

The Effect of Socioeconomic Class on Legislators' Responsiveness
A Field Experiment on Mexico's Federal Legislative Branch

PROSPECTUS*

PAUL LAGUNES
Yale University – Political Science

* Prepared for the December 1, 2008 Leitner Workshop.

Introduction

Inequality is a social ill. This is an age-old view that can be traced as far back as Aristotle (*P IV*, 11), who held that a society without a middle class would face internal conflict. With the progression of time many others have brought forth an array of arguments against the unequal distribution of wealth. For one, a majority of contemporary scholars studying the impact of inequality on growth claim that high levels of income disparity are causally related to lower rates of growth in mean incomes (de Ferranti, Perry, Ferreira and Walton 2004 27).² Inequality is also associated with lower credit availability, greater macroeconomic volatility, reduced capacity to respond to financial shocks, and higher crime rates (Perotti 1992 30; Alesina and Perotti 1996 30; Rodrik 1999 30; Lederman and Loayza 2000 in de Ferranti, Perry et al. 2004 30).³ Furthermore, according to Rogowski and MacRae (2004), an additional concern is that inequality feeds on itself. That is, at higher rates there is lower demand for redistribution. Thus, in sum, inequality is a toxic trap.

There are three political institutions that are thought to determine income polarization. These are the degree of centralization of wage bargaining, the ideology of the political party in control of government, and whether the system has majoritarian or proportional representation. These arguments receive some support when researchers analyze data for OECD countries from the 1970s onward (e.g., Golden and Wallerstein

¹ This is a Spanish folk saying that translates into: “As they see you they treat you.” In several Latin American countries it serves as a reminder that prejudices based on appearance continue to exist.

² For example, Alesina and Rodrik (1994) find that the average growth rate during 1960-1985 period correlates with Gini coefficients for income and land around 1960. Similarly, Person and Tabellini (1994) use share of income accruing to the middle fifth of the income distribution as a proxy for equality. They also find a significant relationship between wealth distribution and economic growth. Of course, neither of these two studies solves the question of causality, but they do exemplify the predominant view.

³ Similar to other authors (*supra*), Perotti (1992) looks at the relationship between inequality and growth. He argues that greater inequality leads to lower credit availability, which has a negative impact on the economy’s rate of growth. Alesina and Perotti (1996) argue that greater inequality causes greater political instability, which in turn results in macroeconomic volatility. Finally, Rodrik (1999) argues that countries suffering from pervasive social divisions—including those of socioeconomic nature—do not adjust to large shocks as well as other, more egalitarian and cohesive societies.

1997; Wallerstein 1999; Rueda and Pontusson 2000; Persson and Tabellini 2003). However, in Latin America, one of the most unequal regions in the world (de Ferranti, Perry et al. 2004 17; ECLAC 2004 72), at least the last of the three arguments breaks down.

Alesina and Glaeser (2004) show that, in contrast to developed nations, for Latin American countries the proportionality of the electoral system is *not* correlated with the amount of government transfers. If it did, a country like Mexico would provide a similar rate of government transfers as Denmark (see *Figure 1*). But it does not and the poorest tenth of the Mexican population concentrate 1.6 percent of the country's income, while the richest tenth hold 39.3 percent of it (Alatorre 2007). In view of this prevailing economic disparity, the logical question is: Why has proportional representation in Latin America not brought about greater income equality? When one considers that regional surveys place inequality high on the list of concerns, the question can also be posed from the perspective of representation.⁴ Indeed, what is it about the electoral systems in Latin American countries that have prevented legislators from responding to the public's demand for redistribution?

In view of the proposed puzzle I argue that the lack of redistribution is only the symptom of a deeper problem in the system of representation. The current institutional structure does not favor accountability and allows legislators to act on other interests besides those of the people. To support this view I plan to run a field experiment in Mexico that tests whether legislators elected via a system of proportional representation are less responsive to citizens' legitimate requests than legislators elected via a majoritarian system. I hypothesize that, if this difference is found, the explanation has to do with the extent to which the system of proportional representation shields a number of legislators from electoral competition and therefore makes them less sensitive to the public's interests.

