

Example 1 :

PART I: Dominant Narratives

Dominant Narratives -- Their Critiques and Their Staying Power

Pollitt, Roe, and Moore each introduce distinct dominant narratives, discuss these narratives' weaknesses, and then attempt to explain why these narratives persist despite their obvious flaws.

Pollitt tackles the New Public Management (NPM) dominant narrative, which tells us that if governments structure themselves around a certain set of universal policy elements, they will reap remarkably positive outcomes: "NPM will yield greater economy, greater efficiency, rising standards of public service, keener 'ownership' and enhanced autonomy for service [providers], and...greater responsiveness by staff to the users of public services of all kinds," (Pollitt 1995). But Pollitt pokes holes in this narrative, telling us that although the NPM doctrine stresses the importance of measurable outputs, NPM reforms themselves are not evaluated for performance. For example, no clear benchmarks have been established to measure whether visible improvements may be attributed to NPM reform, or whether they would have occurred anyway, in absence of NPM. Given the fragility of NPM's foundations, why does this dominant narrative persist? Pollitt suggests that leaders embrace the doctrine because it is just so politically attractive. For example, NPM promises to give governments the ability to downsize bureaucracies and improve public services and utilities. In absence of certain alternatives, how could any politician turn down such possibilities?

Roe discusses a dominant narrative that persists in Kenya: "Land registration leads to increased agricultural productivity," (1991). According to this narrative, once land is adjudicated,

consolidated and registered, landowners will be in a position to use the title deeds as collateral for securing credit that can be used for improving and intensifying agricultural production. But Roe reveals that empirical studies have repeatedly failed to find a link between government land registration programs and expanded credit opportunities (and thus increased agricultural productivity). Roe believes this narrative persists because “rural development is a genuinely uncertain activity... Policy makers articulate and make sense of this uncertainty [by telling] stories or scenarios that simplify the ambiguity,” (Roe 1991) For example, in the case of land registration, it is easier for officials to stick with politically acceptable solutions to unsolved problems, rather than forge paths into new, potentially controversial territory.

Finally, Moore addresses the famous dominant narrative about successful micro-credit programs (MCP) – the Grameen Model. The Model claims that some MCP programs are successful because they rely on social collateral, borrower participation, and the absence of subsidies (Moore 2003). But in reality, MCPs have been successful for other reasons: their ability to keep costs low, offer loans that are attractive but matched to income-savings potential of borrowers, and to enforce high levels of loan repayment. Why would MCP programs claim false roots of success? To appeal to international donors. For example, although MCPs claim social collateral is responsible for their high repayment rates, Moore tells us that in reality, repayment rates are high in part because staff, not borrowing group members, exert pressure on defaulters. This pressure comes in many forms, some of which are not pleasant. One researcher reported seeing “a fieldworker urging a group of women to raid the house of a defaulter to seize possessions that could be sold to pay off the loan,” (Moore 2003). Not exactly the warm and fuzzy image donors prefer.

Other Reasons Why Dominant Narratives Persist

While Pollitt, Roe, and Moore all point out good reasons as to why dominant narratives persist, their explanations are by no means exhaustive. For example, another reason why the Grameen Bank Model narrative persists is because MCPs, especially in Bangladesh, compete with each other for funding and clients -- giving away their reasons for success would be like giving away their most valued trade secrets.

Moving away from the case studies we have discussed thus far, another reason why narratives in general persist may be because of our university training. Each year, thousands of fresh-faced graduates pour into political and development organizations, imbuing new life and perpetuating old narratives taught in school. Because real world lessons do not quickly trickle into the classroom, students learn the same tired narratives, such as that of the *Tragedy of the Commons*, year after year.

PART II: Corruption and Clientelism

Generic Traits

Through the readings, we have uncovered at least two generic traits that characterize institutions that are less vulnerable to corruption: limited opportunities for collusion and little *need* for trust between clients and agents. In this section, I will discuss why Bunker and Wade believe these are important elements of non-corrupt organizations and what their recommendations are for achieving these traits in practice. Bear in mind, that these are only two of many possible generic traits.

Bunker believes corruption stems from inter and intra-agency collusion, and that opportunities for collusion increase when field agents live in close quarters. In the Amazon case study, Bunker shows that agents who live in the same compounds tend to have more opportunities for collusion and are more corrupt than their counterparts who live far from each other (Bunker 1988). Given this, Bunker concludes that to reduce corruption, agencies must prevent field agents from living in close quarters¹.

