

There is No Place Like Home: Theory and Evidence on Politician Preferences

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Abstract

We construct a simple model comparing centralized and decentralized political structures and use it to interpret data on politicians' preferences, which we elicit through an incentive-compatible choice experiment with 179 elected county councilors in rural Kenya. In the model, politicians can choose to spend resources to boost their own personal consumption, welfare in their home area, or welfare in other geographic areas. If politicians are honest and unbiased or if expected penalties for improper behavior are sufficiently great, centralized political structures maximize welfare. However, we show that if politicians are not strongly constrained, value their own consumption, and are biased towards those in their home areas, then decentralized political structures, in which politicians in each geographic area are provided resources only for their home area, may increase welfare by reducing corruption and biased targeting of public goods. In the experiment, local politicians choose between different public goods packages (water infrastructure) that vary in whether or not the politician is able to target the good to the location of his choice and whether he controls the discretionary funding associated with the project. We find that local officials value controlling the location of the public good; and when they control geographic targeting, they target in a manner that increases welfare – e.g. by choosing areas with more potential users and with dirtier water – but also disproportionately put the good in their home area. We estimate that politicians value users in their home area approximately twice as much as those who live further away. We find that politicians are not eager to have control over discretionary funding in our context, but they are more likely to value controlling the discretionary funding associated with the project when it is not in their home area, consistent with the idea that decentralization may reduce corruption.