrm{E}\left[u_{ij} \mid \upsilon_{ij} > -Z_{ij}^{'} \cdot \alpha\right] \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \rho\sigma \frac{\phi\left[Z_{ij}^{'} \cdot \alpha\right]}{\Phi\left[Z_{ij}^{'} \cdot \alpha\right]} \\ &= \underline{X}_{ij}^{'} \cdot \Upsilon + \rho\sigma\lambda_{ij}\left(Z_{ij}^{'} \cdot \alpha\right) \end{aligned}$$

obtain consistent and efficient estimates where the main equation of interest is (1) whether households obtain any funds and (2) the amount of funds obtained, as previously estimated:

$$\Pr\left(t_{ij}=1 \mid \underline{X}_{ij}\right)=\Phi\left(\underline{X}_{1it}\cdot\mu+w_{ij} \mid \underline{X}_{ij}\right) \tag{2.5}$$

$$T_{ij}^{*}=\underline{X}_{ij}^{'}\cdot\Upsilon+u_{ij} \tag{2.6}$$

The standard maximum likelihood estimation of the Heckman selection model is used to obtain consistent as well as the most efficient estimates.

To satisfy the exclusion restriction of the Heckman selection model, at least one explanatory variable in the selection equation does not appear in the equation of the Fund receipt. Households have in-kind income, which is not reported on paper, and hence is excluded from the Village Fund application. Although the model assumes that the machine knows a household's income level which is affected by national and macro policies, they do not know the household's in-kind income. Controlling for a household's monetary income, lower in-kind income households, especially those with close proximity to party machines, are more likely to demand a greater amount cash and, therefore, to apply for the funds. However, this does not affect the chance of obtaining the funds because the village committee does not observe a household's in-kind income. In fact, the correlation between in-kind income and the amount of funds obtained is low (0.012). One may argue that in-kind income may be known to village fund committee in small villages with few inhabitants and therefore would affect a household's village fund outcomes. Nonetheless, an average village size of 625 is large enough for there to be imperfect information on household income and village population is already included as a control variable. For a robustness check, a ratio of in-kind to monetary income is also included to account for financial liquidity possessed by households.

In addition, we have also considered other selection techniques. Unfortunately, using information on neighbour households who have previously applied for the funds is not a valid instrument. Because the amount of funds available within a village is limited, a neighbour's decision to apply does affect the likelihood of the household receiving the funds. Households

The OLS estimates are biased due to selection arising through the omitted variable $\lambda_{ij}\left(Z_{ij}^{'}\cdot\alpha\right)$.

are in fact less likely to apply in villages where many households have previously applied. In addition, we have applied the Sartori selection model which uses a maximum likelihood estimator for dichotomous dependent variables (whether or not households obtain any funds) without requiring exclusion restrictions (Sartori, 2003). The estimator relies on an additional assumption that identical factors affect the selection equation and the outcome equation where the residuals in the two equations are identical.[18]

2.4.4 Summary

To assess the distributional rules and access to the Thailand Village Fund, two types of dependent variables are used to measure the likelihood of households obtaining any funds and the amount of funds received by households. The main independent variable is a dummy variable for a household's clientelist connections. We employ the probit model and OLS to estimate the role of patron–client relationships in increasing the likelihood in obtaining the funds and the amount of funds obtained, respectively. Households in the 2004 and 2010 Surveys are separately estimated, and also jointly estimated in a pooled specification with a year dummy and a year interaction term with the main independent variable on clientelist ties. Potential censoring and selection problems in the programme procedures prompt us to resort to Tobit and Heckman Selection models for empirical specifications. Because the funds are allocated at the village level, the error terms are likely to be correlated within each village and therefore are corrected by village-clustered standard errors for all estimation equations. Appropriate weights are used to account for the clustered random sampling stratified by geographic regions and provinces of the Surveys.

2.5 Data Overview

This section provides details of household characteristics from the Thailand Socio-Economic Survey. The descriptive statistics of the variables used and stylised facts of the Village Fund programme are presented, to motivate further empirical testing. Subsequently, simple mean

[18]Without requiring a valid exclusion restriction, the Sartori estimator shows consistent results with those obtained from the Heckman selection model and probit model. As a result, our estimations are not sensitive to the choice of exclusion restrictions.

comparisons are performed to assess whether households connected in relation to clientelism, without any control variables, are more likely to receive the funds.

2.5.1 Descriptive Statistics

Table 2.1: Household Characteristics

	2004				2010			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Household-level								
1[Obtain funds]	0.46	0.50	0	1	0.37	0.48	0	1
Amount of funds obtained	15.3	8.79	0.50	200	18.0	12.5	1	500
1[Client]	0.26	0.44	0	1	0.28	0.45	0	1
1[Applied]	0.47	0.50	0	1	.	.	.	.
No of times obtaining funds in 2009	.	.	.	.	1.04	0.19	1	2
No of times obtaining funds since 2002	2.05	0.86	1	9	6.09	3.01	1	50
Household head's years of schooling	5.13	3.56	0	21	5.71	3.78	0	21
Expenditure	2.92	3.23	0.27	76.7	4.85	4.79	0.37	130.2
No of eligible voters in household	2.48	1.12	0	13	2.41	1.08	0	10
Ratio of dependents in household	40.7	29.0	0	100	38.7	30.1	0	100
In-kind income	2.12	2.56	0	205.9	2.61	2.00	0	97.5
Observations	12,883					16,759		
Village-level								
Village population	625.1	572.0	103	8564	546.8	313.3	52	4487
Observations	1,573					1,848		
District-level								
1[TRT District]	0.50	0.50	0	1	0.76	0.43	0	1
Observations	335					351		

All monetary unit is in 1,000 Thai baht. 1[...] denotes a dummy variable

Since around 90 percent of the programme participants live in rural areas (Chandoevwit and Ashakul, 2008; Boonperm et al., 2009), a subsample of 12,883 households in 2004 and 16,759 households in 2010 in the non-municipal areas and outside the capital city of Bangkok has been used. The administration of the funds differs slightly between those in municipal and non-municipal areas. Therefore, any systematic differences between villages in the two areas do not affect the analysis. Moreover, village-level characteristics are only available for those that reside in non-municipal areas, according to the Ministry of Interior's definition of "village" in the NSO's data collection process. According to the overall statistics on the Village Fund programme reported by the World Bank, around half of the participants live in the poorest Northeastern region of Thailand and about 70 percent of the participants have a lower monthly income and level of consumption, and a slightly larger household size than the average. The heads of the participating households tend to have spent less than six years in

school (Chandoevwit and Ashakul, 2008; Boonperm et al., 2009).

As shown in Table 2.1, households in the sample live in 1,573 villages in 2004, and in 1,848 villages in 2010. The clientelism variable is constructed by assigning the value of one to households with a member who is either a government official or who has had business transactions with government officials. In the sample, 3,391 households (26 percent) in 2004 and 4,731 households (28 percent) in 2010 are identified as having ties to officials and as belonging to the clientelist group. Approximately half of the village population in both 2004 and 2010 receive the village funds in our sample. In fact, the proportion of households participating in the programme was quite stable during 2004–2010 (Boonperm et al., 2012). Among Fund recipients, the average funds obtained is 15,300 baht in 2004 and 18,000 baht in 2010. Households in the Northeast, where villages are smaller, have the highest fraction of recipients and the highest amount obtained.[19] Households in this region are also core supporters of the TRT Party which promised the funds during their rallies. On the other hand, households in the South, where Democrat Party supporters tend to cluster, live in bigger and richer villages and receive less funds. Political dynasties as well as clientelism are believed to be relatively stronger in the poorer regions of the North and Northeast (Scott, 1972a; Schaffer, 2007).

Table 2.2 shows that the size of funds is on average 2 percent of annual income for the 5,971 households who obtain the funds in 2004. As a million baht is available for every village, regardless of population, the percentage of recipients within a village and the importance of the fund relative to household income declines with village size. In the smallest tenth of villages, 57.4 percent of households receive funds, which equals 2.86 percent of their income, but only 28.8 percent of households receive funds amounting to 1.60 percent of their income in the largest decile. Households in large villages tend to be richer and the amount of funds obtained is much smaller. The average amount obtained by household is 21,070 baht in the smallest decile and only 12,500 baht in the largest decile. The 2010 data show some similar trends in respect of these characteristics. However, village size shows smaller associations with households obtaining the funds and the amount obtained per household income in 2010.[20]

Table 2.2: Amount of Funds Obtained by Village Population Deciles

(a) 2004

Decile	Village population	Income per month		Avg funds obtained per household	Funds/income in household	% of households obtaining funds
		Per capita	Per household			
1	202	2.19	9.42	21.07	2.86	57.4%
2	281	2.05	8.51	19.51	2.92	58.6%
3	334	2.04	8.61	16.28	2.48	55.9%
4	380	2.15	9.15	16.27	2.35	53.6%
5	432	2.14	9.12	15.24	2.11	50.6%
6	489	2.24	9.63	14.42	2.01	47.6%
7	548	2.31	9.51	13.30	1.86	44.1%
8	628	2.06	8.43	13.00	1.99	45.9%
9	736	2.37	10.08	12.73	1.72	40.3%
10	1086	2.38	10.40	12.50	1.60	28.8%
No. HH	5,971					

(b) 2010

Decile	Village population	Income per month		Avg funds obtained per household	Funds/income in household	% of households obtaining funds
		Per capita	Per household			
1	222	3.74	12.88	20.58	2.12	39.5%
2	310	4.04	12.86	20.28	2.02	45.0%
3	350	4.05	13.65	19.31	1.92	44.8%
4	388	3.87	12.99	18.71	1.89	43.2%
5	432	3.73	12.31	17.15	1.75	46.2%
6	471	4.02	13.41	17.41	1.70	41.6%
7	528	4.38	14.19	16.33	1.63	36.4%
8	592	3.98	13.30	15.94	1.59	39.9%
9	670	4.20	13.98	15.29	1.40	33.4%
10	885	4.24	15.14	15.40	1.35	20.3%
No. HH	6,200					

All monetary units are in 1,000 Thai baht.

Source: Thailand Socio-Economic Survey 2004 (NSO); NRC2d Database (Department of Community Development, Ministry of Interior)

2.5.2 Clientelist vs. Non-Clientelist Households

The underlying empirical question of this study concerns the allocation of transfers in the Village Fund programme. The main hypothesis is that the clientelist group, those connected to village officials and thus those receiving the funds more efficiently, have a higher chance of obtaining the funds and also will receive more money. In other words, the funds are particularistic to clientelist households in the local distribution. The mean comparisons shown in Table 2.3 compare households in clientelist and non-clientelist groups in the Village Fund programme. Significantly higher fractions of clientelist households are shown to obtain the funds in 2004 and 2010 (at 1% significance). When compared to 2004, the difference between clientelist and non-clientelist households becomes smaller in 2010. In 2010, 39.59 percent of

[19]Descriptive statistics by region are shown in Table 2.14 in the Appendix.

[20]The injection of funds in 2010 is no longer a quasi-experiment with respect to village population.

Table 2.3: Mean Comparisons of Village Fund Outcomes

	2004		2010	
	Clientelist	Non-clientelist	Clientelist	Non-clientelist
%Received funds	60.92%	41.14%	39.59%	35.97%
	(0.49)	(0.49)	(0.49)	(0.48)
No of households	3,391	9,492	4,731	12, 028
No of funds obtained	2.17	1.98	1.05	1.03
	(0.89)	(0.83)	(0.21)	(0.17)
Funds obtained	16.41	14.73	19.04	17.57
	(8.69)	(8.78)	(10.76)	(13.11)
No. of recipient households	2,066	3,905	1,873	4,327

Main statistic is the mean and standard deviation in parenthesis. All monetary unit is in 1,000 Thai baht. All mean comparisons are significant at 1%.
The results above are robust to the constructed measures of clientelism as the t-tests are also conducted separately for non-/government official groups and non-/government business groups.

clientelist households obtain the funds in comparison to the 35.97 percentage obtained by non-clientelist households. This poses a further question regarding whether the effects of clientelism have weakened over time.

The smaller difference in 2010 between the two groups is also reflected in the comparison of the number of funds obtained. Among fund recipients in 2004, clientelist households obtain the village funds on average 2.17 times, compared to 1.98 times by non-clientelist ones. The difference has fallen in 2010 but is still significant. In terms of the amount of funds, clientelist households also fare better, receiving more funds in both years by approximately 2,000 baht or 10 percentage of a standard fund size. While clientelist households seem more successful in obtaining the village funds in both years, we can observe a smaller gap between the two groups in 2010 which prompts further multivariate analyses of changes over time.

By providing information on households' decisions to apply for the funds, the Survey in 2004 allows us to compare the clientelist and non-clientelist groups conditional on applying for village funds. The mean comparisons in Table 2.4 show that clientelist households are significantly more likely to apply than non-clientelist ones. Conditional on applying, the majority of the households do get some of the funds and there is a significant difference between the

Table 2.4: Mean Comparisons of Village Fund Outcomes in 2004 (Conditional on Applying)

	Full Sample		Conditional on Applying	
	Clientelist	Non-clientelist	Clientelist	Non-clientelist
%Apply	61.4%	42.4%		
	(0.49)	(0.49)		
%Receive funds	60.9%	41.1%	97.3%	95.5%
	(0.49)	(0.49)	(0.161)	(0.208)
Funds requested	12.71	6.59	20.71	15.91
	(46.23)	(14.02)	(57.60)	(18.06)
Funds obtained	10.00	6.06	16.29	14.63
	(10.49)	(9.18)	(8.77)	(8.83)
No. of households	3,391	9,492	2,081	2,931

Main statistic is the mean and standard deviation in parenthesis. All monetary unit is in 1,000 Thai baht. All mean comparisons are significant at 1%, except for %Receive funds conditional on applying. The results above are robust to the constructed measures of clientelism as the t-tests are also conducted separately for non-/government official groups and non-/government business groups.

two groups. Although most applicants successfully obtain some funds, clientelist households have a higher success rate. The amounts of funds requested and obtained are significantly larger for the clientelist group. These results show that there is potentially some self-selection in the programme. It is possible that more clientelist households apply because they are more likely to get a higher amount of funds. Keeping the potential problem of selection in mind, the following empirical testing further investigates the role of clientelist ties in the allocation of funds.

2.6 Empirical Testing and Multivariate Results

This section presents the empirical results regarding the question of equality of access to the Village Fund programme. The analysis investigates determinants of households' success in obtaining the funds. Two types of dependent variables are considered to study the effects of clientelist ties on the likelihood of receiving any funds and on the amount of funds obtained. Results in 2004 and 2010 as well as the pooled analysis of both years are discussed and compared. Moreover, Tobit and Heckman selection model estimates on the 2004 data provide additional empirical tests which consider the selection problems.

Table 2.5: Probit Estimations on Whether Households Obtained Village Funds in 2004 and 2010

	(1) 2004		(2) 2010		(3) Pooled	
1[Client]	0.18***	(0.018)	0.063***	(0.015)	0.19***	(0.016)
1[Yr=2010]					-0.056***	(0.013)
1[Client]*1[Yr=2010]					-0.13***	(0.019)
Expenditure	-0.0099***	(0.0025)	-0.0050***	(0.0018)	-0.0069***	(0.0015)
Eligible voters	0.026***	(0.0077)	0.029***	(0.010)	0.028***	(0.0062)
Ratio of dependents	0.00051*	(0.00027)	-0.000084	(0.00025)	0.00022	(0.00018)
Years in education	-0.0016	(0.0021)	-0.0035**	(0.0018)	-0.0027*	(0.0014)
1[Agriculture]	-0.14***	(0.022)	-0.13***	(0.021)	-0.13***	(0.015)
1[Manufacturing]	0.077***	(0.019)	0.10***	(0.017)	0.094***	(0.013)
1[Services]	-0.0071	(0.022)	0.0022	(0.018)	-0.0016	(0.014)
Village population	-0.00024***	(0.000038)	-0.00028***	(0.000032)	-0.00026***	(0.000029)
1[TRT District]	-0.041	(0.033)	-0.12***	(0.038)	-0.065***	(0.024)
1[TRT District]*Voter	0.012	(0.012)	0.026**	(0.012)	0.020***	(0.0078)
1[North]	0.060***	(0.019)	0.16***	(0.019)	0.11***	(0.014)
1[NEast]	0.13***	(0.019)	0.22***	(0.019)	0.18***	(0.013)
1[South]	-0.053**	(0.023)	-0.17***	(0.027)	-0.096***	(0.018)
Observations	12883		16759		29642	
Psudo R^2	0.0790		0.107		0.0940	

Average marginal effects are reported, or discrete change of dummy variable from 0 to 1;
village-clustered standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
All monetary unit is in 1,000 Thai baht. McFadden's pseudo R^2

2.6.1 Whether or Not Households Receive the Funds

Table 2.5 presents the average marginal effects estimated by the probit model from Equation (2.1) for 2004 and 2010.[21] The dummy variable *Client* equals one when a household is connected to the machine patrons, either by having a family member working in government or conducting business with officials. When a household is connected to officials, they possess an 18 percentage-point higher chance of obtaining funds in 2004 and only a 6.3 percentage-point higher chance in 2010. Most control variables show significant and expected signs in the probit estimations. Households in smaller villages have a higher chance of success while richer households are less likely to obtain the funds. In line with the literature on developing countries, consumption expenditure is used as a proxy for income. Consumption expenditure is a better control variable, as it should not be directly affected by the programme, which was intended to facilitate income-generating projects rather than to boost consumption. As expected, we find that poorer households are more likely to receive the funds. Nonetheless, many factors

[21]The logit model is also estimated. Both models return almost identical results. The theoretical predictions suggest that, rather than it being the level of clientelist ties, their relative value within the village matters. However, assuming that households do not know their relative position to the village average, including *levels* of household characteristics, instead of their village-relative values, yields similar results and offers convenient interpretations.

may contribute to this finding, for example; a small amount of loans given out attracts only poorer households; political machines target poorer households due to their lower marginal utility of income; and/or poorer households are more in need of financial liquidity than rich ones.

Moreover, it is confirmed that the number of eligible voters in households, a proxy for electoral power, has a significant positive impact on the likelihood of obtaining funds, as predicted by the model. Two additional household-level control variables show very small effects on the chance of obtaining funds. The ratio of dependents is only positive and significant in 2004 as it is expected that households with more dependent members will seek additional money. However, the ratio yields insignificant effects in 2010. On the other hand, the household head's education only shows a significant effect in 2010. While household education level plays no role in the likelihood of obtaining funds in 2004, households with higher education may be better informed about the programme and choose not to participate in later years.

Sectoral and regional dummies exhibit interesting significant effects on the chances of receiving funds. Households having their head members working in agriculture are 13 to 14 percentage points less likely to obtain the funds when compared to the economically inactive reference group. This result is surprising because agricultural jobs are seasonal and reliant on cash flow financing. On the other hand, households working in the manufacturing sector are 7.7 and 10 percentage points more likely to obtain the funds in 2004 and 2010, respectively. Given that the initial objective of the programme was to alleviate poverty by funding income-generating projects, particularly for unemployed households, the results are somewhat ambiguous. We find instead that the funds are more likely to be obtained by those working in manufacturing sector. Households in the TRT-based North and Northeast regions have a higher chance of obtaining the funds as compared to those in the referenced Central region. Confirming the core support case of the Dixit and Londregan model, the results suggest that the TRT machines could be using the Village Fund as a clientelist exchange channel for votes rather than targeting a swing Central region.

The models include a dummy variable for districts won by the TRT Party in the most recent national election preceding the data collection, i.e. the 2001 election for the 2004 analysis and

the 2005 election for the 2010 analysis.[22] While the dummy variable displays consistent effects in both years, it becomes significant only in 2010. The negative signs suggest that households living in districts won by other smaller parties are more likely to receive the funds. As the Village Fund was initiated and associated with TRT Party, one would expect more households in districts where the TRT won to receive the funds. In fact, the interaction term of the number of voters and districts in which the TRT won is positively significant in 2010. The effects are magnified in the second election when households already see that the programme is put into practice unlike many past promises made in the pre-populist policy period. The insignificant effect in 2004 may reflect potential commitment problems as the Village Fund was first implemented following the 2001 election. Having observed the implementation of the programme shortly after the election, households may come to believe in the TRT Party's commitment to carry out the programme in subsequent elections.

Model (3) of Table 2.5 pools together all households in 2004 and 2010. It includes a dummy variable for the year 2010 as well as its interaction with the *client* variable. While it is not possible to establish any time trends with only two-year data, it is interesting to look at the differences. As with the previous results, the pooled model also reports positive effects of the client dummy variable and is consistent with the first hypothesis that clientelist ties matter in the Fund allocation. Close proximity to officials yields significant favourable access to the funds, by 19 percentage points. The negative 2010 year dummy suggests that households in 2010 are 5.6 percentage points less likely to obtain the funds. Moreover, households with clientelist ties in 2010 are about 13 percentage-point less likely to receive the funds than those in 2004. As expected (in the second hypothesis), the effects are substantially reduced in 2010 when compared to 2004.

2.6.2 Amount of Funds Obtained

The OLS estimates of the amount obtained across a subsample of fund-receiving households are presented in Table 2.6. In both years, clientelist ties have positive effects on the amount of funds obtained but the coefficient is only significant in 2004. Similarly to the results regarding

[22] In fact, there was a general election in 2006 and 2007. However, the election in 2006 was annulled while the 2007 election followed a different set of electoral rules in accordance with the 2007 Constitution. We therefore have used the 2005 election results to capture the political climate.

Table 2.6: OLS Estimations of Amount of Funds Obtained in 2004 and 2010

	(1) 2004		(2) 2010		(3) Pooled	
1[Client]	1.83***	(0.44)	0.70	(0.44)	1.77***	(0.40)
1[Yr=2010]					2.29***	(0.37)
1[Client]*1[Yr=2010]					-1.25**	(0.56)
Expenditure	0.30***	(0.077)	0.27***	(0.075)	0.27***	(0.056)
Eligible voters	1.03***	(0.20)	0.38	(0.24)	0.86***	(0.17)
Ratio of dependents	0.0094	(0.0059)	0.0039	(0.0073)	0.0072	(0.0047)
Years in education	0.35***	(0.060)	0.10*	(0.056)	0.23***	(0.042)
1[Agriculture]	-0.10	(0.64)	-1.47**	(0.66)	-0.74	(0.47)
1[Manufacturing]	0.25	(0.45)	0.19	(0.52)	0.27	(0.35)
1[Services]	-0.14	(0.53)	-0.27	(0.67)	-0.13	(0.43)
Village population	-0.0059***	(0.0014)	-0.0083***	(0.0012)	-0.0066***	(0.0011)
1[TRT District]	0.18	(0.78)	0.10	(0.96)	0.21	(0.66)
1[TRT District]*Voter	-0.16	(0.26)	0.47	(0.32)	0.0093	(0.23)
1[North]	-1.30**	(0.56)	-0.57	(0.59)	-0.88**	(0.40)
1[NEast]	-1.82***	(0.49)	-2.06***	(0.62)	-1.92***	(0.39)
1[South]	0.35	(0.67)	0.13	(0.86)	0.10	(0.53)
Constant	13.1***	(1.09)	19.0***	(1.24)	14.5***	(0.89)
Observations	5971		6200		12171	
Adjusted R^2	0.0910		0.0400		0.0710	

Coefficients are reported; village-clustered standard errors in parentheses.

All monetary unit is in 1,000 Thai baht. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

the likelihood of receiving funds, weaker effects of clientelist ties are observed in 2010. Among fund recipients, higher household expenditure increases the amount of funds obtained. An additional one thousand baht of household expenditure significantly increases the amount of village funds obtained, by 270-300 baht.

Fund-receiving households in both years are pooled and estimated together with a 2010 year dummy and its interaction with the dummy variable *client*. Clientelist ties remain significantly positive and the year dummy positive. Their interaction term exhibits a negative and significantly coefficient which is consistent with the results from the probit model. In line with the theoretical predictions, clientelist ties are one important determinant of success in receiving benefits and raising the amount of funds obtained. The results present the influence of clientelist relations at the local level on welfare distribution.

2.6.3 Results Corrected for Censoring and Selection

Tobit Model

Table 2.7: Tobit Estimations of Amount of Funds Obtained in 2004 and 2010

	(1) 2004		(2) 2010		(3) Pooled	
1[Client]	6.85***	(0.66)	3.02***	(0.62)	7.38***	(0.63)
1[Yr=2010]					-0.70	(0.49)
1[Client]*1[Yr=2010]					-4.92***	(0.78)
Expenditure	-0.23**	(0.089)	-0.13*	(0.077)	-0.18***	(0.058)
Eligible voters	1.39***	(0.27)	1.51***	(0.46)	1.52***	(0.24)
Ratio of dependents	0.020**	(0.0089)	-0.0033	(0.011)	0.0096	(0.0069)
Years in education	0.13	(0.081)	-0.13	(0.080)	0.0027	(0.058)
1[Agriculture]	-4.37***	(0.84)	-6.67***	(1.03)	-5.44***	(0.66)
1[Manufacturing]	2.64***	(0.65)	4.31***	(0.77)	3.62***	(0.50)
1[Services]	-0.22	(0.73)	-0.22	(0.85)	-0.13	(0.56)
Village population	-0.012***	(0.0018)	-0.017***	(0.0016)	-0.013***	(0.0014)
1[TRT District]	-1.23	(1.09)	-3.98**	(1.67)	-2.04**	(0.91)
1[TRT Dist]*Voter	0.30	(0.37)	1.14**	(0.53)	0.72**	(0.30)
1[North]	1.14*	(0.68)	6.60***	(0.88)	3.67***	(0.55)
1[NEast]	2.81***	(0.65)	8.18***	(0.88)	5.22***	(0.54)
1[South]	-1.45*	(0.86)	-7.87***	(1.46)	-3.76***	(0.77)
Constant	0.77	(1.50)	-1.10	(2.01)	-0.53	(1.25)
σ	15.5***	(0.44)	20.3***	(0.74)	17.9***	(0.45)
Observations	12883		16759		29642	
Censored obs	6912		10559		17471	
Psudo R^2	0.0234		0.0297		0.0249	

Coefficients are reported; village-clustered standard errors in parentheses.

All monetary unit is in 1,000 Thai baht. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. McFadden's pseudo R^2

However, the estimates from the naive probit and OLS models are subject to possible censoring and selection bias because some households obtain no funds at all. Estimating from the full sample, the Tobit model is employed to correct for the censoring bias arising from the households who do not obtain any funds. This censoring can be interpreted as a selection decision made by the machine when evaluating fund applications or a household's own self-selection to apply, if we assume that all households want to obtain the funds. Imposing the same control variables as those in the previous estimations, the Tobit estimates show larger and more significant effects of clientelist ties than those estimated by the OLS. However, the year 2010 dummy variable in Model (3) is insignificant, suggesting inconclusive results as to whether households in 2010 received more funds when compared to 2004. The number of eligible voters

has significant positive effects in both years. Assuming intra-household utilisation of the funds received, the machine can benefit more by allocating a higher amount of funds to households with a higher number of voters. Also, households can do more with a bigger amount, with the benefits being shared among all members. Therefore, targeting bigger households could be one of the machine's transfer strategies.

The Tobit model reports a negative coefficient of expenditure. These effects can be twofold. Poorer households are more receptive to transfer targeting and the machine tends to target them in the way that the theory predicts. On the other hand, a larger amount is needed to shift the utility of richer participants, as implied by the positive effect of household monetary income. The coefficient sign therefore shows the balanced effect of the two. The coefficient on expenditure becomes negative in the Tobit model once censoring has been taken into account, suggesting that poorer households are in fact participating in the programme and receiving more funds.

Consistent with previous findings, agricultural and manufacturing dummy variables are significantly negative and positive in Tobit estimates, respectively. Most regional dummies are significant, suggesting that regional differences still affect the amount of funds obtained. The Northeastern region dummy variable shows signs that conflict with those obtained from the OLS estimations. According to the descriptive statistics, the Northeastern region has seen the largest fraction of Fund applications out of the total population. In fact, the Northeastern region's dummy is expected to increase the likelihood of being uncensored and increase the amount of fund obtained. As a result, the Tobit model is problematic, because its single mechanism does not allow this flexibility for the regressors to influence differently the chance of being uncensored and the outcome. However, the results on more favourable access to the Fund for the clientelist group are robust in both specifications although the exact magnitude cannot be determined. In addition, among Fund recipients, closer ties do not increase the actual transfer received as much as when all households are considered in the Tobit model, suggesting that households may self-select regarding applying, according to their clientelist ties.

Table 2.8: Estimations with Correction for Selection for 2004

Dependent variable	Whether obtain VF		Amount of Funds Obtained		
	(1) Probit	(2) Heckman Probit	(3) OLS	(4) Tobit	(5) Heckman
1[Client]	0.47***	-0.051	1.83***	6.85***	5.09***
	(0.048)	(0.17)	(0.44)	(0.66)	(0.57)
Expenditure	-0.025***	0.027	0.30***	-0.23**	0.0096
	(0.0062)	(0.047)	(0.077)	(0.089)	(0.072)
Eligible voters	0.065***	0.069	1.03***	1.39***	1.33***
	(0.019)	(0.073)	(0.20)	(0.27)	(0.21)
Ratio of dependents	0.0013*	-0.0033	0.0094	0.020**	0.016**
	(0.00068)	(0.0033)	(0.0059)	(0.0089)	(0.0073)
Years in education	-0.0039	0.055**	0.35***	0.13	0.29***
	(0.0054)	(0.027)	(0.060)	(0.081)	(0.065)
1[Agriculture]	-0.35***	0.44	-0.10	-4.37***	-2.87***
	(0.057)	(0.27)	(0.64)	(0.84)	(0.70)
1[Manufacturing]	0.19***	0.019	0.25	2.64***	1.71***
	(0.048)	(0.22)	(0.45)	(0.65)	(0.52)
1[TRT District]	-0.10	0.43	0.18	-1.23	-0.65
	(0.083)	(0.31)	(0.78)	(1.09)	(0.87)
1[TRT Dist]*Voter	0.030	-0.28***	-0.16	0.30	0.070
	(0.029)	(0.087)	(0.26)	(0.37)	(0.30)
Village population	-0.00060***	-0.00023	-0.0059***	-0.012***	-0.010***
	(0.000095)	(0.00018)	(0.0014)	(0.0018)	(0.0016)
1[North]	0.15***	-0.037	-1.30**	1.14*	-0.12
	(0.049)	(0.20)	(0.56)	(0.68)	(0.58)
1[NEast]	0.34***	0.11	-1.82***	2.81***	0.86
	(0.048)	(0.22)	(0.49)	(0.65)	(0.55)
1[South]	-0.13**	-0.27	0.35	-1.45*	-0.80
	(0.058)	(0.27)	(0.67)	(0.86)	(0.70)
1[Services]	-0.018	-0.086	-0.14	-0.22	-0.64
	(0.054)	(0.27)	(0.53)	(0.73)	(0.60)
Constant	-0.022	2.35***	13.1***	0.77	4.57***
	(0.100)	(0.48)	(1.09)	(1.50)	(1.32)
athrho, σ constant		0.091		15.5***	2.17***
		(0.30)		(0.44)	(0.092)
Observations	12883	12883	5971	12883	12883
Censored obs		6871			6871
Adj R^2			0.0910		
ρ		0.0905			0.974
Comp test p-value		0.761			2.69e-123

All monetary unit is in 1,000 Thai baht. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Main statistics are the average marginal effects in (1) and (2) and coefficients in (3)-(4);

village-clustered standard error in parentheses; Adjusted R^2 in OLS; McFadden's pseudo R^2 in (2) and (4).

Heckman Selection Model

Whereas households assess both kinds of income in deciding whether or not to apply, in-kind income affects a household's decision to apply but it does not affect the application outcome. In-kind income thus acts as a valid exclusion restriction because it is unknown to the fund committee.[23] Richer households generally do not participate in the programme because the amount of the loans provided is much smaller than those given out by commercial banks. Households with high in-kind income may need cash for better liquidity. In theory, richer households are not targeted because it is more expensive to shift their marginal utility. However, holding expenditure and other things constant, in-kind income-rich households are more likely to need liquidity. Therefore, in-kind income is positively correlated with obtaining funds.[24] With the Heckman correction on the amount of funds obtained, Model (5) in Table 2.8 shows that stronger clientelist ties significantly increase the funds obtained by 5,090 baht or 29 percent of an average fund. Due to selection, the effect of clientelism on the amount of funds obtained is underestimated by the OLS method because clientelism also increases the chance of applying. After accounting for regional differences in the selection stage, the estimations no longer capture a regional impact on the amount of funds obtained.

The Wald likelihood-ratio test for independent equations, the null hypothesis of which is that the error terms in the selection and main equations are uncorrelated, is rejected in Model 5. In other words, selection exists in the programme because the censored (non-applicant) and uncensored (applicant) households are not randomly assigned. Nonetheless, it is important to note that these results hold for the given selection equation and may not be robust to other selection criteria. On the other hand, we fail to reject the Wald test for independent equations in the Heckman probit model (Model 2). We cannot conclude that selection has any effect on the estimates of whether a household obtains funds at the cost of less efficiency, given that correcting for selection also increases the standard errors.

In summary, the Heckman selection model is applied to correct for any bias arising from a household's decision regarding applying. The possible selection induces households who are

[23] See Appendix for estimates from the first-stage selection equation.

[24] However, when standardising in-kind income with monetary income, in-kind income-rich households might be less likely to apply because they are well-off enough not to participate. These households could already be eligible to obtain loans from commercial banks.

likely to receive funds to apply as most applicants receive some funds regardless of their clientelist ties. Model (2) of Table 2.8 shows an insignificant impact of such selection which confirms that the naive probit model previously presented is robust. However, this selection causes a bias in the estimate of amount of funds obtained, as the Wald test for independent equations is rejected in Model (5). Nonetheless, the results obtained from the Heckman selection model confirm the main findings in Table 2.6 that clientelism increases the amounts of funds obtained with the presence of a selection bias. Because the results obtained by OLS and Tobit models are underestimated, it is not possible to systematically compare the magnitude of effects of clientelism on the Fund amount obtained between 2004 and 2010.