By comparing water distribution systems in East Asia and India, Wade shows us that the less the distribution system depends on trust between farmers and service providers, the more efficiently (and less corrupt) the agencies will behave (1988). To reduce trust, Wade proposes ways to lessen farmers' dependence on official allocation decisions. First, an "inventory" of water could be established, which would buffer fluctuations in water supply and demand (thereby avoiding the necessity for changes in local demand to be transmitted to the source itself). Second, a clear hand-over point could be designated, where the officials' jurisdiction ends and the farmers' jurisdiction begins (Wade 1988).

Indirect Mechanisms

Sometimes reducing corruption is not as straightforward as the Wade and Bunker readings may have us believe. In this section, I will discuss how corruption can be reduced through indirect

¹ Note that this contradicts one of the successful MCP strategies described by Moore: "Campus style living...insulates employees from social pressures that might adversely affect their job performance." (Moore 2003)

mechanisms, such as changed incentives, as opposed to more straightforward techniques such as direct monitoring.

Davis tells us that although most recommendations for reducing corruption in public-service contracting involve increased oversight, the most effective strategies also *inadvertently* increase the moral cost of corruption (2003). For example, the Slum Networking Project (SNP) in Ahmedabad involves a partnership with an NGO that acts as a financial intermediary between community members and the contractor, holding the community's financial contributions until all construction work is satisfactorily completed. While this has been a successful oversight mechanism, its real success lies in the way it has changed the staff working environment and increased the moral cost of misconduct. According to Davis, SNP staff report that exposure to NGO staff and community members has "strengthened their commitment to supplying poor households with network services...and staff are motivated not just by material gain, but also by a sense of pride in improving the lives of poor citizens.

Is Corruption Always Bad?

It is not useful to say corruption alone causes otherwise good programs to fail. Sometimes good programs fail in absence of corruption. Sometimes programs succeed despite corruption. And sometimes, as Tendler points out in *In Rural Works Programs in Bangladesh* corruption, corruption can lead to *better* outcomes than would have resulted otherwise (1979). Perhaps the best illustration of this is the case of the corrupt former mayor of Providence, R.I., who simultaneously solicited bribes and transformed the city from "a grimy industrial backwater into the liveliest, most appealing city in New England," (Ehrenhalt 2002). By having a mayor who

freely engaged in illicit activities to lure businesses and investment into Providence, residents prospered. A success! Maybe. When addressing these questions, we must remember to look at who is really affected by corruption. For example, residents of neighboring towns who lost business and investment to Providence may not agree this is a case where corruption led to positive outcomes. It is a question of equity.

Clientelism

Like corruption, clientelism does not always necessarily result in undesirable outcomes – sometimes such behavior can be directly linked to positive political and economic outcomes. For example, when government agencies or political parties have to compete for patronage, it is often the clients that benefit, at least in the short run. This theme comes out in a number of our readings. For example, Piattoni describes how clientelistic behavior in some parts of southern Italy have led to unexpected positive outcomes. He says because competing patrons tried to build reputations for themselves that would allow them to “be hegemonic at the local level,” it was in their best interest to enforce contracts impartially. If they did not, they would be regarded as patrons of only some clients, thereby leaving room for other politicians to compete for the protection of neglected clients (Piattoni 1998). Similarly, Nelson points out how clientelistic behavior on the part of competing political parties resulted in positive outcomes for clients – for example, the communist party that pandered to the working classes established provisions for better social services (Gibson 1997). Further examples that support this idea that competing patrons may result in positive outcomes may be found in Krishna’s article. He says that while the Indian government used to rely on caste-based voting, officials are now finding it more useful to “forge links at the village level with the rising group of young and educated leaders. The old

caste-based leadership is no longer the only or even primary contact that party organizers seek when they enter these northern Indian villages looking for votes,” (Krishna 2003). As a result, the government is inadvertently supporting the break down of the caste-system, and with it, all of its injustices. Gibson and Pur also support this idea that clientelism can lead to positive outcomes in ways very similar to these examples just stated.

Example 2 :

Interpretations and Misinterpretations

Pollitt (1995) and Jain and Moore (2002) present two very different cases of policy initiatives that have been widely considered successful and replicated in different organizations and contexts. In the case of NPM the adoption of the “eight elements” is assumed to lead to modernization and greater efficiency. In the case of micro-credit, the creation of strong social bonds among small borrower group, borrower participation in management and the belief of the centrality of charging unsubsidised interest rates are considered the key “ingredients” of successful and viable micro-credit programs.

However, it is wrong to assume that success of the above mentioned policy initiatives lies in replicating a particular organisational and policy blueprint because organizations are different and the same elements applied in different circumstances and organizations do not always lead to the same results, or cannot explain the same results. For example, greater efficiency might not always be attributed to NPM, because it might also be related to other factors than new-style management, such as workers’ ability to adjust to the new conditions. Along the same reasoning, there are successful micro-credit programs that do not rely on the three above-mentioned reasons for success or in which these elements play a much smaller role than it is commonly believed.