⁴ In Latin America between 2004 and 2006 inequality represented the public's third greatest concern after unemployment and insecurity (Latinobarómetro 2007).

In addition to presenting my research question and hypothesis, this prospectus includes a literature review that touches on issues of representation and electoral rules. It also holds a section on Mexico's mixed electoral system and on my dissertation's main methodological strategy.

Literature Review

Public officials are entrusted to serve the citizenry by representing their best interests (Pitkin 1967 in Manin, Przeworski and Stokes 1999 2). Simply stated, they legitimize their use of power by governing for a majority of the population.⁵ When this fails to be the case there arises a principal-agent problem (based on Laffont and Martimort 2002 3). This problem is explained by a combination of several factors. For one, the average citizen has limited knowledge about many things, including the agents' activities (Ferejohn 1999 133-134). Though this information asymmetry is far from being a recent discovery (see, for example, Downs 1957), we assume that it allows officials to act in a self-interested manner without the public's knowledge. Another explanation is that people face a collective action problem and is uncoordinated vis-à-vis a more organized set of self-serving officials (Ferejohn 1999 150). Thirdly, the citizenry may find it too costly to communicate their interests to the government. And finally, it is also possible that the public is not properly empowered to punish officials that cause a breach in the principal-agent relationship.

Whether it is because of a lack of transparency on the government's part or because elections are weak disciplining tools, a system in which public officials are not properly accountable to the citizenry may present any of four symptoms: (1) corruption, which is defined as behavior that deviates from the formal duties of a public role because of private-regarding, and does not only provoke illegal enrichment of public officials, but

⁵ This is not only true for majoritarian systems in which the candidate who polls more votes than any other candidate is elected. As John Stuart Mill notes, even in a system of proportional representation—where an assembly reflects interests proportionately—there are decisions entailed in governing that are dichotomous. In such cases, the majority prevails over the minority (Manin, Przeworski and Stokes 1999b: 32).

also distorts markets and hampers service delivery (Rose-Ackerman 1999); (2) clientelism, which is understood as the particularistic allocation of public goods, and alters the dynamics of political competition and leads to the ineffective provision of public service (Fox 1994; Stokes 2005); (3) inefficiency, which is observed when time and public resources are wasted; and (4) capture, which involves the provision of state services to a narrow group of wealthy and politically connected people, and alters markets and worsens the position of consumers, workers, and the environment vis-à-vis the interest group (Stigler 1971). This last one is related to bias or differential treatment, which may be triggered by some perceived factor (e.g., wealth, race or gender). It is a form of discrimination that involves the illegitimate use of power in at least as much as it mars an official's role as a public servant by benefiting a minority at the expense of the majority.⁶

The literature offers a number of examples of capture. In Indonesia and Uganda larger and more powerful firms are shielded from public officials' high bribery demands (Robinson 1986 in Rose-Ackerman 1999 19; Svensson 2003). In Denmark, large private companies are subject to more lenient inspection (Nielsen 2006 861). In Nigeria, wealthier and more established commercial traders have an easier way with border officials (Fadahunsi and Rosa 2002). In Mexico billionaire-controlled companies are more likely to secure a legal protection against antitrust lawsuits (Guerrero, López-Calva and Walton 2006). Given this widespread pattern of injustice, the goal is to promote public accountability among government officials.⁷

Schumpeter (1976) argued for promoting accountability by turning power into an object of electoral competition. To further his argument he articulated it in the form of an analogy between political and economic competition. From this perspective, voters are analogous to consumers, parties and politicians in their search for votes are similar to businesses seeking profits, and the policies governments enact are taken as goods and

⁶ Discrimination may also involve the illegitimate use of power in as much as it violates basic human rights and in as much as it provokes injustices that undermine democracy's legitimacy (Shapiro 1999 21).

