

**Distributive Politics in a Non Machine Party System:
The Allocation of Targeted Social Funds and Subsidies in Chile (2000-2008)**

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INTRODUCTION

The implementation of targeted social policy programs (and currently, of conditional-cash transfers) has rapidly diffused across Latin America. Available case studies that analyzed the distribution of first generation programs, unveiled the presence of massive political distortions in targeting. Incumbents in several Latin American countries were found to use these transfers to obtain an electoral edge over their opponents and/or to ease up popular discontent regarding the simultaneous implementation of politically controversial reforms.¹ This evidence, along with theoretical insights from two distinct theoretical literatures informs current analysis of new generation programs, and in particular, of incumbents' political investment rationales.

Sometimes implicitly and often times ambiguously, the theoretical modeling of incumbents' investment rationales draws insights from two literatures. The first literature is set to analyze clientelism and vote buying by political machines that pursue contingent exchanges with voters, usually on election-day (Calvo & Murillo, 2004; Nichter, 2008; Stokes, 2005). The second literature, analyzes the political economy of geographically targeted investments and pork, and draws more directly on the study of distributive politics in the United States (e.g. Cox & McCubbins, 2001; Dixit & Londregan, 1996). Alternatively, available research on social funds inductively infers investment rationales from the electoral results observed after the pursuit of the political investment of social programs. In this paper we take a step back and analyze investment rationales independently from their observed electoral return. Although we draw insights from the above-mentioned theoretical literatures, we engage them critically, trying to provide a more precise analytical framework that could be applied to a wider set of cases.

We depart from three simple premises. First, political biases in the distribution of these types of programs are always present; after all, allocating scarce resources to specific individuals or groups constitutes a quintessential component of politics. Second, the incumbent's rationales and institutional room for politically allocating resources might vary widely across cases and across program types. Third, such variance derives from a series of case-specific characteristics, which to the moment have remained under-theorized, at least in part due to biased case-selection as previous analyses on the allocation of targeted social funds were carried out on the usual suspects for displaying gross political distortions.

Our analytical framework considers different scenarios in which incumbent's rationales and targeting capacities are predicted to vary significantly. These scenarios emerge from the presence/absence of two key traits within political systems; namely, a machine party system, and a state with a high level of bureaucratic and oversight capacities.

Regarding the first trait, the analyses of the Peronist party of Argentina² and that of the PRI of Mexico³ have set a very influential prototype from which to generalize

¹ See, for example: Garcia-Guadilla (2002); Gibson (1997); Giraudy (2007); Hawkins and Hansen (2006); Schady (2000); Magaloni et al (2007); and Zucco (2008).

² See: Auyero (2001); Calvo and Murillo (2009); Gibson and Calvo (2001); Levitsky (2003); Nichter (2008); and Stokes (2005).

political targeting rationales. As a result, the presence of a powerful machine party, commanding the allocation of targeted social funds, has consolidated as an implicit assumption valid across Latin American countries. Case selection has truncated the available variance and led research on clientelism and distributive politics to overlook the impact of party system structure, parties' organizational features, and context specific nuances on the strategies pursued by incumbents.

Calvo and Murillo's (2009) results and theoretical model, as well as Stokes' (2009) conceptual discussion of distinct party-voter linkage patterns are recent exceptions on this. Both articles call for better integrating cross-national variance on partisan structures to existing models. Our results suggest that inferring investment rationales for a non-machine context, on the basis of a theoretical model that at least tacitly assumes that a machine is present, might produce significant shortcomings.

Regarding the state's bureaucratic and overseeing capacity, most available research has centered on cases exhibiting weak state capacities, and has reported sizable political distortions in the allocation of targeted social policies, even in the absence of a political machine (see Schady 2000 on Peru). Therefore, theoretically accounting for variance regarding the state's capacities, when modeling incumbent's investments rationales, is also required. A capable state might for instance reduce the room for political discretion on the allocation of social expenditures. However, high bureaucratic capacity might also be instrumental for fine-tuning complex investment rationales, in that it provides incumbents with detailed information that their peers presiding over less capable states lack.

Empirically, the paper presents evidence on Chile, a Latin American case in which targeted social programs have been systematically implemented since the 1980s. This is useful for correcting for selection bias on the two traits that we theorize in the paper as conditions that critically influence incumbent's investment rationales. Chile lacks a governing political machine, and has, at the same time, a relatively capable state. Although Chile represents a least likely case for observing political targeting strategies by incumbents, our evidence conveys two clear messages: even in the context of efficient socioeconomic targeting and fiscal oversight, political targeting is also present; and, political investment rationales in Chile diverge from the standard predictions that have been derived from machine party ridden and/or weak states cases.

The paper is organized as follows. In the next section we develop a theoretical argument, which predicts that in the absence of a partisan machine, and mediated by the state's bureaucratic and fiscal oversight capacities, incumbents can pursue investment rationales for disbursing targeted social programs that would seem irrational in the context of a machine-ridden system. The subsequent section justifies our case selection and provides detailed information regarding our data and model specification. We then describe our empirical results, and account for several investment rationales identified in Chile: turnout boosting, opposition fighting, and coalition maintenance, along with two additional, but less frequently observed rationales (congress-majority built-up, and the weakening of strong local incumbencies). We then conclude and draw implications for future research.

³ See: Greene (2008); Magaloni (2008); and Magaloni et al (2007).

POLITICAL TARGETING OF SOCIAL POLICY: AN ANALYTICAL FRAMEWORK

The distribution of scarce resources in ways that whenever possible are functional to the advancement of the incumbent's own political goals is essential to political life. However, the institutional room that incumbents enjoy for politically targeting these resources varies across cases. Therefore, incumbents' rationales for investing those goods could also be subjected to substantial variance.

In this paper we identify two factors that shape the available room for targeting resources and the different motivations that drive incumbent's strategic decisions, namely: the presence (absence) of an incumbent party-machine and state's bureaucratic/oversight capacities for socioeconomic targeting. Different configurations regarding these two factors yield distinct scenarios regarding the available room for political targeting by incumbents, and the investment rationales that those incumbents apply when pursuing political goals through the allocation of socially targeted spending.

In this respect, mechanically translating investment rationales from one institutional context to another is misleading. In the emergent literature on conditional cash-transfers and targeted social policy, biased case-selection regarding our two independent variables has led to misplaced extrapolations of investment rationales from cases governed by political machines to other cases that lack them. In so doing, it has hitherto obscured distinct investment strategies.

Where incumbent partisan machines are absent, we expect the central government to have more autonomy from local allies and from its partisan support base. Machine parties not only supply votes on election-day but also impose constraints on their patrons. Those constraints make fiscal expenditures (targeted social policy in this case) inelastic to the incumbent's will to seek alternative investment rationales for allocating resources outside its core constituency.

When machines are absent, targeted social funds might be simply deployed as electoral campaign gifts to enable credit claiming by local and/or national candidates.⁴ In this context, these funds do not provide the material incentives for crafting *quid pro quo* clientelistic pacts, because those pacts cannot be enforced. Indeed, the incumbent cannot monitor the electoral behavior of social policy recipients due to the absence of a partisan machine at her disposal. As a result strategic investments become riskier. In this respect, the political targeting of social benefits in non-machine systems is more appropriately understood as distributive politics rather than as clientelism.

As in financial markets, diversified political investment portfolios can tame uncertainty and reduce investment risk. Therefore, in non-machine systems, we predict that the political distribution of social funds could be deployed through different

⁴As posed by Magaloni et al (2007) and Stokes (2009), social transfers are not typical clientelistic handouts. Although they are sometimes targeted at the individual level, their disbursement is set to follow technocratic criteria and its continuity (or removal), which largely exceeds election-day transactions, is not directly contingent on the beneficiary's electoral behavior. For these reasons, and in the absence of a partisan machine, social transfers are more appropriately analyzed as "entitlements" at the individual level, and at best as pork-barreling or distributive politics at the community level.

investment rationales, and in pursuit of electoral and non-electoral political objectives. In a nutshell, in non-machine settings it becomes rational for the government to seek alternative investment strategies outside the core constituency and beyond pursuing a straight electoral objective. In these settings, the greater risk involved in such investments, and the greater autonomy provided by the absence of the machine, the more likely it becomes to observe a diversified portfolio investment strategy.