The case presented by Roe (1991) about land registration and increased agricultural productivity brought to my mind the formalization of informal properties undertaken in Peru by the Commission for the Formalization of Informal Property (COFOPRI) from the beginning of the 1990s. As in the case presented by Roe, the registration of informal land and housing is believed to be a condition for greater credit access and consequently investment. However, there is no strong evidence that the poor, via the credit mechanism, have increased investments because of the registration of property rights. On the contrary, greater credit access might be explained by the increasing number of banks serving micro-entrepreneurs and lower classes, and by banks and other institutions' (such as NGO and credit cooperatives) commitment towards the poor in limiting the number of requirements needed to access credits. Nonetheless, formalization of property rights is still considered one if not the main strategies to encourage investments, in Peru and worldwide.

There are common reasons why these wrong interpretations have such staying power in all policy initiatives. First, no serious and systematic evaluation has been done. Second, and related to the first point, development narratives help policy makers to stabilize and underwrite the assumptions needed for decision making, allowing them to reduce uncertainty. Additionally, it is easier for policy makers to follow the mainstream. This is especially true if the model is appealing to donors and constituencies (Grameen) or more convenient for "inertia-tending" bureaucracies as financial, human, and institutional resources are allocated to pursue that specific result (for example in Peru COFOPRI was created ad-hoc to pursue formalization).

There are also specific reasons why wrong interpretations have such staying power that are specific to each policy initiative.

In the case of NPM these reasons are that similar management styles and techniques are appropriate for different functions or levels within any organizations and by NPM's appeal to politicians, and that NPM techniques are believed to ensure greater efficiency (for example by increasing productivity without increasing expenditures).

Such a staying power of the Grameen model depends on its suitability to be replicated, the effective activism of the leadership in publicizing its virtues and in communicating donors what they want to hear, and on Grameen's decision not to inform competitors about the real reasons of success.

The staying power of property rights as a condition for investment is also linked to its appeal to policy makers, as they can broaden their consensus handling property titles and are supported by banks that enlarge their client portfolio.

Corruption and clientelism

These set of readings helped us answering the following questions: (1) what tasks and under what circumstances are programs less vulnerable to corruption and clientelism? (2) Where clientelism and corruption exist, how can we effectively reduce them using indirect mechanisms? (3) Why in some cases traditional clientelistic politics lead to development? And how can we achieve progress when clientelism and corruption are threatening the success of a program?

1. What tasks and under what circumstances are programs less vulnerable to corruption and clientelism?

I have identified four sets of activities and relative circumstances under which programs are less vulnerable to corruption and clientelism.

In the construction sector (Tendler 1979) programs focusing on building earthworks without structure seem to be less vulnerable to corruption compared to programs building both

earthworks and structures at the same time. This is because de-coupling the two activities, the project becomes a much easier task, technically and organizationally. Additionally, when it is possible to clearly identify a beginning and an end of a project, it is more likely to be successful and not stumble upon political bottlenecks that could foster corrupted or clientelistic behaviour.

Distributive programs (especially relief programs) are less vulnerable to corruption than redistributive programs (subsidies or reorientation of social services). Distributive programs such as relief programs are often externally financed, i.e. the opportunity cost for the national budget is zero, and they are broadly targeted, i.e. all social classes benefit from it. Consequently, distributive programs pose fewer political problems and are less likely to be vulnerable to corruption and clientelism, because they do not shift resources from more politically active and vocal groups to less potent, and general poorer ones (Nelson 1992). On the contrary, redistributive programs generally involve domestic resource transfers between the higher classes to the poor, are more likely to be opposed by some and therefore more vulnerable to political influences and clientelistic pressures.

In rural development projects, corruption seems less likely to occur where relationships within and among agencies are marked by antagonistic opposition or surveillance, as in Project B, than where relationships are characterized by collaborative exchange, as in Project A (Bunker 1988). This is because when relationships are based on antagonistic surveillances, (1) individuals have incentives to report illegal activities in order to prevent the loss of prestige or power which another agency's accusations might have brought about; (2) each agent's own best interest is served by restricting the opportunities for corruption of others; (3) it is more difficult for agents to provide their relatives with favours, because agencies' members act to curtail these practices.