⁷ One author defines accountability appropriately as the "proactive process by which public officials inform about and justify their plans of action, their behavior, and results and are sanctioned accordingly" (Ackerman 2005 7).

services. The value behind Schumpeter's view is that it presents elections as a way to discipline incumbents with the threat of losing power in the same way that firms are disciplined by the threat of bankruptcy, and it gives the opposition the incentive to be responsive to more voters than their competitors. However, some electoral systems will work more effectively than others in promoting competition and, therefore, responsiveness to the electorate. Stated in the simplest form, electoral rules matter.⁸

Different electoral rules lead to different outcomes. There is the majoritarian system, which is understood as the electoral process that leads the candidate who polls the most votes to win office. This system, when employed in a single-member district, tends to produce two-party rule (Duverger 1955). It is also thought to promote greater accountability (Powell 2000), produce smaller governments, and pull in the direction of spending programs narrowly targeted at small constituencies (Persson and Tabellini 2003). Then there is the system of proportional representation in which seats are allocated to parties within multimember constituencies, roughly in proportion to the votes each party receives. This particular system is thought to entail lower barriers to entry for political parties (Rae 1967), foment greater representation (Powell 2000), and promote downward redistribution (Alesina, Glaeser and Sacerdote 2001). The problem with this particular system is that, where the list of candidates is closed, politicians have a greater incentive to respond to the party leadership's interests than to the public's. This might explain why, as noted in the introduction, Mexico's rate of proportionality has not translated into greater responsiveness to the electorate.⁹

Mexico's Electoral Law

For over seventy years the Mexican government was in the hands of a single party. The PRI drafted the electoral rules that gave it disproportionate rewards and

⁸ Electoral rules are understood as the formal institutions that help determine the strategic behavior of elites and voters (Boix 1999 609).

⁹ There is evidence that party leaders do condition positions on the PR list on whether current legislators maintain a certain degree of discipline (Marí 2008).

reduced the entry costs to the legislature so that the opposition could remain divided. Thus, the goal behind Mexico's mixed electoral system was not the advancement of government responsiveness, but the prolongation of the PRI's hegemony (Magaloni 2006 25-26).

The idea of reforming the country's current electoral law has been discussed. As things stand, however, in the upper chamber there are 128 senators, 3 from each state, elected for six years to serve in the upper house. Two senators from each state are elected by simple majority vote, the third is assigned to the largest minority party. The remaining 32 senators are elected based on a proportional representation system within large districts. In the lower chamber, there are five hundred deputies that are elected every three years to serve in the lower house. Of these, 300 are elected by simple majority and 200 by proportional representation within five large districts of 40 representatives per district. The 200 are selected from each party's regional list (in Spanish: *lista regional*).¹⁰ Thus, given this division, Mexico's mixed electoral system provides a unique opportunity to test the effect of electoral rules on legislative responsiveness.

Methodology

A number of field experiments demonstrate the prevalence of inequality of influence toward different people in a number of contexts in the private sector. There exists evidence of differential treatment toward blacks (Bertrand and Mullainathan 2004), homosexuals (Hebl, Bigazzi Foster, Mannix and Dovidio 2002; Weichselbaumer 2003), and individuals with a past criminal record (Pager 2003) in the labor market. The same is true for obese people (King, Shapiro, Hebl, Singletary and Turner 2006) and Latinos (Ditlmann and Lagunes Forthcoming) in the retail market. Differential treatment is also present in the market for houses (see Riach and Rich 2002 for a useful review) and even used cars (Ayres 1991).

¹⁰ It is important to note that members of Congress cannot run for a consecutive term. Also, there is a complete renewal of congressional representatives every three years.

My intention here is to run a field experiment to test for differential treatment, but in the public sector. This follows in line with some of my previous research on corruption in the Mexico City police force (Fried, Venkataramani and Lagunes Forthcoming) and on transparency among Mexican federal bureaucrats (Lagunes Forthcoming).