2.7 Discussion and Conclusion

This chapter has investigated whether clientelist relations play a role in the allocation of the Thailand Village Fund. The Dixit-Londregan model (1996) of redistributive politics was adapted to explain possible clientelism affecting the fund distribution. Three modifications were made: (1) the inclusion of party machines as mediating machine patrons who maximise votes on behalf of their parties, (2) the positive transfer budget in the absence of taxation, and (3) possible corruption of the transfer budget when parties have no ability to monitor the budget usage. The first two modifications aim to reflect the nature of the pyramidal structure of political clientelism. The third modification captures the observed remaining budget of the Thailand Village Fund programme in some villages, challenging the original model's prediction that all of the budget should be spent. Empirical tests were performed on the Thailand Village Fund implemented in 2002 shortly after the TRT Party's electoral victory. The dataset was drawn from the 2004 and 2010 Thailand Socio-Economic Survey, which includes detailed information on household participation in the transfer programme.

The essential findings of the empirical test are that household ties to government officials have a significant effect on increasing the chances of receiving funds and the amount of money obtained through the Village Fund. Generally, clientelist households are more likely to obtain the funds. However, after correcting for selection bias, there is no conclusive evidence that clientelism plays a role in determining whether or not a household obtains funds. If any, a clientelist channel of distorting welfare benefits exists, it is in the form of transferring extra

funds. The reason behind this could be that, criticism from the public or media is less likely when, even though clientelist households receive larger amounts of funds, most applicants receive at least some funds. Moreover, a higher number of clientelist households tend to apply more often than non-clientelist households in the first place, meaning that clientelist households are targeted and thus choose to apply. The results have confirmed our first hypothesis that patron–client relationships still play a role in the distribution of the Thailand Village Fund.

Regarding the second hypothesis, the analyses cannot come to a conclusion as to whether the strength of clientelist particularism has fallen over time. Our modest attempt to compare the results in 2004 and 2010 suggests that clientelist ties seem weaker in 2010. The weaker effects in 2010 are pertinent to the estimation of the likelihood of receiving any funds at all but not the amount of funds obtained. It can only be said that the Village Fund is clientelistic to a certain extent in both years, but no claims on the trends of this effect can be officially made according to the existing data. Due to limited panel data collection, we are not able to compare the same households in both rounds of distribution. The surveys do not allow for a panel analysis and, thus we can only employ pooled estimations of two cross-sectional surveys.

Nonetheless, the results do offer an explanation as to why the programme has a significant impact in raising consumption expenditures, as has been found in previous works. Because more funds are allocated to clientelist households, the redistribution may be inefficient and result in the misuse of the money (such as on alcohol and home maintenance), as reported by Kaboski and Townsend (2011). In addition, the funds are more likely to be obtained by those already active in the labour market. It is not entirely clear whether this has served the initial objective of the programme, being the alleviation of poverty through the funding of income-generating projects, particularly for self-employed households. As a matter of fact, the level of income and consumption growth found in previous studies could come from higher income and consumption by households containing wage earners, rather than those who are self-employed or economically inactive. If that were the case, we could certainly say that the programme was unsuccessful in supporting income-generating projects for self-employed and unemployed households. The results offer a new perspective in relation to the growing interest in community-based decision-making in developmental programmes (e.g. Alatas et al., 2012).

However, we do not wish to argue wholeheartedly against populist transfer programmes, which

could definitely be implemented with good management and selection criteria in order to achieve the original objective of poverty reduction and could also free voters from clientelist dependence (Fried, 2012). If the transfer programme is intended to boost the local economy, the selection criteria should also take into consideration proposals regarding how the funds will be managed. Because the allocation of the Village Fund is decentralised at the village level and distributed on an individual basis, this leaves the door open for clientelism and favouritism to affect the receipt of funds. If the funds were allocated only to those villages where households or local organisations initiated an income-generating projects, the village committee's decisions to distribute funds would be less discretionary. As a result, such financial intervention would be directed toward development projects as initially intended, rather than consumption expenditure. In this way, village-level initiatives would be accommodated and encouraged. To achieve this, existing local networks could be utilised to strengthen the implementation of a cash transfer programme when coordination within a village is needed to secure the funds (Alatas et al., 2012). In addition, further technological transfers necessary for the proposed village-level projects might also be provided by the government. For example, technical and managerial skills could be imparted to rural artisans in order to enhance the development of village initiatives.

Moreover, the clientelist exchanges between households and party machines could be mitigated by selecting certain villages with potential projects already in place to receive the transfers. That said, this may lead to clientelist exchanges between village party machines and a political party, to lobby to be a fund-recipient village. As a result, this change could transform the clientelistic electoral strategy into either programmatic policy or a pork-barrel competition. This would re-locate the redistribution of transfers from the local level, where party machines promise individual benefits in exchange for votes, to the interest-group or district level. Hence, a positive effect of this move would be increased transparency and policy debate (as opposed to having to check the legitimacy of each individual Village Fund transfer).

While the relationship between inequality and clientelism is a settled fact (Stokes, 2007), whether clientelism in electoral politics has real, long-term benefits remains debatable. Populist redistributive transfers allow national politicians to direct votes to themselves through transfer programmes, such as the Village Fund. This shifts the criteria for successful elec-

tions away from local clientelist influence towards "direct-sale politics", where voters associate themselves with a national party through a policy agenda (Phongpaichit and Baker, 2003). While this may strengthen party-system democracy, it may also weaken democratic competition in the long run by encouraging the poor to rely on government handouts as substitutes for the support of local patrons. This in turn could dissuade the poor from obtaining self-determination through work (Phongpaichit and Baker, 2009). Nonetheless, "a certain degree of particularism is unavoidable and a purely universalistic and impersonal system of interest representation is unattainable, and probably also undesirable" (Piattoni, 2001).

This chapter has proposed a theoretical framework and the empirical application of that framework to clientelism in electoral welfare promises. Nonetheless, game theoretical extensions of the model could include competition between the machines of the two parties once both parties are allowed to make transfer promises. In fact, this has now become relevant for Thailand as well as other new democracies where parties compete in targeting transfer promises. Moreover, future research should also include strategic interactions between political parties and their machines, which are assumed in the background in this study. This would complete the pyramidal structure of clientelism, as the principal-agent problem exists for the party's monitoring of the budget usage. More importantly, the main weakness of the empirical tests lies in several data selection problems that have affected the quality of the dataset. In addition, future data collection regarding other available financial resources within a village would help identify a household's selection to participate in a transfer programme, which may not be solely attributable to political reasons.

2.8 Appendix A: A Model of Clientelist Distribution (from M.Phil. Thesis)

The objective of this section is to develop a theoretical framework explaining how outcome-contingent-transfers are targeted in political clientelism. In doing so, we adapt and modify the Dixit and Londregan model of redistributive politics. Following Dixit-Londregan's basic set up, the "core support" case is considered where parties place more emphasis on redistributive transfers than issue positions to attract votes.[25] The original model is altered by having party machines maximise votes on behalf of the parties. Also, it is necessary to allow for possible corruption of the transfers when party machines prefer monetary benefits to clientelist rewards from the party for mobilising votes. In addition, the absence of taxation and the positive transfer budget reflect the nature of clientelist exchanges where the budget is exogenously given from the political parties.

Each voter located on the real line has an ideological preference X for party R over party L. The voters are numerous and distinguished in their ideological preferences for either party. Assume that every voter votes even though they are individually unlikely to affect the outcome. In addition to political ideology, the voters also care about economic benefits, measured by consumption C. All voters are divided into two groups, identified by $i = 1, 2$. Within a group, voters are identical except for their ideological preferences.

Each machine, M_k where $k \in \{L, R\}$, is exogenously tied to either party L or party R, who are in electoral competition. Parties hold distinct ideologies assumed to be fixed for the time horizon of interest. We consider an extreme case of political clientelism where parties can only attract votes through their party machines. As parties cannot take any action in the campaign themselves, machines are motivated to maximise votes for their respective parties. In return for votes, parties award their machines with "favours", which are strictly increasing in the number of votes obtained. For simplicity, each party is assumed to have only one machine in a particular district.

Any strategic interactions between the parties and their machines are assumed away, meaning that parties behave mechanically. Specifically, machines receive some exogenous Budget B to target votes by promising transfers T_{ik} to two distinct groups of voters $i = 1, 2$. Machines

[25] The Cox-McCubbins and Lindbeck-Weibull models emerge as special cases of the Dixit-Londregan model.

consequently deliver the promised transfers if their party wins an election. The budget comes from part of the fiscal revenue over which the winning party has control. In the campaigning period, parties advertise that the Budget B will be allocated via their party machines. Voters know that their voting decisions have no impact on the budget size, taxation or any national policy exogenously set by the parties. Both parties are assumed to grant their machines the same positive amount of Budget B. Therefore, each machine's action chooses the optimal vector of positive tactical transfers per capita $\mathbf{T}_k = (T_{1k}, T_{2k}) \in \mathbb{R}^2_+$ for $k = L, R$, satisfying the budget constraint;

$$0 \leq N_1 T_{1k} + N_2 T_{2k} \leq B \qquad \text{for } k = L, R \tag{2.7}$$

where N_i is the number of voters in Group i. Promised transfers are credible ex-ante, and if the relevant party wins, honoured ex-post. The positive budget is a special case of the Dixit-Londregan model, which highlights the clientelist nature given that the machines do not manage the financing of the budget. Also, we must restrict $T_{ik} \geq 0$ for all i and k.

As Dixit and Londregan allow the transfers to occur via a "leaky bucket", the transfers in political clientelism operate in a similar fashion. In their model of redistributive politics, parties have different abilities in delivering the transfers to various interest groups. Here, groups with strong clientelist ties with the machine can receive the transfers more efficiently. There is less transaction or time cost for party machines to distribute the transfers because the voters belong in their clientelist network. Let $\theta_{ik} \in [0, 1]$ capture the leakage of transfers offered by machine k to each member of Group i. Now, only a fraction of the transfer gets through and Group i members actually receive:

$$t_{ik} = (1 - \theta_{ik}) T_{ik} \tag{2.8}$$

The parameter θ_{ik} measures machine k's inefficiency in distributing the transfers. The inefficiency levels depend on the identities of the groups. The clientelist groups, with a low value of θ_{ik}, are those the machine can understand well enough to deliver the transfers more efficiently.[26] We allow members of the clientelist groups to have any ideological preferences,

[26]The analysis on clientelist ties draws upon the core support case in the original model where core support groups possess a low value of θ_{ik}.

although in practice clientelist groups also tend to provide solid support to their parties.

The consumption benefit derived from party k to each member of Group i consists of

$$C_{ik} = Y_{ik} + t_{ik} \tag{2.9}$$

where Y_{ik} is the income of each member in Group i before any tactical transfers. This leaves national redistribution in the background and Y_{ik} is the income level after any general income taxes or other national policies proposed by party k to be implemented on members of Group i. The implicit assumption here is that voters within a group share some certain characteristics and face the same set of national policies. Groups can be thought of as income or occupational strata who share the same strength of clientelist ties.

Voters' ideology X is a random variable uniformly distributed over the range of political preferences between l_i and r_i. Let $F_i[l_i, r_i]$ denote the uniform cumulative frequency distribution of members of Group i on the support $[l_i\, r_i]$. The group-specific distribution F_i and support $[l_i, r_i]$ allow groups to differ in the probability density and range of ideologies. Also, let the uniform cumulative distribution $F_i[l_i, r_i]$ have the density function such that:

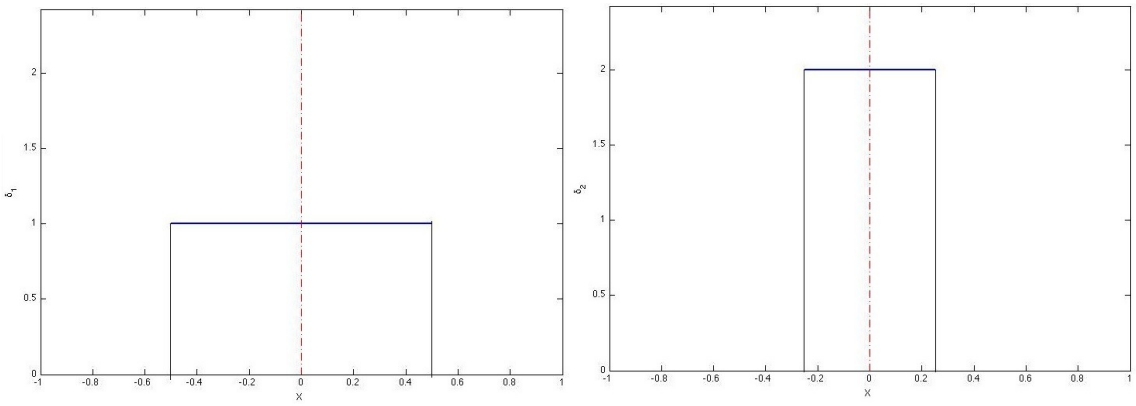
$$f_i[l_i, r_i] = \begin{cases} \delta_i \text{ if } l_i \leq X \leq r_i \\ 0 \text{ otherwise} \end{cases} \qquad \text{where } \delta_i = \frac{1}{r_i - l_i} \tag{2.10}$$

If the δ_i parameter is large, then Group i's ideologies are more concentrated. With a continuum of voters, we assume that each group is sufficiently large and possesses a range of ideologies $[l_i, r_i]$, where $l_i < r_i$ for all i. For example, a group of religious voters (Group 2) may hold relatively united political beliefs in comparison to a group of non-religious voters (Group 1). Figure 2.2 illustrates the example as $\delta_2 > \delta_1$.

The voters in Group i have the utility function $U_i(C_{ik})$, where U_i is an increasing and strictly concave function. Group-specific utility functions allow group members to share the same degree of willingness to compromise ideological stand-points in return for economic transfers. A voter in Group i votes for party L if her extra utility derived from party L winning an election exceeds her bias for party R, denoted by X.

$$U_i(C_{iL}) - U_i(C_{iR}) > X \tag{2.11}$$

Figure 2.2: Probability Density Functions



(a) Group 1 (b) Group 2

The voter's decision to vote is non-strategic and mechanically determined by the voting rule above. Hence, the indifferent voter or the "cut-point" for Group i is located at

$$X_i = U_i(C_{iL}) - U_i(C_{iR}) \tag{2.12}$$

Then, all members of Group i located to the left of the indifferent voter X_i, denoted by $F_i(X_i)$, will vote for party L, and all the others for party R. Summing across two groups, the total number of votes for party L and party R, respectively, can be written as:

$$V_L = N_1 F_1(X_1) + N_2 F_2(X_2) \tag{2.13}$$

$$V_R = N_1[1 - F_1(X_1)] + N_2[1 - F_2(X_2)] \tag{2.14}$$

The machines know the distributions of voters' political preferences but not the political ideology of each individual voter. The election outcomes are determined by the majority rule.

Each machine's primary objective is to maximise votes for their party. However, the flexibility to use this budget at each machine's own discretion gives rise to an incentive to corruptly obtain some of the budget. The parties have no enforcement mechanism to make sure that their machines will only use the budget on vote targeting. If a machine has some preference for money, the budget constraint will not bind and the machine keeps the left-over amount of $B - \sum_{i=1}^{2} N_i T_{ik}$. This results in a trade-off in its objective function between maximising votes

and appropriating some money. Given the voting rule, the objective function for machine L with a weight parameter w on the machine's preference for keeping some of the budget can be written as:

$$V_L + w[B - N_1 T_{1k} + N_2 T_{2k}] \qquad where\, w \geq 0 \tag{2.15}$$

Both machines are assumed to have the same preferential weight w on money. Hence, there is no incentive for the parties to choose a less-corrupt machine.

Assuming some functional form of the utility function will allow us to explicitly illustrate how groups differ in their willingness to compromise ideology for economic benefits. The analysis from this point on is based on the utility function:

$$U_i(C_{ik}) \;=\; \frac{\kappa_i C_{ik}^{1-\epsilon}}{1-\epsilon} \qquad \text{for } i = 1,\, 2 \text{ and } k = L,\, R \tag{2.16}$$

where $\epsilon > 0$ and $\kappa_i > 0$. Then, the marginal utility from an extra monetary unit of consumption is

$$\frac{\partial U_i}{\partial C_{ik}} = \kappa_i C_{ik}^{-\epsilon} \qquad \text{for } i = 1,\, 2 \text{ and } k = L,\, R \tag{2.17}$$

which is positive and decreasing in consumption. An extra dollar promised by party k to each member of Group i will shift the indifferent voter in its favour by the marginal utility. The ϵ parameter captures the degree of diminishing marginal returns to consumption, i.e. a 1 percent increase in consumption leads to an ϵ percent fall in the marginal utility. For simplicity, we assume $\epsilon \in (0,\, 1)$ and ϵ is the same for both groups. An ϵ near zero implies that voters are very sensitive to an increase in consumption as marginal utility falls slowly. We do not allow the ϵ to be larger than 1 so that poor and rich voters do not face a large difference in a fall of their marginal utilities.

The great advantage of the constant relative risk aversion (CRRA) utility is that the relative importance of ideologies to economic benefits is captured by the κ_i coefficient of the utility function. A higher κ_i shifts the indifferent voter of that group by a greater magnitude as voters are more responsive to an extra dollar of economic benefits. Dixit and Londregan call κ_i the measurement of how apolitical or greedy the voters within a group are. For example, a group of swing voters who easily switch parties due to some attractive transfer promise hold a high value of κ_i.

2.8.1 Optimisation Problem

The two groups of voters are identified by their clientelist ties to each party machine measured by θ_{ik}. Machines choose the optimal vector of transfers satisfying the budget constraint to maximise the number of votes for their respective parties and the weighted left-over amount of the budget. Differences in the machine's abilities to deliver the transfers to each group yield the actual transfer receipts of $t_{ik} = (1 - \theta_{ik})T_{ik}$, where $\theta_{ik} \in (0, 1)$ measures the inefficiency of weak clientelist ties. Election results are decided by the majority rule. The electoral competition is a constant-sum game. The timing of the game is summarised as follows:

t=0 The Budget B is set. The random variable X is realised for each voter.

t=1 Both machines announce a vector of promised transfers $\mathbf{T}_k = (T_{1k}, T_{2k}) \in \mathbb{R}^2_+$ satisfying the budget constraint $0 \leq N_1T_{1k} + N_2T_{2k} \leq B$ for $k = L, R$.

t=2 Voters observe X and $\mathbf{T}_k$ and vote on polling day.

t=3 The winning party's machines pay voters the promised transfers.

As the model attempts to explain how transfers are targeted in political clientelism, there are three modifications to the Dixit-Londregan model: (1) $B > 0$, (2) no taxation and hence $T_{ik} \geq 0$, and (3) the desire to keep some of the budget weighted by the w parameter. The nature of political clientelism leaves budget balancing in the background. Only party L is allowed to promise transfers to match the context of Thai politics in 2001, when the TRT was the only party making transfer promises, hence $\mathbf{T}_R = (0, 0)$. The optimisation problem then focuses on the optimal choice of transfers made by machine L. Given the voting rule in (2.11), each machine maximises the objective function (2.15) subject to the budget constraint in (2.7). The CRRA utility function in (2.16) and the distribution function in (2.10) are assumed in machine L's optimisation problem,[27]

$$\text{Maximise } V_L(T_{1L}, T_{2L}) + w[B - N_1T_{1L} - N_2T_{2L}] \tag{2.18}$$

$$\text{subject to } \{B - N_1T_{1L} - N_2T_{2L} \geq 0,\ T_{1L} \geq 0,\ T_{2L} \geq 0\}$$

[27] Following Dixit-Londregan's proof of the existence of solutions, we have that V_L is a quasi-concave function of T_{iL}, given that $F_i(.)$ is concave. The left-over money, $B - \sum_{i=1}^{2} N_iT_{iL}$, is a decreasing linear function in T_{iL}. Since $F_i(.)$ is a uniform cumulative function and hence a straight line, we also have that is quasi-concave $V_L + [B - \sum_{i=1}^{2} N_iT_{iL}]$ is quasi-concave.

The model will be solved in two parts. We first illustrate the baseline case where machines give out the entire budget ($w = 0$), and later solve the full case ($w \geq 0$).

Baseline Case To clearly illustrate how the machine divides the budget between groups, we focus on the baseline case where the machine does not appropriate any of Budget B. That is when $w = 0$ and the budget constraint always binds.[28] The marginal effect of the transfer to Group i from machine L on the number of votes for party L is:

$$\frac{\partial V_L}{\partial T_{iL}} = N_i \delta_i \kappa_i (1-\epsilon)(1-\theta_{iL}) C_{iL}^{-\epsilon} \qquad for\, i = 1,\, 2 \tag{2.19}$$

Three possible solutions are summarised in Proposition 1. Giving all of the budget to voters in either Group 1 or Group 2 results in the first two sets of solutions, $\mathbf{T}_L = ({}^{B}/_{N_1},\, 0)$ and $\mathbf{T}_L = (0,\, {}^{B}/_{N_2})$ respectively. Alternatively, the machine may give the transfers to both groups, $\mathbf{T}_L = (T_{1L}^*,\, T_{2L}^*)$.

By allowing the machine's abilities in distributing the transfers to depend upon their clientelist ties, the conditions (2.20) and (2.21) provide some predictions about how the transfers are allocated. A strong clientelist tie possessed by Group 1 relative to that of Group 2 corresponds to a smaller ratio of $\frac{1-\theta_{2L}}{1-\theta_{1L}}$ which allows the machine to more efficiently deliver the transfers to voters in Group 1.[29] Higher income for Group 2 relative to Group 1 makes Group 1 an attractive target for transfers. Poor voters face a higher marginal utility in transfers.

Proposition 1. *When the machine spends the whole budget, it follows the allocational rules such that:*

(1) only members in Group 1 receive the transfers if

$$\frac{\delta_1 \kappa_1}{\delta_2 \kappa_2} > \left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L} + (1-\theta_{1L})^{B}/_{N_1}}{Y_{2L}}\right)^{\epsilon} \tag{2.20}$$

[28] This emerges as a special case of the Dixit-Londregan model.

[29] Higher θ_{1L} corresponds to a weaker clientelist tie and a smaller chance of having Group 1 as the target for transfers, i.e. $\frac{\partial\left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}+(1-\theta_{1L})^{B}/_{N_1}}{Y_{2L}}\right)^{\epsilon}}{\partial \theta_{1L}} = (1-\theta_{2L})(Y_{1L} + (1-\theta_{1L})^{B}/_{N_1})^{\epsilon} Y_{2L}^{\epsilon}\left[1 - \frac{\epsilon(1-\theta_{1L})^{B}/_{N_1}}{Y_{1L}+(1-\theta_{1L})^{B}/_{N_1}}\right] > 0$

(2) only members in Group 2 receive the transfers if

$$\frac{\delta_1\kappa_1}{\delta_2\kappa_2} < \left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}}{Y_{2L}+(1-\theta_{2L})^{B}/_{N_2}}\right)^{\epsilon} \tag{2.21}$$

(3) both groups receive the transfers if

$$\left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}}{Y_{2L}+(1-\theta_{2L})^{B}/_{N_2}}\right)^{\epsilon} < \frac{\delta_1\kappa_1}{\delta_2\kappa_2} < \left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}+(1-\theta_{1L})^{B}/_{N_1}}{Y_{2L}}\right)^{\epsilon} \tag{2.22}$$

The ratio $\frac{\delta_1\kappa_1}{\delta_2\kappa_2}$ measures the political power in achieving the transfer benefits of Group 1 relative to Group 2. If Group 1 has a greater intrinsic willingness to compromise on ideology in exchange for economic benefits ($\frac{\kappa_1}{\kappa_2}$ is large), then Group 1 should be targeted. Similarly, a relatively more concentrated group will attract the transfers. If the ratio $\frac{\delta_1}{\delta_2}$ is large, then Group 1 is more concentrated relative to Group 2. As there are more indifferent voters in the more concentrated Group 1, the machine can attract more "swing" votes by offering them the transfers.

Group size only matters through the per capita transfer term $^{B}/_{N_i}$. More people correspond to more voters although the pot will be divided among a larger population. Given that the transfers sufficiently shift the indifferent voters in favour of the party, giving small transfers to voters in a large group will yield more votes than giving a lot to the members of a small group.

There exists a range of values where the relative political power $\frac{\delta_1\kappa_1}{\delta_2\kappa_2}$ lies between the right-hand side of the inequalities in (2.20) and (2.21). Within this region, the machine will not distribute to either only Group 1 or only Group 2. As the budget is granted by the party, the machine faces no cost associated with raising this budget. Therefore, we can rule out the possibility that the machine does not engage in the transfers in the baseline case. In fact, the machine will give both groups the transfers. The higher Budget B discourages the machine from totally subsidising either group due to the concavity of the utility function of the transfers,[30] i.e. the diminishing marginal benefit of the transfers makes the machine choose to smooth out the higher Budget B across groups.

[30]The second derivative with respect to transfer is negative, $\frac{\partial^2 U_i}{\partial T_{iL}^2} = -\kappa_i\epsilon(1-\epsilon)(1-\theta_{iL})^2 C_{iL}^{-\epsilon-1} < 0$

So, in the baseline case, the machine has three options for dividing the budget between two groups: (1) only Group 1, (2) only Group 2, or (3) both groups receive the transfers. Each group's political power and group parameters lead to different transfer outcomes as determined by Proposition 1. Proceeding to the full case, the machine now has an additional option to keep some of the budget. Another set of division rules used by the machine and what determines the machine's decision to corruptly obtain a portion of the budget will be investigated in the next subsection.

Full Case In some electoral districts, the machines face a trade-off in their two objectives between using the Budget B to attract votes and keeping the budget for themselves. In fact, this trade-off reflects the machine's relative preference between the favours obtained by maximising votes and the money extracted from the transfer budget. One explanation in favour of the first objective is that the machine faces some threat to garner as many votes as possible. On the other hand, the machine may not care as much about the relationship with the party and prefers to obtain the budget money now, rather than waiting for future favours to be awarded by the party.

The extent to which the machines want to keep the money is reflected by the weight parameter w. In the full-case analysis, the w parameter is allowed to be any positive real number. If the machine keeps most of the budget, there is little left to be distributed as transfers. This gives rise to additional four sets of solutions when the budget constraint does not bind. In parallel with our treatment of the baseline case, we first consider the two solutions where the machine gives partial transfers to one group and not the other. To derive the conditions determining which group receives the transfers, we exploit the complementary slackness conditions of the Kuhn-Tucker problem. The machine will distribute partial transfers to members of Group i if the w parameter satisfies:

$$w < \delta_i \kappa_i (1 - \theta_{iL}) Y_{iL}^{-\epsilon} \qquad \text{for } i = 1,\ 2 \tag{2.23}$$

The right-hand side of the inequality measures the group's "attractiveness" as a target in comparison to the machine's preference for money. The higher the term's value is, the more attractive the machine finds it to distribute transfers to that group rather than keeping the

budget. If the inequality holds for Group 1 and not for Group 2, Group 1 is the only target for partial transfers, and vice versa. For some threshold value of w, Group 1's members are "attractive" as a target while members of Group 2 are not.

Proposition 2. *If the machine keeps some of the budget, it follows the allocational rules such that:*

(1) only members in Group 1 receive partial transfers if

$$\delta_2\kappa_2(1-\theta_{2L})Y_{2L}^{-\epsilon} < w < \delta_1\kappa_1(1-\theta_{1L})Y_{1L}^{-\epsilon} \tag{2.24}$$

(2) only members in Group 2 receive partial transfers if

$$\delta_1\kappa_1(1-\theta_{1L})Y_{1L}^{-\epsilon} < w < \delta_2\kappa_2(1-\theta_{2L})Y_{2L}^{-\epsilon} \tag{2.25}$$

(3) both groups receive partial transfers if

$$w < \delta_i\kappa_i(1-\theta_{iL})Y_{iL}^{-\epsilon} \qquad for\ \ all\, i = 1,\, 2$$

(4) neither group receives any transfers if

$$w > \delta_i\kappa_i(1-\theta_{iL})Y_{iL}^{-\epsilon} \qquad for\ \ all\, i = 1,\, 2$$

The third solution is the "interior" case, where both groups receive partial transfers. In this case, the inequality (2.23) holds for both groups, hence all voters receive partial transfers. In addition to the relative political power and group characteristics in the baseline case, what determines whether a group receives the transfers is also the machine's preferential weight on keeping the money relative to the group's "attractiveness". The amount of transfers received by each group also increases with the group's "attractiveness".

Lastly, we now consider the extreme case where the machine keeps all the money and no one receives the transfers. This case occurs with a very large value of w. The machine finds keeping the whole budget will yield a higher utility than distributing some of it as transfers. The conditions on the w parameter are implied by the complementary slackness conditions

when $\mathbf{T}_L = (0, 0)$. All else being equal, if the machine's preference for money exceeds the "attractiveness" of both groups, it will not give out any transfers. In other words, neither group receives the transfers if the ideologies of their members are loosely concentrated (low δ_i), less willing to compromise ideology for transfers (low κ_i), weakly connected to their machine patron (high θ_{iL}) or wealthy (high Y_{iL}).

2.8.2 Summary: Empirical Implications

The theoretical framework of political clientelism provides two main predictions to be tested in the empirical part. The first question concerns the allocation of transfers between groups. Following from Proposition 1, the members of Group 1 receive at least some transfers if either the inequality in (2.20) or (2.22) holds. Group 1 receives no transfers if Group 2 is the only transfer recipient. As a result, we may state the conditions for which each group obtains any transfers at all in Corollary 1, which will be used to construct the empirical testing at the household level.

Corollary 1. *When the machine spends the whole budget,*

(1) members of Group 1 receive some transfers if $\frac{\delta_1\kappa_1}{\delta_2\kappa_2} > \left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}}{Y_{2L}+(1-\theta_{2L})B/N_2}\right)^{\epsilon}$

(2) members of Group 2 receive some transfers if $\frac{\delta_1\kappa_1}{\delta_2\kappa_2} < \left(\frac{1-\theta_{2L}}{1-\theta_{1L}}\right)\left(\frac{Y_{1L}+(1-\theta_{1L})B/N_1}{Y_{2L}}\right)^{\epsilon}$

A smaller ratio of $\frac{1-\theta_{2L}}{1-\theta_{1L}}$ means that Group 1's clientelist tie is stronger relative to that of Group 2. The machine delivers the transfers to members of Group 1 more efficiently with regard to those who are therefore more likely to be targeted. A relatively poorer group of voters is an attractive target for transfers, as poor voters are more receptive to transfer promises. The ratio $\frac{\delta_1\kappa_1}{\delta_2\kappa_2}$ measures the political power in achieving the transfer benefits of Group 1 relative to Group 2. For example, a relatively more concentrated group will attract the transfers.

The second question asks what determines the budget accounts. In other words, we can identify conditions explaining when the machine moves from the baseline case to the full case. In the full case, the machine may choose to keep some of the budget if its weight on money is sufficiently high.

Corollary 2.

(1) The budget is not fully spent if w satisfies $w > \frac{\delta_i \kappa_i (1-\theta_{iL})}{(Y_{iL}+(1-\theta_{iL})B/N_i)^{\epsilon}}$, when the machine subsidises Group i only.

(2) The remaining budget is $R = B - \sum N_i \tilde{T}_{iL} = B - \sum N_i \frac{1}{1-\theta_{iL}} \left(\left(\frac{\delta_i \kappa_i (1-\theta_{iL})}{w} \right)^{1/\epsilon} - Y_{iL} \right)$, where Group i is the subsidised group(s) and $\tilde{T}_{iL}$ is the amount of transfers allocated to Group i for $i = 1, 2$.

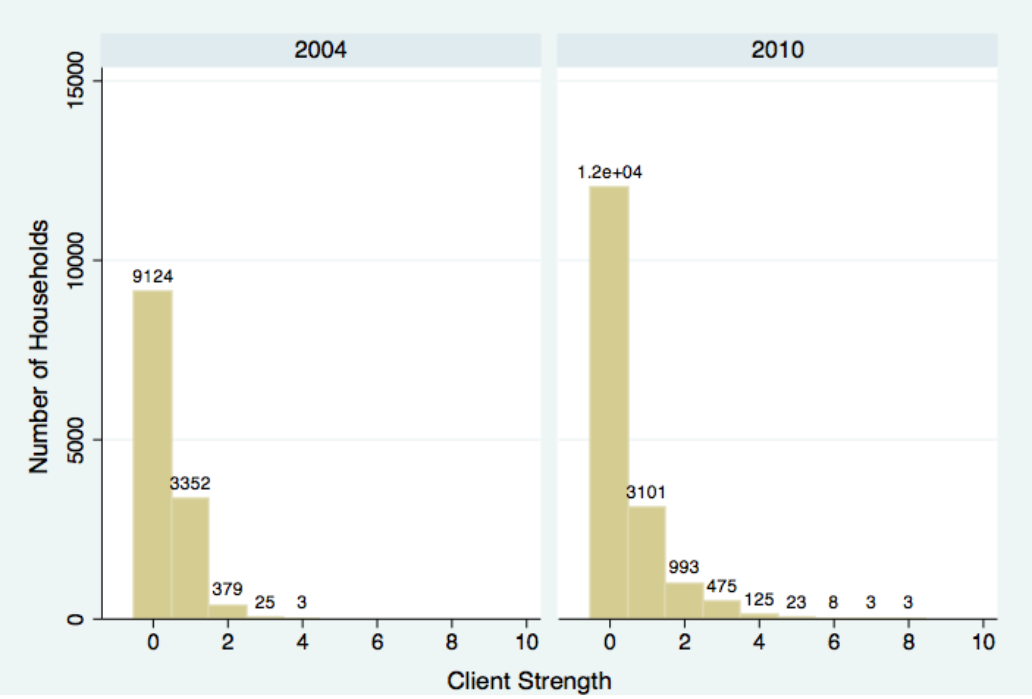
If the machine gives the transfers to only members of one group, then it extracts some of the budget when the weight w is sufficiently higher than some threshold. This threshold is the ratio of the group's efficiency-weighted political power in achieving the transfers $\delta_i \kappa_i (1 - \theta_{iL})$, relative to the total consumption benefit received when the whole budget is distributed as $Y_{iL} + (1 - \theta_{iL})B/N_i$. The term $\delta_i \kappa_i (1 - \theta_{iL})$ is Group i's political power in achieving the transfers previously discussed in the baseline case, weighted by the strength of its clientelist ties. Therefore, the characteristics of transfer recipients determine the possibility of any budget extraction and the amount of left-over budget. Corollary 2 will constitute a basis in the village-level empirical tests to examine any relationship between village characteristics and the budget accounts.