Regarding the second trait, whereas the absence of a partisan-machine provides more autonomy to incumbents to seek redistributive tactics, such autonomy might or might not be realized, contingent on the state's capacity to allocate funds according to fair socioeconomic parameters, and to fiscally oversee the allocation of funds. In other words, the amount of discretionary spending available to the incumbent is also a function of each state's capacity to technically allocate, and subsequently independently oversee, targeted social policy.

In non-machine systems with a weak bureaucracy and low overseeing capacities, we expect political targeting to be more prominent than in cases that lack a party-machine but have a stronger state (see Schady 2000, for evidence on massive distortions in Peru under Fujimori). Based on previous studies (Shefter 1996; Kitschelt 2000), we expect an elective affinity between weak oversight and technocratic capacities and machine-ridden systems. Therefore, at least theoretically, the machine-system/strong state scenario seems implausible.⁵

Moreover, while higher state capacity reduces the incumbent's room for introducing gross political distortions, it also provides technical information that can be used by the incumbent to fine-tune its investment strategies. Therefore, though less massive, political investments in non-machine/strong state systems can be better tailored to fulfill the political needs of the incumbent.

Figure 1 graphically displays our theoretical argument. The plausible combinations of our two traits (machine party and capable state) yield three scenarios in which the political investment of targeted social policy in Latin America is subject to different constraints: 1) clientelistic allocation, 2) massive distributive politics, and 3) selective distributive politics.

The scenario of “clientelism” is consistent with descriptions of cases such as Mexico under the PRI and contemporary Argentina. Those two cases are characterized by the presence of partisan structures and local networks that enable patrons to closely monitor the electoral behavior of their clients, therefore solving the “logistics” required for a core voter equilibrium (Greene, 2008; Magaloni, 2008; Stokes, 2005). Moreover, in systems where political machines are pervasive partisan differences in the access and deployment of non-programmatic linkages are prominent, favoring the emergence of a quasi-hegemonic party machine which is able to extract government resources and deploy them by crafting clientelistic deals (Calvo & Murillo, 2004).

The functioning of the machine also permeates multi-level governance structures. In machine party systems, national incumbents build-up their government coalitions by

⁵Causal arguments explaining the elective affinity of (machine) clientelism and weak stateness run both ways. Some authors claim that political mobilization in the context of weak states led the development of clientelistic systems (see i.e. Shefter 1995). Others, claim that the very functioning of a machine-type system undermines state's capacity to provide public goods and ends up reinforcing corruption (Kitschelt 2000).

benefiting regional or provincial bosses that form their support base (Bonvecchi & Lodola, 2009; Gibson & Calvo, 2001; Giraudy, 2007). Therefore, a high correlation between the electoral strength of local allies and the amount of resources that those allies get from the central government (a “core” voter equilibrium in the jargon of the distributive politics literature) is usually described. In short, in these cases, social policy allocations should disproportionately favor the core constituencies of quasi-hegemonic and incumbent partisan-machines, along with marginal investments in swing-voter constituencies (see i.e. Magaloni et al 2007).

Differently, incumbents in the “massive distributive politics” scenario have greater opportunities for political investments outside their core-constituency. Although those political investments are extensive, they are less strategically pursued and might be less efficient as neither clientelistic enforcement nor technocratic fine-tuning is possible. The case of Peru under Fujimori (Schady 2000) might be seen as an empirical instance that approximates this scenario.

Finally, incumbents lacking a political-machine, and governing over stronger states, are expected to pursue “selective distributive politics”. In this scenario, incumbents can simultaneously target funds according to socioeconomic criteria, while seeking to implement, on the margins of social targeting, complex electoral investment portfolios.⁶ In the remainder of this section we concentrate on this last scenario, which up to now, has remained under theorized.

While the absence of the machine provides greater autonomy to pursue those investments beyond the core constituency, greater state capacity shrinks the available budget for political targeting. At the same time, greater state capacity provides much needed information for designing and fine-tuning a complex portfolio to allocate marginal discretionary spending in the pursuit of multiple political objectives.

Interestingly, complex investment portfolios that work only on the margins of technocratic allocation make political discretion less pervasive. Precisely because the amount of resources left available by efficient socioeconomic targeting is small, incumbents should devise sophisticated investment strategies to electorally profit from them. If they succeed, they can live in the “best of both worlds”, as they are able to extract political returns without incurring into visible distortions of objective socioeconomic criteria for beneficiaries’ eligibility.

FIGURE 1 ABOUT HERE

The distribution of targeted social policy in non-machine/strong state scenarios falls within the theoretical realm of distributive politics. In this literature, a fundamental controversy exists in terms of the electoral group that ends up being targeted by geographically constrained public spending and patronage: the core constituency of the incumbent party or pivotal/swing voters who can secure an electoral plurality in the subsequent election.

⁶ The recent literature on clientelism also describes individual strategies as part of a portfolio investment strategy (see i.e. Gans-Morse et al 2009; Magaloni et al 2007; and Nichter 2008). In this paper we draw on this terminology, but apply it in more general terms to include non-contingent exchanges, and investments that have other motivations than the immediate pursuit of electoral payoffs.

We believe that the menu of possible investment strategies available to incumbents pursuing “selective distributive politics”, should offer more alternatives than just a binary choice between a core constituent and a swing-voter strategy.⁷ In this paper we claim that non-electoral goals, like coalition-maintenance or the built-up of a congressional majority, may also drive incumbents’ investment strategies. However, our analytical approach does not allow for precise predictions on the specific investment rationales. This might be possible in the future, when empirically observed strategies from a wider set of cases can be systematized.

The empirics that we now present account for political targeting in Chile, a case that falls within the scenario of strategic distributive politics. In doing so we seek to illustrate the plausibility of the analytical framework presented in this section, providing evidence on the least researched configuration identified by our analytical framework. We close by formalizing our expectations regarding political targeting in this case, as an instance of selective distributive politics, through a series of testable hypotheses derived from our analytical framework. We expect:

- H1) to observe relatively efficient socioeconomic targeting;
- H2) to observe marginal, but still significant, political distortions in the allocation of social programs;
- H3) to observe multiple, electoral and non-electoral investment rationales combined into a diversified portfolio for the political allocation of social programs.

Before empirically testing our hypotheses, the next section justifies our case selection and provides background information on our data and model specification.

CASE, VARIABLES AND MODELS

The Chilean case

By studying social transfers and targeted subsidies (hereafter, ST&TS) in Chile we seek to correct for selection bias. Chile has been characterized as having an institutionalized, stable, and programmatically oriented party system (Kitschelt et al 2010; Mainwaring & Scully, 1995). At the same time, this country has been praised for its relatively high degree of state capacity, and for its low levels of corruption (see i.e. Inter-American Development Bank, 2005). Finally, the case is usually conceived as a model for social sector reform in Latin America. Let us now provide additional background information on Chile, regarding our two main political system traits.

During the last twenty years (until March 2010) the central government of Chile was headed by the Concertación, a center-left coalition of four political parties that exhibited asymmetric electoral strengths, but that shared access to government positions. At the congressional level, the Christian Democratic Party (DC) was systematically able to obtain the largest plurality, while the Radical Party (PRSD) has remained as the smaller coalitional partner, followed by the PPD and the Socialist Party (PS). In terms of

⁷The recent literature on clientelism also describes individual strategies as part of a portfolio investment strategy. See i.e.: Gans-Morse et al 2009; Magaloni et al 2007; and Nichter 2008.

presidential leaderships, however, our data covers a period in which both presidents pertained to the PS. Marginally, our data also covers the last year (2000) President Eduardo Frei (DC).