The Research Questions:

- Contrary to what the prevailing literature in political science would seem to imply, do legislators elected via a majoritarian system adopt more egalitarian behavior when interacting with citizens than those elected through mechanisms of proportional representation?
- Also, do legislators' party membership, skin tone, and place in the Congress or Senate help determine their responsiveness?

The Assumptions Going In:

Legislators are public servants. As such, they should constantly strive to promote their country and districts' interests. Thus, if faced with the question of assisting someone, they should agree only if the energy and time expended would somehow promote either of these two causes. In other words, legislators' personal interests and biases should not figure in their decisions as public servants. As a corollary to the previous statement, we should expect legislators to assist a non-constituent who is promoting a general or popular national cause. Similarly, in the hypothetical scenario in which the same legislator faces two non-constituents who present the same general requests for assistance and are exactly equal on key characteristics except for their socioeconomic class, their reaction should be the same toward both.

Deviations from said expectations would show legislators are acting as imperfect agents of representation. Indeed, I am arguing that if legislators decide to treat a wealthier and whiter non-constituent better than a poorer and more indigenous non-constituent, then it is probably because of personal utility calculations. Perhaps they believe that assisting the former non-constituent might lead to a future financial contribution or serve as a useful contact. It is also possible that their personal likes and dislikes, which are

often triggered by people's observable characteristics, affect their behavior. Whatever the actual explanation, the key idea is that legislators should be so committed to causes greater than themselves that they should have no reason to promote the interests of an advantaged non-constituent over the interests of a disadvantaged non-constituent.

The above conclusion breaks down if there are reasons to believe that the interests of members of a higher socioeconomic class are somehow more legitimate than those of a lower one. Someone, for example, may argue that people belong to the upper strata because they hold above average industriousness. And given that the industriousness of any one citizen has trickle down benefits for the country as a whole, that person may also argue that providing special aid to members of a higher socioeconomic class will necessarily benefit the rest of society. However, even if this view were true, it contradicts a key underlying assumption of any democratic society: all citizens are of equal import. Thus, to the extent that any society calls itself democratic, it should strive to offer equal representation to all its citizens, regardless of their income or race.

The Approach:

- It is hard to imagine a single Mexican citizen who would not want to see the channels of communication between the public and their representatives improved. In view of this, I will seek a meeting with every single legislator at the federal level in the name of *Centro Mexicano para la Filantropía A.C.*, a nonpartisan civic association. The official purpose of these meetings will be to discuss their relationship as legislators with the citizenry. The meeting requests will first be communicated via a formal letter and followed up with phone calls.
- For every meeting that is granted I will randomly assign one of the eight testers to attend in representation of the nonpartisan civil association.

Testers:

- The study will be conducted with the help of eight adult males that are similar on five characteristics (i.e., city of residence, articulateness, ease of personal interaction, physical attractiveness, and nonverbal communication style), but

belong to a different socioeconomic group. This key difference will be signaled via their phenotypic characteristics and the clothes they wear. Those belonging to the higher socioeconomic group will appear more European and will wear more expensive suits.¹¹ Those belonging to the lower socioeconomic group will appear more indigenous and will wear less expensive suits. As a demonstration of the phenotypic differences please refer to *Image 1*.

- Testers from the two different socioeconomic groups will never meet. This will help guarantee that they are kept blind to the study's hypothesis and that their behavior does not bias the study's results.

Variables:

- Dependent Variable: Legislator's responsiveness.
- Independent Variables: Tester's socioeconomic status and whether the legislator was elected through a majoritarian or PR system.

Objective Measurements:

- Whether, regardless of socioeconomic class, the legislator is willing to meet with a representative from the civic association.
- The tester's wait time prior to being called into the legislator's office.
- Whether the legislator is willing to answer survey questions about their relationship with the citizenry and how many of those questions (some of which will be more personal in nature) he or she is willing to answer.
- Whether the legislator is willing to assist the tester with a request that satisfies the following criteria: (1) is general and clearly related to a national interest; (2) is uncontroversial; and (3) is, at least, minimally costly. The current idea is to ask the legislator to add his or her name to a petition for improved communication standards between the citizenry and their representatives.