2.9 Appendix B: Alternative Measures of Clientelist Households

2.9.1 Clientelist Strength

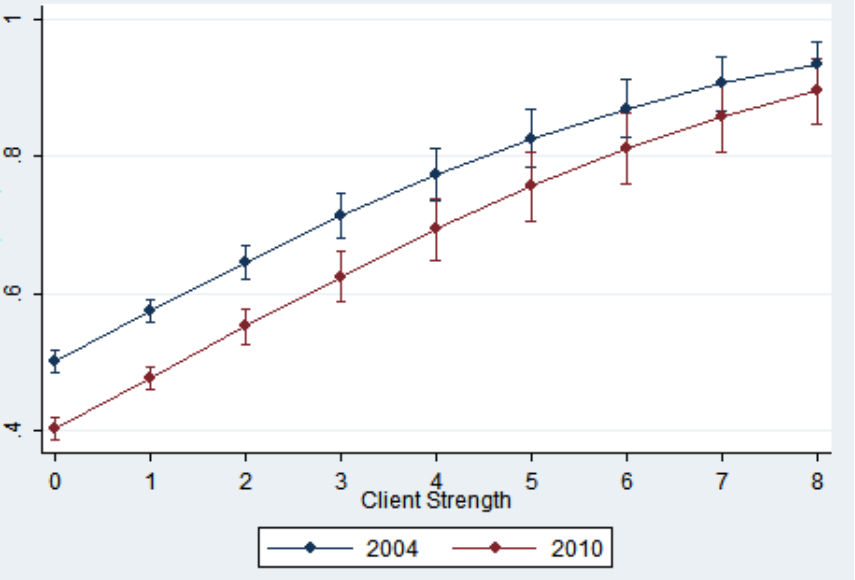
The main empirical investigation defines clientelistic households as those with at least one member working as or doing business with government officials due to the possible influence they could have in the village fund allocation process. This robustness check concerns the clientelism measure. We construct another independent variable to measure the strength of clientelist ties by counting the number of clientelist connections possessed by households. Therefore, the *Client* dummy variable is replaced with a continuous variable "*Client Strength*" in all estimates. Figure 2.3 shows the number of households according the number of clientelist connections or "*Client Strength*". The reason why the dummy variable has been used in the main analysis is because the majority of clientelist households have only one tie, i.e. one member who is connected to officials, according to Figure 2.3. There are very few observations for households with more than one clientelist ties. Using this continuous variable would decrease efficiency in our estimations without necessarily providing additional results. However, it is interesting to perform the estimations with the continuous variable "*Client Strength*" as an independent variable for robustness check purposes.

Figure 2.3: Clientelist Strength (Measured by the Number of Household Connections)



All estimations with this alternative independent variable yield consistent results with those obtained with a dummy variable. Strong clientelist ties correspond to a higher chance of receiving the funds and also a larger sum of funds.[31] Stronger ties mean that there are more channels to which household members can resort to for obtaining village funds. Moreover, this continuous measure of clientelist strength allows us to illustrate better the predicted probabilities of obtaining village funds in Figure 2.4. In both 2004 and 2010, households with strong ties (those with more than one connections) have a higher chance of receiving any funds. However, for every level of clientelist strength, households are less likely to obtain any funds in 2010 when compared to 2004. Smaller confidence intervals for zero or one clientelist strength reflect more observations present of households with exactly one clientelist connection in the dataset. As the confidence intervals widen for higher values of clientelist strength, inefficiency in our estimations rises. Therefore, the main results reported in this chapter rely on a dummy variable to measure clientelist households.[32]

Figure 2.4: Predicted Probabilities of Obtaining Village Funds by Clientelist Strength



[31] Result output is available upon request.

[32] In addition, regional differences exhibit interesting results as the predicted probabilities positively correspond to TRT's electoral success in each region. The Northeast (South) has the highest (lowest) predicted probabilities for households to obtain village funds and they are also the core supporters for the TRT (Democrat).

2.9.2 Fund Committee

Moreover, household members could in fact be serving directly in the village fund committee. Omitting information on their role in the committee could bias the estimates of the *Client* variable. One special feature of the 2010 survey included information about household statuses in a Village Fund committee. Although this information on the fund committee is not available in both years for comparative analysis, it will provide a robustness check for the clientelism variable. Using the same 2010 dataset, Boonperm et al. (2012) suggests no evidence of elite captures by the past and present fund committee. However, their individual-level analysis ignores the fact that that there might be an intra-household allocation of funds. This analysis thus aims to re-investigate the claim at household-level and the role of patron–client relations in allocating welfare benefits. Table 2.9 furthers the analysis done by Boonperm et al. who conclude that village fund committee members tend to obtain more funds as they are on average more well-off than those not in the fund committee. However, the income of committee households and that of non-committee households are similarly distributed when broken into deciles. Interestingly, committee households indeed obtain larger amounts of funds than non-committee members do at all deciles.

Table 2.9: Amount of Funds Obtained by Income (Expenditure) Decile of Fund Recipients in 2010

	Income per month per capita		Funds obtained in 2009			
Decile	No committee	Committee	No committee	Committee	Present comittee	Past committee
1	1.38	1.40	15.75	18.73	19.21	17.61
2	1.93	1.94	16.10	20.80	22.05	18.19
3	2.29	2.28	16.68	18.66	19.66	17.43
4	2.64	2.65	16.16	20.92	21.49	19.81
5	3.01	3.02	16.95	20.00	20.66	18.50
6	3.46	3.48	17.50	20.91	23.10	18.25
7	4.04	4.05	18.13	21.62	22.87	19.19
8	4.81	4.81	18.72	21.02	21.43	20.03
9	6.18	6.15	19.36	21.96	23.46	18.91
10	11.37	11.62	19.26	22.02	23.07	20.13
Average	3.81	4.82	17.31	20.96	22.02	18.95
%Obs	93.4%	6.6%	93.4%	6.6%	4.3%	2.3%

All monetary units are in 1,000 Thai baht. Source: Thailand Socio-Economic Survey 2010 (NSO)

With respect to households who have never been in the committee, fund-receiving households with at least one member having served in either the present or past committee significantly obtain a higher amount and numbers of village funds (see Table 2.10). When separated into present and past committee, the differences between each committee group and the reference

group are similar. It is interesting to note that households with at least one member serving in the present committee obtain a noticeably higher amount of funds (22,100 baht on average) in the current round of distribution (in 2009). The differences between the various comparison groups require further empirical tests on whether the fund allocation is particularistic according to their clientelist ties and positions in the funds committee.

Table 2.10: Mean Comparisons of Village Fund Outcomes in 2010 by Committee Status

	Base-line Group	Comparison Groups		
	Village Fund Committee			
	Never	Any	Present	Past
No of funds obtained	1.03	1.06	1.03	1.05
	(0.00)	(0.01)	(0.00)	(0.01)
No of funds obtained	5.95	6.73	6.74	6.70
(since 2002)	(0.04)	(0.09)	(0.12)	(0.13)
Amount of funds obtained	17.37	21.01	22.10	18.95
	(0.18)	(0.35)	(0.48)	(0.44)
No. of recipient households	5,102	1,098	716	382

Main statistic is the mean and standard deviation in parenthesis.

All monetary unit is in 1,000 Thai baht.

All T-tests are conducted against the base-line group and significant at 1%.

Therefore, three dummy variables indicating whether any household member has ever served in the committee (*Committee*), only in the present committee (*Present com.*) and only in the past committee (*Past com.*) are included in the estimations on the amount of funds obtained among fund recipients. As before, clientelist households are significantly more likely to obtain more funds than non-clientelistic households are by 1,060-1,790 baht (see Table 2.11). The coefficient estimates are slightly muted by the inclusion of the committee variables because they are positively correlated. As a result, the estimates on *client* obtained in the main empirical section can be overstated.

Table 2.11: Estimations on Amount of Village Fund Obtained 2010: Committee Status

	(1)	(2)	(3)	(4)
1[Committee]	2.41***			
	(0.43)			
1[Present com.]		3.27***		3.35***
		(0.57)		(0.58)
1[Past com.]			0.34	0.85*
			(0.50)	(0.51)
1[Client]	1.23**	1.09**	1.79***	1.06**
	(0.54)	(0.54)	(0.54)	(0.54)
Observations	6200	6200	6200	6200
Adj R^2	0.0598	0.0615	0.0536	0.0617

The same set of control variables is used and omitted in the table.
Coefficients are reported; village-clustered standard errors in parentheses.
All monetary unit is in 1,000 Thai baht.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

2.10 Appendix C: Data Descriptions

Election Results

Regional differences are also marked by differing electoral results. The Northeast has always been the core area of support for the TRT Party and the South is the area with the strongest support for the Democrats. During the last four general elections in 1997–2011,[33] the TRT and the Democrats were the two main competing parties. While the Democrats ran in all elections, the TRT was only formed in 2000 by Thaksin Shinawatra. Most initial TRT Party members moved from the New Aspirations Party (NAP) and the two parties eventually merged in 2005. Therefore, the NAP's vote share in the 1997 general election was used to proxy for the TRT vote share, labelled TRT (co) in Table 2.12. Districts in Bangkok, which are excluded in the empirical analysis, are in fact considered swing districts and have often had very close election results in later years.

[33]The general election in 2006 was excluded from the analysis. The Democrats and two other opposition parties boycotted the election claiming that the decision to snap an election was due to numerous corruption scandals. The election was later declared invalid by the Constitutional Court due to evidence of electoral fraud by the TRT in conjunction with the Election Commission and thus excluded from the table. This accusation resulted in the dissolution of the TRT while most of their party members moved to form the People Power Party to enter the 2007 election, labeled as TRT (co). The continued merging and switching of political parties and party members as well as constitutional amendments further complicate any attempt to analyse the changes in vote shares.

Table 2.12: Vote Shares of TRT and Democrats Parties during 1997–2011 by Regions

	Bangkok	Central	North	Northeast	South	Total
1997						
TRT vote share	0.02	0.21	0.29	0.45	0.18	0.28
	(0.06)	(0.25)	(0.20)	(0.21)	(0.19)	(0.24)
DEM vote share	0.48	0.29	0.32	0.14	0.81	0.34
	(0.12)	(0.15)	(0.22)	(0.15)	(0.19)	(0.28)
2001						
TRT vote share	0.44	0.40	0.46	0.38	0.12	0.37
	(0.05)	(0.19)	(0.13)	(0.14)	(0.07)	(0.17)
DEM vote share	0.33	0.28	0.29	0.08	0.60	0.26
	(0.09)	(0.17)	(0.16)	(0.12)	(0.16)	(0.22)
2005						
TRT vote share	0.56	0.56	0.60	0.65	0.28	0.56
	(0.07)	(0.16)	(0.12)	(0.12)	(0.09)	(0.17)
DEM vote share	0.38	0.25	0.22	0.07	0.64	0.25
	(0.09)	(0.16)	(0.16)	(0.10)	(0.12)	(0.23)
2007						
TRT vote share	0.40	0.33	0.39	0.45	0.11	0.36
	(0.06)	(0.12)	(0.16)	(0.11)	(0.09)	(0.16)
DEM vote share	0.49	0.33	0.24	0.08	0.67	0.29
	(0.08)	(0.18)	(0.16)	(0.08)	(0.20)	(0.25)
2011						
TRT vote share	0.46	0.42	0.51	0.57	0.10	0.45
	(0.06)	(0.14)	(0.17)	(0.17)	(0.07)	(0.21)
DEM vote share	0.50	0.35	0.30	0.10	0.73	0.32
	(0.06)	(0.19)	(0.16)	(0.11)	(0.20)	(0.26)

Main statistic is the mean. Standard deviation is in parenthesis.

TRT (co) includes the vote shares for the party whose members are from the TRT party.

Source: Office of Election Commission of Thailand

Table 2.13: Variables Used to Evaluate Access to Thailand Village Fund

Variables	Descriptions	Sources
Access to Funds	1. Dummy for household's success on Funds application	SES 2004 and 2010
	2. Amount of Funds obtained	
Clientelism	Household's relative proximity to officials or business with officials	SES 2004 and 2010
Income	Total household expenditures	SES 2004 and 2010
Voting power	Number of household members above 18 years old	SES 2004 and 2010
Political dominance	Dummies for TRT-based districts	Election Committee Thailand
Education	Years of education completed by household head	SES 2004 and 2010
Ratio of dependents	A ratio of dependent household members to earning members	SES 2004 and 2010
Sectors	Dummies for agricultural, manufacturing and services for household head	SES 2004 and 2010
Regions	Dummies for north, northeast, central and south regions	SES 2004 and 2010
Funds per capita	1 million baht / village population	NESDB and Ministry of Interior
Application for Funds	Dummy for applying to Funds	SES 2004 and 2010
In-kind income	Total household in-kind income	SES 2004 and 2010

Table 2.14: Household Characteristics by Regions

	2004				2010			
	Central	North	NEast	South	Central	North	NEast	South
Household-level								
1[Obtain funds]	0.421	0.479	0.591	0.348	0.275	0.450	0.535	0.173
	(0.494)	(0.500)	(0.492)	(0.476)	(0.447)	(0.498)	(0.499)	(0.378)
Amount of funds obtained	16.456	14.572	14.421	16.264	19.025	18.653	16.691	18.412
	(8.559)	(10.350)	(7.613)	(8.018)	(17.292)	(10.969)	(9.965)	(9.746)
1[Client]	0.275	0.285	0.253	0.224	0.338	0.265	0.215	0.302
	(0.446)	(0.452)	(0.435)	(0.417)	(0.473)	(0.441)	(0.411)	(0.459)
1[Apply]	0.424	0.483	0.595	0.350	.	.	.	.
	(0.494)	(0.500)	(0.491)	(0.477)	(.)	(.)	(.)	(.)
No of times obtained in 2009					0.286	0.465	0.552	0.180
					(0.476)	(0.529)	(0.531)	(0.402)
No of times obtained since 2002	0.905	1.010	1.223	0.613	1.648	2.807	3.452	0.678
	(1.232)	(1.188)	(1.161)	(0.974)	(3.175)	(3.661)	(3.804)	(1.889)
1[Committee]	.	.	.	.	0.047	0.083	0.094	0.028
	(.)	(.)	(.)	(.)	(0.212)	(0.277)	(0.292)	(0.165)
Household head's years in education	5.612	4.601	4.930	5.271	6.228	5.009	5.410	6.273
	(3.755)	(3.637)	(2.863)	(3.786)	(4.000)	(3.637)	(3.246)	(4.098)
Expenditure	3.677	2.521	2.054	3.285	5.939	3.961	3.889	5.603
	(3.692)	(2.785)	(2.209)	(3.648)	(5.039)	(4.260)	(4.407)	(5.041)
Household size	3.521	3.223	3.754	3.846	3.238	3.126	3.499	3.510
	(1.735)	(1.438)	(1.632)	(1.840)	(1.654)	(1.508)	(1.582)	(1.642)
No of eligible voters in household	2.548	2.341	2.483	2.548	2.415	2.338	2.443	2.456
	(1.216)	(0.995)	(1.076)	(1.139)	(1.144)	(1.019)	(1.064)	(1.069)
Ratio of dependents	40.144	39.045	41.729	42.493	38.406	38.090	39.329	39.065
	(29.326)	(30.188)	(27.811)	(28.120)	(30.652)	(31.357)	(28.880)	(28.378)
In-kind income	2.386	1.805	2.092	2.128	2.743	2.252	2.897	2.497
	(3.720)	(1.519)	(1.303)	(2.333)	(2.243)	(1.363)	(1.523)	(2.776)
Observations	4,205	3,297	3,081	2,300	5,495	4,420	4,195	2,649
Village-level								
Village population	629.955	567.917	522.030	822.788	590.201	474.320	501.834	646.144
	(674.436)	(311.684)	(242.106)	(827.237)	(427.907)	(202.842)	(172.687)	(311.776)
Observations	535	386	364	288	597	466	452	284
District-level								
1[TRT District]	0.511	0.720	0.562	0.000	0.809	0.923	0.924	0.019
	(0.503)	(0.452)	(0.498)	(0.000)	(0.395)	(0.268)	(0.266)	(0.139)
Observations	88	75	121	51		89	78	132

Main statistic is the mean. Standard deviation is in parenthesis.

All monetary unit is in 1,000 Thai baht. 1[...] denotes a dummy variable.

Source: Thailand Socio-Economic Survey (NSO), Thailand Election Commission, Ministry of Interior

2.11 Appendix D: Estimates of the Selection Equation

Table 2.15: Probit Estimation of the First-Stage Selection Equation

	(1)	
In-kind income	0.011*	(0.0063)
In-kind/Monetary	-0.069**	(0.032)
1[Client]	0.49***	(0.048)
Expenditure	-0.034***	(0.0076)
Eligible voters	0.075***	(0.020)
Ratio of dependents	0.0018**	(0.00070)
Years in education	-0.0059	(0.0054)
1[Agriculture]	-0.37***	(0.057)
1[Manufacturing]	0.21***	(0.048)
1[Services]	-0.017	(0.054)
Village population	-0.00060***	(0.000094)
1[TRT District]	-0.13	(0.082)
1[TRT Dist]*Voter	0.046	(0.028)
1[North]	0.16***	(0.049)
1[NEast]	0.37***	(0.050)
1[South]	-0.13**	(0.058)
Constant	0.0016	(0.10)
Observations	12883	
Psudo R^2	0.0818	

All monetary unit is in 1,000 Thai baht.

Average marginal effects are reported. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Village-clustered standard errors in parentheses; McFadden's pseudo R^2

2.12 Appendix E: Estimates of TRT Political Support

In order to understand the connections between the Thailand Village Fund and TRT's electoral support, we estimate the among of funds received on the TRT's voteshare. This empirical exercise aims to check whether villages who obtain more funds per capita are more inclined to vote for the TRT. The results show that larger funds allocated within a village increase the TRT voteshare by 1.4%. More importantly, the effects are amplified for funds received in 2010 where a larger allocation of funds corresponds to an additional increase of 3.2% in TRT's voteshare.

In addition, we also attempted to estimate the effects of fund allocations in 2002 on the TRT's voteshare in 2005 by comparing among the same villages. Unfortunately, most villages cannot be identified across the datasets in different years to construct a village panel data set. Nonetheless, out of 49 villages which can be matched show no significant relationship between the amount of funds per capita received in 2002 and the TRT's voteshare in the following election.

Table 2.16: Estimates of TRT Political Support

	(1)		(2)	
Funds*1[2010]	0.032***	(0.0079)		
Funds*1[2004]			0.044	(0.052)
Funds	0.014**	(0.0063)		
1[2010]	0.67***	(0.081)		
Client	-0.15	(0.13)	-0.50	(0.81)
Expenditure	-0.044***	(0.015)	0.038	(0.085)
Eligible voters	0.42***	(0.043)	1.44***	(0.48)
Ratio of dependents	-0.013***	(0.0025)	-0.027*	(0.015)
Years in education	-0.022	(0.016)	0.0029	(0.094)
Agriculture	0.53***	(0.20)	0.73	(1.25)
Manufacturing	-0.59***	(0.15)	-1.81*	(1.05)
Services	0.24	(0.17)	0.33	(0.98)
Constant	0.85***	(0.23)	-1.30	(1.77)
Observations	3421		49	
Adj R^2			0.270	

b coefficients; se in parentheses

All monetary unit is in 1,000 Thai baht.

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

CHAPTER III

Distributive Politics and Policy Spending: Economic and Political Determinants of Thailand's Provincial Spending, 2000–2012

Abstract

This chapter explores how distributive transfers were allocated at the provincial level in Thailand during 2000–2012. In particular, we examine and compare the allocation rules for two types of distributive transfers: social policy and discretionary transfer programmes. Both have featured in Thailand's recent waves of populist policy competition, which have introduced many welfare and developmental programmes during the past decade. We are interested in both socio-economic and political factors that affect spending priorities on social policy and discretionary transfer programmes. We extend and combine micro-founded and cross-national theoretical predictions to a provincial-level empirical analysis on distributive spending determinants. Our argument is that discretionary spending is affected predominantly by political determinants whereas social spending is primarily allocated according to economic factors. There are different degrees of responsiveness to economic conditions, government investment, tax, electoral cycles and the level of political competition on the part of the two types of spending. In addition, the response rate to changing economic conditions is more long-term for social spending when compared to discretionary spending. The results from the error correction model support our argument that discretionary transfers continue to function through factors that support clientelist practices and political business cycles. On the other hand, social spending is determined mainly by economic conditions in both the short- and long-term.

3.1 Introduction

Under what socio-economic and political conditions do politicians emphasise social policy or discretionary allocations? This paper attempts to improve our understanding of economic determinants and political incentives in distributive politics in developing countries.[1] While accountable government and programmatic policy are often implicitly assumed in developed democracies, developing countries may face a different set of electoral calculations and distributive politics. For example, patron–client relationships can be dominant linkages connecting voters and politicians through party machines who distribute resources at their own discretion among supporting voters. The main research question asks *how economic and political factors affect different types of distributive spending: social spending and discretionary spending*. We argue that the allocations of both social policy and discretionary spending are subject to similar socio-economic factors. While discretionary spending can be used to reflect changing economic conditions in the short-term, social spending should, to some extent, maintain the programmatic nature of distributive politics and respond more substantively to economic factors in the long-term. In addition, the degree to which electoral cycles and competition play a role is more prominent for discretionary transfers.

In studying distributive politics, we focus on discretionary transfers and social spending because these are becoming popular electoral strategies, especially in emerging democracies (e.g. Calvo and Murillo, 2012; Kitschelt and Wilkinson, 2007; Hopkin, 2001; Medina and Stokes, 2002; Luna and Mardones, 2009). Discretionary allocations of welfare benefits and government jobs (patronage) are often a tool practiced by politicians when electoral success is conditioned more by patron–client relationships than by programmatic considerations (Remmer, 2007). Clientelist politics is governed by the targeting of public resources to political networks rather than establishing a provision of collective goods. By contrast, social policy can be regarded as more programmatic and is becoming increasingly common in many developing countries and those on the verge of developing a welfare state (De La and Ana, 2013). This difference of the two types of spending is crucial in studies of policy choice and political linkages. Nonetheless, both types of distributive transfers may not be mutually exclusive and can be used simultan-

[1] Following Golden and Min (2013), we define distributive policies as those that "involve taxes and transfers, and in particular the decisions about allocations of government goods and services to identifiable localities or groups."

eously for electoral gain. For instance, some means-tested social policy benefits can serve as a clientelist strategy in distributive politics when politically connected recipients gain preferential access to material advantages (Kitschelt, 2011). As the implementation of targeted social programmes and conditional-cash transfers has rapidly dominated the political agenda in developing countries, political distortions have emerged in many first-generation social programmes, especially those in Latin America (Luna and Mardones, 2009). Social spending may be exploited to complement discretionary transfers by rewarding clients for their political support, in a way that is similar to the "southern model of welfare" (Ferrera, 1996). This thesis chapter therefore aims to explore the similarities in, and differences between, the allocation determinants of both types of spending.

Previous works by Calvo and Murillo (2004), Remmer (2007) and Diaz-Cayeros et al. (2006) propose a set of factors that influence geographical variations in spending levels on patronage or government jobs as well as social transfers. This chapter extends works on patronage spending determinants which highlight the characteristics of political targeting. In order to determine distributive spending priorities, our framework rests upon two sets of explanatory variables: economic and political determinants. Frequently used in government spending formulae, economic variables systematically determine spending patterns according to the size of the population and economic needs. Depending on conditions that facilitate clientelism and distributive politics, the level of resources allocated to social and discretionary spending increases with economic insecurity (Remmer, 2007). A lower level of public sector investment is associated with a higher level of political targeting of distributive transfers. In addition, political variables, such as electoral cycles and competition, can be reflected in variations in social spending and welfare transfers. Of particular interest are the contemporaneous effects of elections on spending decisions. A high degree of sensitivity to electoral cycles illustrates an example of "pork": a geographic targeting of public policy (Stokes, 2009; Stokes et al., 2013).

Although the existing literature offers extensive insights into spending priority analyses and distributive transfers, there is little systematic evidence that compares different types of government spending. Previous works are unable to answer basic questions about the relative importance of factors affecting social and discretionary spending. The role of local government capacity is in fact important for determining types and levels of government spending.

The challenges in this regard arise as a result of several factors. Firstly, most analyses of policy allocation, in particular in developing countries, often focus on policy recipients and their demand, instead of the supply of policy benefits. Secondly, time-series cross-sectional data in developing countries do not generally exist to allow broader inferences about causal patterns. These two factors are reflected in previous works which have opted to study micro-level social interactions of distributive politics in various social science fields (e.g. Weingrod, 1968; Scott, 1972a; Zucco, 2011). Thirdly, most spending priority analyses compare across countries rather than across sub-national units, neglecting several institutional and contextual differences which may bias the empirical investigation (Golden and Min, 2013). Fourthly, most prior research separately studies the allocation of social policy benefits (Zucco, 2009; Caeyers and Dercon, 2012; Labonne, 2013; Ferrera, 1996) and that of discretionary or patronage transfers (Remmer, 2007; Diaz-Cayeros et al., 2006) due to difficulties in classifying types of spending.

Unlike previous works, this chapter investigates and compares the determinants and spending priorities of social policy and discretionary spending. Our analysis aims to reconcile the four challenges faced by previous works. Firstly, the empirical investigation takes into account both the demand and supply of distributive transfers by placing a politician's decision-making at the centre of the allocational logic. Secondly, the analysis employs time-series cross-sectional data at the provincial-level. The case of Thailand is particularly interesting as social policy in the country has been expanding in the context of historically high degree of clientelism (Kitschelt, 2011). The empirical investigation will focus on the institutionalisation of social policy more than the role of populist phenomenon in Thailand. The data enable our empirical analysis to study both cyclical and underlying factors in spending determinants and to gain an understanding of connections between micro and macro-levels. Implications from clientelist exchanges at micro-level are therefore taken into account when analysing politicians' logic in allocating spending at the macro-level. Thirdly, using provincial-level data also holds constant electoral and institutional settings, which may influence the allocation formulae, while allowing for variation in spending levels. And, fourthly, both social and discretionary spending are directly compared as regards their response to various economic and political factors.

Moreover, the choice of studying Thailand is motivated by Wood and Gough's cluster analysis

of social spendings, in which they identify Thailand as the only non-OECD country with an "actual or potential welfare state regime" in Asia (Wood and Gough, 2006). This classification prompts an interesting research opportunity to understand better how such spending is determined in the case of a possible transformation to a welfare state system. In addition to Wood and Gough's analysis of social spending, this chapter covers the broader theme of distributive spending and compare the two spending types: social spending and discretionary transfers. The empirical investigation utilises the increasing use of populist policies regarding welfare and developmental programmes in Thailand to assess the spending priorities at provincial level during 2000–2012. The year 2000 marked an important change in Thailand's budgetary systems, with government spending allocated for the first time at the provincial-level.[2] More importantly, policy competition among Thai political parties has played a central role in elections since the 2001 General Election.

The main data set comes from yearly Government Spending and Expenditure Data for all 76 provinces in Thailand, covering 13 years. By studying social and discretionary spending, the statistical exercise aims to identify whether they are underpinned by different or similar socio-economic and political factors. The results will also contribute to the on-going debate regarding programmatic and non-programmatic policy complementarity. Here, we follow the recent trend of works which allow clientelist politics to be compatible with programmatic competition. The empirical design builds on Remmer's model of patronage expenditure patterns in the Argentine provinces to estimate discretionary and social spending in Thai provinces. By comparing the two kinds of spending, the paper is able to assess the relative magnitude of spending determinants.

This paper differs from existing studies by simultaneously studying both social and discretionary spending. The results obtained from the error-correction model (ECM) with panel-corrected standard errors (PCSE) confirm the need to look beyond the socio-economic composition or the demand of spending. Policy choices, partisanship and electoral cycles play a significant role in shaping the attractiveness of, and types of, distributive politics. As a robustness check, the ECM findings are also compared with those estimated by the differenced generalised method of moments (GMM). In addition, the chapter aims to shed light on the

[2]Prior to 2000, all government spending was proposed and allocated on the basis of, and by, ministries and their functions.

allocational criteria of distributive politics and social policy in a developing context and in Asia where relatively fewer studies on the the welfare state have been carried out.

The paper proceeds as follows: Section 3.2 discusses previous research, the main argument and the research hypotheses; Section 3.3 introduces the research design and provides some background on government spending in Thailand; the results obtained from the estimation model are reported in Section 3.4. Section 3.5 concludes.

3.2 Previous Research and the Argument

In this section, we bring together two frameworks used by previous research to conceptualise distributive transfer allocational rules: clientelist exchanges and spending determinants. Firstly, informal distributive transfers, such as clientelist exchanges, are commonly observed and studied at the micro-level in developing countries. Such a micro-founded perspective emphasises interactions between the benefit recipient and provider at the local-level. Social scientists in various fields – political science, economics, anthropology, history and sociology – have attempted to systematically explain how transfer benefits are allocated. Whereas most anthropologists and historians rely on in-depth fieldwork case studies (e.g. Scott, 1972b; Schmidt, 1977), economists employ formal and game theoretic models to explain the transfer mechanism (e.g. Robinson and Verdier, 2013; Keefer and Vlaicu, 2008; Dixit and Londregan, 1998). Political scientists view such exchanges as one type of distributive politics and have studied the reflexive responses of politicians to the socio-economic composition of voters. We engage with this latter line of works on the supply side of spending distribution while utilising micro-founded factors such as characteristics of transfer recipients as determinants on the demand side in the empirical model on spending priorities.

In contrast to informal distributive transfers, government spending is commonly analysed at the macro-level which emphasises how countries supply distributive transfers. For instance, a rich body of literature on the welfare state examines factors that affect the level of government social spending across countries (e.g. Brown and Hunter, 1999; Kaufman and Segura-Ubiergo, 2001). However, cross-national studies of distributive transfers raise potential issues regarding context specifics and researchers' own judgments (Golden and Min, 2013). For example, some

distributive programmes are not available for comparison across countries. Even if they are identical policies, some policies may serve as programmatic in one country but as "pork" in another country which has a different level of economic development.

As a result, recent studies resort to sub-national level analyses which can compare variations in government spending, for example across provinces, while fixing time-invariant specific institutional and contextual factors at country-level. Several dimensions of government spending at sub-national level have been used to study distributive transfers and clientelism, such as social policy and education benefits (Hicken and Simmons, 2008; Vicente and Wantchekon, 2009; Luna and Mardones, 2009), agrarian and land reforms (Albertus, 2012; Bardhan and Mookherjee, 2012), and public sector employment or patronage (e.g. Remmer, 2007; Chubb, 1982; Gordin, 2002; Allen, 2012).[3] Nonetheless, we have been unable to identify any research that investigates and compares different types of spending and their determinants.

The Argument

The framework employed in this study attempts to bridge the two literatures on clientelism and government spending in ways that will improve our knowledge of distributive politics. The main argument is formed from both micro-level explanations that are in accordance with the clientelism literature which will be complemented by additional macro-level perspectives on spending determinants. Our argument aims to explain the relative importance of response to, and the rates of, changes in economic and political conditions on the part of social spending and discretionary spending. The main argument we advance is summarised in Table 3.1: (1) while discretionary and social spendings are similarly affected by economic factors, the response rate is more long-term for social spending when compared to discretionary spending; (2) political factors primarily affect discretionary spending, especially through electoral cycles.

According to both micro-level and cross-national works, the first economic factor considered is economic insecurity. When faced with uncertainty about their living conditions, individuals strive to obtain some form of insurance which can rectify economic hardship. Explanations from the clientelism literature highlight the micro-founded implications of diminishing marginal utility of income. As individuals are assumed to be risk-averse, distributive transfers

[3]For a review, see Golden and Min (2013).

Table 3.1: Economic and Political Determinants of Distributive Spending

	Social Spending	Discretionary Spending
Economic Factors	Longer-term effects	Contemporaneous effects
Political Factors	No effect	Electoral cycle effects

serve as an insurance in counteracting economic shocks. In particular, individuals with lower incomes face higher risks and are therefore more sensitive to material benefits (Robinson and Verdier, 2013; Weitz-Shapiro, 2009; Gallego and Raciborski, 2008; Dixit and Londregan, 1996). Economic insecurity therefore raises the demand for distributive transfers. In line with the literature on spending determinants, this claim can be extended to a macro-level interpretation that countries that suffer from economic adversity tend to have higher social spending (Kaufman and Segura-Ubiergo, 2001; Iversen and Cusack, 2000).