In the irrigation sector (Wade 1988), an irrigation agency is less likely to be vulnerable to corruption if presents the following organizational features, which are found in the East Asian type of organization: (1) the primary function of the agency is canal operation and maintenance and not construction, (2) the agency has its own revenue bases and therefore the staff have a direct sense of dependence on the prosperity of their own clients, (3) if there is coordination between the water supply function and the extension function within the organization and (4) if promotion incentives and agency scrutiny from above is provided. An agency with such organizational traits is less vulnerable to clientelism and corruption because it is more likely that the staff will be - and will be seen- competent and trustworthy and therefore that one party will act before knowing that the other will behave as promised (in the case presented farmers refrained from taking water out of turn, because they expected water delivering on time).

2. Where clientelism and corruption exist, how can we effectively reduce them by using indirect mechanisms?

In rural India (Krishna 2003), three indirect mechanisms reduced caste and extended patron clients links that were shaping political organization, and supported the emergence of new village based networks of collective action and political mobilization. These mechanisms are (1) the rise and spread of education in these villages - that enhanced the supply of potential leader; (2) a rapidly increasing state expenditures, both in terms of budget committed and communities reached - that have generated a demand for new kinds of leadership to monitor the implementation of development programs; (3) increasing two party competition which has helped consolidating the position of emerging new leaders. These leaders now barter their votes for collective development benefits.

In water and sanitation delivery in South Asia (Davis 2003) the combination of a number of factors influencing staff pride and motivation, have made work environment such that the moral cost of corruption increased and therefore reduced corruption and clientelism. Workers do not find convenient to adopt corrupt behaviour because of the comfortable working conditions, the opportunity to gain new and “enhancing status skills” such as computer skills, the honor to be selected for a position offering these benefits, and their shame of being discovered corrupted by the community engaged in the monitoring process.

3. Why in some cases traditional clientelistic politics lead to development? And how can we achieve progress when clientelism and corruption are threatening the success of a program?

These set of readings regarding examples of traditional clientelistic politics that lead to development were really striking for me because I have always been taught when comparing the different level of development of Northern and Southern Italy, that development was possible where corruption and clientelistic behaviour were minimized. The following cases, instead, show that clientelism and corruption can co-exist with positive outcome and, even more surprisingly, lead to development.

In Ehrenhald (2002) despite corruption, political leaders achieved positive political (governor of Illinois) and economical outcomes (major of Providence and the governor of Kentucky).

In Karnataka (Pur 2002) traditional clientelistic politics (customary panchayats, CP) foster the improvement of service delivery, and support the local government in decision making and implementation. Such an influence of this customary institution is understood considering the authority and the respect that members of CPs are granted in villages. Note however that CPs can also play a negative role in that their decisions happened to be biased in favour of the village elite. In other words, clientelism can have dangerous distributional implications.

In the construction sector (Tendler 1979) when grafts lead to de-couple the task of earthwork construction from structure, it might enhance local economic development in that incomplete facilities often attracts private local contribution and local communities' desire to invest their own resources.

The cases presented by Piattoni (1998) and Gibson (1997) are particularly interesting because the patron-client relationship politicians used to increase power is linked to positive policy changes, but in different areas, such as economic development in Abruzzo (Piattoni) and reforms in Mexico and Argentina (Gibson).

In Abruzzo, virtuous patrons promoted economic development in order to maintain their position and power. Note that this happened despite (1) clientelism did not aim at achieving this goal and (2) despite Abruzzo's resemblance to other Southern regions – as it also benefited from the vast program of state subsidies and direct public action known as the “Extraordinary Intervention”, that is believed to have fostered clientelism in the South. Different political strategies of local elites explain the different economic performance of regions in similar conditions. Politicians' different behaviour is influenced by specific incentives deriving from clients' reaction, as patrons' political status depend on their ability to satisfy clients. Differing from what happens in other regions, even where similar opposition is present, “virtuous” patrons in Abruzzo cannot afford to disregard the clients' demand, and are induced by the opposition to use their power to attract resources from the center and to allocate them effectively in the periphery. Considering the strong opposition virtuous patrons face, they will avoid appropriating too large portion of the resources obtained from the center and will have an interest in enforcing contracts impartially not to lose the support of neglected clients. This system of incentives ultimately brought economic development.

Populist parties traditionally remained in power and enlarge their electorate base through paternalistic politic control and patronage. In order to achieve their goals of maintaining power and mobilizing support they entered into pact with the metropolitan and peripheral coalitions. The metropolitan coalition functioned as a policy coalition that gave support to the parties' development strategies, whereas the peripheral coalition functioned as an electoral coalition, which carried the burden of generating electoral majorities. This ability of maintaining an internal balance of power and forming "marriage of convenience" depending on the allies populists needed to be in power, allowed these parties to undertake a number of reforms (land and neo-liberal reforms).

Finally, what I learnt from all these readings is the need to go beyond the conventional wisdom in order to better understand the real reasons for policies' success and to exploit the positive outcomes that can derive from existing clientelistic settings.