In terms of the partisan apparatuses of Concertación's parties, especially at the local level, no party machines exist. Therefore, even if partisan activist networks are traceable and similar in size to those seen in Argentina, as reported in Calvo and Murillo (2009), the relative size of each partisan network is more evenly distributed than in that machine-ridden system, where the Peronist party's network –the one consensually identified as the main provider of targeted benefits to its constituency- is overwhelmingly bigger than its competitors. Chilean, local partisan organizations are more evenly distributed across party lines, are less vertically integrated to national party structures, and also lack direct access to central state officials (Luna, 2008).

Besides its relatively high bureaucratic capacity, the Chilean state has developed a series of social indicators over time that allowed for several improvements on targeting, which has facilitated fiscal oversight. In this last regard, public officials seem to be very conscious of the risks that political targeting might entail. For instance, when interviewing key informants on the links between local administrators and the central government, we were systematically directed to look at the smaller funds available (under USD 4000), because oversight central agencies focus their monitoring efforts on large funds and projects. If this shared belief were true, we might not be able to observe evidence for political targeting in Chile, as the smaller funds, are precisely those lacking the type of systematic information in which our empirical tests hinge upon.

The analysis of Chile's ST&TS provides yet another opportunity. The great majority of available studies on other countries either focuses on one case and on one type of transfer (e.g. PRONASOL in Mexico, Bolsa Familia in Brazil, Planes Jefas y Jefes and Planes Trabajar in Argentina) or aggregate very different types of programs into a single indicator of discretionary spending. In the words of Bonvechi and Lodola (2009, 2-5) this either leads to incompleteness (only looking at one or a few programs) or clustering (aggregately looking at all available information on targeted disbursements). In both scenarios, significant cross-program variance within cases is obscured, leading once again to biased generalizations. Theoretically, clustering or incompleteness also obscures the role that different institutional formats of ST&TSs might have on the opportunities they create for political targeting.

The ST&TS programs as dependent variables

Social funds and benefits to the poor have been implemented in Chile through many different programs: some bridging beneficiaries and the central government directly, others flowing through a series of deconcentrated (regional prefects appointed by the President) or decentralized institutional arenas (municipalities), still others depending on the local capacity to formulate projects to seek central government funding. Taking advantage of this fact, and given that spending on different types of funds is well documented, we avoid clustering and incompleteness.

The eight funds and subsidies we analyze in this paper fall into three institutional architecture schemes. First, we include two voucher-type central government transfers to municipal schools and municipal health care centers. Technically, municipalities receive these transfers on the basis of the number of children and patients they provide services

to. Second, we analyze the allocation of the president's fellowship program (*Beca Presidente de la República*) along with three subsidies. Through the fellowship gifted students with an adverse socioeconomic situation receive funding directly from the central government –although potential beneficiaries must apply annually through their municipality. The three social subsidies remaining, allow mayors to play a more relevant role: the family subsidy (*Subsidio Único Familiar*), which is addressed to poor heads of households that have dependent children and youngsters under 18 years and/or handicapped dependants of any age; the subsidy for drinkable water and sewerage service (*Subsidio Agua Potable*), which pays part of a household bill for drinkable water directly to the company that provides these services (beneficiaries do not actually receive the monies); and the assistance pension subsidy (*Subsidio Pensión Asistencial*) targeted to poor people that are elderly or physically or mentally handicapped. Although in all cases the central government calls for applications, finances, and actually pays the monies to the beneficiaries, mayors are the ones who process subsidy applications and grant the benefits through municipal decrees that list the names of the beneficiaries, using the poverty score of each household as the technical allocation criteria. For this reason, there is confusion among beneficiaries on whether the mayor or the central government are the ones providing these benefits; allowing credit claiming efforts from politicians located at both levels of government. Third, we analyze two national funds (*FNDR Educación* and *FNDR Salud*) that finance infrastructure investment projects in education and health. These funds are granted annually to municipalities, which are required to have previously presented technically qualified investment projects.

These last two funds would not be appropriately analyzed while taking individual municipalities as the unit of analysis. FNDR funds for Health and Education follow a “provincial” investment pattern; that is, the government does not build a hospital in each municipality, but seeks to build at least one in each province. In this way, the hospital serves the needs of a small cluster of municipalities. The same logic applies to education, especially when it comes to the provision of excellence public high schools (*Liceos de Excelencia*). For these two funds, we averaged the socioeconomic indicators at the district level (the electoral unit that more closely resembles the territorial distribution of provinces). For political variables we draw on congressional elections results.

Even though the central government has many instruments to allocate social funds, the capacity to collect reliable figures to compare allocations across different time-periods and funds is limited. In many instances, the annual reports of public agencies distributing social funds do not make such information public. Neither they provide the names of benefited citizen grassroots organizations, nor the amounts of benefits, nor the aggregated number of people benefited by municipality.

Therefore, we could only gain access to specific social funds and subsidies, on the basis of the information made public by the central government for the 2000-2008 period through the National System of Municipal Indicators (SINIM).⁸ Due to the lack of information, our selection of ST&TS was based on data availability at the municipal level for six programs and at the district level (one or more municipalities comprising a lower-chamber electoral district) for two programs.

The fact that political targeting might be overall restricted to small and non-reported funds have obvious implications for our analysis. We were aware of running the

⁸ See: <http://www.sinim.cl>

risk of producing a non-finding. Moreover, even if we do find some evidence of political targeting, we will not be able to provide a reliable estimate on the proportion of funds that are politically targeted in the country, because many other social programs exist for which data was not available to us (i.e. Chile Solidario). At best, our data allows for estimating a lower bound for political distortions in the allocation of ST&TS.

Independent Variables

Our set of independent variables is composed of two subsets. First, we need to characterize each mayoralty and congressional district in terms of the socioeconomic, demographic, and territorial variables that drive socioeconomic allocation criteria. For obtaining this information we also relied on the SINIM. For districts, we aggregate (average) the figures obtained for all municipalities that belong to the same congressional (lower house) district.

Among the non-political variables we included first, a proxy to determine how rich or poor a municipality was, as poor municipalities are the targets for greater social policy expenditures. For this purpose we used each municipality's dependence on the Municipal Common Fund (FCM). The FCM was created under the military dictatorship (1973-1989) to redistribute resources from rich to poor municipalities. A lower dependence rate from the FCM (measured as %) is treated as a proxy for municipal wealth.

Our second and third independent variables seek to measure more specific social needs, related to the ST&TS under analysis. We considered both the health and education coverage of each municipality, taking this as a proxy for the municipality's social needs.⁹ The higher health and education needs, the poorest and more reliant on public sector services are the people that live in that municipality. Although initially we considered the percentage of people living under the poverty line as a better proxy for social conditions, this indicator is highly correlated to both health and education coverage. In addition, poverty measures are collected by the CASEN survey, once every two or three years, depending on the municipality. This turns the poverty indicator less appealing to us, as our time span covers nine years. Moreover, at least for TS&STs related to health and education social policies, our proxies are closer to the precise targeting criteria that are used to allocate those resources.

The fourth independent variable is an index of bureaucratic capability, built on the basis of available data on municipal efficacy in processing and granting benefits. In Chile, it is usually observed that some municipalities are not able to implement all the subsidies granted to them by the central government. Through this indicator we control for the possible effects of local bureaucracies capacity to allocate available resources. *Ceteris paribus*, more effective municipalities are expected to receive more funds, as they are more reliable in the eyes of the central administration.

We also introduced controls for "year" under the assumption that resources for social policy are annually increasing due to both the positive rate of GDP growth exhibited by Chile in the period 2000-2008 and the social protection policy agenda pursued by the two socialist governments of Lagos (2000-2006) and Bachelet (2006-2010).

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The second sub-set of independent variables was built upon information provided by the Ministry of Interior and comprises electoral data. We draw on this data to politically characterize each municipality.¹⁰ Our data covers electoral results for three elections at the municipal level (1996, 2001, and 2004). On this basis we computed party dummies, identifying the partisan affiliation of mayors. Taking the DC as the baseline party, we included dummies for the remaining five bigger parties in our models (UDI, RN, PDC, PRSD, PPD, and PS), as well as a residual category in which we merged independent mayors and those adhering to smaller parties. In a first set of models we also included a coalitional dummy, distinguishing between municipalities headed by mayors of the Concertación or the Alianza. For the district-level models, we included the percentage of votes obtained by the Concertación in the election as a proxy for the incumbent's electoral strength in the district.