We propose that social spending responds more slowly to changes in economic factors than does discretionary spending. The proportion of resources allocated to social spending and discretionary spending increases with economic insecurity. In particular, provinces in economically vulnerable areas are more susceptible to material handouts and discretionary transfers. Unlike social spending, discretionary spending rises in the short-term as the distribution can take various forms, including materialistic ones. Such benefits can be customised to specific needs in different geographical areas. It may be possible that discretionary spending is in fact an effective tool to tackle specific economic problems and promote programmaticism at local level. However, its discretionary nature opens room for political manipulation and to tackle specific economic problems appropriation of such spending. Their programmatic intent, if any, will be hard to distinguish from clientelism as discretionary transfers are often associated with patron–client relationships than with programmatic considerations (Remmer, 2007). In contrast, social spending is less flexible which restricts its contemporaneous responses to fluctuations in economic conditions. As social policy transfers are in theory governed by formal distributional rules, they take a longer time to adjust. For instance, increasing economic insecurity may require an existing social protection programme to be restructured, the bureaucratic process for which can be delayed in parliamentary debates launched by opposition parties. As a result, social spending reacts to changes in economic insecurity generally in the longer-term.

In addition to considering economic insecurity, we expand on the logic that the level of distributive transfers depends on other policy variables (Remmer, 2004; Rodden, 2002; Medina and Stokes, 2002; Robinson and Verdier, 2013). Not only do the policy variables represent a province's economic development direction, they can also unveil the forms of tools used by politicians to attract support. Policy variables are thought of as economic factors that are subject to potential political influence. Similarly to Remmer (2007), the policy variables we consider are the government's public investment and fiscal dependence. The incentive to expand public investment – for example, on building infrastructure – encourages more programmatic policies to flourish in the long-run when such investment is completed. Public investment will also boost the level of development and facilitate an expansion of social spending as a more effective policy channel.

On the one hand, the government's public investment undermines the role of discretionary spending. Discretionary spending which flourishes under personalised and particularistic allocation, therefore becomes trivial when there are more efficient distributive policies as a result of social policy. On the other hand, public investment projects may serve as channels for corruption. Preferential access to government projects are an instrument to reward politically-connected companies and interest groups. Indeed, this may be the case in Thailand as shown by some case studies (e.g. Nishizaki, 2011; Kitschelt and Freeze, 2010). The empirical analysis will unveil more information regarding the relationship between public investment and programmatic policy.

In fact, Rodden and Wibbels (2002) argue that more efficient policies arise when sub-national units raise their own taxes rather than relying on transfers from the central government. Higher levels of income collected by local tax-payers allow these provinces to be self-sustainable and thus independent from centrally-allocated distributive transfers. This in turn discourages politicians from using distributive transfers for political gain. Such provinces are more financially independent as regards administering their own social policy programmes. As such, programmes take time to be launched and implemented and this cuts back externally-sourced social spending in the long-term. By contrast, a province's fiscal dependence on the central government allows politicians to expand discretionary transfers. Lower domestically-generated tax revenue is associated with higher levels of political manipulation that bias policy in the

direction of particularism. This relationship, we argue, is reflected by a contemporaneous increase in discretionary spending in the short-term.

Along with economic factors, political factors should play a role in determining the level of discretionary spending through the electoral cycle and political competition. We first consider the theories of political business cycle which study the timing of spending in relation to the electoral cycle (for review, see Golden and Min, 2013). As a developing country, Thailand is expected to exhibit a greater degree of political business cycle due to executive discretion. The types of distributive spending sensitive to electoral cycles should be those which allow discretionary decisions or which possess vague allocation criteria (Stokes et al., 2013). Discretionary spending expands according to the electoral cycle, whereas social spending is less likely to be influenced by the election calendar. When compared to discretionary spending, social spending reflects policy programmes which follow more structured distributional allocation. Social programmes are not always clientelist handouts because social policy disbursement is usually not contingent on the beneficiary's electoral choice – their allocation can instead be targeted at the individual level according to technocratic criteria (Diaz-Cayeros et al., 2006; Stokes, 2009). Nonetheless, questions remain as to when such disbursement of transfers occurs in relation to the electoral cycle. On the one hand, rational expectation models emphasise voters' retrospective judgments about the state of the economy and therefore encourage politicians to expand government spending prior to elections (Remmer, 2007; Golden and Min, 2013). In such a case, political incumbents are more likely to benefit from expansionary spending, due to better access to government resources (Calvo and Murillo, 2004). On the other hand, politicians face pressures to increase spending and distributive transfers after elections to reward and help build and maintain their political or clientelist networks (Scott and Kerkvliet, 1977).

In addition to electoral cycles, the level of electoral competition faced by politicians also influences distributive transfers. Our argument regarding the impact of political competition concerns the targeting disbursement aspect of clientelist transfers put forward by Luna and Mardones (2009). Due to its particularistic and discretionary nature, this type of spending calls electoral targeting into question. Moreover, political parties have different preferences and electoral strategies depending on the level of competition they face in different provinces

(Calvo and Murillo, 2004; Weitz-Shapiro, 2012). The use of targeted and distributive transfers for electoral gain therefore varies with the parties' potential success in constituencies that are more susceptible to clientelist appeals. As a result, we argue that more competitive elections put a larger degree of pressure on politicians to increase distributive spending to reward voters. Social spending is less likely to be used whereas discretionary spending can be manipulated for such purposes.

Economic and political factors are important determinants of distributive transfers. Macro-level works make use of a variation in political and electoral contexts where decision-making regarding allocation takes place, as well as variations in the spending level. As we combine macro-level implications with micro-level explanations, informal exchanges in distributive politics at the micro-level are incorporated into a broader level to allow more general and systematic comparisons. In accordance with the growing literature regarding distributive politics in developing countries, our argument offers a set of underlying determinants for distributive transfers. In summary, economic determinants act as underlying factors that determine both social spending and discretionary spending, although such determinants denote transitory effects on discretionary spending and longer-term effects on social spending. This hypothesis is summarised in the first row of Table 3.1. Moreover, political factors are expected to affect the allocation of discretionary spending, as described in the bottom row of the table. The following section will demonstrate our research design for the empirical analyses of distributive transfer determinants.

3.3 Research Design

To test the spending determinant hypotheses, we analyse Thailand's provincial spending and transfers during 2000–2012. Thailand experienced a surge of electoral promises regarding redistributive transfers during the 2001 General Election. Since then, "populist policies" have become a catch-word for a variety of distributive policies in Thai electoral politics.[4] The TRT Party leader, Thaksin Shinawatra, declared populism to be an official policy in his rallying announcement that "provinces that give us trust, we will look after those provinces

[4]Thailand's populist policies are a combination of a development approach and a "political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalised support" from unorganised mass followers (Laothamatas, 2006; Weyland, 2001).

specifically. Given that we have a limited time, those who have less trust in us ... have to line up after provinces that support us first" (Changyai, 2007). Not only did Thaksin emphasise the importance of political targeting in Thai elections, his populism went well beyond the long-time clientelist practice of informal exchanges of votes for benefits through local networks of party machinery to in-election policy promises (Phongpaichit and Baker, 2008).

It appears that Thaksin aimed to promote a new political paradigm in Thailand where electorally-based party dominance would be the key element. The period studied involved an interesting transformation to policy-focused competition, at least during electoral campaigns. Since 2001, policies that promised to give greater attention to welfare policy, including debt relief, cheap healthcare and micro-credit programmes, have become popular strategies for earning electoral votes. Many welfare programmes have been launched as an alternative channel for distributive transfers. This reflects a social policy channel of distributive politics, whereas discretionary transfers have previously been used in distributive transfers and clientelist exchanges. This emphasis on social spending potentially shifts the criteria for successful elections away from local influence towards party competition (Phongpaichit and Baker, 2003). This development has prompted a need to understand how spending is determined. As a result, this chapter focuses on the institutionalisation of social policy as part of the populist phenomenon in Thailand.

As the General Election in 2001 marked the start of populist policy competition, it would be interesting to compare provincial spending data before and after 2001. Unfortunately, government spending in Thailand was first allocated at provincial-level in 2000. Prior to that, each ministry separately drafted their spending and budgetary proposals including all projects under their supervision. Within each ministry, these proposals were then categorised into provinces or regions. While it could be possible to compile pre–2000 provincial spending data from all ministries and classify them into spending types, some budgetary proposals were not designated to a specific province. In addition, this would involve a large degree of subjective judgment by the researcher. Such a compilation would easily become problematic and result in a biased data sample. As a result, we choose to focus on the years 2000–2012, for which data are more reliable.

The post-2000 decision-making process at provincial level on spending allocations is to some

extent related to the pre-2000 process at ministry level. Each ministry presents their budgetary proposals and fiscal policy design according to the Ministry of Finance's budget analysis methodology. This ministry-level process incorporates macroeconomic view, national plans and strategies, equity, absorptive capacity and value for money. Spending is disbursed by the Comptroller-General Department and each expenditure item is specified from which provinces can benefit. As a result, this new Government Fiscal Management Information System (GFMIS) allows for greater transparency to justify specific needs of each provinces as well as monitoring the allocation of government spending. The time period studied is also consistent with that in two other chapters on the Thailand Village Fund and personal voting. The results from this provincial-level analysis thus offer additional insights regarding geographical targeting of distributive politics to the thesis' overall understanding of clientelism and social policy.

The empirical analysis will be conducted at provincial-level as this has a number of advantages. First, decisions to allocate government spending are made at this level. As a result, provinces are effective administrative units for making distributive transfers. Second, provincialism in elections has very much been emphasised: voters are recipients of promises regarding provincial-level benefits and transfers (Changyai, 2007; Hutchcroft, 2014).[5] Third, sub-national level analyses allow for a variation in the spending levels of interest, while accounting for the socio-economic contexts of each province. Moreover, institutional settings and electoral rules are consistent across provinces. Nonetheless, we note that an alternative unit of observation of sub-national data would be electoral districts where the voting decisions can be included in the estimation without being aggregated to a larger level such as provinces or states. However, this alternative would only be possible if government spending were allocated at electoral district-level as well.

[5] According to Hutchcroft (2014, p. 186), "an elected provincial-level council, whose major role is to approve and allocate infrastructural developmental budgets, [is] strategically located between national and local politics. [T]he provincial councillors also became the primary vote canvassers (hua kanaen) for national politicians, mobilising the lower-level networks on their behalf."

3.3.1 Data

Time-series cross-sectional data at the provincial level for 76 Thai provinces during 2000–2012 are drawn and constructed from various sources.[6] Firstly, data on provincial spending, gross provincial product and poverty level come from the National Economic and Social Development Board (NESDB). The provincial spending data are categorised into 14 groups, including Defence Affairs, Public Order and Safety Affairs, Economic Affairs, Education Affairs, etc (see Figure 3.3 in the Appendix for details). Secondly, data on taxation at provincial-level come from the Revenue Department. Thirdly, data on political variables, such as electoral cycles and competition, are constructed from official electoral results at district-level, as released by the Election Commission Thailand (ECT). District-level data are then aggregated to provincial-level. Lastly, other control variables, such as population and average years of education at provincial level come from Labour Force Surveys, Socio-Economic Household Surveys and Population Census as administered by the National Statistical Office (NSO). The descriptive statistics of all variables used in this chapter are included in the Appendix.

Dependent Variables

Two measures of distributive transfers are considered: social spending and discretionary spending. *Social spending* is the sum of government spending on social and welfare policy such as health, education and social protection programmes.[7] For instance, expenditure items under social spending include operational costs for public hospitals and public schools, salaries of teachers and doctors, and other in-kind social benefits. All items in social spending were part of ministry-based budgetary proposals. *Discretionary spending* refers to the government's "miscellaneous" and "unspecified" spending allocated to each province. Specific items in this latter category needs not pass through a parliamentary process for budget allocation, which allows for discretionary allocation at provincial-level. For example, Banharn Silpa-archa, an infamous politician from Suphanburi Province, used discretionary state funds to maintain close relationships with various government agencies and channel more resources to his province

[6] In 2011, Bueng Kan Province was separated from Nong Khai Province, becoming the 77th province. In this chapter, it is treated as a part of Nong Khai Province for consistency over time.

[7] Each component of social spending is separately estimated in the Appendix.

(Nishizaki, 2011). The spending variables are measured as a percentage of total provincial spending, to reflect their relative priority in relation to total provincial spending.

Figure 3.1: Average Social and Discretionary Spending among 76 Provinces, 2000–2012

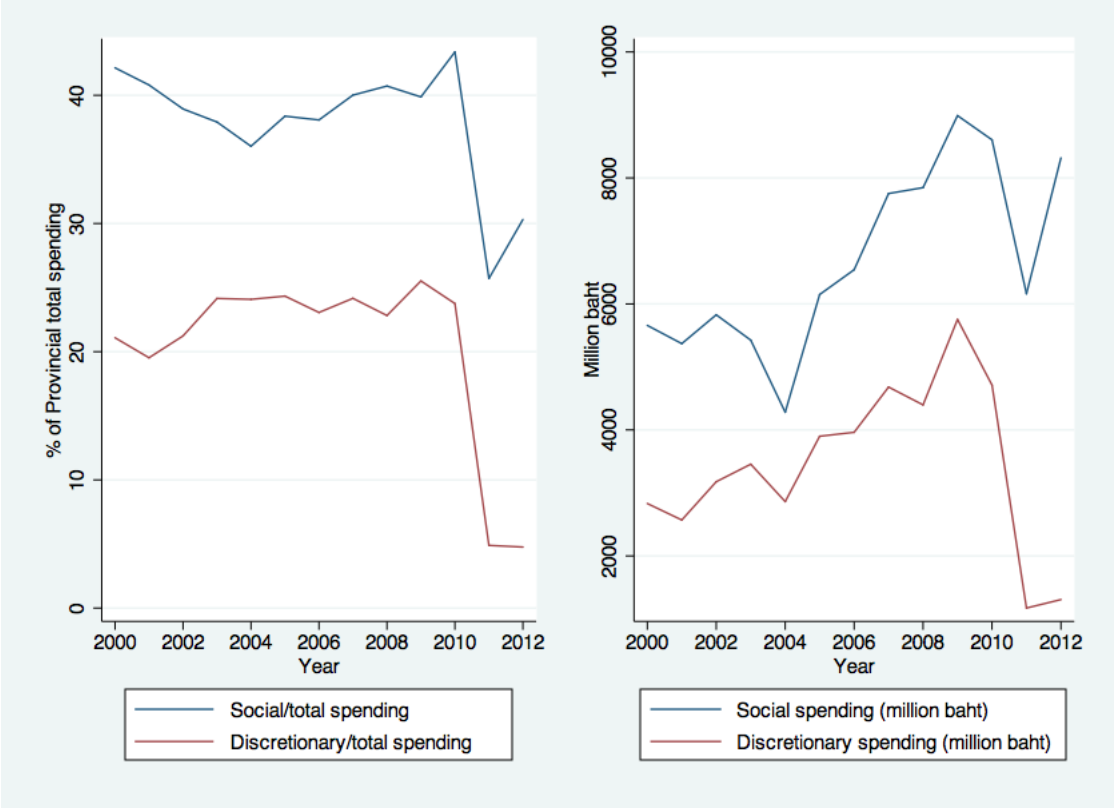


Figure 3.1 illustrates the dependant variables as time-series data of all-province total social spending and discretionary spending. In the right-hand side figure, increasing overall trends of social and discretionary spending (in million baht) can be observed between 2000 and the recent global financial crisis in 2009. Since the crisis, Thailand has injected government expenditure into the economy through General and Economic spending[8] (see Figure 3.3 in the Appendix). The inject of government expenditures swiftly increased total spending. Other types of spending, including social and discretionary spending, have reduced and therefore represent a significantly smaller proportion of the total spending, as shown in the left-hand Figure 3.1.

[8]According to Thailand's Bureau of Budget, General spending refers to provincial spending on general public services such as legal services, budget management, human resource services, collection and analyses of statistical data, international affairs, research and development as well as loan and transfer payment to local governments. Economic spending refers to other economic affairs and services, such as (1) land holding management, agricultural land allocation, price subsidy and support for agriculture, forestry, fishing and energy consumption, (2) support for civil engineering projects, industrial and commercial development, (3) monitoring and support for projects on tourism, labour and transportation, communications, as well as economic research and development.

Independent Variables

Economic variables The independent variables are operationalised straightforwardly from our argument. Economic insecurity is measured by *unemployment* and *poverty* indicators. The rate of *unemployment* is the ratio of unemployed individuals to those actively seeking a job according to the definition by the International Labour Organisation.[9] Economic adversity is also reflected in a head-count measure of individuals earning below a provincial poverty line. Both indicators are constructed from Thailand Labour Force Surveys 2000–2012.

Capital spending and *tax revenue* are two indicators that represent other policies which may affect the allocation of distributive transfers. The level of public sector investment is measured by the data on government capital investment gathered and released by the NESDB. *Capital spending* yields public or quasi-public benefits rather than the narrowly and individually targeted gains associated with discretionary spending. A province's total *tax revenue* reflects independent budgetary transfers it receives from the central government. The tax revenue collected from income tax, business tax, value-added tax and land tax are from the Revenue Department.

Political Variables Electoral cycles are captured by the dummy variables for *election years*' leads and lags. The election year lead dummy variable equals one in the year prior to an election, whereas the lag variable equals one in the year following an election. The two dummy variables are designed to capture any electoral cycles to which distributive spending are subject. While elections may affect voters' retrospective judgments and therefore encourage politicians to increase spending prior to elections, pressures to increase distributive transfers may rise after elections to reward supporters (Remmer, 2007; Golden and Min, 2013; Scott and Kerkvliet, 1977). Excluding the 2006 election, the analysis covers four elections during 2000–2012.

The general election in 2006 was excluded from the analysis. The Democrats and two other opposition parties boycotted the election claiming that the decision to snap an election was due to numerous corruption scandals. The election was later declared invalid by the Constitutional Court due to evidence of electoral fraud by the TRT in conjunction with the Election

[9]Robustness checks are computed when including both *unemployment* and *employment*.

Commission. This accusation resulted in the dissolution of the TRT while most of their party members moved to form the People Power Party (PPP) to enter the 2007 election. Despite numerous corruption scandals, the following 2007 election still saw similar practices and electoral campaigns as those used in the 2006 (Schafferer, 2009; na Thalang, 2012). PPP, the reincarnated party of the TRT, won the election in 2007 and formed the government as the de facto successor of the TRT government. As voting decisions seemed resilient in 2007, we expect little implications from the annulled election on the variables used in this analysis.

Electoral competition is measured by two indicators: dominance and incumbency. The winning party's vote share reflects a measure of political dominance. The *dominant vote share* is the sum of a party's proportional representation (PR) votes in a province. The higher the vote share, the less competitive the election is. Due to possible strategic voting in single-member districts (SMDs), we consider only the PR votes which are counted at the national level where no votes are going to "waste" (Shugart et al., 2005; Moser and Scheiner, 2005). Moreover, the number of seats won by the TRT Party in the previous election (*No. TRT seat*) provides a proxy for political incumbency. As the TRT Party leader is considered the pioneer of Thailand's populist formulae for welfare and developmental programmes, the number of seats won by the party reflects voters' support for such a policy platform. Areas that are a strong hold for the TRT Party are expected to receive more social spending. The *dominant vote share* and *No. TRT seat* variables offer variation across both provinces and years. However, some provinces (particularly in the opposition party's stronghold in the South) have no variation for *No. TRT seat* because there were no winning MPs from the TRT Party during the period studied.

Control Variables

In order to take into account other socio-economic and contextual differences across provinces, we introduce control variables, which include provincial *gini coefficients*, *population*, *dependency ratio*, gross provincial product (*GPP*) and GPP *growth*. *Gini* coefficients reflect the level of income inequality faced by households in each province, which puts pressure on politicians to stimulate distributive transfers. *Population* accounts for the size of each province as

more populated provinces naturally require a larger sum of government spending. The *dependency ratio* measures the demand for government transfers when more family members are non-earners. *GPP* and GPP *growth* control for a province's economic size and development progress, respectively. Provincial *gini* coefficients and *dependency ratio* and calculated by the author based on Thailand Labour Force Surveys. Population and GPP data are collected by the NSO and NESDB, respectively.

Given the 13-year horizon of the data, levels of economic development at provincial-level are not expected to have changed much over time. Therefore, variables such as *gini coefficients* and *GPP* are considered as controls and not the main explanatory variables. Instead, the analysis focuses on economic adversity, as reflected by *unemployment* and *poverty* indicators, which can capture more volatile trends and changes regarding the economic well-being.

3.3.2 Estimation Model

The estimation techniques utilise an error-correction model (ECM) conventionally used in other research to estimate government spending. The relationship between the variables in the model resembles a moving equilibrium in which the dependent variable – government spending – fluctuates in response to short-run changes in the independent variables but over the long run assumes levels consistent with those of the independent variables (De Boef and Keele, 2008). The ECM implies that (1) the behaviour of Y_t is tied to X_t in the long-run, and that (2) short-run changes in Y_t are responses to deviations from that long-run equilibrium. In other words, the term "error correction" applies to the rate at which changes in the dependent variable Y_t return to equilibrium after a change in the independent variable X_t. In fact, this model specification makes it possible to distinguish between transitory and longer-term relationships of independent and dependent variables. More importantly, this dynamic model enables the analysis to produce an understanding of how responsive a process of spending determinants is. Rewriting the generic model gives the following estimable form:[10]

$$\triangle Y_{it} = \beta_0 + Y_{it-1}\beta_1 + \triangle X_{it}\beta_2 + X_{it-1}\beta_3 + \epsilon_{it} \tag{3.1}$$

[10]Regardless of cointegrating properties, the ECM is appropriate for stationary data as the ECM is equivalent to autoregressive distributive lag models (De Boef and Keele, 2008).

where $\triangle Y_{it}$ is the first-difference of distributive spending, $Y_{it} - Y_{it-1}$ for province i in year t. The short-term (contemporaneous) relationship of the independent variables X_{it} and the first-difference in spending $\triangle Y_{it}$ is captured by β_2, and the longer-term relationship by β_3. By identifying short-term and long-term effects, the analyses can distinguish underlying factors from those regarded as cyclical effects or "noise" in determining distributive spending. As a result, both short- and long-term relationships will be compared and discussed in relation to the hypotheses regarding economic and political determinants. The model is estimated by the ordinary least squares method with panel-corrected standard errors (PCSE) to take into account of heteroskedasticity problems and error correlation across units that are common to a time-series cross-sectional research design.

In addition, the long-run multiplier (LRM) which measures the ***total*** effect of X_{it} on Y_{it} distributed over future time periods can be computed by $-\frac{\beta_3}{\beta_1}$. In other words, the long-term relationship β_3 is adjusted by the error correction rate β_1 which captures how responsive a process is, when starting in an equilibrium state and when all other variables are held constant. Factors contributing to provincial variation of distributive transfers may identify Thailand's equilibrium path as geographical targeting. The standard error of the LRM can be calculated by the formula for the approximation of the variance of a ratio of coefficients with known variances.[11] Alternatively, the standard error can be directly estimated using the Bewley transformation (Bewley, 1979; De Boef and Keele, 2008).[12]

Nonetheless, the 13-year data used in this paper are smaller in the time dimension but much larger on the cross-sectional units than typical time-series cross-national data used with ECM (Beck and Katz, 1995). Therefore, our estimation results will be carefully interpreted when making comparison between short- and long-term effects. In addition, we have also considered an alternative estimation model using the differenced generalised methods of moments (GMM). Similarly to ECM, the GMM takes into account the lagged dependent variable and its endogeneity. Both GMM and ECM estimate the rate at which Y_t changes following a change in X_t. However, the GMM estimation is commonly used for panel data which imposes less restrictions on the time-series assumptions of the data. In particular, the GMM requires that

[11] $Var(a/b) = (1/b^2)Var(a) + (a^2/b^2)Var(b) - 2(a/b^3)Cov(a,\, b)$

[12] $Y_{it} = \phi_0 - \phi_1 \triangle Y_{it} + \psi_0 X_{it} - \psi_1 \triangle X_{it} + \mu_{it}$; where $\psi_0 = -\frac{\beta_3}{\beta_1}$. This transformation can be estimated with a two-stage least squares method by using contemporaneous values of X_{it} and its lag X_{it-1}, and lagged dependent variable (Y_{it-1}) as instruments for $\triangle Y_t$.

there be a large number of units i and at least three time-periods for instrumental variables to be valid (Bond, 2002).[13]

The Arellano-Bond dynamic panel differenced GMM model will be used for robustness checks. While the GMM is a more general estimation method, the ECM provides additional substantive analyses which are relevant to studying short- and long-term factors (De Boef and Keele, 2008; Bond, 2002). Our ECM specification closely follows the works of Calvo and Murillo (2004) and Remmer (2007) on Argentine provincial spending. Whereas these authors focus on patronage and public sector jobs, this research extends the analysis to distributive transfers and welfare-related spending. Explaining provincial variations in social spending and discretionary government transfers, the estimation techniques also aim to assess a politician's logic in targeting transfers rather than strictly building support on the basis of programmatic commitments.

3.4 Empirical Results

Applying the ECM to Thailand's provincial spending data, the empirical analyses examine the hypotheses regarding economic and political determinants of distributive transfers. The ECM allows us to distinguish between contemporaneous and longer-term effects of different factors on changes in spending. As explained by De Boef and Keele (2008), contemporaneous or short-term effects reflect disturbances of the equilibrium relationship of the dependent variable and independent variables in the long-term. Table 3.2 presents the OLS estimation results on social spending and discretionary spending with PCSE.[14] The first two models estimate determining factors for social spending and discretionary spending, respectively. In the third model, social spending is estimated with an inclusion of discretionary spending as an additional explanatory variable to the first model. This section first describes the contemporaneous and longer-term effects of economic factors and those of political factors from Model (1) and (2). Findings from Model (3) are then later discussed and compared with those estimated in the first two models.

[13] We note that the asymptotic properties are such that the number of time goes to infinity in ECM, but the number of units goes to infinity in GMM.

[14] The R^2 obtained in these estimates range between 0.35 and 0.44, similar to those found in previous studies.

The estimated contemporaneous (short-term) effects are reflected by the coefficients on the first-difference of explanatory variables. Adverse economic conditions, as measured by the unemployment rate, significantly contribute to a larger share of both types of distributive transfers. Unemployment raises the priority of both social and discretionary spending in relation to total spending. Following a higher unemployment rate, the effect of adverse economic conditions on the percentage of social spending is more than double the effect on the percentage of discretionary spending. In addition, higher poverty amplifies the need for discretionary spending whereas we observe no significant results for social spending in the short-term.

The longer-term effects are shown through the estimated coefficients of lagged explanatory variables. In fact, longer-term relationships of the unemployment rate and both spending types are similar to the contemporaneous effect relationships. The positive coefficients reflect the insurance feature of both social and discretionary spending to ease economic adversity and insecurity in the long-term. Therefore, the importance of both types of spending increases when unemployment rises. The coefficient of lagged unemployment on social spending is more than triple that on discretionary spending. However, the ratio of households living below the provincial poverty line has no significant effect on either type of spending in the long-term.

Regarding government capital investment, the results report insignificant contemporaneous effects of capital spending on discretionary spending and a negative and marginally significant effect on social spending. Due to the objective of capital spending, of long-term investment, we expect a negligible impact on the spending in the short-term. However, the coefficient of capital spending first-difference is negative and marginally significant for the estimation of social spending. In other words, there is, to a degree, a contemporaneous negative relationship between levels of capital spending and social spending. The fact that an increase in capital spending today suggests a lower level of social spending in the near future signals a surprising finding which we will investigate further, along with the longer-term effects of this finding.

Contrary to our theoretical expectations, capital spending significantly increases the allocation of discretionary spending in the long-term. The results suggest that capital spending which represents government investment programmes could reinforce discretionary transfers that are a common feature of clientelist politics. Due to the unexpected positive long-term effects on discretionary spending and negative short-term effects on social spending, the nature of public

Table 3.2: OLS Estimates of Social and Discretionary Spending with PCSE

	(1) Social Spending		(2) Discretionary Spending		(3) Social Spending	
L.Dependent variable	-0.35***	(0.11)	-0.30***	(0.076)	-0.33***	(0.098)
D.Disc spending					0.12	(0.20)
L.Disc spending					0.49***	(0.18)
Economic factors						
D.%Unemployment	1.21**	(0.49)	0.50**	(0.20)	0.60**	(0.31)
D.%Below poverty	-0.037	(0.10)	0.13**	(0.053)	-0.10	(0.079)
D.Capital spending	-0.33*	(0.19)	0.11	(0.11)	-0.34**	(0.17)
D.Tax revenue	0.069	(0.050)	-0.12***	(0.044)	0.058	(0.058)
L.%Unemployment	2.11***	(0.72)	0.66**	(0.26)	1.23***	(0.40)
L.%Below poverty	-0.063	(0.059)	0.022	(0.041)	-0.086	(0.054)
L.Capital spending	0.031	(0.094)	0.23***	(0.063)	-0.045	(0.11)
L.Tax revenue	0.047*	(0.027)	0.016	(0.015)	-0.017	(0.026)
Political factors						
Dominant vote share	0.12**	(0.051)	0.018	(0.020)	0.15***	(0.048)
No TRT seat	0.21	(0.18)	0.046	(0.070)	0.24	(0.17)
Pre-election year	0.49	(3.07)	-3.23***	(1.16)	-0.19	(2.77)
Post-election year	2.52	(3.05)	3.15***	(1.16)	3.41	(2.86)
Controls						
D.Gini	-0.038	(0.053)	-0.019	(0.023)	-0.014	(0.048)
D.Population	-0.00059	(0.00059)	-0.000085	(0.00048)	-0.00074	(0.00056)
D.Dep. ratio	0.80***	(0.23)	0.10	(0.11)	0.83***	(0.21)
D.GPP	-0.020	(0.040)	0.019	(0.020)	-0.037	(0.037)
D.GPP growth	0.10	(0.093)	-0.021	(0.041)	0.12	(0.084)
L.Gini	-0.18**	(0.087)	-0.088**	(0.035)	-0.12	(0.075)
L.Population	-0.00031	(0.00087)	-0.00062	(0.00044)	-0.00076	(0.00085)
L.Dep. ratio	0.13	(0.092)	-0.0091	(0.048)	0.28***	(0.090)
L.GPP	-0.017**	(0.0086)	-0.0052	(0.0039)	0.00072	(0.0076)
L.GPP growth	0.062	(0.12)	-0.032	(0.056)	0.098	(0.11)
Constant	11.3**	(5.62)	4.98*	(2.83)	-4.10	(6.55)
Observations	836		836		836	
R^2	0.353		0.444		0.425	

Main statistics are the coefficients; panel-corrected standard error in parentheses;

Lagged variables are denoted by L. and first-difference variables by D. Tax revenue is measured in billion baht. Contemporaneous effects are estimated by the coefficient of the first-difference variables and longer-term effects by the lagged variables. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

investment made through capital spending is called into question. In fact, the findings would lead us to believe that capital spending could be used to facilitate discretionary distribution of resources in the longer-term at the expense of lower social policy spending in the short-term. In the Thai context, this resonates with the case of Suphanburi Province, where much of provincial investment was used in the construction of local infrastructure at the discretion of the province's most influential politician (Nishizaki, 2011).

As expected, changes in provincial tax revenue provide transitory effects on discretionary spending and longer-term effects on social spending. In line with our argument, provinces with high tax revenue can afford to be more independent from the central government budget. The negative and significant short-term effects of tax revenue on discretionary spending reflect a substitutability between centrally-allocated government spending and locally-raised funds. Moreover, the effects of tax revenue in the long-term are minute and marginally significant only for social spending. Among all economic factors, it is the effects of tax revenue that most conforms to our hypothesis.

In addition to economic factors, the estimation models include political factors which may influence the provincial distribution of social and discretionary spending. The role of political competition in allocating distributive transfers is only reflected in social spending. Only positive effects of political dominance (measured by the vote share of the dominant party) on social spending as a percentage of total spending are observed. A high dominant vote share shows that the electoral race is less competitive, thus allowing political parties to make more free decisions regarding spending priorities. Therefore, we can observe higher social spending in areas with a strong political dominance when parties are less pressured to spend on discretionary measures to attract votes. However, there are no significant effects on discretionary spending. Regarding political incumbency, we find no effects of the number of TRT seats in spending allocations. Provinces with more TRT parliamentarians receive no significant spending priority on social or discretionary spending.

The dummy variables for pre- and post-election years show some evidence of political business cycles through the estimates of discretionary spending. Consistent with Remmer's findings on Argentine provinces and the clientelism literature, discretionary spending is significantly increased in the year following an election. Local and provincial politicians pay back their

supporters with some discretionary use of government spending after they have been elected. The lagged dummy for election year shows a negative and significant coefficient, whereas the dummy for a pre-election year shows a fall in discretionary spending. Political business cycles, if any, exist in the form of decreased discretionary spending prior to an election and an expansion of such spending following the electoral race. In contrast, the results show no evidence of political business cycles for social spending.

In addition, Model (3) includes a first-difference and a lag of discretionary spending as additional independent variables for the estimation of social spending. As this chapter aims to compare the relative importance of discretionary spending and social spending, it may be informative to see how social spending reacts to changes in discretionary spending, along with other economic and political factors. The estimates show that discretionary spending increase the level social spending in the long-term. The importance of both social spending and discretionary spending moves in the same direction with reference to total spending, and they are not substitutes of each other in the long-term. Nonetheless, they do not show any short-term relationships while they are often assumed to be complementary or substitutive electoral strategies. Other coefficients remain consistent with those estimated in Model (1).

The control variables show some significant effects of demographics and socio-economic contexts. The negative and significant coefficients of lagged gini coefficient in most models calls into question the role of both social and discretionary spending as redistributive transfers. Provinces with a large gini coefficient possess a high level of income inequality although they attract less transfers from the central government. Nonetheless, provincial economic size as measured by GPP establishes a negative long-term relationship with social spending, as expected. Economically poorer provinces receive more social spending as a percentage of total spending. We also note the response of social spending to accommodate the ratio of dependent household members in both the short- and long-term.