¹¹ In Mexico, expensive suits tend to have stitchings on the lapel.

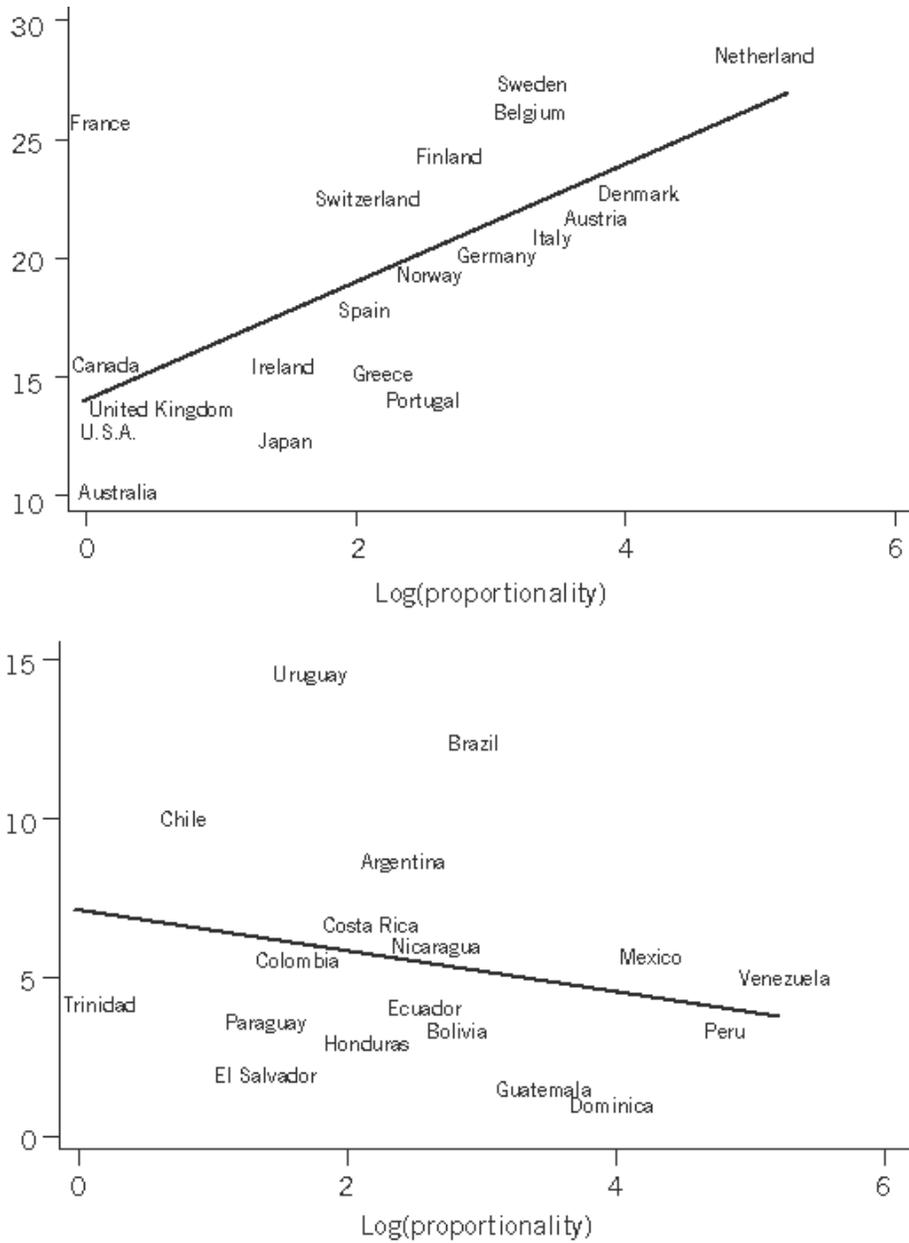
Subjective Measurements:

- These are nonverbal behaviors. A key example is whether or not the legislator welcomes the tester with a smile.