Subsequently, we computed a dummy variable for mayors that were reelected in the last municipal election. Arguably, reelection provides them with more technical and political expertise to effectively lobby the central government for more ST&TS.

Finally, we compute two indicators that recover two theoretically important electoral process features: participation rates and competitiveness of the race. The abstention indicator is given by the difference between each municipality's abstention rate and the average abstention rate observed across municipalities in the same election.

MODEL SPECIFICATION AND REGRESSION RESULTS

We considered two types of statistical models. First, we run pooled OLS models predicting each of our eight ST&TS. Across funds and subsidies, we defined a simple model in which the allocation to municipalities and districts was predicted by drawing on socioeconomic, demographic, and territorial characteristics, as well as our political variables. Our models have basically the same specification, varying only in the dependent variable. For the transfers on health and education the dependent variable is measured as annual per capita money allocated to municipalities. Differently, the presidential fellowship and the three subsidies are measured as the number of subsidies granted per year for every 100 people.¹¹

Second, we decided to run a series of seemingly unrelated regressions (SUR), using the same independent variable set than the one in our OLS models. To do this, we grouped our ST&TS along the institutional architecture type: the two per capita transfers on one group, the fellowship and the three subsidies on a second group, and the two infrastructure projects funds and a third SUR model.

If as theoretically claimed, incumbents acting on a selective distributive politics scenario have incentives to pursue a portfolio investment strategy, statistically; this would result on the presence of correlated residuals across the models specified for different type of funds. In other words, in a portfolio investment strategy, allocations in one fund are not independent from allocations in others. Instead, if residuals across models were

¹⁰ See at: <http://www.elecciones.gov.cl/>

¹¹ We tested for non-linearity in the dependent variables under the assumption that ST&TS might present decreasing marginal utilities in richer municipalities; however, we did not find any evidence of non-linearity. To deal with heteroskedasticity we ran the proper tests robust standard errors for all models.

found to be independent, this would substantively imply that allocation criteria across funds are not partially contingent on other components of the portfolio strategy.

In short, model selection has analytical implications that go beyond sheer statistical technicalities. While it is a possibility that a portfolio investment strategy like the one we describe for Chile emerges from centralized planning, a feasible alternative is that it is caused by the segmentation of partisan access to specific funds. In this situation, different party cadres in the governing coalition could administer the political allocation of funds, in a non-centrally coordinated way. Pending a more thorough analysis of this matter, which should be addressed through qualitative research, estimating SUR models provides a rough instrument to potentially unveil the presence of strategic coordination in the allocation of different funds.

We report our results in Tables 1 (municipal level) and 2 (district level). Our SUR model specification is reported in the tables, given that, for each bundle of programs for which a SUR model was estimated, the Breusch-Pagan test of independence reported significance levels below .05, thus at least moderate correlations were present among the errors of the models used to predict the allocation of each fund.

The six models estimated at the municipal level and reported in Table 1, obtained satisfying R squares. In particular, the models estimated for municipal education and health transfers obtained very high R squares (0.69 and 0.72 respectively). In the meantime, the family subsidy (0.59) and the assistance pension subsidy (0.46) obtained intermediate R squares. Finally, the models for the presidential fellowship (0.20) and the drinkable water subsidy (0.26) are less efficient, but nonetheless, significant. At the district level the R squared obtained for the FNDR to education was (0.26), being much lower in the case of the FNDR to Health (0.11).

From a substantive point of view, our results suggest that these programs are overall effectively targeted to poor communities, and among them, to those displaying higher social (education and health) needs. Our independent variables covering these socioeconomic factors perform remarkably well, obtaining significant and correctly signed results in virtually all the analyzed ST&TS. Moreover, relative to other variables, the standardized estimated coefficients for socioeconomic variables are substantially higher.

As an example, which holds universally across funds, consider the simulated effects on transfers to municipal education obtained for equivalent shifts, *ceteris paribus*, in municipal education coverage and abstention rates shown in Figure 2. As in the remainder figures that we present below, simulations are drawn from the fully specified models reported in Tables 1 and 2.¹² Although both variables are significant and positively signed, electoral abstention, which turned out being the most influential political variable in predicting ST&TSs programs in our analysis, comes second to one of our socioeconomic predictors (education coverage). A similar result is obtained for health coverage (especially for funds tied to health) and, universally, for municipal wealth (poverty), as measured through dependence on the Municipal Common Fund (FCM).

FIGURE 2 ABOUT HERE

¹²Simulations were obtained with *Clarify*.

We also included a variable for municipal bureaucratic capability, under the assumption that more capable municipalities would be in a better position to pressure for ST&TS, or that the central government would reward more managerially efficient municipalities. Indeed, bureaucratic capability is in fact present as one important factor in guiding the technocratic criteria used for allocating the FCM; nevertheless, we did not find systematic evidence for this. Our variable is positive and significant (at .01) only for the presidential fellowship, precisely a program in which municipalities only have a very limited relevance in terms of implementation.

Turning to political variables, several results should be noted. First, abstention (or for that matter, electoral turnout) is the most important political variable in explaining the allocation of resources, with municipalities characterized by higher abstention rates, receiving more funds than those that *ceteris paribus* turnout to vote more massively. With the exception of the presidential fellowship, abstention is positively and significant for all social funds, including district level models in which is the only political variable that obtains significant coefficients in both models.

We now turn to partisan variables, which were also found to shape incumbent's political investments of ST&TS in significant ways. The DC (the Concertación's bigger party) is the reference category for our party dummies. As shown in Table 1, with only two exceptions (transfers to municipal health and family subsidy), at least one party dummy significantly affects social policy allocations in our TS&STs sample.

The PRSD (the minor coalitional partner in the Concertación) is the party more consistently favored by the allocation of different ST&TSs. Meanwhile, the UDI and the Socialist Party (the party of the president during most of the period we are analyzing) are significantly penalized in two and three programs respectively. The PPD is penalized in one program and favored in other. Finally, the opposition party RN, obtains a significant and positive coefficient for the family subsidy.

Let us summarize the findings program-wise. In transfers to health, party dummies are never significant. In transfers to education, UDI mayors as well as those belonging to the PS and the PPD are punished, while PRSD and DC mayors are rewarded.

Regarding the presidential fellowship, PPD and PRSD mayors are favored relatively to DC mayors. In the case of the family subsidy, PS mayors are punished and RN and PRSD mayors are favored. Meanwhile, the distribution of the drinkable water subsidy punishes UDI mayors, and that of the pension assistance subsidy penalizes PS mayors.

The last political variable we analyze is the presence of reelected mayors in a municipality. Reelected mayors seem to be marginally penalized, obtaining significantly less resources in two out of six of the analyzed funds for which municipal models were estimated.

Figures 3-6 graphically display our results, highlighting the most recurrent patterns identified in our models, and gauging the relative impact of our sub-set of political variables on the allocation of the analyzed programs.

FIGURES 3-6 ABOUT HERE

On this basis we can evaluate our initial set of hypotheses. Regarding our first hypothesis, we did find evidence of efficient socioeconomic targeting. Even in this best case scenario –and with respect to our second hypothesis- we also identified significant and systematic political distortions in the allocation of the specific ST&TS we had data for, which were expected to be “clean” in the eyes of experienced politicians. The fact that public information was readily available for these funds (while not for others, such as Chile Solidario), made us pessimistic in terms of finding evidence of politically distorted allocations. Overall, we think our findings lend support to our second hypothesis.