As summarised in Table 3.3, the results estimated by the ECM provide some support for the hypotheses set out in the argument section. Economic insecurity exhibits the strongest effect on raising both social and discretionary spending. Nonetheless, the contemporaneous and longer-term effects cannot be clearly distinguished. The findings regarding capital spending raise further questions about the nature of its investment projects. Such spendings may

Table 3.3: Summary of Results on Determinants of Distributive Spending

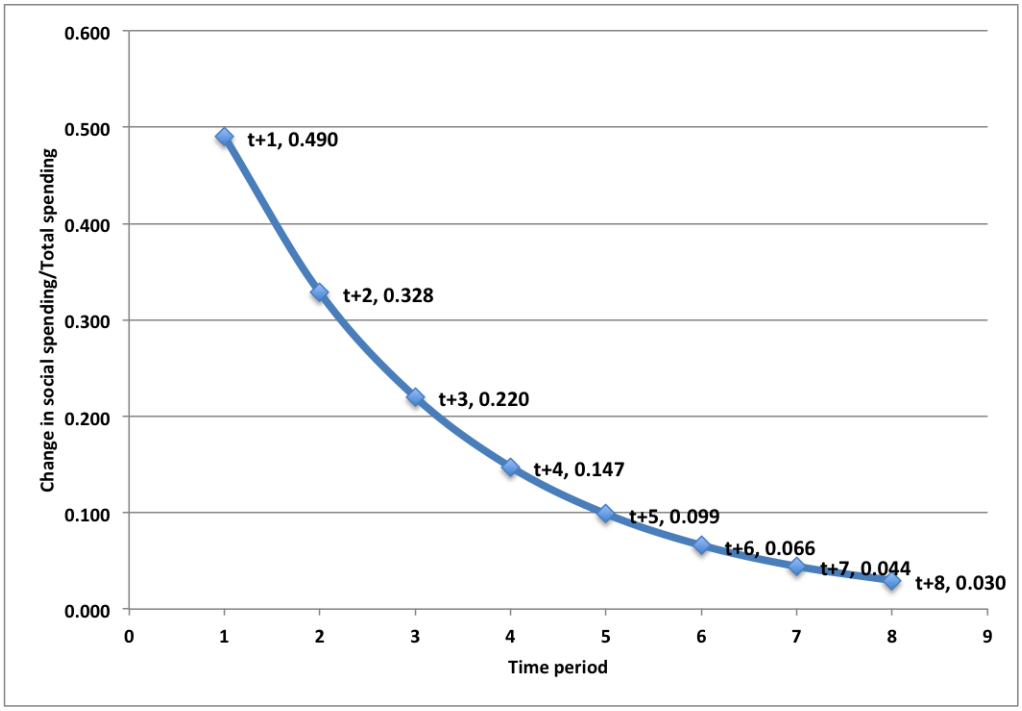
Factors	Type of Effects	Social Spending	Discretionary Spending
Economic	Contemporaneous	Unemployment Capital spending	Unemployment Poverty Tax revenue
	Longer-term	Unemployment Tax revenue	Unemployment Capital spending
Political		Electoral competition	Electoral cycle

not appropriately reflect government public investment which is supposed to promote long-term development of infrastructure and welfare support. However, tax revenue shows both contemporaneous and longer-term effects on the spending, as expected. There are interesting findings based on political factors which confirm our second hypothesis regarding geographical targeting of discretionary spending according to the electoral cycles. Moreover, provinces with fierce political competition appear to receive less social spending, whereas no effects are found for discretionary spending.

Distribution of Effects Over Time

The ECM also offers an important dynamic analysis which highlights how responsive the spending allocation process is in reverting back to equilibrium. The distribution of effects is therefore computed across a number of time-periods by the long-run multiplier (LRM) in accordance with the method suggested by De Boef and Keele (2008). All three models exhibit similar trends and rates of equilibrium correction, as indicated by the coefficients of the lagged levels of the dependent variable. For instance, the rate at which equilibrium errors are corrected is around 33% per year in Model (3). In other words, after a change in one of the predictor variables which disturbs the equilibrium, long-term levels of social spending will move at this rate year after year until the disequilibrating shock is corrected. Therefore, social spending responds to equilibrium errors slowly: after two years, 67% of the shock that caused the disequilibrium is still present, 23% after three years, 8% after four years and so on.

Figure 3.2: The Dynamic Effect of Discretionary Spending on Social Spending (Model 3)



Similarly for Model (1), with an error correction rate of 35% per year it takes over five years for 99% of the errors to be corrected and and to re-equilibrate the system. This is consistent with the strong path-dependent behaviour of social spending, particularly of those social spending categories that benefit powerful constituencies and, hence, are difficult to change.

To investigate further the relationship between discretionary and social spending allocation, we assume that the model is held constant and the discretionary spending increases. Figure 3.2 plots the distribution of the effect of discretionary spending on social spending across time. In other words, the lag distribution is the amount social spending changes each year in response to a one unit increase in the independent variable. For Model (3), in year t+1 social spending increases by .49, in the following period there is an increase of .33, in t+3 the increase is .22 and so on. Because there is a long-term equilibrium relationship between discretionary spending and social spending, this would cause social spending to increase by the LRM of 1.5 as a percentage of total spending over the next five years.[15] With an error correction rate of .33, half of the effect would have taken place in t+2.

[15]We have estimated the standard error of the LRM according to the Bewley transformation.

Robustness Check

In addition to the rate of unemployment, we also consider the *employment* rate as an alternative measure of economic (in)security. The rate of employment is the ratio of active workers to the total labour force, computed from the Labour Force Surveys. In developing contexts, a great degree of intra-household income allocation and rigid employment market marks the difference between those in unemployment and those not in employment. For instance, some household members are voluntarily unemployed and supported by other earners in the family. They are therefore not included in the rate of unemployment although they are without a job and are dependent upon other family members as well as on government distributive transfers. The rate of employment among the labour force is expected to show negative effects on spending levels. The estimated results in Table 3.6 in the Appendix suggest that more employment leads to a significant decrease in the share of social spending to total spending in both the short- and long-term. Nonetheless, the coefficient of the first-difference on discretionary spending is no longer significant though we expect discretionary spending to respond more in the short-term. We suspect that this results from a correlation between the employment rate and the measure of poverty, thereby weakening the coefficient of employment and the significance level in Model (2).

Moreover, we separately estimate the three components of social spending (namely health, education and social protection) with the same set of independent variables. As the results in the Appendix show, most coefficients behave similarly to those estimated for aggregated social spendings in the main model. The estimates of social protection spending show stronger and significant effects of the unemployment rate. The positive effects for both the short- and long-term reflect a strong link between social insurance programmes and employment benefits. We find insignificant short-term effects of capital spending on all health, education and social protection spending. However, capital spending exhibits a positive relationship with social protection in the long-term, whereas the main model on aggregate social spending shows no significant coefficients. This may be explained by the fact that capital investment spending is used primarily to accommodate the social protection component of social spending through welfare programmes (such as retirement funds).

As discussed in the previous sections, the dataset used in this paper is somewhat medium-

term, with more cross-sectional units than the typical time-series cross-national data used with ECM. As a result, we also estimate a differenced GMM model which is commonly used with panel data with numerous unit observations and a shorter time period. We then compare the estimates from ECM and those from differenced GMM, although neither models provides exact interpretations. Differenced GMM is useful when estimating models which include discretionary spending as independent variables due to endogeneity. Nonetheless, the GMM estimates cannot fully prove or disprove our first hypothesis regarding the short- versus long-term effects of economic factors. The estimated coefficients obtained can only suggest their size and direction of most independent variables.[16] In addition, the GMM estimates help to cross-check the directions of the causality patterns this chapter argues to test.

As illustrated in the Appendix, the results from differenced GMM estimators are fairly consistent with those obtained by ECM. In Model (1) and Model (2) of Table 3.8 in the Appendix, unemployment raises the proportion of social and discretionary spending to total spending. Similarly to ECM estimates, evidence of political business cycles is shown for discretionary spending. In Model (3), where discretionary spending and its lags are included as an explanatory variable in an estimate of social spending, we also find no contemporaneous relation between the two types of spending. Whereas the ECM estimates a positive association between the two types of spending in the long-term, the GMM estimates show such an association between social spending and the first and second lag of discretionary spending only. As the data span only 13 years, it may be plausible that the long-term effects in ECM take place in just a couple of years. In fact, the previous results show that the long-term effects occur in less than a five-year period. Nevertheless, the ECM is still superior as it provides a comparison of short- and long-term effects as well as the time distribution of such effects.

More importantly, the GMM estimates also help us cross check the relation between programatic policy (as proxied by social spending) and the lack of government capacity at provincial level (as proxied by discretionary spending). Provinces with large discretionary spending show that the central government has little authority to make sure that the allocation of spending is not subject to clientelism and corruptions. Therefore, weak government capacity in such provinces can result in insufficient social policy and welfare provision. However, the GMM

[16]We refrain from including lags of all independent variables in the GMM estimation to avoid making additional assumptions on the exogeneity of such variables.

estimates in Model (3) show no significant relationship between discretionary spending and social spending.

3.5 Conclusion

This chapter has studied the economic and political determinants of two types of distributive transfers: social spending and discretionary spending. Whereas social policy is typically a programmatic channel for providing collective goods, discretionary transfers are often used for political targeting and clientelism. However, both types of spending may be manipulated by politicians for electoral purposes, especially in developing countries that are experiencing a rapid expansion of welfare services. Whether or not the two types of spending respond to similar or different factors therefore prompts a further investigation. The main argument is that while economic factors similarly affect the allocation of social and discretionary spending, social spending responds to changing economic conditions more slowly than does discretionary spending. In addition, political factors exert more influence over the distribution of discretionary spending.

Using data from 76 provinces in Thailand during 2000–2012, the research was able to carry out the task of comparing the two types of spending and their determinants. Our empirical analyses at provincial-level addressed several important research agenda and offers a number of advantages over cross-national and single-case fieldwork studies. Working with sub-national data (such as provinces) is optimal in our analyses for a number of reasons. Time-invariant country characteristics are held constant while we can observe variations in spending levels across provinces. Moreover, the two types of spending are consistently comparable (which would be almost impossible to achieve in cross-national studies). As a result, the ECM with PCSE was used to evaluate both short- and long-term effects of economic factors as well as political variables.

The estimated results provide some support for our argument. Adverse economic conditions as measured by the unemployment rate, significantly increase both types of distributive transfers in the short-term. In fact, social spending is not intended to provide a "quick fix" in the short-term to a rise in poverty, whereas discretionary spending may play a role in alleviating

such conditions. Nonetheless, the first hypothesis regarding short- versus long-term effects of economic factors can neither be fully rejected nor accepted. For discretionary spending, three first-difference economic factors show significant and expected results, hence confirming the hypothesis on short-term responses. However, two coefficients of their lags also show significant results in the long-term as well. On the other hand, social spending estimates exhibit both short- and long-term effects of the unemployment rate. Long-term responses of social spending perhaps have causes that lie in provincial socio-demographic backgrounds, as we find inequality and gross provincial product to be significant factors.

Despite the inconclusive results regarding the economic determinants, our analyses provide evidence of political business cycles through the estimates of discretionary spending. In addition, while we find no effect of electoral competition on discretionary spending, the results show a negative association between competition and social spending. Social spending proves to be responsive to the level of vote share obtained by the dominant political party. In other words, provinces where elections are won by a larger vote share are less competitive and more likely to receive social spending. The significance obtained in the estimates could reflect the core-supporter case in distributive politics where resources are allocated to loyal or core supporters in areas where the dominant party wins by a large margin (Dixit and Londregan, 1996; Stokes et al., 2013).

The analyses also suggest a degree of complementarity of social and discretionary spending. The findings further contribute to the theoretical debate about whether it is possible for there to be a combination of political linkages, for example programmatic and clientelist linkages. In addition, the robustness check by the GMM estimation also confirms this relationship, as social spending is increasing in lagged discretionary spending. Data permitting, it would be interesting to track the two types of spending over a longer period of time. Notwithstanding this, the 13 years of data covered in this research reflect an interesting period in Thailand's changing politico-economic landscape as regards the expansion of welfare services in the country.

3.6 Appendix

Table 3.4: Descriptive Statistics of Variables Used

Variable	Mean	Standard Deviation
Social spending/Total	42.6	(9.99)
Discretionary spending/Total	10.9	(7.14)
Social spending	6687	(30354)
Discretionary spending	3445	(25273)
Total Spending	17955	(89233)
%Unemployment	1.31	(1.07)
%Employment	.559	(.0391)
%Below poverty	.0324	(.0327)
Capital spending	2.59	(8.03)
Tax revenue	13.1	(78.7)
Dominant vote share	29.7	(24.8)
No TRT seat	2.81	(3.55)
%Gini	45.7	(9.91)
Population	829	(723)
Dep. ratio	.352	(.0384)
GPP	90.4	(272)
GPP growth	.0334	(.0612)
Observations	988	

Spending are in million baht; Tax in billion baht; Population in 1,000 perons. Main statistic is the mean. Standard deviation is in parenthesis.

Table 3.5: Description and Sources of Variables Used

Variable	Description	Source
Social Spending	The sum of government spending on health, education and social protection programmes.	NESDB
Disc Spending	Government's unspecified and miscellaneous budget	NESDB
Unemployment	Ratio of unemployed individuals to those actively seeking a job (ILO's definition)	LFS
Employment	Ratio of active workers to total labour force	LFS
Below Poverty	Ratio of population under provincial poverty line	NESDB
Capital Spending	Government's spending on public sector investment and development	NESDB
Tax Revenue	Revenue from income tax, business tax, value-added tax and land tax	Revenue Dept
Dominant Vote Share	Percentage of votes received by the winning party within province	ECT
No TRT seat	Number of constituency seats won by the TRT Party	ECT
Election Year	Dummy variable for election year	ECT
Gini	Gini coefficient	LFS
Population	Total population	NSO
Dep. Ratio	Ratio of household members aged below 15 or above 65	LFS
GPP	Gross provincial product	NESDB
GPP growth	Growth rate of gross provincial product	NESDB

Figure 3.3: Spending by Categories in All Provinces, 2000–2012

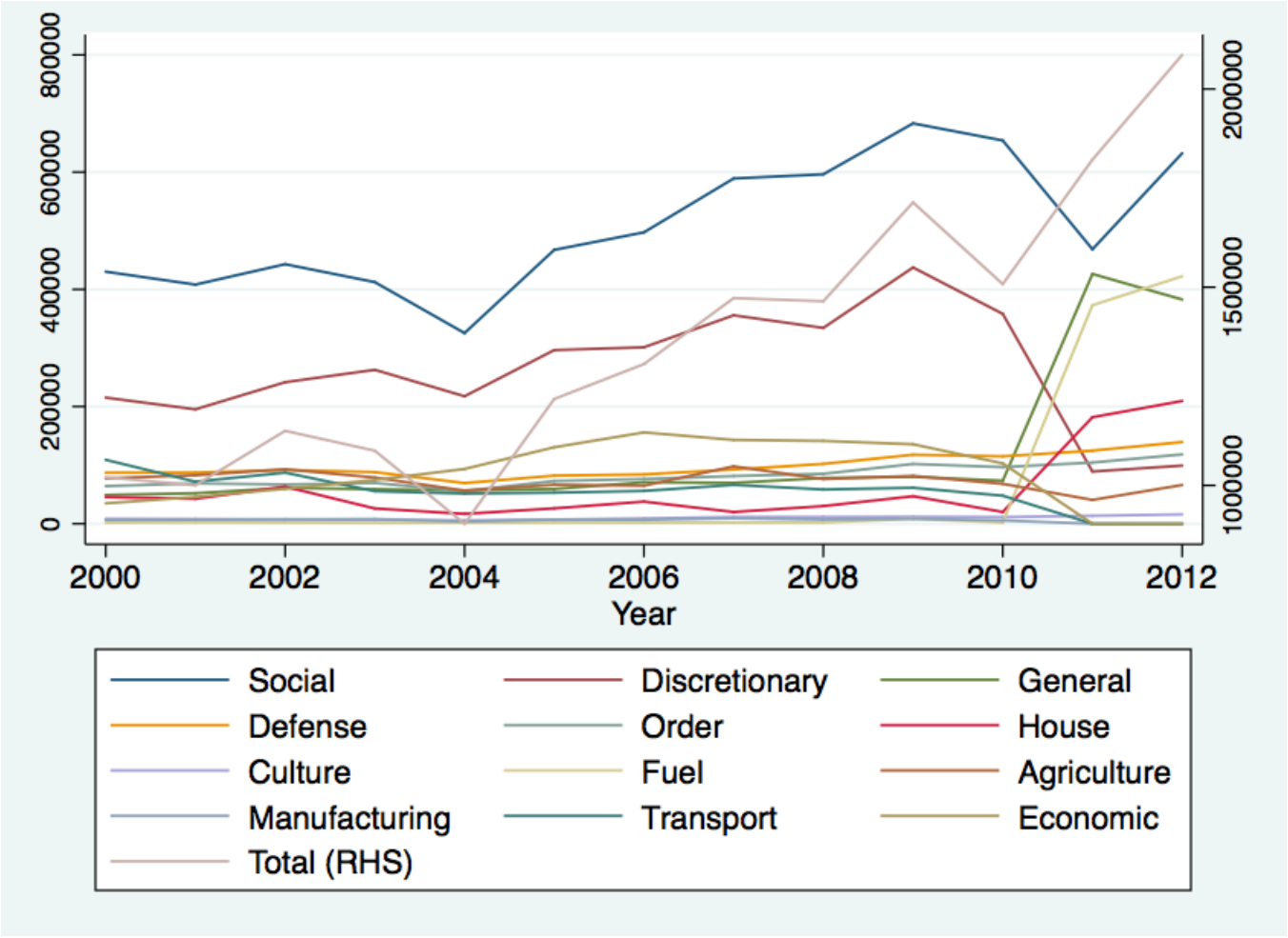


Table 3.6: OLS Estimates with PCSE of Social and Discretionary Spending with *Employment Rate*

	(1)		(2)		(3)	
	Social Spending		Discretionary Spending		Social Spending	
L.Dependent variable	-0.35***	(0.11)	-0.29***	(0.079)	-0.33***	(0.097)
D.Disc spending					0.13	(0.20)
Economic factors						
D.%Employment	-0.43**	(0.17)	-0.043	(0.075)	-0.28**	(0.14)
D.%Below poverty	0.068	(0.12)	0.17***	(0.055)	-0.047	(0.081)
D.Capital spending	-0.33*	(0.19)	0.11	(0.11)	-0.34*	(0.17)
D.Tax revenue	0.048	(0.051)	-0.13***	(0.043)	0.047	(0.058)
L.Disc spending					0.50***	(0.18)
L.%Employment	-0.49**	(0.19)	-0.15**	(0.073)	-0.31**	(0.14)
L.%Below poverty	0.100	(0.077)	0.070	(0.044)	0.0071	(0.053)
L.Capital spending	0.034	(0.097)	0.23***	(0.063)	-0.045	(0.11)
L.Tax revenue	0.036	(0.027)	0.010	(0.015)	-0.025	(0.028)
Political factors						
Dominant vote share	0.12**	(0.050)	0.018	(0.021)	0.15***	(0.047)
No TRT seat	0.22	(0.18)	0.054	(0.073)	0.25	(0.17)
Pre-election year	0.53	(3.09)	-3.23***	(1.19)	-0.18	(2.74)
Post-election year	2.29	(3.06)	3.12***	(1.18)	3.32	(2.82)
Controls						
D.Gini	-0.025	(0.052)	-0.013	(0.023)	-0.0048	(0.048)
D.Population	-0.00066	(0.00062)	-0.00014	(0.00046)	-0.00078	(0.00059)
D.Dep. ratio	0.70***	(0.22)	0.097	(0.11)	0.75***	(0.19)
D.GPP	-0.0069	(0.042)	0.022	(0.020)	-0.030	(0.037)
D.GPP growth	0.086	(0.096)	-0.024	(0.042)	0.11	(0.084)
L.Gini	-0.15*	(0.083)	-0.076**	(0.034)	-0.095	(0.072)
L.Population	-0.00027	(0.00095)	-0.00064	(0.00045)	-0.00075	(0.00089)
L.Dep. ratio	-0.10	(0.12)	-0.074	(0.055)	0.14	(0.096)
L.GPP	-0.015*	(0.0088)	-0.0039	(0.0040)	0.0022	(0.0081)
L.GPP growth	0.035	(0.13)	-0.038	(0.058)	0.083	(0.11)
Constant	47.6***	(16.4)	15.5**	(6.04)	18.4	(11.6)
Observations	836		836		836	
R^2	0.346		0.442		0.425	

Main statistics are the coefficients; panel-corrected standard error in parentheses;

Lagged variables are denoted by L. and first-differenced variables by D. Contemporaneous effects are estimated by the coefficient of the first-difference variables and longer-term effects by the lagged variables.

Tax revenue is measured in billion baht. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 3.7: OLS Estimates of Health, Education and Social Protection Spending with PCSE

	(1) Health Spending		(2) Education Spending		(3) S.Protection Spending	
L.Dependent variable	-0.37***	(0.13)	-0.71***	(0.21)	-0.20*	(0.11)
Economic factors						
D.%Unemployment	0.25***	(0.078)	0.19	(0.16)	0.066**	(0.030)
D.%Below poverty	0.018	(0.015)	0.021	(0.037)	-0.0022	(0.0055)
D.Capital spending	-0.0061	(0.020)	-0.052	(0.080)	-0.0071	(0.010)
D.Tax revenue	-0.019***	(0.0060)	0.094**	(0.041)	-0.0096**	(0.0038)
L.%Unemployment	0.28***	(0.10)	0.43**	(0.21)	0.10***	(0.037)
L.%Below poverty	0.0037	(0.011)	-0.034	(0.027)	-0.0089*	(0.0048)
L.Capital spending	0.010	(0.0094)	-0.090	(0.059)	0.013**	(0.0054)
L.Tax revenue	0.0037	(0.0039)	-0.031	(0.023)	-0.00035	(0.0017)
Political factors						
Dominant vote share	0.018**	(0.0076)	0.043**	(0.017)	0.0037	(0.0029)
No TRT seat	0.023	(0.023)	-0.018	(0.059)	-0.017*	(0.0090)
Pre-election year	-0.15	(0.47)	0.63	(0.84)	-0.10	(0.19)
Post-election year	0.82*	(0.47)	1.27	(0.83)	0.18	(0.19)
Controls						
D.Gini	-0.012	(0.0089)	0.019	(0.023)	0.0012	(0.0036)
D.Population	0.000000069	(0.00011)	0.00077	(0.00053)	0.000024	(0.000040)
D.Dep. ratio	0.074***	(0.028)	0.29***	(0.090)	0.032**	(0.014)
D.GPP	0.0094**	(0.0044)	-0.049*	(0.025)	0.0028	(0.0021)
D.GPP growth	-0.0045	(0.011)	0.033	(0.029)	0.0013	(0.0051)
L.Gini	-0.033**	(0.014)	-0.041	(0.031)	0.0035	(0.0056)
L.Population	-0.00013	(0.00010)	0.0015**	(0.00077)	0.000048	(0.000061)
L.Dep. ratio	-0.013	(0.018)	-0.013	(0.055)	-0.012	(0.011)
L.GPP	-0.0013	(0.0012)	0.0054	(0.0079)	-0.00020	(0.00048)
L.GPP growth	-0.0064	(0.016)	0.040	(0.039)	-0.0050	(0.0072)
Constant	1.69*	(1.02)	5.39*	(3.01)	0.13	(0.45)
Observations	836		836		836	
R^2	0.376		0.393		0.297	

Main statistics are the coefficients; panel-corrected standard error in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$
Lagged variables are denoted by L. and first-differenced variables by D. Tax revenue is measured in billion baht.
Contemporaneous effects are estimated by the coefficient of the first-difference variables and longer-term effects by the lagged variables.

Table 3.8: Differenced GMM Estimates of Social and Discretionary Spending

	(1)		(2)		(3)	
	Social Spending		Discretionary Spending		Social Spending	
L.Social spending	0.094	(0.17)			0.13	(0.39)
Disc spending					-0.15	(0.35)
L.Disc spending			0.41***	(0.095)	0.51**	(0.21)
L2.Disc spending					0.42***	(0.12)
L3.Disc spending					0.40	(0.31)
Economic factors						
%Unemployment	6.78***	(2.29)	3.19**	(1.35)	5.85	(3.80)
%Below poverty	-1.33	(1.06)	0.21	(0.51)	0.16	(1.34)
Tax revenue	0.69**	(0.28)	0.071	(0.11)	0.12	(0.18)
Capital spending	-0.021	(0.44)	0.38*	(0.23)	-0.19	(0.39)
Political factors						
Dominant vote share	0.19***	(0.033)	0.064***	(0.015)	0.19***	(0.045)
No TRT seat	-0.69	(0.71)	-0.43	(0.28)	0.17	(0.55)
Pre-election year	-1.28	(1.00)	-2.63***	(0.53)	-2.26	(1.86)
Post-election year	3.66***	(0.97)	4.01***	(0.49)	4.86***	(1.48)
Controls						
Gini	0.45***	(0.14)	-0.13	(0.084)	0.42***	(0.13)
Population	-0.015	(0.010)	0.0085	(0.0057)	-0.017*	(0.0098)
Dep. ratio	3.90***	(1.33)	0.99	(0.89)	1.86	(3.46)
GPP	-0.46***	(0.12)	-0.12*	(0.072)	-0.061	(0.12)
GPP growth	1.23***	(0.23)	-0.37***	(0.11)	0.55	(0.48)
Observations	760		760		608	
Sargan Test	0.0384		0.000583		0.00239	
AR(1) Test	0.00000107		1.80e-09		0.00610	
AR(2) Test	0.139		0.703		0.214	
No.IV	34		34		32	

Main statistics are the coefficients; p-values are reported; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Lagged variables are denoted by L. and first-differenced variables by D.

Tax revenue is measured in billion baht.

CHAPTER IV

Electoral Dynamics and Changes in Political Linkages: Evidence from Thailand's Mixed-System Election

Abstract

Party competition based on programmatic policies may result in greater depersonalisation of politics and more institutionalisation rather than clientelist politics (Kitschelt, 2000). This chapter explores whether personal votes weaken when parties turn to policy competition to secure votes. The empirical design builds upon voters' incentives to split votes in mixed electoral systems to measure the degree of personal voting. In mixed electoral systems, votes are independently cast in a proportional representation (PR) ballot and a single-member district (SMD) ballot. The personal votes can be identified as the additional votes a candidate receives in the SMD ballot in excess of what his party achieves in the PR ballot. Despite increasing policy competition in Thailand, results from the pooled ordinary least squares estimates indicate no evidence of a decline in personal voting during the recent four elections. The results also suggest that policy-based electoral agenda can also supplement personalised politics as the incompatibilities between political linkages are not absolute. Extending the model to include possible rent opportunities through social and discretionary spending does not alter the main findings. In addition, there is evidence of the electoral impact of discretionary policy spending (relative to social spending) on raising personal votes. Moreover, the effect of such policy spending was significantly weakened in 2011.

4.1 Introduction

When parties compete in elections with party policies, rather than with personal attributes of candidates, elections are said to be party-centred (Shugart et al., 2005). However, local politicians may still use some types of policy benefits to provide particularistic assistance to their voters. In many developing contexts, such politicians engage in clientelism and informal political exchange with their supporters (Hicken, 2011). As a result, policy competition, particularly in new democracies, may not necessarily lead to party-centred elections as one might expect. The increasing use of policy promises and social policy programmes poses a question regarding the extent to which personalistic relations co-exist with policy competition. The objective of this chapter is to measure changes in personalised politics when policy competition increases in elections.

Using Thailand's four general elections as a case study, this chapter will empirically explore the argument proposed by Kitschelt (2000) that party competition predominantly based on policy appeals results in greater depersonalisation and institutionalisation than clientelist politics. As discussed in the introductory chapter, Thai elections are featured by "a winning candidate [...] with a large established clientelistic network under him or her" (Bjarnegård, 2012). However, the expansion of social policy as part of the populist campaigns was seen as an alternative and more effective strategy for gaining votes. Thailand experienced a "dramatic" expansion of social policy developments since Thaksin came into power in 2001 (Haggard and Kaufman, 2008). Such policies and government spending in social policy pledges became the preferred method of securing votes (Croissant and Pojar, 2006). This has given rise to the new political linkages and the introduction of many formal welfare programmes, potentially shifting the criteria for successful elections away from local influence towards party competition (Phongpaichit and Baker, 2003).

Since 2001, the emphasis on institutionalised policy is regarded as a key driver in transforming Thai elections. The main difference of electoral competitions before and after 2001 can be marked by the role of policy competition especially for social and welfare policy. Thaksin's Thai Rak Thai (TRT) Party's electoral success supports the argument that a new social contract has emerged in which political parties promise to deliver "benefits to citizens in exchange

for political support," signalling the transformation of Thailand's party system (Hewison, 2004). While TRT's competitors, the Democrat Party and other parties, heavily criticised the TRT's policies, they have also developed similar policy promises for more jobs, free education and health care (Croissant and Pojar, 2006; Schafferer, 2009). Thailand's increasing policy competition and emphasis on policy spending prompt a need to review the existing politician-voter linkages. In particular, the introduction of populist policies has also brought about an institutionalisation of social policy with a "new social contract" in which political parties promise to deliver economic and social "benefits to citizens in exchange for votes" (Hewison, 2004; Croissant and Pojar, 2006). As policy institutionalisation and policy competition heighten, we argue that individual politicians have a smaller role in elections than before.

The main research question asks whether and how political linkages in Thailand have changed since the introduction of populist policies in 2001.[1] Policy populism in Thailand consists of two distinctive features: institutionalised policy and the role of Thaksin as a populist leader. When policy becomes more institutionalised, there is less dependence and emphasis on characteristics or personality of individual politicians. Political parties are differentiated by what their policy platforms are and individual politicians are therefore representatives of their party policies. Nonetheless, the role of party leaders such as Thaksin should not be discounted entirely. Direct links between party leaders and voters also attribute to the degree by which political intermediaries are undermined.

The more direct link between parties and voters through policy promises motivate a possible departure from candidate-centred electoral competition. In this research, "direct" linkages refer to the smaller relational distance between politicians and voters. Our definitional term is different from that used by Kitschelt (2000) where "direct" linkages are associated with the individualised or face-to-face nature of exchange relations in clientelism. When compared to clientelism, parties and voters are linked through party policies – rather than by political intermediaries which is the case in clientelist politics (Mouzelis, 1985). In fact, strengthening direct ties between parties and electorates is not regarded as clientelism. The stronger links between

[1] As discussed in the introductory chapter, clientelism is defined as an individualised exchange of particularistic benefits in return for political support in an informal and hierarchical network. Following Laothamatas (2006) and Weyland (2001), Thailand's welfare populism can be defined as a combination of a development approach and a "political strategy through which a personalistic leader seeks or exercises government power based on direct, unmediated, uninstitutionalised support" from unorganised mass followers.

parties and voters mean that a relational distance has been widened between voters and their political representatives. In this case, individualised discretionary practice or clientelism is less likely to take place. There is less dependency imposed on the part of the voter as regards relying on political intermediaries. Meanwhile, there is less autonomy for local politicians who act as intermediate linkages.

Our theoretical framework builds on the works on political linkages and personal voting to conceptualise a possible transition from candidate- to party-centred politics. As shown in Table 4.1, we investigate a possible transformation away from clientelistic politics marked by candidate-centred elections, clientelist linkages through selective material appeals and personal voting. We argue that the reasons behind the expected depersonalisation of elections are mainly due to more institutionalised policy. Such policy which has been emphasised in elections is what contributes to a move toward programmatic linkages. Nonetheless, the chapter concerns both features of Thailand's populism as Thaksin's populist leadership stresses the important direct linkage between the parties (as represented by their leader) and voters.

Table 4.1: Differences between Clientelistic and De-clientelised Elections

Clientelistic	De-clientelised
Candidate-centred election	Party-centred election
Clientelist linkage	Programmatic linkage
Selective material appeals	Policy appeals
Personal vote	Less personal vote

To answer the research question regarding the dynamics of political linkages, the chapter empirically explores whether and how the degree of candidate-centred politics in Thailand, as measured by personal voting, has changed since the introduction of populist policies in 2001. As defined by Kitschelt (2000, 852), the personal vote is *"the effect of a candidate's personal initiatives, such as characteristics and relations, on his or her electoral success, net of aggregate partisan trends that affect partisans as members of their parties.*" Personal voting is used here as a measure to distinguish candidate-centred from party-centred electoral competition. A lower degree of personal voting reflects a possible move away from personalised and clientelist politics to policy-based electoral competition.

The chapter also examines the electoral impact of social spending and discretionary spending.

As party policies are central in electoral campaigns, government spending on social policy pledges can act as a proxy for some degree of programmatic linkages. In other words, political representatives and their electorates are related by programmatic linkages, rather than personalised ties. As policy competition is more prevalent, candidate characteristics and their ability to provide welfare benefits become less important in electoral races. On the other hand, elections may not successfully shift away from personalised politics as some policies are used to target particular groups of voters in order to maintain clientelist support. In this regard, politicians may turn to a discretionary type of policy spending as a channel to attract votes. The main hypotheses are that, (1) since Thailand is exposed to a more institutionalised policy following the introduction of populist competition, candidate-centred and personalistic politics have weakened, and (2) social policy spending contributes to the decline of personal voting while discretionary spending may reinforce it.

Electoral behaviours in mixed-system elections provide a research opportunity to capture the linkages between politicians and voters. The research design will utilise the institutional structure of mixed-system elections in Thailand to identify personal votes. Muller (2007) shows that party-centred electoral systems discourage individual politicians to distinguish themselves from their party members. Proportional representation (PR), for instance, is associated with the programmatic linkage because of the less personalistic nature when voting for parties. The ranked PR candidates for each party are elected if their party wins sufficient national PR votes to reach their ranking. Therefore, no voter can know for sure how many or which PR candidates will be elected. Their voting rationale as regards the PR ballot depends on what policies the party promotes. In contrast, constituency-based elections are more personalistic because voters directly cast votes for a specific constituency candidate. Among with other explanations it can be suggested that constituency votes in excess of the PR votes in a district (the two-ballot gap) reflect voters' bias towards the personal attributes of the constituency candidate (Burden and Helmke, 2009).