Monitoring:

- Testers will go through extensive training before being sent out onto the field. They will also have programmed meetings with people who are not actual legislators, but who are confederates who will gauge the extent to which the testers are following through with the study's requirements.

Figure 1
*Transfers/GDP versus Log(Proportionality) for OECD countries (top) and Latin American countries (bottom)**



* Found in Alesina and Glaeser (2004 85).

Bibliography

1. Ackerman, John M. (2005). Social Accountability in the Public Sector, World Bank Institute: 43.
2. Alatorre, Adriana (2007). Padecen pobreza 44.7 millones. Reforma.com, Periódico Reforma.
3. Alesina, Alberto and Edward L. Glaeser (2004). Fighting Poverty in the US and Europe: A World of Difference. Oxford, Oxford University Press.
4. Alesina, Alberto, Edward L. Glaeser, et al. (2001). "Why Doesn't the United States Have a European-Style Welfare State?" Brookings Papers on Economic Activity **2**: 187-254.
5. Alesina, Alberto and Roberto Perotti (1996). "Income distribution, political instability, and investment." European Economic Review **40**: 1203-1228.
6. Alesina, Alberto and Dani Rodrik (1994). "Distributive Politics and Economic Growth." Quarterly Journal of Economics **109**: 465-489.
7. Aristotle (1984). The Politics. Chicago, The University of Chicago Press.
8. Ayres, Ian (1991). "Fair Driving: Gender and Race Discrimination in Retail Car Negotiations." Harvard Law Review **104**(4).
9. Bertrand, Marianne and Sendhil Mullainathan (2004). "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." The American Economic Review **94**(4): 991-1013.
10. Boix, Carles (1999). "Setting the Rules of the Game: The Choice of Electoral Systems in Advanced Democracies." The American Political Science Review **93**(3): 609-624.
11. de Ferranti, David, Guillermo E. Perry, et al. (2004). Inequality in Latin America: Breaking with History? Washington, DC, The World Bank.
12. Ditlmann, Ruth and Paul Lagunes (Forthcoming). "Fair Trading? Differential Treatment toward Latinos at Retail Stores."
13. Downs, Anthony (1957). An Economic Theory of Democracy, Harper-Collins.
14. Duverger, Maurice (1955). Political Parties: Their Organization and Activity in the Modern State. NY, John Wiley and Sons, Inc.
15. ECLAC (2004). Social panorama of Latin America 2002-2003. Santiago, Chile, United Nations Publications.
16. Fadahunsi, Akin and Peter Rosa (2002). "Entrepreneurship and Illegality: Insights from the Nigerian cross-border Trade." Journal of Business Venturing **17**.
17. Ferejohn, John (1999). Accountability and Authority: Toward a Theory of Political Accountability. Democracy, Accountability, and Representation. A. Przeworski, S. Stokes and B. Manin. Cambridge, MA, Cambridge University Press: 131-153.
18. Fox, Jonathan (1994). "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico." World Politics **46**(2).
19. Fried, Brian, Atheendar Venkataramani, et al. (Forthcoming). "Inequality and Corruption at the Crossroads: A Multi-Method Study of Bribery and Discrimination in Latin America." Submitted to LARR.