Regarding our third hypothesis, we observed evidence of political targeting that runs against our conventional wisdom, so crucially influenced by the partisan machine-assumption. *Ceteris paribus*, we found the Concertación investing more resources in municipalities where citizens vote significantly less than their peers in similar socioeconomic settings. We also reported evidence of disproportional investments in favor of the minor partner in the governing coalition (the PRSD which obtained 3.2% of the vote in the congressional elections of 2005) and against the DC (19% in 2005) or the PS (9.2% in 2005, and party of the president between 2000 and 2009). There is also evidence of a disproportionate allocation of funds to an opposition party in one program (RN, the most moderate member of the right wing coalition), along with other findings that suggests that strong local incumbents (reelected mayors) were marginally disfavored. This bundle of evidence seems to contradict the investment rationales derived for machine-ridden systems where incumbents are expected to favor their partisan machine, in ways that are proportionally related to each member's capacity to deliver votes to the incumbent (i.e. more spending should go to actual voters, and among them, to core constituents; more spending should also favor big coalitional partners, including mayor parties or fractions, and strong local incumbents; opposition parties are systematically disfavored). Perhaps, the systematic chastening of the UDI is then the only finding consistent with investment rationales that are typically expected in a machine-ridden party system.

Our third hypothesis also predicted the presence of a strategic investment portfolio, which would combine different allocation rationales. In this paper we can only provide a very preliminary test of this hypothesis, by specifying two types of statistical models: OLS and SUR. The obtained results suggest that the different investment rationales we now elaborate might be strategically combined into a centrally designed portfolio, as patterns observed for one program are relatively correlated to those observed for other programs.

INVESTMENT RATIONALES

In this section we briefly describe the context and a tentative rationale for the different investment strategies that we have empirically observed above. However, we do not claim that these particular investment strategies travel well to other cases in which we might observe selective distributive politics in the allocation of social funds. Moreover, these investment strategies do not necessarily exhaust the universe of political allocation criteria pursued by the *Concertación* as the governing coalition in Chile during the 2000-2008 period.

*Turnout Boosting*¹³

During the last two decades electoral turnout and valid voting have decreased steadily in Chile (Altman 2004). Our regression results show that municipalities with higher electoral abstention rates receive more ST&TS. This result is intriguing. Why should an incumbent invest in non-voters, when she can target resources to her core constituency or to swing voters? Particularly if the electorate is shrinking, greater payoffs could be obtained by systematically trying to shape to electoral decisions of consistent voters.

However, poverty rates may also be associated with relatively lower turnout and high invalid voting. A plausible rival hypothesis is that it might just be that abstention rates are correlated to socioeconomic factors, which coincide with technocratic criteria included in the social targeting of these funds and subsidies. Indeed, abstention rates are significantly correlated (Pearson bivariate coefficients) to municipal wealth, education and health coverage, and year (which is correlated to abstention as turnout has systematically decayed in Chile during the period under analysis). We also explore other variables that were included in early models, such as rural/urban municipality and the percentage of the population in the municipality living under the poverty line. However, none of the observed correlation coefficients is bigger than 0.2, falling short of other observed correlations such as those between municipal wealth and rurality (.54) or poverty (0.4, as measured by the CASEN survey). Indeed, if we were to estimate an OLS model to predict abstention rates on the basis of all the tested correlates, an adjusted R square of 0.09 would be obtained

According to data available for 286 municipalities, those among the poorest 10% (among which, rural localities figure prominently) display 10% more abstention and invalid voting (an average of 30.7%, with a std.dev. of 15.5) than the average obtained for all the municipalities included in the analysis (22.7, std.dev. 7.9). Therefore, poorer municipalities show on average greater abstention rates, but also, greater levels of intra-group heterogeneity, as it is evident from the standard deviation observed for the 10% poorest municipalities in our sample that almost doubles that of our complete set of observations. In short, though abstention is marginally correlated to socioeconomic factors, poor communities differ widely in terms of their electoral abstention rates.

In a machine-ridden system, a greater investment in poor but high turnout communities is expected, as it increases the electoral payoff. Why would the *Concertación* invest more resources in municipalities that *ceteris paribus* have lower turnout rates?

A turnout boost, independently from its partisan content, might be sought as a legitimacy-enhancing tool. This would be particularly attractive for a governing coalition that like the *Concertación* remained in power for a long period of time, in the context of growing voter apathy and decreasing electoral participation. Second, alienated and socially marginalized citizens who receive government assistance packages might turn out to vote the next time around. And if they do so, they might be expected to at least marginally support the government that provided social benefits that were absent before.

Therefore, while unfeasible in a machine-ridden system, turnout-boosting strategies might be pursued in non-machine systems, as they could be expected to at least

¹³ Let us note that we do not refer to “turnout buying” as proposed in Nichter (2008). Turnout buying results from a contingent transaction on election day, drawing on a partisan machine.

marginally increase support for the governing coalition, while potentially contributing to enhance political legitimacy. This is particularly relevant for the Chilean context, where decreasing turnout has been systematically pointed to as a symptom of democratic decay.

Coalition Maintenance

Until 1973, the Chilean party system was vertically integrated through the flowing of state goods from the center to the periphery, channeled through hierarchical lobby structures organized through partisan lines (Borzutzky, 2002; Valenzuela, 1977). In Valenzuela's account (1977) national and local authorities were dependent on each other, with the former providing goods, projects and petty favours (*gauchá chica*), and the later delivering the votes for national elections. While decentralized and hierarchical territorial networks assimilate the pre-1973 system to that of machine-ridden systems, continuous electoral turnover (combined with strong ideological identities) prevented the consolidation of a dominant machine like the PJ in Argentina or the PRI in Mexico.

In the post-1990 period in Chile, the balance of power between the central government and local authorities slightly increased in favor of municipal authorities; still within the context of a highly centralized unitary country. This resulted from the combined effects of central state retrenchment and moderate decentralizing reforms (Mardones, 2007). Paradoxically, these reforms ended up providing central government officials greater levels of autonomy from its partisan bases and territorial organizations. Moreover, while in other Latin American party systems decentralizing reforms contributed to weaken national partisan structures (i.e. Colombia after the 1991 constitutional reform, Peru following the 1993 reform), massive partisan denationalization has not yet occurred in Chile (Mainwaring & Jones, 2003).

The electoral strength of mainstream parties (organized around two electoral pacts: the *Concertación* and the *Alianza*) has hitherto been explained as a result of the institutional power that the electoral system provides to parties' national executives, which remained powerful by exerting nomination control for congressional candidacies (Siavelis, 2002). Without neglecting the influence of the electoral system in helping to keep nationalized partisan structures in place, in this paper we explore a complementary explanation applicable at least to the *Concertación*.

The *Concertación* was in power since 1990 to 2010. At a time when the original grievances that consolidated this coalition were waning down and when programmatic tensions increased within this electoral pact (particularly under the first years of the Lagos' administration), the distribution of social funds to coalitional partners could have been politically used as a "coalition maintaining" mechanism. Therefore, even if electorally innocuous (or less effective than in systems with pervasive machines), the distribution of social funds to coalitional partners might have contributed to keeping the *Concertación* in place.

Commanding scarce resources and having four coalitional partners with asymmetric electoral shares and access to government positions, whose municipalities should the government target with more funds? Different alternative allocation rationales might be derived, contingent on the presence or absence of a political machine. In machine-ridden systems, mayors pertaining to electorally stronger parties would likely receive more resources, which would subsequently favor the machine's core constituents.

In non-machine systems, however, government officials might rely on ST&TS to foster the coalitional loyalty of electorally smaller but pivotal coalitional partners. While major parties in the coalition compete at the presidential level and share access to top national offices, small parties in the coalition lack viable national level figures. Their electoral continuity depends on securing lower rank national offices, and a small number of local strongholds. For this reason, they might receive greater levels of politically targeted social funds than bigger coalitional partners, with national visibility and greater insertion into national government posts. Conversely, bigger parties, and especially the party that promoted a successful presidential candidacy, would be relatively penalized in favor of minor coalitional partners.