Our estimation model resorts to a ticket-splitting model as an empirical strategy for revealing the personal votes. Here, the two tickets in a mixed-system election refer to the two ballot types each voter is entitled to in a given election. Ticket-splitting happens when a voter chooses a candidate of one party in the "constituency-candidate" ballot but a different party in the

"party-list" ballot. Any differentiation between a candidate and the party to which he belongs should be insignificant when candidates represent party policies. In that case, voters have little incentive to choose a constituency candidate of a party that is not their own preferred party. On the other hand, personal votes can be reflected in the two-ballot gap when voters cast votes for a candidate in one ballot, but not for his party in the other. Assessing this two-ballot system allows us to gain an understanding of what factors contribute to different voting rationales in the candidate and party ballots as the institutional designs of electoral laws allow different political linkages to flourish.

The empirical analysis conducted in this chapter relies on district aggregate election data because no consistent surveys exist for the four elections that are of interest. We employ the pooled ordinary least squares method to estimate any changes in the level of personal voting in the four elections during 2001–2011. The main data come from Thailand's mixed-system electoral results at party-district level during four General Elections in 2001, 2005, 2007 and 2011. However, this chapter suffers from data limitations prior to the 2001 election when populist policy competition emerged. In fact, it would be ideal to observe the level of personal votes during the pre-populist period before 2001. As our research design relies on the two-ballot system to measure the personal vote, it is not possible to compute a comparable level of personal voting prior to 2001 when elections were held in a single-ballot system. The 2001 election was the first to be held under the new two-ballot system and therefore acts as a reference point for studying electoral dynamics. The research design therefore focuses on post–2001 when the mixed-electoral system was in place. Despite minor changes in electoral rules, such as the unit of vote counting, the four elections have all taken place under the two-ballot mixed system. As a result, the level of personal voting and any systematic changes in political linkages can be investigated after taking into account other control factors.[2]

The results show evidence of some degree of ticket-splitting in all elections. Personal voting in 2005 drops when compared to the election in 2001 but then rises in subsequent elections. While Johnston and Pattie (2002) report little incentive for voters to split their tickets when voters are not yet familiarised with the new system, our results show a large degree of ticket-

[2]Due to data limitations, the chapter only studies the elections after populist policies were introduced. We do not propose any claims regarding the causal relationship between increasing populist policy competition and voting rationale.

splitting in Thailand's first ever mixed-system elections. The increased level of personal voting in subsequent elections rejects our main hypothesis that personal voting declines following the introduction of populist policy competition. In order to account for the degree of populist policies, social and discretionary spending, which have been extensively used to facilitate the main populist policies, are included in the personal vote estimation. The incorporation of policy spending variables as potential incentives for voters to split their tickets does not alter the main findings regarding personal voting. We also find a positive association between discretionary spending (relative to social spending) and personal voting, as more discretionary spending encourages more votes to go to individual candidates. Despite some data drawbacks, the analyses offered in this paper provide new empirical evidence regarding changes in candidate-voter relations in developing democracies. Increasing policy competition alone may not be sufficient to break through the existing candidate-centred and personalised politics that feature in clientelism. This essential finding contributes to, and bridges the literature on, clientelism and party politics.

Following the introduction, Section 4.2 reviews the previous works. Section 4.3 presents the theoretical framework and derives the hypotheses. Section 4.4 describes the background to Thai electoral politics and justifies the case selection. The research design, data and empirical models are discussed in Section 4.5. Section 4.6 give a summary and the descriptive statistics of the data. Section 2.6 presents and discusses the results obtained from the ticket-splitting model. Finally, Section 4.8 offers the concluding remarks.

4.2 Literature Review

4.2.1 Ticket-Splitting and Personal Vote

While the objective of electoral voting has long been of interest to political scientists, there has been little agreement regarding the factors that attribute to the relative importance of parties and individual candidates. Ticket-splitting provides an interesting research opportunity, allowing researchers to compare the two objectives of voting under the same electoral rules and country specifics. The literature overview offered by Burden and Helmke (2009) provides a comprehensive review of existing works and research issues regarding studying ticket-splitting.

Among others, they report the biggest challenge to be the need to deal with confidential voting data which are publicly unavailable. While some researchers rely on individual survey data which are often not representative and biased, some resort to district aggregate data and ecological inferences (Burden and Helmke, 2009; Burden, 2009).

Despite different processes, the literature refers to personal voting as a possible reason why voters cast split-tickets. For instance, Marsh (2007) identifies personal voting as a key differentiator as regards for a party rather than its candidate. He finds evidence of candidate-centred voting using four different measures of personal voting based on survey data in Ireland. Certain candidates may attract support for "who they are, or what they have done [... and] might do, rather than simply because of the party to which they belong" (Marsh, 2007). Marsh's results also support the theoretical claim proposed by Shugart et al. (2005) that parties are conceived as the main agents of national and programmatic representation and candidates as the main agents of local and parochial representation. Moreover, Carey and Shugart (1995) analysed the supply and demand of personal voting in a cross-country study. They find that the incentives for cultivating a personal vote depend on party leadership control, and the degree of individually-elected candidates and intra-party balloting. Using campaign expenditure spent by constituency candidates, Johnston and Pattie (2002) find strong evidence for a responsive voter model where media and campaign significantly influence voters to cast straight or split tickets.

In addition to personal voting, the existing literature find strategic voting to be a competing reason for ticket-splitting. When voters become more familiar with mixed-systems, they are more likely to cast split-tickets or strategic ballots because they gain better information about parties and candidates (Moser and Scheiner, 2009). Established democracies experience ticket-splitting due to strategic voting, where voters cast votes for their less preferred candidate in order to improve the expected outcome of the election (Moser and Scheiner, 2005, 2009). Moreover, Johnston and Pattie (2002) suggest that "many electors will only vote a split ticket when they receive and are convinced by information suggesting that this is a sensible strategy." On the other hand, voters in developing democracies are less prone to casting strategic votes. In fact, Moser and Scheiner (2009) argue that ticket-splitting should be viewed as "a combination of strategic calculations and preferences based on the personal qualities of a candidate."

Despite being a new democracy, Thailand's recent development in populist policy competition makes it an interesting case to explore. This transitional period in Thai democracy offers a new perspective regarding the understudied topic of ticket-splitting in developing countries and changes in political linkages.

4.2.2 Distributive Policies and Personal Vote

Existing studies also suggest that distributive politics is a channel through which parties and candidates can be differentiated. As these studies mainly focus on the electoral environment as a constraint for voting decisions, insufficient scholarship has examined the electoral effects of distributive welfare benefits delivered by parties and candidates. Concerned with local allocation of public goods and welfare benefits, individual candidates are seen as key players in distributive politics. In particular, Keefer and Vlaicu (2008) propose that political clientelism is a strategy by which politicians seek to gain credibility when it is otherwise lacking. This logic is in accordance with accounts of how politicians provide private goods and policy benefits primarily to groups who are receptive to material incentives (Persson and Tabellini, 2000; Keefer and Vlaicu, 2008; Acemoglu and Robinson, 2001; Dixit and Londregan, 1996).[3] In the absence of party policy promises, electoral competition is based on individual candidates' characteristics and their personal credibility as regards delivering benefits.

Although particularistic behaviour in distributive politics and personal voting are quite distinct (Swindle, 2002), they may well go hand in hand. In a country with clientelistic networks, personal voting is present where politicians are often existing patrons in their district. Such politicians have the powerful influence needed to appropriate locally distributive transfers for their own political interest (Sekeris, 2011; Vicente and Wantchekon, 2009; Weitz-Shapiro, 2009). In addition, several studies find that particularistic politics is facilitated by the personal vote. Focusing on education spending, Hicken and Simmons (2008) find that incentives to cultivate a personal vote are correlated with particularism and pork barrel politics, a lower

[3]Some conditional cash transfer programmes might be a politically viable form of redistribution. Nonetheless, empirical works in this field yield mixed results regarding particularism of benefit distributions. For instance, Zucco (2011) reports a higher probability of supporting the incumbent candidate following a greater exposure to the Bolsa Familia programme among non-beneficiaries in Brazil. In contrast, welfare programmes are not necessarily vote-targeting, as Bohn (2011) shows that recipients of the Bolsa Familia were Workers' Party supporters prior to the programme.

attention to the provision of national public goods, and a higher degree of corruption by elected officials. Also, Samuels (1999) explores the personal vote as a channel through which parties function in electoral linkages. In particular, a candidate's adoption of an individualistic or collective strategy depends largely on a centralised or decentralised nomination control in his party, his party's alliance options, and his access to and control over funding and patronage. Primo and Snyder (2010) further argue that party strength affects distributive spending through the personal vote channel.[4]

Extending the previous works, this chapter considers both the electoral environment and distributive policies which underpin changes in political linkages. We utilise the increasing policy competition in Thailand to capture any changes in voting patterns and personal voting. Our research agenda complements the recent work by Allen (2012) on clientelism and personal voting in Indonesia. Using the ratio of votes cast for constituency candidates to those cast for the preferential party as a proxy for personal votes, he finds a significant impact of clientelistic use of government spending to attract personal votes. However, this measurement of personal voting could be problematic as this ratio can also result from by strategic voting (Moser and Scheiner, 2005). The methodology employed in this paper takes into account of strategic voting by incorporating Cox's SF Ratio which indicates an electoral race where strategic voting is likely to occur (Cox, 1997; Moser and Scheiner, 2009).

In this research, we explore the increasing role of distributive welfare benefits as a channel for politicians to earn electoral votes. As commonly highlighted by leading scholars of clientelism, a political exchange is clientelist when policy benefits are contingent on voting decisions (Kitschelt, 2000; Stokes, 2007; Hicken, 2011).[5] In addition to personal voting, policy rent opportunities available for party candidates to exploit in order to maintain the clientelist relations may influence voting decisions. In particular, the personal vote provides individual candidates with incentives to make particularistic policy choices (Häusermann et al., 2013). In fact, the electoral use of the welfare state may operate through an immediate and personal exchange. Adding the fourth "south european model" to Esping-Anderson's classical three

[4] According to Primo and Snyder (2010), "[i]f parties in the electorate are strong, then legislators will demand less distributive spending because of a decreased incentive to secure a "personal vote" via local projects."

[5] This feature distinguishes clientelism from other forms of candidate-centred and particularistic politics. In clientelism, welfare transfers and benefits serve as post-election clientelist goods appropriated for party supporters among the clientele. Motivated by these features, the practice of clientelism in elections may operate as a combination of policy rent opportunities and personal voting.

welfare state regimes, Ferrera proposes a particularistic-clientelist model of welfare to explain welfare manipulation in the form of political clientelism (Ferrera, 1996). The partisan penetration of the welfare administration and the by-passing of the welfare administration are observed through the creation of a special committee with discretionary powers.[6]

Revising and updating the partisan politics theory, Häusermann et al. (2013) further argue that parties must not be considered solely as representatives of social constituencies who advocate for well-defined left and right ideologies. Instead, they review three recent developments on theorising the relationship between party politics and the welfare state. They claim that what political parties do are dependent on: (1) the competition they face (party competition), (2) how they relate to the voters (party-electorate linkages), and (3) whom they represent (socio-economic constituencies). Taking into account the three factors enables research on party politics and the welfare state to relax the partisan politics theory's core assumptions on industrial social structures, programmatic party-electorate linkages and a two-party system. As a result, their proposed theoretical strands in studying party politics can be adapted to explain cases in developing countries such as Thailand.

4.3 Theoretical Framework

To explain changes in political linkages and their distributive role, the framework in this paper aims to establish a theoretical relationship between candidate-centred politics, personal voting and policy spending. Firstly, we apply the existing framework of compatible political linkages suggested by Kitschelt (2000) to conceptualise clientelism and populism. Secondly, we incorporate policy rent opportunities to model a possible use of policy spending which may affect the linkage outcome under policy populism. This combined framework aims to provide a broader picture of political linkages and policy choice. The framework proposes that personal voting, in this particular setting, may act as a measure to distinguish candidate-centred from party-centred competition. Empirical implications are then presented to motivate the empirical model in the following section.

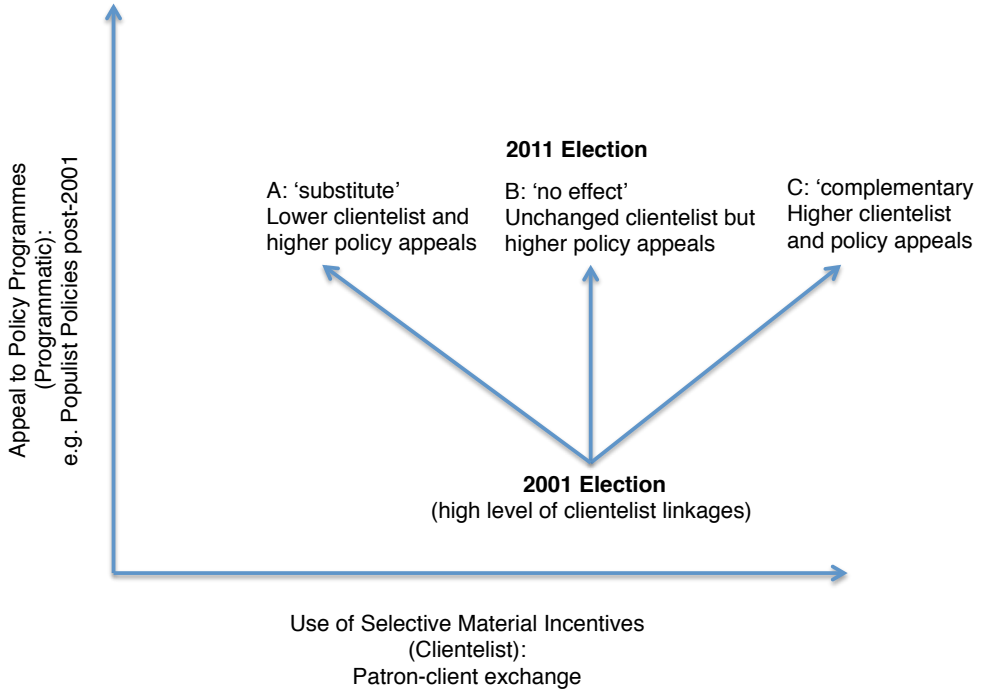
[6]This is distinct from fiscal manipulations and impersonal exchange for electoral purposes in the political business cycle. Moreover, the logic of patron–client relationships along with a 'soft' state apparatus is consistent with electoral clientelism in social policy institutions. Ferrera's view that there exists a welfare state regime where clientelism persists and complements formal welfare provision is an alternative hypothesis to Wood and Gough's de-clientelisation argument (Wood and Gough, 2006).

4.3.1 Political linkages and Policy Spendings

In order to understand policy populism as a type of political mobilisation, we consider a theoretical framework of political linkages. According to Kitschelt (2000), political linkages define how voters and politicians are related, either by programmatic, clientelist or charismatic relations. Unlike clientelist and charismatic linkages, programmatic linkages usually highlight the importance of party-centred politics. The possibility frontier for the production of collective mobilisation consists of three dimensions: an appeal to policy programmes (programmatic), the use of selective material incentives (clientelistic) and the deployment of charismatic appeals (charismatic). While any collective mobilisation strategy can consist of a combination of these three dimensions, there exists a trade-off between them. For example, as party policies through a programmatic linkage become more dominant, candidate-centred strategies through a clientelist linkage can be undermined. The possibility frontier proposed by Kitschelt represents such a trade-off between linkages as intensifying one type of linkage mechanism occurs at the expense of the others. For instance, it is difficult to sustain personal charisma in a movement or party because its quality of personal authority will soon be forced to routinise authority relations (Kitschelt, 2000). At the point where all three dimensions are close to zero, we expect political mobilisation to be uncompetitive (for example, in authoritarian regimes).

In the absence of policy appeals, alternative voter-elite linkages in most emerging democracies are marked by selective material incentives in exchange networks and the personal charisma of political leaders. Given its long history of clientelism in political practices, Thailand is no different from other cases. In the Thai context, clientelist material incentives have widely been used to attract votes (Scott, 1972a; Robertson, 1996; Hicken, 2008b; Thompson, 2012). However, populist policy competition in recent years appears to have raised the levels of institutionalised policies and plausibly correspond to a trade-off with clientelist incentives. Nevertheless, it is also possible that clientelism can be mutually reinforced because the levels of charismatic and programmatic appeals start off quite low in the first place (Kitschelt, 2000). In the latter case, following increasing policy competition, political relations in Thailand may be a combination of clientelistic and programmatic linkages. In fact, this trade-off and mutual reinforcement of linkages identified by Kitschelt may be shown as a compatible combination of linkage mechanisms.

Figure 4.1: Policy Appeals vs Clientelist Appeals from 2001 to 2011 Elections (Modified from Kitschelt, 2000)



We note that charismatic appeals may be included in populist movements. However, for illustrative purposes, suppose that there are only two dimensions – programmatic and clientelist appeals – in a compatible linkage combination (Figure 4.1). The increasing policy competition brings the linkage combination upwards along the vertical axis which represents policy appeals. Nonetheless, whether the 2011 election has moved to point A, B or C depends on the levels of selective material incentives still present under populism. The theoretically expected outcome, as proposed by Kitschelt (2000), is that party-centred competition through policy appeals dominates the clientelist incentives, or point A: clientelist incentives decrease and policy appeals increase. Nonetheless, because the incentives are not perfect substitutes, it is possible to increase policy appeals without decreasing the existing clientelist incentives (point B). In such a case, programmatic and clientelistic linkages are compatible. On the other hand, if they are complementary, point C represents a scenario in which both policy and clientelist appeals increase. Policy competition intensifies while existing clientelist incentives are adapted to operate through so-called programmatic policies.

To determine how such policies may affect the clientelist linkages, we consider two types of policy spending as important criteria in the debate on candidate- and party-centred competi-

tion: social spending and discretionary spending. In theory, the allocation of social spending should not favour particular candidates over and above the level campaigned for by their parties. Thus, we expect a higher level of social spending to correspond to less emphasis on clientelist appeals in elections (point A). Nonetheless, programmatic or policy-based parties may also serve rent-seeking interest groups, as the incompatibilities between linkage mechanisms are not absolute (Kitschelt, 2000). Therefore, the presence of policy competition is not sufficient to establish party-centred elections or programmatic linkages.

As Thompson argues (2012), populist policy in Thailand is a combination of clientelist and programmatic linkages. In fact, party policies are sometimes shaped by the particularistic motives of parties. Developmental programmes, such as agricultural subsidies, loans and welfare benefits, seem attractive and effective, especially when they allow for considerable discretion as regards their use (Grzymala-Busse, 2008). Particularistic linkages may play a role at important junctures in welfare state development because politicians can hijack social policies and use them in a particularistic way (Häusermann et al., 2013). This complementary feature of discretionary spending is presented by point C in Figure 4.1.

Nonetheless, the counteracting effects from social spending and discretionary spending may leave the level of clientelism unaffected (point B). In fact, cases of social policy as a form of clientelism have been found in some affluent societies, such as Austria and Japan (Kitschelt, 2007). The implementation of welfare programmes can develop an institutional reach down through the clientelist channels, so as to perpetuate broad dependence with political parties, rather than individual candidates.

4.3.2 Personal Voting

As the linkages are not mutually exclusive, a tool is needed to distinguish party- from candidate-centred competition. The degree of personal voting reflects personalistic politics in clientelist or charismatic linkage mechanisms that extensively feature in candidate-centric competition. Personal voting emphasises the votes specifically cast for individual politicians. As party policies, rather than individual candidates, become central in electoral competition, one may expect a transformation to party-centred electoral competition and less personal voting. The

resulting combination of mobilisation strategies is expected to revolve around the three dimensions of the possibility frontier and to affect the level of personal votes. We argue that the increasing use of policy appeals corresponds to the lower level of personal voting that occurs in candidate-centred politics and pushes a combination of political linkages upwards (as shown in Figure 4.1), towards higher policy appeals.

Personal voting can also mark the distinction between clientelism and populism, as a result of the difference in their organisational structures. Clientelist mechanisms operate through a hierarchical multi-layered organisation of exchange relationships where policy benefits flow downwards and political support flows upwards in a pyramidal structure (Scott, 1972a; Hicken, 2011). On the other hand, the organisational structure of populism has less layers as policies are promised directly between party leaders and voters (Mouzelis, 1985). According to Weyland (2001), "the relationship remains populist as long as the party has low levels of institutionalisation and leaves the leader wide latitude in shaping and dominating its organisation." This quality of populism potentially by-passes strategic manipulations of local politicians. As a result, the role of political intermediaries, i.e. local politicians at district or provincial-levels, is undermined. The more direct linkages between parties and voters undermine the role of personal voting.

Consequentially, policy competition may develop the elections to be competed in on a party basis. As the role of individual politicians is reduced, voting decisions will depend more on parties and less on individual candidate characteristics. As a result, political linkages should move away from clientelistic ones towards more programmatic ones. The presence of personal voting should decline as policy competition intensifies (Moser and Scheiner, 2005). In fact, the decline in personal voting highlights a collapsing hierarchical structure of clientelist linkages which initially stresses the role of political intermediaries in delivering policy benefits. The direct and reach-the-mass style of populist policies has structurally impacted the linkages. Direct populist promises could undermine the importance of personal votes cast for constituency politicians and thus imply less hierarchically-layered linkages.

4.3.3 Hypotheses and Empirical Implications

The framework of political linkages in this chapter builds upon the work by Kitschelt (2000). The three modes of political mobilisation consist of programmatic, clientelist and charismatic linkages. When parties focus on policy competition, candidates are associated more with their affiliated parties and less with their individual attributes. It remains debatable whether such policy competition substitutes for clientelist inducements in elections. As suggested by Kitschelt (2000), there does not necessarily exist a trade-off between the linkages because these linkages are sometimes compatible or complementary. Using personal votes as a measure for candidate-centred elections in clientelist linkages, we hypothesise that personal voting in Thailand has weakened over time as the shift towards institutionalised policy competition encourages party-centred elections. However, the effects of policy spending can be two-fold. Firstly, such spending corresponds to social and programmatic policies campaigned for by parties, and hence discourages candidate-centred politics. In other words, we expect declining particularistic material incentives in clientelist linkages (point A in Figure 4.1). However, some policy benefits may be discretionarily allocated at the local level and used by elected politicians to reward their supporters. In this case, policy competition complements the existing clientelist linkages (point C). Moreover, it is also possible that increasing policy spending has no significant effect on the current level of personal voting at all (point B).

H1: Since the introduction of populist policies, personal voting has declined in subsequent elections.

H2: The possible role of policy spending

- H2a: More policy-based competition, as measured by social spending promised by political parties, substitutes for personal voting.
- H2b: There is no relationship between policy spending and personal voting.
- H2c: Discretionary spending is positively correlated with personal voting as they are complementary political strategies.

4.4 Background on Thailand's Electoral System

This section describes Thailand's electoral system and explains why it is appropriate to conduct this analysis c in the Thai context. Thailand has experienced a long history of candidate-centred elections, clientelist politics and recent waves of populist policy competition. The contextualisation here draws upon the review by Hicken (2007a) in his institutional analysis of Thailand's electoral rules and vote buying. While our analyses draw on the four elections from 2001, it is important to establish the context of Thai electoral politics before 2001 and to illustrate the effects of the 1997 Constitution reform on political competition. Further descriptions of Thai elections and political systems during 1992–2011 are discussed in King (1993); Murray (1997); Croissant and Dosch (2003); Croissant and Pojar (2006); Schafferer (2009); na Thalang (2012).

Prior to the 1997 Constitution, Thailand's elections followed a single-ballot system based on multi-member districts. 76 provinces, according to their population, were divided into electoral districts. Depending on the election year, there were 142-156 one-seat to three-seat districts to fill 360-393 seats in the House of Representatives.[7] One important feature of this system was "block voting" whereby the top one, two, or three candidates won by plurality rule. Block voting undermined the party system because party labels played insignificant roles in differentiating between candidates from the same party. This provides incentives for the candidates to develop a personal reputation and cultivate personal votes. Therefore, electoral strategies often relied on local ties, patron–client relationships, the targeting of particularistic goods and services and vote buying. The resulting coalition governments were often short-lived and comprised of multiple parties forming fractions who bargained for cabinet seats.

The 1997 Constitution marked a major reform in the institutional design of Thailand's electoral systems. Many scholars have stated that, among other main goals, the new Constitution was designed to combat particularistic and money politics (Connors, 1999; McCargo, 2002; Hicken, 2002; Ockey, 2003). A two-tier mixed electoral system, similar to those in Germany and Japan, was introduced. Voters are entitled to cast two independent votes in the two ballots,

[7]Voters were allowed the number of votes up to the number of seats in their districts, to split their votes between candidates from different parties (panachage), not allowed to group their votes for one candidate (no cumulation), and were not required to cast all of their votes (plumping).

constituency (SMD) and party-list (PR), in each election. According to the new constitution, the House of Representatives in 2001 consisted of (1) 400 seats from SMDs via majority rule and (2) 100 seats from a single nationwide district via PR, known as the party-list system.[8] Parties are required in advance of an election to publish a ranked list of 100 PR candidates who were not running in district-based races (SMD).

The new electoral rules were designed to combat vote buying in Thai politics. An independently run organisation, the Election Commission of Thailand, was established to organise and monitor elections instead of the Ministry of Interior. Attempting to counter a deeply fragmented, volatile, ideologically feeble, and highly personalised party system (Croissant and Pojar, 2006), the rule changes largely affected electoral dynamics and linkages. The introduction of SMDs, instead of multiple member ones, aimed to eliminate intraparty competition and foster inter-party competition. Party labels in the new system were thought to be more important in campaigning for a policy platform and earning votes from a wider support base, especially in the PR party-list system. Because the PR votes are counted nationally, it is too costly for candidates to build personal or clientelist relationships with such a large pool of voters. Instead, the policy platform advocated by parties should be a more efficient channel for winning votes.

Since 2001, Thailand's parliamentary house has consisted of 480-500 members and its composition has changed slightly over the years. The total numbers of candidate-ballot (constituency) seats are 400, 400, 400 and 375, and those of party-ballot (party-list) seats are 100, 100, 80 and 125 in 2001, 2005, 2007 and 2011, respectively. While there have been minor changes to the electoral rules such as the level of vote counting and electoral district boundaries, the four elections have all taken place under the mixed-system. This feature allows the investigation to compare the level of personal voting across election years. As summarised in Table 4.2, the four elections employed mixed-systems of constituency ballot and party-list ballots.

The 2007 Constitution of Thailand promulgated in 2007, replacing the 2006 interim constitution, but still retained the mixed-system elections, with some changes in district sizes. The election in 2007 reintroduced a modified version of previous multi-member districts (MMDs).

[8]Single member district, SMD, constituency, district and candidate-ballots are used interchangeably. While some districts in 2007 had more than one representative, we still refer to them as SMD, for the sake of consistency. Similarly, proportional representative, party-ballot and PR are used interchangeably.

Table 4.2: Number of Parliamentary Seats by Types of Ballots in Thailand 2001–2011

Year	Constituency Seats	Party-List Seats
2001	400	100
2005	400	100
2007	400	80
2011	375	125

The constituency race is switched again from MMD back to SMD in the 2011 election. The inclusion of MMD elections in 2007 perhaps could complicate our analyses, as a result of the intra-party competition among candidates within a constituency. Moreover, the proportional representatives in 2007 were ranked at regional level, rather than at national level. Despite these differences, the election in 2007 followed the same two-ballot mixed electoral system that was used in 2001, 2005 and 2011. The candidate-party ballot difference and other variables used in our analysis can be constructed consistently in order to make comparisons. Further details are discussed in the empirical sections.

The TRT and Democrat parties contested candidate-ballot seats in most districts each election year. While candidates from medium and smaller parties only ran in some districts, their parties were possible voting options in the party ballot in all districts. In Thailand, most parties are short-lived, often merging or dissolved by court rulings as a result of misconduct in contravention of the electoral law. Members of dissolved parties, in may cases, form a new party under a new name as politicians are not necessarily banned from politics after party dissolution. In the cases where parties that changed their names or acquired smaller parties, party names are labelled according to the original name in 2001 for consistency. To explain this in more detail, the two main competing parties in Thailand have been Democrat Party and TRT Party. Democrat Party has been the only long standing political party. However, their opposition has gone through a series of name changes. Founded in 1998, The TRT Party was later dissolved in 2007 and People's Power Party (PPP) contested the election in 2007 as the de facto successor of Thaksin's TRT Party (Schafferer, 2009). Following the dissolution of the PPP in 2008, Pheu Thai Party was founded as the third incarnation of the TRT Party. Therefore, "TRT" is used in this chapter to represent Thaksin's Thai Rak Thai Party in the 2001 and 2005 elections, People Power Party in the 2007 election and Pheu Thai Party in the 2011 election.

The election results from 2001–2011 are presented in Table 4.7 in the Appendix. One might expect the introduction of welfare policy populism in 2001 to give the TRT an edge in PR balloting. However, the election results show that the TRT receive more vote totals from the candidate ballot than those received in the party ballot. Their percentage of candidate-ballot seats won is also larger than that of party-ballot seats won in all election years (See Table 4.7 in the Appendix). While 70% of the candidate-ballot winners in Bangkok are first time parliamentarians in 2001, practitioners of old-style 'money politics' succeeded again in the Northeast, where only 15% of the elected candidates are first-time parliamentarians (Croissant and Dosch, 2003). In fact, TRT candidates in 2001 consist of more than a dozen factions and a large number of powerful old-style politicians (McCargo and Pathmanand, 2005). Despite the lack of comparable data before 2001, these incumbent candidates can, to some extent, enable the data in 2001 to serve as a reference point for the level of the 'old politics' prior to the advent of policy competition.

The empirical analysis will investigate whether and how the relation between voters and candidates has changed. In particular, the two-tier mixed electoral systems enable the analysis to empirically measure the degree of personal voting and changes in that voting over time. The difference between SMD votes and PR votes for each party can be used to conduct this analysis. In addition, Thailand is one of very few developing countries with a long history of clientelism and personalised politics which has adopted a two-tier mixed electoral system (Hicken and Simmons, 2008). Thanks to available and consistent data across four rounds of elections, Thailand makes a good candidate for empirical testing.

4.5 Data and Methodology

In this section, we introduce the data set based on election results during 2001–2011 and discuss the dependent, independent and control variables used in the empirical analyses. To apply the theoretical framework to an empirical analysis of Thailand, we consider a revised version of the ticket-splitting model proposed by Moser and Scheiner as a tool to measure the degree of personal votes in electoral competition. The estimation model is then introduced to evaluate any changes in personal voting following the introduction of populist policies.

4.5.1 Data

The main data used to evaluate the political linkages are official election results from the General Elections in 2001, 2005, 2007 and 2011, as released by the Office of Election Commission of Thailand. The dataset consists of all electoral districts in the four rounds of elections. Within each round, the unit of observation is "party-district" where we measure the total votes cast in both constituency and party ballots for each party in every electoral district (see Table 4.3 for an example of the dataset). The vote counts for both ballots are available at the electoral district level. Unfortunately, it is not possible to construct a panel dataset because the boundaries of these electoral districts have changed slightly over the period studied, due to constitutional amendments.

Due to the change from a single-ballot to a two-ballot electoral system (under the 1997 Constitution), the analysis is subject to data limitations beyond 2001. Therefore, the empirical analyses take the 2001 election, when populist policies first emerged, as a reference point for studying changes in political linkages. Nonetheless, the study is able to benefit from analysing four rounds of elections which have involved intensifying policy competition. In fact, the 2001 election is arguably a justifiable reference point for measuring personal voting before populist policy competition, as explained in the previous section.

Policy spending and additional data at provincial-level come from the National Economic and Social Development Board (NESDB).[9] The NESDB compiled and processed the data from various sources, such as the Ministry of Finance and National Statistics Office (NSO). Additional socio-economic variables are constructed from the Labour Force Surveys in corresponding years which were collected by the Thailand NSO.

4.5.2 Empirical Model

Identifying the Personal Vote To identify personal votes, the empirical strategy in this paper exploits a ticket-splitting model in mixed-system elections where voters cast votes in two ballots at a given election. Under such electoral rules, ticket-splitting happens when a

[9] In 2011, Bueng Kan Province was separated from Nong Khai Province, becoming the 77th province. In this chapter, it is treated as a part of Nong Khai Province for consistency over time.

voter chooses a candidate of one party in the candidate ballot but a different party in the party ballot. One explanation for ticket-splitting lies in the personal votes – additional votes cast for a candidate due to his/her personal appeal. Therefore, mixed-electoral systems provide a unique opportunity to examine the extent of personal voting through a controlled comparison of voting patterns under different electoral rules. Within an electoral district, a party which contests the election in a constituency race will obtain two voting results in a mixed system: candidate votes and party votes. $Candidate\,Votes$ are district-level vote totals received from a candidate ballot and $Party\,Votes$ are those received from a party ballot at district-level.

Dependent Variable Personal voting is measured by the candidate-party vote difference (*Gap*), defined as a percentage of additional candidate's votes cast over the votes for his party:[10]

$$Gap = \frac{Candidate\,Votes - Party\,Votes}{Party\,Votes} x100$$

For example, if a candidate from Party 1 receives 25,000 votes in the candidate ballot and his party receives 15,000 votes in the party ballot, the two-ballot $Gap = 67\%$. In other words, the candidate receives 67% more votes than his party does. The dependent variable will be referred to as *Gap*, ballot difference or ballot gaps. While individual-level data would be ideal in order to study ticket-splitting and personal voting, such data do not exist because voting decisions are confidential. Here, the dependent variable reflects the degree of additional candidate votes which are teased out from a ticket-splitting phenomenon at the district level. However, we cannot simply conclude that these ballot gaps fully represent personal voting. Another explanation to ticket-splitting is that it is due to strategic voting when voters choose a less-preferred candidate in order to improve the expected electoral outcome. We will later discuss how strategic voting is taken into account by a control variable.