20. Golden, Miriam and Michael Wallerstein (1997). "The Fragmentation of the Bargaining Society: Wage Setting in the Nordic Countries, 1950 to 1992." Comparative Political Studies **30**: 699-731.
21. Guerrero, Isabel, Luis Felipe López-Calva, et al. (2006). The Inequality Trap and its Links to Low Growth in Mexico. Working Paper, Stanford Center for International Development: 49.
22. Hebl, Michelle R., Jessica Bigazzi Foster, et al. (2002). "Formal and Interpersonal Discrimination: A Field Study of Bias Toward Homosexual Applicants." Personality and Social Psychology Bulletin **28**(6): 815-825.
23. King, Eden B., Janessa R. Shapiro, et al. (2006). "The stigma of obesity in customer service: A mechanism for remediation and bottom-line consequences of interpersonal discrimination." Journal of Applied Psychology **91**(3): 579-593.
24. Laffont, Jean-Jacques and David Martimort (2002). The Theory of Incentives: The Principal-Agent Model. Princeton, NJ, Princeton University Press.
25. Lagunes, Paul (Forthcoming). "Irregular Transparency? An Experiment Involving Mexico's Freedom of Information Law."
26. Latinobarómetro (2007). (F0102) Problema más importante: 2004-2006, Latinobarómetro.
27. Magaloni, Beatriz (2006). Voting for Autocracy. Cambridge, MA, Cambridge University Press.
28. Manin, Bernard, Adam Przeworski, et al. (1999). Introduction. Democracy, Accountability, and Representation. A. Przeworski, S. Stokes and B. Manin. Cambridge, MA, Cambridge University Press: 1-26.
29. Mari, Carlos (2008). Plantea Zavaleta premios y castigos. Reforma. Mexico City.
30. Nielsen, Vibeke L. (2006). "Are Street-Level Bureaucrats Compelled or Enticed to Cope?" Public Administration **84**(4): 861-889.
31. O'Donnell, Guillermo (1998). "Horizontal Accountability in New Democracies." Journal of Democracy **9**(3).
32. Pager, Devah (2003). "The Mark of a Criminal Record." American Journal of Sociology **108**(5): 937-975.
33. Perotti, Roberto (1992). Fiscal Policy, Income Distribution, and Growth, Colombia University, Department of Economics: 46.
34. Persson, Torsten and Guido Tabellini (1994). "Is Inequality Harmful for Growth?" American Economic Review **84**(3): 600-621.
35. Persson, Torsten and Guido Tabellini (2003). The Economic Consequences of Constitutions. Cambridge, MA, MIT Press.
36. Powell, G. Bingham (2000). Elections as Instruments of Democracy: Majoritarian and Proportional Visions. New Haven, CT, Yale University Press.
37. Rae, Douglas (1967). Political Consequences of Election Laws. New Haven, Yale University Press.
38. Riach, Peter A. and Judith Rich (2002). "Field Experiments of Discrimination in the Market Place." Economic Journal **112**: 480-518.
39. Rodrik, Dani (1999). "Where Did All the Growth Go? External Shocks, Social Conflict and Growth Collapses." Journal of Economic Growth **4**(4): 385-412.
40. Rogowski, Ronald and Duncan C. MacRae (2004). Inequality and Institutions: What Theory, History, and (Some) Data Tell Us. APSA Conference. Chicago, IL.

41. Rose-Ackerman, Susan (1999). Corruption and Government. New York, Cambridge University Press.
42. Rueda, David and Jonas Pontusson (2000). "Wage Inequality and Varieties of Capitalism." World Politics **52**: 350-383.
43. Schumpeter, Joseph A. (1976). Capitalism, Socialism, and Democracy. The Democracy Sourcebook. R. A. Dahl, I. Shapiro and J. A. Cheibub. Cambridge, MA, MIT Press.
44. Stigler, George J. (1971). "The Theory of Economic Regulation." Bell Journal of Economics and Management Science **2**(1): 21.
45. Stokes, Susan (2005). "Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina." American Political Science Review.
46. Svensson, Jakob (2003). "Who Must Pay Bribes and How Much? Evidence from a Cross Section of Firms." Quarterly Journal of Economics **118**(1): 207-230.
47. Wallerstein, Michael (1999). "Wage-Setting Institutions and Pay Inequality in Advanced Industrial Societies." American Journal of Political Science **43**(3): 649-680.
48. Weichselbaumer, Doris (2003). "Sexual orientation discrimination in hiring." Labor Economics **10**: 629-642.