Additionally, if different parties in the coalition centrally administer different ST&TS as a result of coalitional bargaining in the distribution of ministerial offices, benefits might flow from the central to the local level along partisan lines. While at the individual party level this is similar to what happens in machine-ridden systems, overall it produces a segmentation (along partisan lines) of the political targeting of different ST&TS.¹⁴

Opposition fighting

In non-machine ridden systems, incumbent parties do not usually enjoy monopolistic access to clientelism or massive distributive politics. In Chile, the opposition's attempts to make electoral inroads by distributing social assistance and campaign giveaways in the popular sectors are frequent; especially in the case of the UDI, a rightist party that enjoys substantial access to private sector finance (Luna *forthcoming*). Electoral results suggest that such attempts have been at least partially successful, with the UDI showing a steady increase of support, especially in the poorest segments of the Chilean electorate (Altman, 2004). Since 2001, the UDI became Chile's most-voted-for party at the congressional level, and has successfully conserved its electoral constituency in 2005 and 2009. It would thus be in the interest of the governing *Concertación* to counteract the UDI's electoral strategy, especially in the popular sectors where most social transfers are disbursed.

Indeed, the "social protection" agenda of the *Concertación* government, that included multiple ST&TS, might in part be an attempt to counteract the opposition's electoral success in the popular sectors. That social policy agenda began to be more massively implemented after the tightest presidential election ever in the post-1990 period; that of 2000, in which Joaquín Lavín, leader of the UDI, almost won over Ricardo Lagos of the *Concertación*. While the timing for this policy change might also reflect a partisan effect over social policy as leaders of the Socialist Party arrived to the Presidency, the influence of UDI-scare cannot be dismissed.

In short, confronting an opposition party that makes significant inroads in poor and electorally pivotal segments of the population, the governing coalition had strong incentives to discretionally under-disburse social funds to UDI-headed municipal governments, especially in programs where municipal governments might advantage the executive in terms of their credit claiming abilities at the local level.

¹⁴ If extreme, partisan segmentation might run against the consistency of the investment portfolio.

Congressional Coalition Making

We also found evidence of two additional (though less prominent) redistributive tactics, related to the national incumbent's interest. Governing under the already strong constraints imposed by the 1980 Constitution (i.e. the congressional tie jointly induced by the binominal system and the presence of designated Senators, the qualified quorums required for approving major legislation), the two socialist presidents of Chile (Ricardo Lagos and Michelle Bachelet) confronted an even more difficult situation in terms of securing congressional approval for their legislative initiatives, due to the declining congressional representation obtained by the governing block. However, the approval rate of executive initiatives under those presidential leaderships was statistically equivalent to those observed in previous administrations commanding bigger congressional contingents

According to Toro (2007), two elements contributed to this outcome: a greater level of internal discipline in the Concertación's congressional contingent, and the pursuit of pragmatic negotiations with RN, the most centrist member of the right wing coalition. Following the evidence reported in Toro (2007), those negotiations also involved pragmatic exchanges benefiting the electoral constituencies of opposition congressmembers who broke partisan lines and supported executive bills.

We found that at least one of the ST&TS significantly favored mayoralties ran by RN members. Once again, this redistributive tactic seems to be plainly irrational in the context of a machine-ridden system, but is feasible as part of a non-machine incumbent pursuing a diversified and complex political investment portfolio.

Power centralization (vs. local caudillos)

The second strategy for which we found some empirical support seeks to keep power centralized against strong local caudillos, in response to the powerful incumbency advantages that mayors tend to develop in the country (Rehren, 1999). In recent times, due both to the increasing localization and personalization of Chilean politics described above, and to electoral reform at the municipal level (starting in 2004), political parties have increasingly confronted challenges from strong local incumbents that began to run independent-campaigns (Mardones, 2006).

These independent local leaderships, hinder the ability of national parties to centralize power and maintain their local organizations active. To respond to this challenge, national incumbents might seek to undermine the power of strong local incumbents, irrespective of their partisan affiliation, by under-providing TS&STs.

We found evidence that support this strategy in two out six ST&TS, in which reelected mayors were marginally punished. Once again, this investment rationale runs contrary to those expected in a machine-system, in which local strongholds of the incumbent would be overtly favored and local strongholds of the opposition would be significantly disfavored by a national incumbent.

CONCLUSIONS

Although the investment rationales we identified above might be particular to the Chilean case, our analysis yields some potentially interesting comparative implications. From a substantive point of view, the nature of partisan organizations, and in particular,

the presence (absence) of a strong partisan machine should be considered as one fundamental variable that shapes the types of political targeting available to incumbents. Subsequently, state's technocratic capacities to allocate resources according to targeting criteria and to oversee social policy implementation should also be considered. In the absence of a partisan machine, incumbents can further diversify their political investment options, implementing redistributive tactics (even to non-voters or to opposition supporters) that are plainly irrational in the context of a machine-ridden system.

If a strong state is present, the scope for political targeting is reduced, but more and better information is available to fine-tune a complex investment portfolio, which is needed to cope with the greater investment risk created by the absence of a party machine. Interestingly, while complex investment portfolios that work only on the margins of technocratic allocation make political discretion less visible (and pervasive) in the allocation of social funds, they provide opportunities for seeking seemingly contradictory objectives and for achieving greater levels of fine-tuning.

In short, if electorally and politically efficient, strategic distributive politics provide government agents with the best of both worlds: an uncontroversial way to socially and politically allocate scarce resources. In sum, our argument discourages the mechanic translation of investment rationales (frequently inspired by the literature on machine-ridden party systems and/or that on distributive politics in the US) across party-system and state-capacity contexts. We hope the three theoretically distinct scenarios we drew in the paper are useful for future comparative analyses.

From a methodological standpoint, a multiple-program approach to the analysis of ST&TS in a given country is required to gain a more comprehensive understanding of government's complex investment strategies. By looking only at a limited number of programs, we might only be observing a biased sample of investment strategies.

Regarding the Chilean case, this paper has only scratched the surface of the political dynamics driving the targeting of social transfers. Future research should engage in more refined quantitative analysis (covering more programs, combining government sources with independent ones, and reaching earlier periods). Moreover, process tracing and a qualitative analysis of selected programs to better understand and empirically test the investment rationales we elaborated above is also required.

Finally, we see two interesting avenues for further research. First, in our program sample, we included social policy programs with different institutional architectures. Beyond the two variables identified in this paper (party system and state capacity), we believe different institutional architectures can significantly shape the room for political targeting and the types of political goals that incumbents can pursue while implementing a given social policy package. Second, we did not present any evidence on the political effects (i.e. electoral returns) of the portfolio investment described for the *Concertación*. It might well be that these investment strategies, which are marginal and highly diversified (theoretically in response to high risk), also turn out to be relatively innocuous in terms of advancing the incumbent's political objectives. In short, we have described incumbent's investment rationales, while not empirically gauging their electoral payoffs.