[10]The original model by Moser and Schneider defines *Gap* as the number of votes difference over total turnout votes: $Gap = \frac{Candidate-Party}{Turnout}$. However, this makes the vote difference very sensitive to the number of voters who turn out to vote on polling day. Since electoral districts in Thailand are drawn within an area containing no more than 250,000 persons, weighing by turnout to account for different district sizes is not needed. Standardised with respect to turnout instead of party votes, the ballot gap is in fact sensitive to political awareness and activation in each district. In fact, the turnout rate is insignificant when included as a control variable in the main estimations.

Table 4.3: Example of the Dataset

District	Party	Candidate Votes	Party Votes	*Gap*
1	1	25,000	15,000	67%
1	2	20,000	30,000	-33%
1	3	30,000	30,000	0%
2	1	20,000	40,000	-50%
2	2	40,000	25,000	60%
2	3	50,000	35,000	43%
2	4	20,000	30,000	-33%
..	..	..	..	..

Independent Variables To study changes in political linkages and policy competition, two types of independent variables are considered. The first is a set of year dummy variables for each election in 2005, 2007 and 2011, hence treating 2001 as a reference point. The dummy variables can capture changes or trends in the personal vote following the introduction of populist policies in 2001. The second variable is a ratio of discretionary spending to social spending at provincial-level. As most populist policies have taken the form of various social policy and development programmes, we focus on two types of spending as a proxy for increasing policy competition in welfare provision. *Social Spending* is the sum of government spending on social and welfare policy such as health, education and social protection programmes. *Discretionary spending* refers to a government miscellaneous budget which constitutes "transfers" and an "unspecified" government budget allocated to each province. Indeed, the discretionary spending can be interpreted as policy rent opportunities that are available to political patrons to maintain and extend their political clientele. In accordance with our theoretical motivation, these two sectors of government spending raise questions regarding their usage for vote mobilisation.[11] Particularly in the Thai context, social and discretionary spending represents various populist welfare programmes such as the 30 Baht Universal Health Care, Agricultural Debt Relief and Gas Subsidy.[12]

[11]Instead, some research on distributive politics analyse current spending as a separate category from capital/investment spending (Remmer, 2007). While capital spending finances projects which are more long-term such as building major infrastructure or institutional reforms, current spending reflects the government budget allocated for government employee salaries, ad-hoc projects and miscellaneous transfers. Current spending therefore reflects what other researchers refer to as club goods, targeted or particularistic spending. On the other hand, capital spending supports economic and social investment which should benefit more people in the long-term. This type of spending is often referred to as public goods or non-targeted spending. Similarly, Rickard (2009) distinguishes between narrow spending (benefits targeted only to select groups of voters) and broad spending (providing benefits to large segments of the electorate). The analyses here instead focus on how types of spending – discretionary and social – may influence political linkages.

[12]Nonetheless, social and discretionary spending cannot fully capture populist policy spending. Some populist schemes may be categorised under spending on agriculture or housing, e.g. Government Housing Complex.

As clientelist linkages feature a particularistic allocation of public goods, political candidates must be able to make credible claims regarding the post-election delivery of such goods. On the other hand, social spending should in principle promote programmatic linkages through well-defined social policy programmes (Diaz-Cayeros et al., 2006).[13] Because discretionary spending and social spending are highly correlated, including both variables in the estimation would give rise to a multi-collinearity problem and yield inconsistent estimates. To resolve this, a ratio of discretionary to social spending is utilised. The same line of logic still applies: if social spending is held constant, a higher value of the spending ratio corresponds to more discretionary spending available to constituency parliamentarians to practice clientelism and earn personal votes. The ratio has an expected positive sign in the personal vote estimation.

The spending variable enters the estimation equation as a lead variable by one year because winning candidates are assumed to have an influence over allocating government spending in the year following an election. In fact, the lead spending variable is a proxy for "promised" transfers which are campaigned for by the contesting parties during an election and are thought to affect voting decisions. According to Remmer (2007), a lagged dummy variable for an election year is significantly associated with higher personnel and patronage spending. His results suggest a pattern of post-electoral expansion of patronage spending. Similarly, in this research, we assume that promised spending and actual spending after an election are highly correlated. Therefore, the operationalisation of the spending variable corresponds to the spending of the year after an election. Because government spending is allocated at provincial-level, we therefore cannot obtain the spending data at district level or any lower level than provinces. Our estimation therefore treats this spending variable similarly to a provincial-level control variable. Nonetheless, the coefficient of this spending ratio is still of interest and can be consistently estimated. Additional provincial control variables and province dummies will be included in the estimation of personal voting.

Unfortunately, these spending categories also include regular government expenditures and we are unable to distinguish them from those promised by political parties.

[13] One may argue that social spending is not always programmatic because social protection mostly benefits workers in the formal sector of the economy and is therefore used by politicians to buy support. In fact, social spending, which includes health, education and social protection, should deliver benefits to a vast majority of the population as most populist policies, such as the 30 Baht Universal Health Care, Free Schooling and Social Welfare Service programmes, are universally accessible. Nonetheless, it is beyond the scope of this study to consider different targeting criteria of social spending. The chapter emphasises the difference between social and clientelist spendings due to their discretionary nature.

Control Variables The candidate-party ballot gap is affected by the conditions of the electoral competition as well as strategic voting which must be controlled for in the personal vote estimation. Three sets of control variables are utilised: district-level, party-level and provincial-level. The first set of district-level variables include $Turnout$, $Margin$, $Inv.SF\,Ratio$ and $No.Contestants$. While each electoral district accounts for approximately the same number of eligible voters, $Turnout$, the total number of votes cast in a district, controls for the magnitude of each district. High turnout means that more of the electorates goes out to vote and this results in a higher number of total votes. We expect $Turnout$ to have a positive coefficient because more votes are then divided between certain leading candidates, but not all.

In line with the literature on ticket-splitting, the model assumes that voters vote sincerely in the party ballot because their votes will not be wasted in contributing toward their preferred party's PR seats. Therefore, there is no incentive to vote strategically or personally here. In fact, Burden (2009) validates this claim in his work on estimating ticket-splitting in multi-party settings. In contrast, the constituency race allows voters to strategically vote when their most preferred candidate is unlikely to win. Therefore, voting for a less preferred candidate can still (for them) improve the expected outcome of the election. In this case, they can vote for one of the leading candidates who is less preferred. As a result, the closeness of an electoral race plays an important role in determining whether there is strategic voting in a split ticket. In particular, closer races are associated with strategic voting. In such races, supporters of lower-ranked candidates are likely to split their votes by supporting their preferred party in the PR ballot and by strategically voting for their less preferred candidate in the SMD ballot. On the other hand, this closeness can also explain why voters split their tickets due to the personal vote: when one candidate is very likely to win, additional votes cast for that leading candidate should be personal voting (Moser and Scheiner, 2005).

To measure closeness of a race, $Margin$ is calculated as the difference of votes received by first- and second-place candidates in a district and weighted by votes received by second-place candidates. A smaller margin corresponds to a closer and more competitive race. Personal voting occurs when candidates receive more votes than what their parties do (a large candidate-party gap) even when not in a close race. Therefore, personal voting is expected when $Margin$ is positively correlated with Gap. However, front runners are likely to receive additional

strategic votes (larger *Gap*) when they are in close races (smaller $Margin$). Therefore, $Margin$ is negatively correlated with *Gap* when there is strategic voting. In fact, Moser and Scheiner note that race closeness alone does not always conclusively explain whether ticket-splitting is a result of strategic or personal voting. For instance, a large number of personal votes cast for the second-place or lower-ranked candidates may lead the candidates to be positioned at a smaller margin respective to the first-place candidate and may overstate the number of candidate votes relative to their respective party votes.

For the purpose of controlling for strategic voting in our estimations, we make use of Cox's SF ratio, the ratio of votes won by the second loser to that of the first loser (Cox, 1997; Moser and Scheiner, 2009). A SF ratio that is close to zero means that very few votes are cast for third-place candidates relative to second-place candidates. This occurs when two leading candidates are very far from the third-place candidates. In this situation, supporters of third-place and other candidates may strategically vote for either of the two leading candidates to avoid "wasting votes". Therefore, inverse SF ratios are included to control for strategic voting. Larger inverse SF ratios correspond to a higher degree of strategic voting.[14]

$$Inverse\,SF\,Ratio = 1 - \frac{Second\,loser}{First\,loser} = 1 - \frac{3rd - place}{2nd - place}$$

Following Moser and Scheiner's logic, when some parties run no candidates in the SMD there is also less likelihood that strategic voting will occur. As a result, the number of candidates can control for the relative choice earned by voters in the candidate ballot within a district whereas the party choices in the party ballot are the same across districts. Holding the number of parties constant, the number of SMD contestants who run in a district ($No.Contestants$) thus takes into account the options available to voters to choose from. Keeping the number of votes and other variables constant, more running candidates suggests that the total number of votes will be divided by more candidates. Therefore, the degree of personal votes is smaller in districts with more running candidates.

[14]For example, using the sample data points from Table 4.3, Inverse SF Ratio for District 1 is 1-(20,000/25,000)= 0.2 and that for District 2 is 1- (20,000/40,000)= 0.5 for district 2. With no specific leading candidates in District 1, there is less likelihood of strategic voting and a small inverse SF ratio of 0.2. On the other hand, with two leading candidates from Party 2 and Party 3 in District 2, there is a higher likelihood of strategic voting (inverse SF ratio = 0.5).

The second set of controls are at party-level, including the number of party's constituency (SMD) seats won and number of party's total seats won (SMD and PR). Party size, as measured by the number of *total seats won,* is expected to show a negative coefficient. Big parties rely on their "party label" more than on personal votes attributed to candidates' personal characteristics. In contrast, the number of *constituency seats* won reflects a party's emphasis on candidate-based competition. Parties with high numbers of constituency seats are generally small parties which rely on personal voting.

The third set of variables at provincial-level take into account geographic and socio-economic characteristics of the constituencies. Clientelist linkages and personalised politics are often associated with lower levels of income, education and other socio-economic conditions such as income inequality (Muller, 2007; Kitschelt and Wilkinson, 2007, Chapter 1). Countries as well as regions with more income inequality usually experience more clientelist practices (Keefer, 2007; Keefer and Vlaicu, 2008; Kitschelt and Wilkinson, 2007). Indeed, characteristics of voters and electoral districts have changed over time and must be taken into account when analysing trends in political linkages (Häusermann et al., 2013). For instance, clientelist relations are less pronounced in areas where the *population* is more dispersed, because it is difficult to build personal relationships and visit all households in remote areas. The provincial *gini* coefficient measures income inequality between the rich and the poor which facilitates hierarchical and clientelist exchanges. The *unemployment* rate, calculated as the ratio of unemployed individuals to those in the labour force, is a control for economic and business cycles.[15] Lastly, we also control for provincial-level "political size" by including the *number of district seats* allocated for each province. As the spending data can only be collected at provincial-level, this variable also takes into account how much policy spending is divided within a province by constituency politicians (Robertson, 1996). If every constituency representative manages to obtain a share of provincial spending after winning an election, they must be dividing it with other representatives from the same province. While socio-economic factors are controlled for, the amount of policy spending available to each winning politician depends on how many representatives there are in that province.

[15]Instead of using gross provincial product and/or total spending, the unemployment rate is used as a control for provincial economic size to prevent potential multi-collinearity problems in relation to discretionary and social spendings. This rate also reflects the demand for unemployment benefits from the state or informal support from local politicians.

Estimating the Dynamics of Political Linkages The empirical specification aims to estimate whether and how voting patterns have changed since the introduction of populist policy competition. The main estimation equation is given by:

$$Gap_{ijk} = \beta_0 + \beta_1 2005_{ijk} + \beta_2 2007_{ijk} + \beta_3 2011_{ijk} + \beta_4 \frac{Discretionary}{Social}_{k} + \underline{X'}_{ijk} \cdot \beta + \epsilon_{ijk} \quad (4.1)$$

where Gap_{ij} is the candidate-party ballot gap for party i contesting in district j in province k. Control variables, as previously discussed, are in the vector $\underline{X}_{ijk}$. The Equation (4.1) can be estimated by the ordinary least squares method (OLS) on a dataset which pools together four rounds of elections in 2001, 2005, 2007 and 2011. The pooled model includes year dummy variables and the ratio of discretionary spending to social spending as the two main independent variables of interest. In particular, the coefficient β_4 on the spending ratio captures the electoral impact of policy rent opportunities available for discretionary use in clientelist practice relative to programmatic social policies.

In addition, province dummies will also be added to the vector of control variables to take into account time-invariant province specifics. In order to take into account the hierarchical nature of the party-district data set, we employ district-clustered standard errors. We also estimate the personal vote equation with a Multi-Level Model (MLM) and discuss the validity of the MLM in the Appendix. Nonetheless, where there are small sample sizes, it is generally advised that fixed-effect models be used rather than MLM (Bell et al., 2008).

4.6 Descriptive Statistics

The data description in this section provides a summary of, and descriptive statistics of, the data employed in this chapter. We present the party-district dataset constructed from the election results, as well as providing stylised facts regarding the main variables. This additional dataset at provincial-level will also be discussed. Possible changes in the two-ballot gap and policy spending discussed in this section thus motivate further empirical investigation in the chapter.

4.6.1 Party-District Data

Table 4.4: Party-District Level Descriptive Statistics by Year

	2001	2005	2007	2011	Total
%Gap (*personal vote*)	3.85	2.19	6.47	4.86	4.57
	(9.9)	(7.11)	(18.3)	(12.4)	(13.3)
Candidate Votes	12,086	21,777	31,081	19,496	21,340
	(13,060)	(19,347)	(39,659)	(20,821)	(27,387)
Party Votes	12,156	21,741	33,938	18,546	22,016
	(14,768)	(22,176)	(47,736)	(22,109)	(32,146)
By district					
%Margin	114	186	83.7	181	133
	(178)	(233)	(166)	(302)	(223)
Inv. SF Ratio	.513	.655	.173	.639	.463
	(.299)	(.305)	(.167)	(.309)	(.336)
%Turnout	69.8	72.3	74.2	74.8	72.7
	(5.18)	(5.98)	(5.11)	(4.4)	(5.53)
No. Contestants	7.26	4.38	9.97	6.79	7.45
	(1.85)	(1.35)	(2.07)	(2.03)	(2.71)
By party					
District Seats Won	70.6	116	26.6	79.7	67.6
	(73.6)	(128)	(28)	(80.8)	(85.2)
Total Seats Won	88.6	145	40.3	105	88
	(91.2)	(154)	(42.7)	(106)	(106)
No. of party-districts	2,086	1,344	2,275	1,620	7,273

Main statistic is the mean. Standard deviation is in parenthesis.

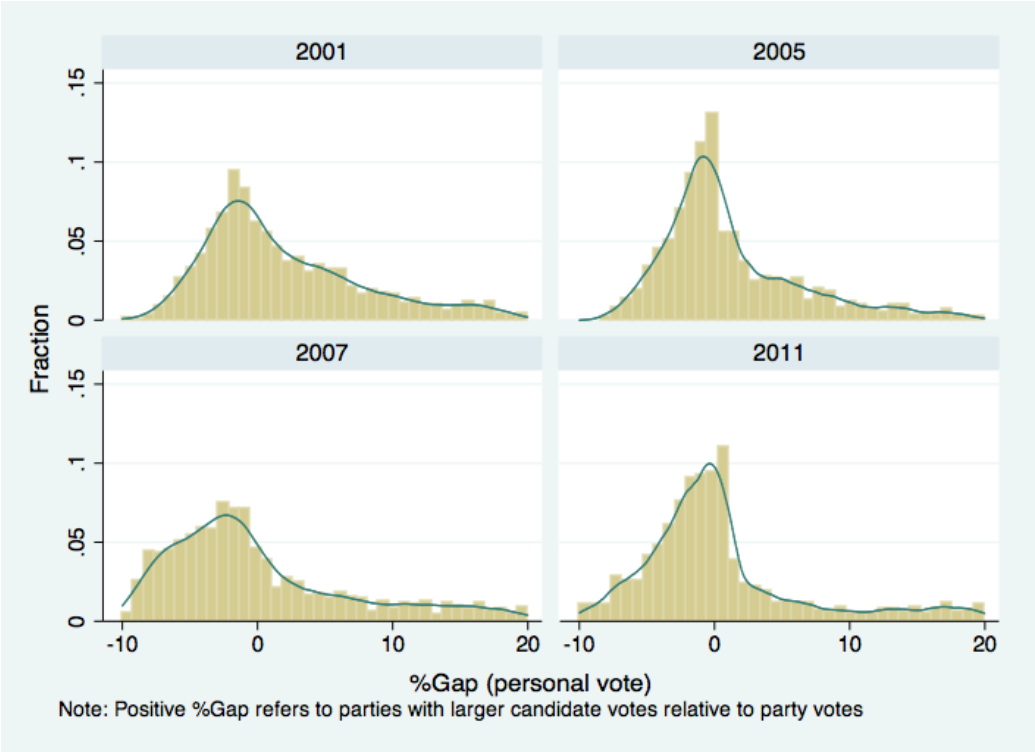
Unit of observation is party-district. Turnout is measured in 1,000.

All electoral results came from the first election round if by-elections were held.

Table 4.4 presents the relevant variables in four elections where the unit of observation is party-district. Each district has approximately 4-10 contestants. Moreover, a continuously increasing election turnout suggests an active political participation over the years. The dependent

variable, *Gap*, shows average positive values in all years, with the smallest value in 2005. As suggested by Moser and Scheiner (2005), small parties which do not win any seats at all are excluded in the analysis, to avoid outliers. Nonetheless, the analysis still benefits from a large variation of two-ballot differences from medium to large parties. Although the district aggregate data used in this paper may underestimate the degree of personal voting, they are representative and are available for four rounds of elections. This is crucial for investigating our hypothesis which concerns changes over time.

Figure 4.2: Histograms of Two-Ballot Gaps (%*Gap*) by Year



The histograms in Figure 4.2 illustrate the distribution of the outcome variable in different election years. Positive values mean that, for a particular party, more votes are received in the candidate ballot than are received in the party ballot. On the other hand, negative values show that party-biased voting dominates where a party does better than its candidate. Although the average values of two-ballot gaps presented in Table 4.4 do not show any specific trends over time, their distribution becomes more positive – or more rightly-skewed – in Figure 4.2. This suggests that, generally, less candidate-biased votes are cast and less personal voting is expected to occur.[16]

[16]The distributions are also expected to vary by party, region and socio-economic environment. The distri-

4.6.2 Provincial-Level and Spending Data

Table 4.5: Provincial-Level Descriptive Statistics

	2001	2005	2007	2011	Total
Cli. Spend	3.56	4.42	4.93	1.31	3.55
	(20.90)	(30.41)	(38.26)	(9.494)	(26.90)
Soc. Spend	6.53	7.29	8.79	8.32	7.73
	(21.99)	(32.78)	(38.81)	(49.89)	(37.09)
Cli/Soc Spend	0.31	0.28	0.14	0.086	0.21
	(0.126)	(0.119)	(0.117)	(0.0519)	(0.142)
No. District seats	5.36	5.36	5.26	5.36	5.33
	(4.692)	(4.692)	(4.594)	(4.692)	(4.645)
Prov. Gini	0.88	0.86	0.87	0.86	0.87
	(0.0539)	(0.0586)	(0.0574)	(0.0538)	(0.0564)
Pop Density	216.4	220.3	223.0	232.1	222.9
	(448.2)	(452.1)	(457.4)	(469.5)	(454.6)
Unemployment	1.22	0.73	0.64	0.36	0.74
	(0.720)	(0.413)	(0.358)	(0.291)	(0.566)
Observations	76	76	76	76	304

Spendings are in 1,000-million baht. Population are in 1,000 unit.
Population density is provincial population per square kilometer.

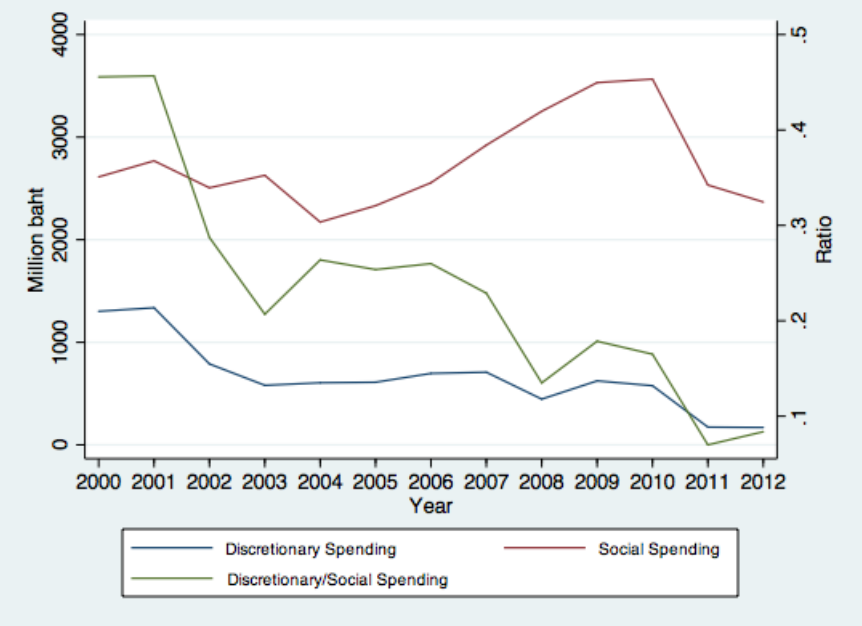
The relevant provincial-level variables can be linked with the district-level data. As shown in Table 4.5, these variables include social and discretionary spending, the number of district seats within a province, the gini coefficient, population density and the unemployment rate. These provincial variables allow time-varying provincial characteristics to be controlled for while personal voting within an electoral district can be estimated. The data on government spending are from 2002, 2005, 2008 and 2012, and are taken as a lead explanatory variable by one year. The reason for this is because government spendings for populist programmes which are promised during electoral campaigns will only be allocated a year after each election. This lead spending is a reflection of the magnitude of populist promises voters deem to be plausible.[17]

Despite the increasing intensity of populist promises during the past decade, discretionary

butions for the two main parties, TRT and Democrat, have smaller standard deviations and are centred around zero, in comparison to other smaller parties. Such distributions indicate less personal voting as candidates and their parties receive about the same number of votes. This is logical because big parties contest in almost all districts and tend to do well in the party ballot. Therefore, voters are less likely to split their votes. On the other hand, the distributions for smaller parties are more sparse as we observe positive ballot gaps in most districts.

[17] Policy spending in the year after an election reflects the politicians' promises to distribute patronage post-election (Remmer, 2007).

Figure 4.3: Discretionary and Social Spending (Median) 2000–2012



spending has gradually decreased during 2000–2012 (Figure 4.3).[18] We suspect that most promises are welfare-related and increasingly allocated through social policy programmes. In fact, this is consistent with the upward trend of social spending until 2010. As a result, the ratio between the two types of spending has been declining. It may be noted that the decrease in both types of spending in recent years follows the global economic downturn which will be accounted for in the regression estimation by the unemployment rate.

4.7 Empirical Testing and Results

The results obtained from estimating the level of personal voting during the 2001–2011 elections are reported in Table 4.6. Without spending and provincial variables, Model (1) displays the OLS estimation results with district-clustered standard errors from a model similar to that estimated by Moser and Scheiner (2005). When compared to 2001, personal voting drops in 2005 and rises in 2007 and 2011, as illustrated in Figure 4.4. We suspect that the drop in 2005 reflects voters' reactions following the newly introduced populist policy competition in 2001. While the TRT Party was the only party promoting these policies in 2001, the competition intensified thereafter, with more parties advocating such policies in subsequent elections. In

[18]The categorised spending data became available in 2000, as previously explained in Chapter 2. The median of both kinds of spending is shown in Figure 4.3. All-province spending has been illustrated in the previous chapter.

Table 4.6: Pooled OLS Estimations on Personal Voting

	(1)	(2)	(3)	(4)	(5)
1[2005]	-1.25***	-0.92**	-0.74*	-0.14	0.16
	(0.36)	(0.40)	(0.40)	(0.48)	(0.58)
1[2007]	4.48***	4.06***	4.46***	5.69***	6.17***
	(0.60)	(0.66)	(0.65)	(0.77)	(0.86)
1[2011]	3.96***	3.89***	4.75***	6.22***	7.59***
	(0.41)	(0.50)	(0.59)	(0.73)	(0.90)
Cli/Soc Spend			3.27***	4.73***	5.20***
			(1.13)	(1.33)	(1.43)
%Margin	0.0053***	0.0046***	0.0045***	-0.00048	-0.00032
	(0.00064)	(0.00064)	(0.00063)	(0.00069)	(0.00070)
Inv. SF Ratio	-1.90***	-1.46***	-1.31***	-2.03***	-1.99***
	(0.44)	(0.45)	(0.45)	(0.47)	(0.48)
%Turnout	0.16***	0.10***	0.11***	-0.053	-0.056
	(0.027)	(0.031)	(0.031)	(0.039)	(0.040)
No. Contestants	-0.25***	-0.083	-0.048	-0.18*	-0.19*
	(0.080)	(0.089)	(0.091)	(0.096)	(0.098)
District Seats Won	0.77***	0.77***	0.77***	0.78***	0.78***
	(0.024)	(0.024)	(0.024)	(0.024)	(0.024)
Total Seats Won	-0.65***	-0.65***	-0.65***	-0.66***	-0.66***
	(0.019)	(0.020)	(0.020)	(0.020)	(0.020)
No. District seats		-0.100**	-0.095**	1.79**	1.37
		(0.041)	(0.041)	(0.86)	(1.07)
Prov. Gini		0.32	0.30	9.38	12.6
		(3.58)	(3.58)	(11.1)	(11.3)
Pop Density		-0.32	-0.43	8.66**	5.44
		(0.74)	(0.75)	(3.86)	(4.20)
Unemployment		-0.45*	-0.42*	-0.69**	-0.75**
		(0.25)	(0.25)	(0.33)	(0.33)
1[Bangkok]		0.44	-1.32		
		(2.72)	(2.78)		
Cli/Soc *2005					-0.96
					(1.08)
Cli/Soc *2007					-2.03
					(1.65)
Cli/Soc *2011					-11.6**
					(5.63)
Constant	-1.43	2.33	0.98	-98.7***	-73.4*
	(2.07)	(4.43)	(4.45)	(36.1)	(43.4)
Province Dummies	NO	NO	NO	YES	YES
Observations	7273	7273	7273	7273	7273
Adj R^2	0.199	0.206	0.207	0.231	0.231

Main statistics are the coefficients; robust standard error in parentheses;

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

fact, we expect a decline of personal voting in 2005 and hope for further declining trends in subsequent years. However, the 2007 and 2011 year dummies show positive and significant coefficients suggesting higher levels of personal voting. Contrary to expectations, elections in Thailand have not been liberalised from personal votes.

All control variables show significant and expected coefficients. A larger *margin* where winners face little competition from the runner-ups allows candidates to cultivate more personal votes. The *inverse SF ratio,* which accounts for races where strategic voting is likely to occur, exhibits a negative coefficient. This is in line with previous works where personal voting and strategic voting are found to be substitutable strategies. High *turnout* means that more members of the electorate go out to vote and this results in a higher number of total votes. The positive coefficient suggests that a higher number of votes on average is associated with more personal votes. The *number of contestants* in the candidate-ballot controls for options available to voters to choose from. As expected, the negative coefficient shows that more contestants correspond to less personal votes for each party on average. This result is consistent with Moser and Scheiner's findings on Japan, Lithuania and Russia.

Two control variables are at the party level. Party size as measured by the number of *total seats won* by parties, shows negative coefficients in all models. This result is consistent with the theory that large parties rely on their "party label" more than personal votes attributed to a candidate's personal characteristics (Cox and McCubbins, 1993). An extra parliamentary seat won by a party is associated with a 0.65 percentage point fall in the number of votes in the candidate ballot with respect to those in the party ballot. On the other hand, parties with a high number of SMD seats relative to their PR seats are generally small parties (as shown in Table 4.7 in the Appendix). These parties tend to rely on personal voting. This is confirmed by the positive and significant coefficients of the number of *district seats won.*

Model (2) introduces provincial control variables to the first model. The control variables at provincial level are introduced to take into account provincial socio-economic contexts. The year dummy variables still provide similar significant coefficients to those in Model (1). However, the magnitude becomes smaller for all years. Except for the *number of contestants*, all district-level and party-level controls remain consistently significant. *The unemployment rate* and the *number of district seats* are the only two provincial-level control variables with signific-

ant coefficients. A higher *unemployment rate* which corresponds to adverse economic contexts is correlated with more personal voting. This result is supported by several studies that poorer areas are more prone to clientelist and personalised politics (Kitschelt and Wilkinson, 2007).

Controlling for the degree of political power, the *number of district seats* within a province is negatively correlated with personal voting. Constituency representatives in important provinces face more competition to divide the provincial budget. Thus, they may opt to bargain for certain policies or social programmes under a party label. As a result, voters have incentives to support party policies more than specific candidates. In addition, because the capital city Bangkok has a distinct administrative arrangement regarding government expenses and governance structure from that in the other 75 provinces, a dummy variable for Bangkok is also included in Model (2). Instead of excluding all observations from Bangkok, which would lead to sample selection bias, the dummy variable can capture the political climate and competition that differs from that in other provinces. The urban life is also less prone to clientelist practices known to dominate the rural areas (Scott, 1972b). Nonetheless, the coefficient of Bangkok is insignificant.

The main extension of the original estimation proposed by Moser and Scheiner is to include spending variables to model the electoral effects of policy competition. The two types of spending – social and discretionary – aim to take into account possible rent opportunities available to constituency parliamentarians to exploit. The ratio of discretionary to social spending is then incorporated in Model (3) and shows a significantly positive coefficient.[19] The ratio is a standardised size of discretionary spending relative to social spending which captures the relative role of discretionary use of spending to more programmatic spending. Doubling the size of discretionary spending relative to social spending increases the ballot gap by 3.27 percentage points. This result suggests that discretionary spending may encourage personalistic motives in electoral races. To cultivate personal votes, this type of spending may be used by constituency candidates to maintain their networks.

Whereas most coefficients remain consistent after the inclusion of the spending ratio, the 2005 year dummy is now significant only at the 10% level. We are now less confident to

[19]Including both discretionary and social spendings as two explanatory variables would give rise to multicollinearity problems as both types of spending are highly correlated. For robustness check purposes, separate estimations of discretionary and social spending yield the expected positive and negative coefficients, respectively.

conclude as to whether personal voting drops in the 2005 election when compared to the 2001 election. One possible reason to explain this is that the spending ratio is negatively correlated with the 2005 year dummy but positively correlated with the outcome variable. Including both could undermine the significance level of either variable. In addition, the ratio may also be positively correlated with the 2007 and 2011 year dummy variables. Including the ratio therefore increases the coefficient size of the year dummy variables in Model (4) when compared to that in Model (3).

While some control variables take into account time-varying socio-economic contexts, there still exist specific province characteristics which can affect the level of personal voting. Therefore, Model (4) includes province dummy variables to control for time-invariant provincial variables such as province size, geographic location, region and certain cultural norms or values which do not change over time. The coefficients of the main variables remain consistent with those estimated in Model (3). Both year dummies for 2007 and 2011 and the spending ratio exhibit larger significant effects. However, the coefficient for the 2005 dummy variable becomes insignificant. Similarly to Model (3), we suspect that any changes in personal voting observed in 2005 are correlated with provincial spending and other provincial characteristics. As a result, the significance level decreases when we begin to include provincial-level variables and province dummies in the model. With province fixed effects, the coefficient of population density is now positive and significant. Its positive sign suggests that personal voting is more pronounced in more populated areas. In other words, politicians face more difficulties in maintaining personalised politics with voters who live in sparsely populated areas such as in mountainous areas. Nonetheless, the gini coefficient displays insignificant results across all models.