Figure 1. Machines, State Capacity, and Three Political Investment Scenarios

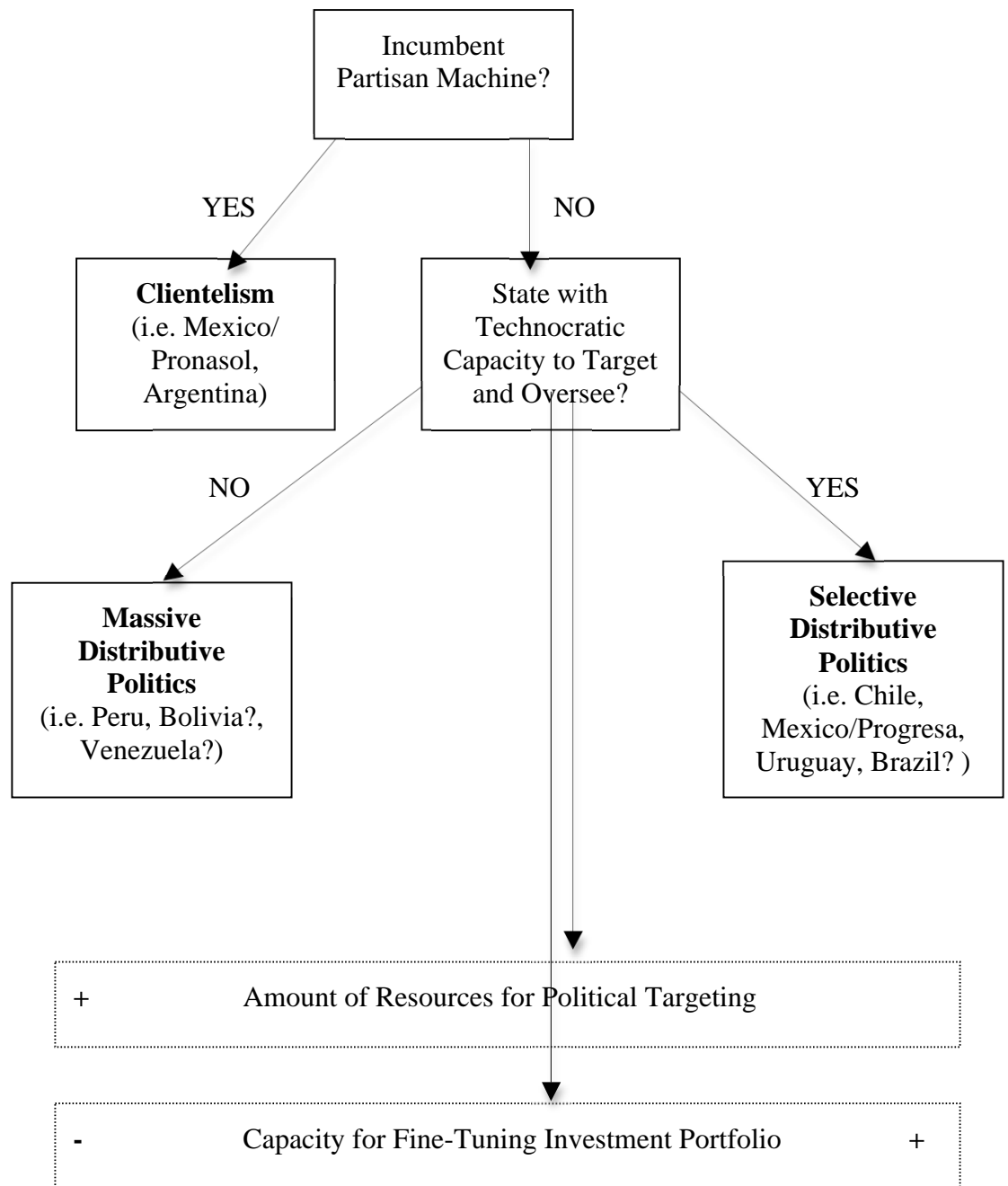


Table 1: Allocation of transfers and social subsidies from the central government by program and by mayor's political party (2000-2008)

	Transfers to municipal education	Transfers to municipal health	Presidential fellowship	Family subsidy	Drinkable water subsidy	Assistance pension subsidy
Municipal Common Fund	468.795 (25.178)***	48.701 (5.020)***	0.009 (0.001)***	0.219 (0.006)***	0.019 (0.004)***	0.085 (0.003)***
Education Coverage	1200.815 (26.158)***	26.842 (5.215)***	0.014 (0.001)***	0.101 (0.007)***	0.060 (0.004)***	0.040 (0.004)***
Health Coverage	-21.780 (18.872)	186.663 (3.763)***	0.004 (0.001)***	0.037 (0.005)***	0.005 (0.003)*	0.001 (0.003)
Year	4091.971 (226.816)***	1634.44 (45.223)***	-0.035 (0.010)***	0.017 (0.061)	0.310 (0.037)***	0.077 (0.032)***
Bureaucratic capability	97.095 (573.561)	120.591 (114.359)	0.103 (0.024)***	-0.085 (0.141)	-0.056 (0.086)	-0.055 (0.074)
Abstention	1774.684 (111.060)***	76.276 (22.143)***	-0.005 (0.005)	0.250 (0.029)***	0.144 (0.018)***	0.147 (0.015)***
UDI	-2722.231 (1557.16)*	-121.318 (310.472)	0.082 (0.070)	-0.234 (0.413)	-0.881 (0.250)***	0.194 (0.215)
RN	-707.643 (1449.18)	102.357 (288.942)	-0.097 (0.061)	0.597 (0.360)*	-0.326 (0.218)	0.272 (0.188)
PRSD	6964.607 (2498.038)***	636.519 (498.067)	0.181 (0.106)*	1.797 (0.620)***	0.599 (0.376)	0.840 (0.323)***
PPD	-4297.06 (1761.433)***	-460.9951 (351.200)	0.180 (0.077)***	-0.214 (0.451)	0.116 (0.274)	-0.385 (0.235)
PS	-4302.895 (1592.652)***	-501.645 (317.548)	-0.108 (0.072)	-0.968 (0.424)***	0.347 (0.257)	-0.842 (0.221)***
Other party	-16.769 (1378.741)	-123.158 (274.898)	0.005 (0.064)	0.256 (0.378)	-0.196 (0.229)	-0.271 (0.199)
Competitiveness	153.560 (42.355)***	7.610 (8.445)	0.002 (0.002)	0.005 (0.010)	-0.003 (0.006)	0.003 (0.005)
Reelected mayor	-1086.082 (978.010)	-159.214 (194.999)	0.036 (0.043)	-0.626 (0.252)***	0.187 (0.152)	-0.414 (0.131)***
Constant	-8244834 (454708.7)***	-3279671 (90661.27)***	69.873 (20.900)***	-44.235 (122.542)	-621.296 (74.276)***	-157.105 (63.912)***
No. of obs.	1911	1911	1611	1611	1611	1611
R-squared	0.6933	0.7196	0.2016	0.5936	0.2634	0.4578

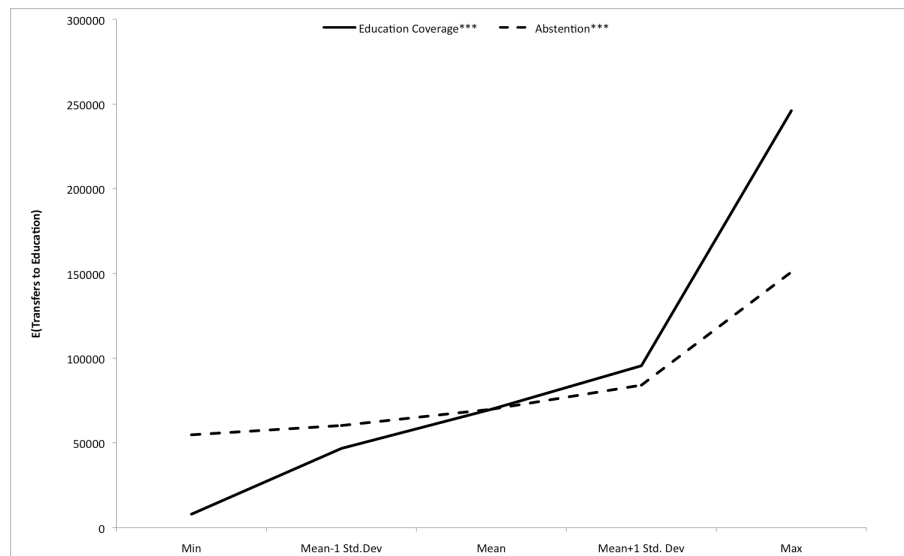
Robust standard errors in parenthesis. *** significant at 1%, ** significant at 5%, * significant at 10%

Table 2: Allocation of Investment Funds at the District Level

	FNDR to Education	FNDR to Health
Municipal Common Fund	3.473 (29.663)	-23.916 (27.493)
Education Coverage	80.624 (25.522)***	-2.097 21-331
Health Coverage	47.076 (31.329)	36.344 35.678
Year	405.820 (126.150)***	266.323 105.866***
Bureaucratic capability	617.093 (688.778)	-400.423 (297.793)
Abstention	434.058 (112.699)***	285.798 (143.330)*
Concertación voting	33.387 (57.075)	49.714 (29.594)*
Competitiveness	54.429 (33.861)	8.162 (18.517)
Constant	-823784.7 (252198.2)***	-540052.7 (212659.7)***
No. of obs.	483	449
R-squared	0.2627	0.1068