In addition, the estimation can be modified to measure changes in the effects of the spending ratio in different elections. If programmatic policy appeals are becoming more dominant relative to clientelist incentives, we would expect the spending ratio to become more negatively correlated with the level of personal voting in later years. In fact, this negative correlation may be the result of either increased social policy or decreased discretionary spending, or both. Model (5) includes the interaction terms for the spending ratio and year dummy variables. The year dummy variables, along with other control variables, exhibit consistent results with

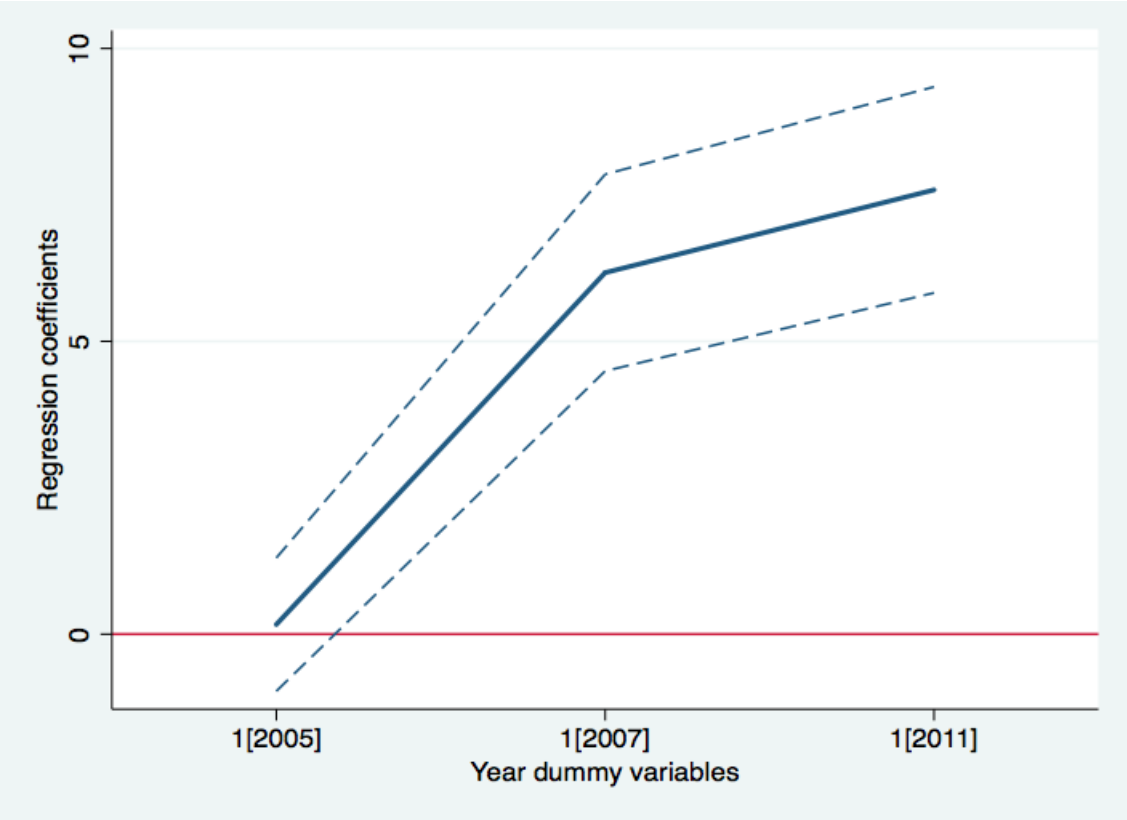
those previously estimated. However, only the year 2011 interaction term with the spending ratio shows a significant negative coefficient. The results show that higher personal voting in 2007 and 2011 and a positive correlation between the spending ratio and personal voting are generally observed. Moreover, the negatively significant interaction term in 2011 suggests a declining importance of discretionary spending relative to social spending in 2011 when compared to the 2001 reference point. One possible explanation for this weakening effect is that social policies have expanded in recent years and encouraged more party-centred competition. We therefore observe a smaller effect of positive correlation between the spending ratio and personal voting.

Summary and Discussion

Contrary to our theoretical expectations, personal votes have not been entirely removed from elections in Thailand. The results obtained from pooled OLS estimations suggest that there is no conclusive evidence to suggest that personal voting actually decreases following the introduction of populist policies. In fact, personal voting has risen after ten years of populist policies. In Model (1) and (2) where the spending data are not included, we find a negative and significant coefficient of the 2005 year dummy variable. The fall in personal voting in 2005 may reflect the transitory change of a political transformation. However, the coefficient estimates of 2007 and 2011 year dummies show that the change in personal votes is neither sustained nor has it led to the expected outcome. According to our most complete Model (5), the pattern over four elections suggests that the level of personal voting is unchanged in 2005, and then, rises by at 4-7 percentage points above the level in 2001 in later years (as shown in Figure 4.4). Due to data limitations, the chapter only studies the level of personalised politics after 2001. Nonetheless, we are aware that other changes in Thailand's socio-economic contexts after 2001 could have affected personal voting. We do not propose any claims regarding the causal relationship between increasing populist policy competition and voting rationale. The findings obtained in this chapter are estimated changes in personal voting as observed after 2001.

The results may be explained by the fact that the same set of politicians who rely on clientelist support are re-elected under a different party. Despite being a new party, the TRT recruited

Figure 4.4: Regression Coefficients of Year Dummy Variables (with 95% Confidence Intervals) from Model (5)



many local politicians and notables for the 2001 campaign (McCargo and Pathmanand, 2005). In a country with clientelistic networks, politicians are often existing patrons in their district who posses the influence to appropriate locally distributive transfers for their own political interest (Sekeris, 2011; Vicente and Wantchekon, 2009; Weitz-Shapiro, 2009; Robertson, 1996). While one might expect the TRT's introduction of welfare policy populism in 2001 to give them an advantage in PR balloting, the party actually performed better in the candidate ballot (as measured by the percentage of seats won in Table 4.7). As a result, individual candidates still play a dominating role in attracting votes. In other words, we find some compatibility between policy-based competition and personal voting. Our results support the theoretical claim that, as suggested by Kitschelt (2000), political linkages – programmatic, clientelist and charismatic – can be complementary. The results of the analyses are also in line with those scholars who argue that clientelism in personalised politics is resilient and adaptive (Roniger, 2004; Kitschelt, 2007). Albeit a potential transformation away from candidate-centred elections, the degree of personal voting has not decreased.

In a clientelist context, welfare transfers and benefits serve as post-election exchanged goods for party supporters. Motivated by these features, clientelist linkages are still intact and continue to operate as a combination of policy rent opportunities and personal voting (consistent with Hypothesis 2c). The inclusion of spending variables in the personal vote estimation explains how spending types can motivate voters to cast personal votes. Consistent with the findings from Indonesian elections (Allen, 2012), our results show that discretionary spending, relative to social spending, is positively correlated with the level of personal votes. Political exchange for votes may take place through government discretionary spending (Punyaratabandhu and Unger, 2009). Mouzelis (1985) stresses that significant changes do not alter the basic effect of clientelist politics even in their modern and diversified forms. With inefficient policy implementation by political parties, district-based politicians compensate for the incapacity of nationwide welfare programmes by mobilising resources for their electoral districts, thereby incorporating the use of candidate-centred clientelist ties in formal political channels which provide public goods.

In fact, our findings suggest a similarity to cases where electoral politics are unable to break through from candidate-centred and clientelistic politics. For example, the shift from local authorities to a central and coordinated system follows the same logic as operates in the way that populist policies bypass local patrons. Traditional clientelism can be replaced by a new type of clientelism which is impersonal, massive and sectarian. For instance, in Greece, individual patrons were supplanted by the party machines (Mavrogordatos, 1997). Some populist dynamics also existed in Greece in the 1980s as a ground for the Panhellenic Socialist Movement's (PASOK) party machine. Populist policies were promised in relation major changes in education, health and labour legislation, and these policies weakened the intermediary administrative levels between the top and local officials (Lyrintzis, 1987). The changes in Greece are consistent with Ferrera's use of politico-institutional factors to explain welfare clientelism (Ferrera, 1996). In other words, clientelism is a complementary element of public welfare provision and can be "recycled" into more acceptable forms of particularistic politics (Piattoni, 2001). Where the voters once had been clients of a local boss, they are now transformed into clients of a national boss and his party (Laothamatas, 2006 in McCargo and Pathmanand, 2005).

Populist and party-branded policies should no longer allow the provincial notables and local politicians to take personal credit for welfare assistance and rural development projects. Encouraging more direct linkages between party and voters, the policy spending channel should reduce the role of political intermediaries. Despite the political reforms, Rabibhadana (2004) labels Thai political parties generally as clientelistic because the exchange of votes for policies between politicians and voters does not operate through a straight-forward market mechanism between parties and voters. The de-clientelisation process might not be complete when certain programmes, such as the Thailand Village Fund, can be subject to manipulation by provincial and local notables. Owing to their resilience and adaptability, clientelist linkages have possibly been reconfigured by articulating a new channel of local-regional-national relations (Piattoni, 2001).

4.8 Conclusion

According to Kitschelt (2000), alternative politician-voter linkages in most emerging democracies are marked by selective material incentives in clientelist networks and the personal charisma of political leaders. Regardless of ideological preferences, voting for a particular candidate may grant voters certain rights to demand both policy promises and personalised welfare assistance. In such competitions, personal voting often occurs as a tool for voters to ensure the delivery of policy benefits by individual candidates. On the other hand, a voting rationale is based on party-centred competition when party policies are sufficient to attract votes. In such cases, personal voting is less dominant as fewer strategic manipulations are carried out by individual politicians to distort the policy benefits toward particular groups of voters. To many critics, redistributive and welfare policies appear more efficient and cost-effective than informal support through clientelism. If the welfare programmes promised by political parties can be conducted efficiently, the role of individual candidates is expected to be weakened. Voters may resort to their preferred party's policies, instead of relying on local politicians for support.

This chapter has examined the crafting of a new social contract between voters and politicians in Thailand in the wake of increasing policy competition. In particular, we have assessed any possible trends or changes in personal voting as a proxy for clientelist linkages. We investigated

an interesting feature in a mixed-electoral system where voters have options of independently choosing a constituency candidate in one ballot (single member district - SMD) and a party in another ballot (proportional representation - PR). The two-ballot gaps reflect additional votes going to constituency candidates relative to their party. Often, they represent personalistic and candidate-centred politics where candidates are viewed as being resourceful in providing welfare assistance or patronage jobs (Allen, 2012; Shugart et al., 2005; Hicken and Simmons, 2008). When parties focus their electoral campaigns on social policy and welfare programmes, we expect less ticket-splitting and less personal voting. As a result, individual candidates should be seen as those carrying the "party label" (Cox and McCubbins, 1993). Voters are expected to cast more "straight tickets", a convergence of voting decisions in the two ballots, as there is no incentive to cast a personal vote for a different candidate other than that from the preferred party.

To test this claim, the empirical investigation analysed the election results at party-district level from four national elections since the TRT Party pioneered policy populism in Thailand in 2001. Since then, parties have heavily and creatively campaigned on social policy and welfare programmes, instead of relying on candidates or local influence to earn votes (Croissant and Pojar, 2006). The pooled OLS method was designed to capture any changes in personal voting while controlling for election, party and provincial factors. Consequently, the chapter attempted to uncover changes in clientelist linkages. One crucial feature of clientelist mechanisms is the role of political intermediaries, such as local politicians and party machines, in relating the political party to their voters. In fact, this patron–client approach is much emphasised in analyses on the process of transfers and interventions in the characterisation of Asian development (Khan and Sundaram, 2000).

Because public administration suffers from bureaucracy and favouritism, relying on local politicians is inevitable in a clientelist context. Motivated by these features, policy rent opportunities are incorporated in the personal vote estimation to model the downward flow of resources in distributive politics. Contrary to our expectation of a continuing decline in personal voting, the results suggest a significant rise in personal voting in 2007 and 2011 elections but no conclusive evidence regarding the level of personal voting in 2005. Nonetheless, consistent with our expectations, we find a positive correlation between discretionary spending (relative

to social spending) with personal voting. Due to their discretionary nature, some types of policy spending can be exploited by constituency politicians to cultivate the personal votes. In fact, the results show that both strategies can be self-reinforcing which confirms Kitschelt's theoretical claim that political mobilisation strategies can be complementary (Hypothesis 2c). A greater level of policy-based electoral competition does not necessarily encourage a decline in personal voting.

Due to data limitations prior to 2001, the chapter cannot come to a conclusion regarding whether the level of personal voting in fact fell or rose when compared to the *old-style* politics before 2001. On the one hand, one may argue that personal voting in 2001 could have fallen in comparison to the pre–2001 elections. On the other hand, the level of personal voting in 2001 could be insignificantly different from that in earlier elections if we assume that clientelist linkages are resilient. It may take time for any changes in the political system or electoral competition may take time to have an effect on such linkages. In that case, we expect the role of policy competition to subdue the level of personal voting in subsequent elections. While the TRT Party was the only party promoting these policies in 2001, the competition later intensified, with more parties advocating such an agenda in later elections. We therefore expect a drop in personal voting in 2005 and hope for further declining trends of personal votes.

Unlike the previous works,[20] the empirical strategy used in this chapter directly controls for strategic voting which may also affect the level of personal voting or ticket-splitting. The results also offer a new empirical evidence regarding changes in personal voting and political linkages in a developing democracy. Unfortunately, the chapter could suffer from the ecological problem of using aggregate district data to draw inferences regarding individual voting rationale (King, 1997; Rosen et al., 2001). Due to the confidentiality of voting decisions, we are unable to obtain such individual data. Moreover, survey data are limited and incomparable across years. As a result, the degree of ticket-splitting based on our aggregate data can be underestimated. In addition, after only four rounds of elections it might be too early to come to a conclusion regarding any trends in party-centred or candidate-centred voting. Nonetheless, the analyses at party-district level have shown interesting evidence regarding the relative

[20]For example, see Allen (2012); Primo and Snyder (2010); Swindle (2002).

importance of party/candidate relative importance. Owing to its long history of political clientelism and the recent political transformations, Thailand has proven to be an interesting case study on political linkages.

4.9 Appendix A: Robustness Checks

We performed several robustness checks on the estimations of personal voting to verify the main findings of this chapter. Firstly, we checked for possible outliers in the outcome variable which could have influenced the estimations. Since the ballot gap is defined as the candidate-party vote difference, the construction of that gap may exaggerate positive values for small parties which usually receive fewer party votes. This results in a longer right tail in the distribution of the variable. On the other hand, the ballot gap is bounded at -1 when a candidate receives zero vote and his party receives some votes. While robust standard errors should be able to account for heteroskedasticity, a remaining concern regarding the influence of the extreme values cannot be neglected. In fact, the results estimated on 95 percent of the sample which are centred around the mean show better R^2 values and consistent results. As expected, the estimations suggest a larger impact of most coefficients following the exclusion of extremely large values of the dependent variable.[21]

Secondly, as government spending is allocated at the provincial-level, it is not possible to obtain specific spending data for each electoral district. The OLS estimates which act as a "*complete pooling*" estimator (Gelman and Hill, 2007) report consistent coefficient estimates. However, the standard errors can be underestimated. We have therefore considered varying-intercept MLM to take into account this hierarchical data structure. However, this alternative method is subject to a number of weaknesses. There are 76 provinces, and each province contains an average of five districts. This small number of lower-level observations within each group constrains the calculation of the variance-covariance matrix in the multi-level model.[22] In addition, the intra-class correlation (ICC) is very low (less than 5%) in both the null model and the full model. We find that the unexplained variance does not improve with the inclusion of provincial-level variables. Variation of personal votes across provinces cannot be explained by provincial data. As the MLM does not seem valid, we estimate the level of personal votes by OLS with provincial dummies. This province "fixed effect" model is more appropriate in this study because we are working with all districts and all provinces. The data are not randomly

[21] In addition, an alternative measure of personal voting is constructed as the ratio of candidate-ballot vote totals to the sum of candidate- and party-ballot vote totals ($\frac{Candidate\,Votes}{Candidate\,Votes+Party\,Votes}$). The estimations on this alternative dependent variable yield similar results.

[22] Nonetheless, Maas and Hox (2005) and Bell et al. (2008) have shown that the presence of small groups do not affect the estimations of level-2 or group-level variables. Therefore, there are potential limitations in the MLM method when applied to the data used in this analysis.

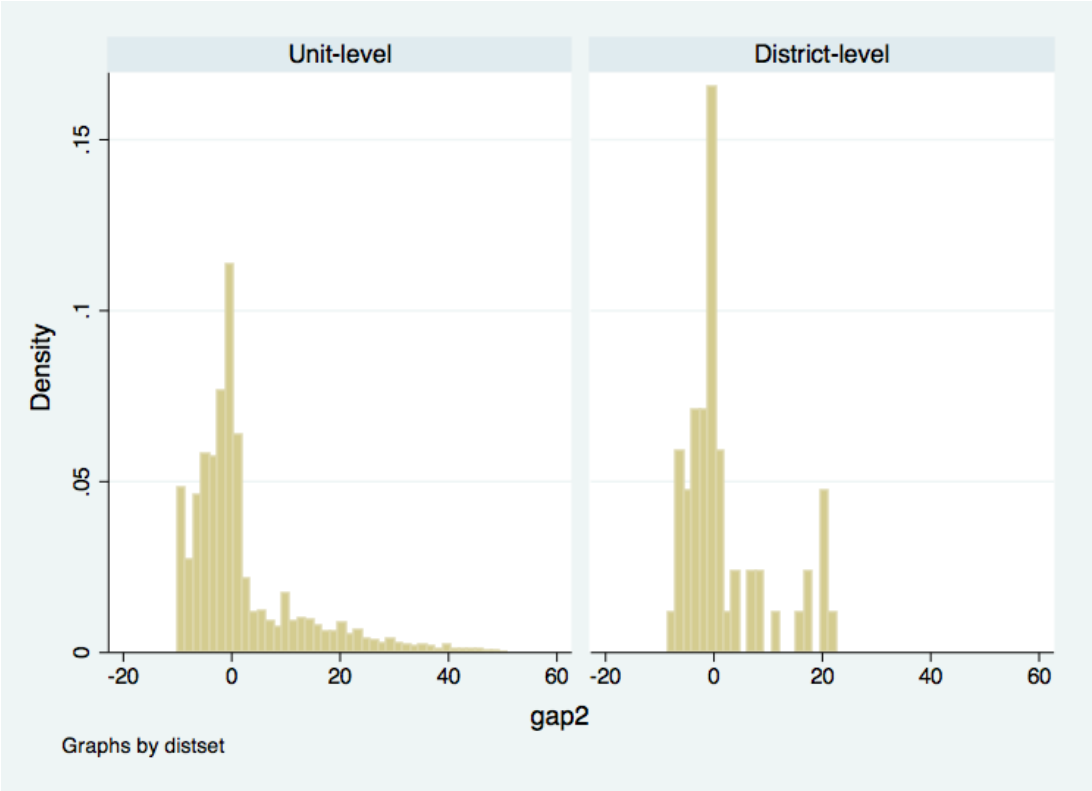
drawn from the population. With the small ICC, it is not necessary to account for contextual differences on top of the provincial variables. Moreover, we use both standard robust standard errors and district-clustered standard errors to alleviate the underestimated OLS standard errors.

Thirdly, we attempt to check for the reliability of district-level aggregate data by using an available smaller unit of vote aggregation for some provinces. In 2011, the Election Committee of Thailand officially granted access to data on electoral unit-level results in some provinces. An electoral unit is an actual polling station where vote counting occurs at the end of election day. An electoral district usually consists of approximately 200 voting units, where each unit serves an average of 500 voters. We compare the two-ballot gaps calculated from unit-level and district-level data for the four available provinces.[23] The distribution of both data in Figure 4.5 exhibits similar mean values although the variance for unit-level distributions is higher. This is because greater variation can be observed at this lower level of vote aggregation when we can detect ticket-splitting better. Nonetheless, the unit- and district-level data distributions have shared characteristics for the four provinces. This similarity has, to some extent, ensured that using a of district-level aggregate in the analysis is the second best option, after obtaining information about individual voting decisions (which is unavailable).

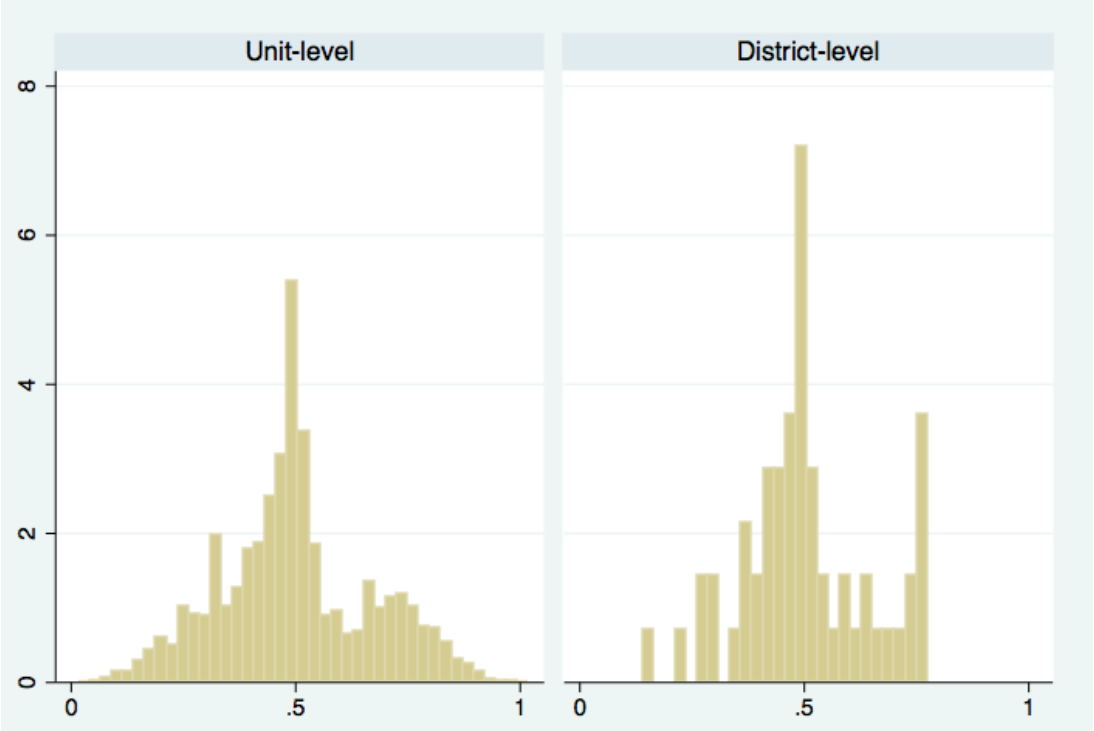
[23] Angthong, Pichit, Ratburi and Nan.

Figure 4.5: Unit-Level versus District-Level Data

(a) Two-Ballot Gap: $Gap = \frac{Candidate\,Votes - Party\,Votes}{Party\,Votes} x100$



(b) Alternative Measure for Two-Ballot Gap: $Gap = \frac{Candidate\,Votes}{Candidate\,Votes + Party\,Votes}$



4.10 Appendix B: Election Results[24]

Table 4.7: Candidate- and Party-Ballot Seats Won by Party

	Candidate Ballot				Party Ballot			
Party	2001	2005	2007	2011	2001	2005	2007	2011
TRT	208	309	199	204	48	67	34	61
	(52%)	(77%)	(50%)	(54%)	(48%)	(67%)	(43%)	(48%)
Democrat	97	71	132	116	31	26	33	44
	(24%)	(18%)	(33%)	(31%)	(26%)	(44%)	(41%)	(35%)
New Aspiration	27				8			
	(7%)				(8%)			
Chart Thai	33	18	33	14	6	7	4	4
	(8%)	(5%)	(8%)	(4%)	(6%)	(7%)	(5%)	(3%)
Rasadorn/Mahachon	1	2						1
	(<1%)	(<1%)						(<1%)
Liberal Integrity	13							
	(3%)							
Chat Pattana	20		8	5	7		1	2
	(5%)		(2%)	(1%)	(7%)		(1%)	(2%)
Social Action	1		17				7	
	(<1%)		(4%)				(9%)	
Neutral Democratic			7					
			(2%)					
Royal People			4				1	
			(1%)				(1%)	
New Democracy								1
								(<1%)
Phalang Chon				6				1
				(2%)				(<1%)
Rak Santi								1
								(<1%)
Bhumjaitai				29				5
				(8%)				(4%)
Matubhum				1				1
				(<1%)				(<1%)
Rak Thailand								4
								(3%)
Total	400	400	400	375	100	100	80	125

Rak Thailand Party is excluded in the analysis because no candidate-ballot candidates contested.

All electoral results come from the first round of each general election.

Main statistic is the number of seats won; percentage of a party's seats to total seats in parentheses.

[24]The grouping of party names due to party merging and dissolution is as follows: TRT (Thai Rak Thai in 2001 and 2005, People's Power Party in 2007, Pheu Thai in 2011); Democrat in all elections; Chart Thai (Chart Thai in 2001 and 2005, Chartthaipattana in 2007 and 2011); Rasadorn/Mahachon (Rasadorn in 2001, Mahachon in 2005 and 2011); Chat Pattana (Chat Pattana in 2001, Ruamjaitai Chatpattana in 2007, Chartpattana Pheu Pandin in 2011); Social Action (Social Action in 2001, Pheu Pandin in 2007)

Conclusion

What explains the rise and decline of clientelism and how can populist welfare policies weaken clientelist relations? The findings obtained in the four chapters of this thesis respond to the theoretical questions regarding the relationship between clientelism, social policy and welfare state development. The research focused on the adoption of populist welfare policies in Thailand, and analysed the patron–client relationships within the context of an emerging welfare state. The analyses in this thesis empirically investigated whether Thailand's welfare support has been formalised, institutionalised and liberalised from patron–clientelism. In particular, they examined whether the clientelistic distributive channels of welfare benefits have changed following the adoption of populist welfare policy.

The first chapter examined the relationship between social policy preferences and political parties' clientelist engagement across countries. The findings show a negative correlation between clientelism and social policy support. However, cross-national analyses may miss out other complex stories as national aggregated data can dismiss interesting sub-national patterns. The latter three chapters therefore used various data sets from Thailand to examine clientelism and social policy at different sub-national levels: local, provincial and national levels. Due to the hierarchical structure of clientelist networks, each chapter thus tackled the main research question in relation to the different layers at where clientelist practices might occur. The results have shown that the recent shift to social policies may not eliminate political clientelism. Therefore, a de-clientelisation process, if it occurs, cannot result in a complete eradication of the existing patron–client relationships, but rather in a structural conversion via a new interpretation.

The results of the research are here summarily related to the main theoretical framework defined in the introductory chapter. Firstly, the examination of the distributive politics in relation to the local distribution of the Thailand Village Fund in Chapter 2 and the allocation of provincial spending in Chapter 3 confirm the existence of particularism in populist welfare programmes. While the Village Fund programme facilitates better access to local micro-credit, party machines still play an important role and populist welfare transfers can be particularistic (Chapter 2). Households with ties to government officials receive more funds

than those without. Despite universalist promises in populist welfare programmes, existing patron–client ties continue to influence the discretionary distribution of benefits at local level. At provincial-level, parts of government spending still serve particularistic purposes. For instance, discretionary spending is susceptible to political business cycles and other political determinants (Chapter 3). Such spending also encourages candidate-centred electoral competition, as reflected by personal votes (Chapter 4). Our findings are in line with Hopkin's proposition that the expansion of the clientelist-based welfare state may encourage, rather than eliminate, distributive irregularities and inequities (2006).

Secondly, changes in political linkages resulting from the introduction of populist policy competition were examined. As clientelist mechanism relies on political intermediaries who provide crucial links between political parties and voters, the hierarchical organisation of political parties and the relative positioning of politicians within the parties is of crucial importance. The interesting question is whether this relationship can be challenged by the intervention of populist policies. While Häusermann et al. (2013) highlight the role of personal votes in providing individual candidates with incentives to make particularistic policy choices, direct and reach-the mass style of populist policies are expected to structurally impact the linkages. Direct policy promises could undermine the importance of casting personal votes for intermediaries or local politicians. However, precisely this impact did not occur in the recent national election in Thailand, where the estimated level of personal votes has not declined, despite increasing policy competition (Chapter 4). If personal votes represent a dimension of political clientelism, their resilience highlights the unwavering importance of political intermediaries or party machines in clientelist relations.

Thirdly, possible trade-off or reinforcement of political linkages was empirically tested at three levels: provincial, national and cross-national to see if, given intensified policy competition, clientelist and programmatic linkages might be combined to some degree (Kitschelt, 2000). Chapters 1, 3 and 4 evaluated the degree to, and different aspects of which, linkages and distributive strategies are combined. The empirical analyses focused on contrasting, yet accommodating, characteristics of clientelism and populism. Cross-national analyses in Chapter 1 examined the trade-off hypothesis more broadly, as regards the political parties' preferences toward social policy and clientelism. Among the emerging democracies and developing coun-

tries analysed, preferences toward social policy are negatively related to clientelism. When analysed at a broader level, the results supported the trade-off argument rather than the reinforcement argument. However, national aggregates may hide sub-national patterns which are crucial to our research. The extent to which determinants and effects of different types of spending differ or coincide was empirically investigated. At provincial-level, the findings from Chapter 3 have shown that social spending and discretionary spending are complementary in the long-term. Our estimates based on national election data revealed that discretionary spending, relative to social spending, contributes to a higher level of personal votes (Chapter 4).

By focusing on Thailand, the thesis offers a new perspective through which the empirical evidence of clientelism in Thailand may be understood and compared with global practices of clientelism, especially those of Latin America that have received most attention in recent studies of clientelism. While the empirical data draw extensively on data on Thailand, the research design makes use of literature from diverse fields and existing empirical evidence from various contexts such as the southern model of welfare regimes in Europe, poverty reduction programmes in Latin America, party politics in Africa, including populist competition regarding welfare policies in Thailand. Compared with other developing countries with a long history of political clientelism, Thailand is an attractive case to explore thanks to the recent changes in its policy competition and welfare service expansion. The extent to which Thailand differs from Latin American countries is reflected in the comparative analysis provided in the first chapter. The results have shown that political parties in Thailand have lower levels of clientelist effort than those in Latin America. In addition, the negative relationship between social policy preference and clientelist engagement practised by Thai parties is not significantly different from that in other developing countries. In other words, this trade-off can be generalised based on over 50 developing democracies, supporting the theoretical claim that social policy and clientelism act as substitutes. Moreover, the findings on spending determinants from Chapter 3 underline the importance of policy design under which distributive policies take place. While clientelism is characterised by political distortions on discretionary spendings, social policy is formulated and determined by underlying economic factors. These findings suggest that research into social policy design needs to pay attention to the allocational rules of social policy in order to avoid clientelistic interventions.

The results obtained in this thesis contribute to an understanding of clientelism in a number of ways. The first of these relates to the main question of the thesis regarding de-clientelisation. The trade-off between advocacy of social policy and clientelism is reflected in the first chapter's comparative analysis across countries. The fact that social policy and clientelist exchanges act as substitutes provides a promising prospect for welfare state development through de-clientelisation. However, the in-depth analysis of Thailand's case has shown that patron–client relations prove to be resilient against policy change, particularly at local level. Connections and ties to officials continue to play a role in determining households' access to welfare programmes. Indeed, as the analyses in the following three chapters have shown, clientelism is so persistent that it can be re-interpreted in new ways. As Park has argued (2006), although channels of political communication and transaction are formally institutionalised through party organs, durable clientelist relations have resisted and developed around political linkages. The assumption of new forms of clientelism is particularly applicable to Thailand where the resilience of clientelism has kept the country on its clientelist path-dependence and interfered with the working mechanisms of formal social policies. While more formal welfare provision has been made available, clientelism still plays a role in enhancing a citizen's access to welfare or "greasing the wheels" in the inefficient formal channels. As a result, the empirical findings based on Thai data in this thesis suggest a possible development of the southern model of welfare regimes in Thailand.

The empirical findings of the research also helped to clarify the theoretical concepts of clientelism and populism developed by Mouzelis (1985). Particularly pertinent are the key characteristics of both modes of political mobilisation regarding the distribution of welfare benefits that are here applied to identify populism's ability to weaken patron–client relationships. For instance, both particularism and personal votes signify the importance of party machines at different levels of a clientelist network. At a local level, the findings in this thesis have shown that particularistic distribution of welfare benefits depends on the power of local officials or machines who have the discretion to hand out additional benefits to their supporters. In addition, based on the data on national elections, personal voting provides an indication of why certain candidates can channel extra resources to their constituencies. In other words, clientelism is complementary to public welfare provision and can be "recycled" into more acceptable forms of particularistic politics (Piattoni, 2001). The populist policy competition has

transformed voters, who were once clients of a local boss, to be clients of a national boss and his party (Laothamatas in McCargo and Pathmanand, 2005).

However, assessing whether or not clientelism is being applied in a particular place remains a difficult task. Researchers seek either to measure how politicians implement policy or directly observe the interactions between politicians and voters. The former approach faces a hidden action problem, as both politicians and voters perceive clientelism as "undemocratic" or "immoral". Survey respondents or interviewees may not provide honest answers regarding clientelist practices. On the other hand, the latter approach requires intensive ethnographic fieldwork which is difficult to replicate in different locations. Some researchers circumvent this problem and indirectly measure clientelism through spending analysis (e.g. Remmer, 2007; Brusco et al., 2004) and through field experiments (e.g. Wantchekon, 2003). Nonetheless, it is difficult to be in a position to assert where clientelism is taking place and who the actors are at different levels of the distributive networks. Following Hicken (2011), this thesis has engaged with two key characteristics of clientelism, namely discretionary distribution and hierarchical linkages, and views both clientelism and populism as modes of distribution. One important advantage of this approach is the narrow focus on each layer of patron–client relationships. In line with Roniger's attempt to overcome a typological bias (2004), this thesis has disaggregated the component facets of clientelism and tracked selected aspects for analysis.

Since clientelism is a global phenomenon (Kitschelt, 2000),[25] it is important to look beyond Latin American countries to understand clientelism and social policy development. Future studies could extend the work of the present thesis in a number of ways. If clientelism proves to be resilient in many contexts, a complete de-clientelisation process may be implausible. Yet, it would be helpful to evaluate welfare outcomes of social policy implemented in such contexts. Research in this direction would also provide a greater comparative dimension to studies of welfare programmes in affluent democracies where clientelism has already altered its forms, such as Japan and Austria. Moreover, the southern model of welfare states could be further developed as a welfare state typology, in light of the expanding social policy in countries with histories of clientelism. As clientelism functions through layers of hierarchical and various

[25] According to Kitschelt (2000) , "[f]or democracies from India to much of Latin America, clientelist politics has constituted the functional equivalent of the welfare state, appeasing the have-nots to abide by political orders that tremendously advantage the haves ."

forms of reciprocal relationships, case studies in a particular country would continue to be useful research methods. Future data collection on the subject might include tracking the distributive transfers of a specific social policy from political parties, politicians, machines to voters and benefit recipients. In addition, it would be very useful to obtain information on the upward flows of political support attributed to the receipt of a particular social policy programme. In this way, complete pyramidal relationships of exchanges could be examined without having to assume clientelist mechanisms at other levels when analysing an exchange at a specific level of the multi-layered clientelist structure.

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