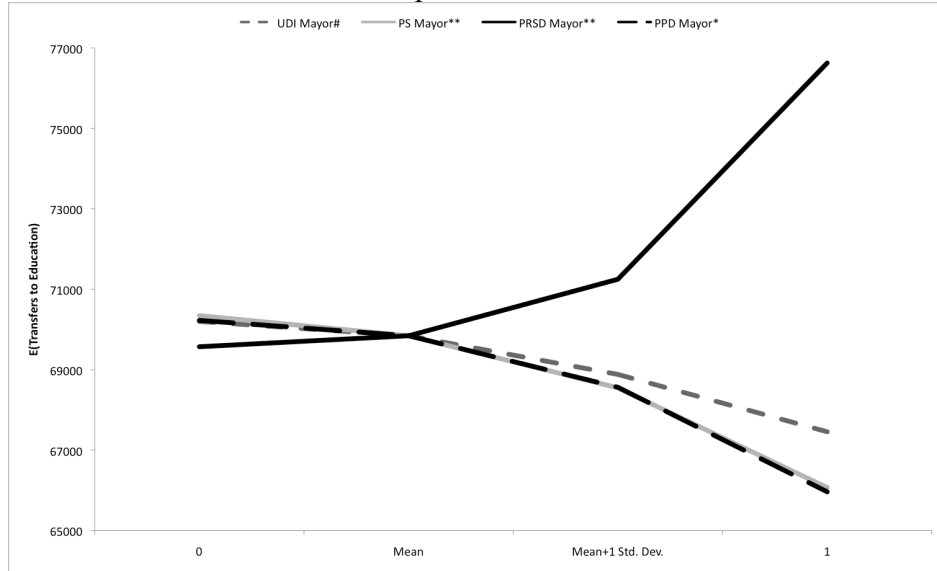
Robust standard errors in parenthesis. *** significant at 1%, ** significant at 5%, * significant at 10%

Figure 2. Simulated Effects of Abstention Rates and Educational Coverage on Transfers to Education at the Municipal Level



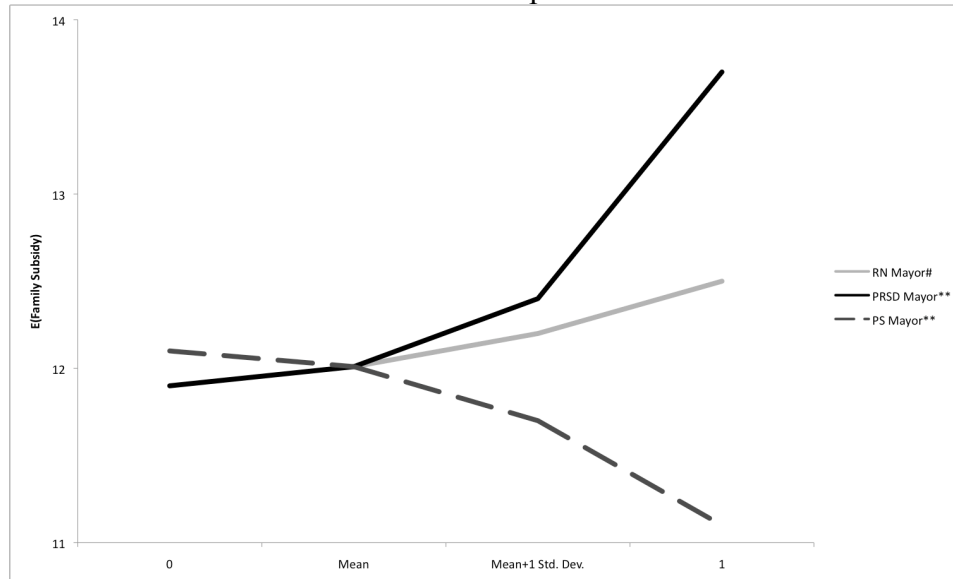
Source: Clarify simulations on the basis of results reported in Table 1.

Figure 3. Simulated Effects of Partisan Dummies on Transfers to Education at the Municipal Level



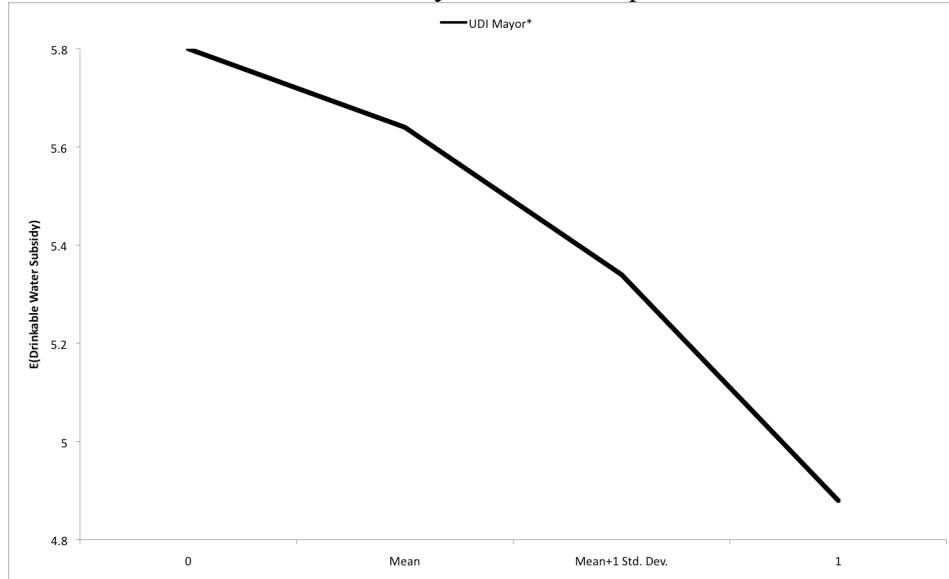
Source: Clarify simulations on the basis of results reported in Table 1.

Figure 4. Simulated Effects of Partisan Dummies on the Disbursement of Family Subsidies at the Municipal Level



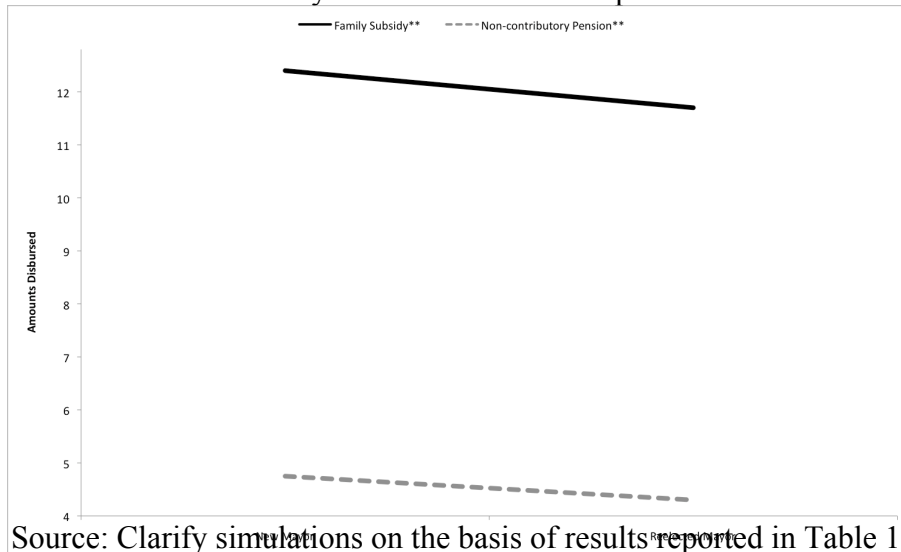
Source: Clarify simulations on the basis of results reported in Table 1.

Figure 5. Simulated Effects of Partisan Dummies on the Targeting of the Drinkable Water Subsidy at the Municipal Level



Source: Clarify simulations on the basis of results reported in Table 1.

Figure 6. Simulated Effects of Mayoral Reelection on the distribution of the Family Subsidy and the Non-Contributory Pension at the Municipal Level



Source: Clarify simulations on the basis of results reported in Table 1.

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