Can democracy work for the poor?
Rohini Pande

Millions of the world’s poorest people now live in middle-income democracies that, in theory, could use their resources to end extreme poverty. However, citizens in those countries have not succeeded in using the vote to ensure adequate progressive redistribution. Interventions aiming to provide the economically vulnerable with needed resources must go beyond assisting them directly, they must also improve democratic institutions so that vulnerable populations themselves can push their representatives to implement redistributive policies. Here, I review the literature on such interventions and then consider the “democracy catch-22”: How can the poor secure greater democratic influence when the existing democratic playing field is tilted against them?

A primary goal of development policy is to end extreme poverty across the world by ensuring that all people have the basic resources they need to live. In recent decades, sustained economic growth in some countries in the developing world has, in fact, allowed hundreds of millions of people to escape destitution. However, this growth has also left hundreds of millions of the poorest of the poor in limbo. By 2015, a majority of the world’s extreme poor were living in countries that had become middle-income in terms of per capita gross national income (Fig. 1A). Although the vast majority of these poor people live in countries with democratically elected governments, they appear to lack the actual political power that would enable them to claim a fair, or even adequate, share of their countries’ growth (1) (Fig. 1B).

The international development community targets considerable aid toward low-income countries with the aim of helping their citizens move out of extreme poverty. Equally poor citizens in middle-income countries do not benefit from this support. This is in part because citizens of rich countries are reluctant to donate to countries with obvious concentrations of wealth (a political constraint that results in, for example, the country income criteria that underlie grant and loan programs that results in, for example, the country income criteria that underlie grant and loan programs that results in, for example, the country income criteria that underlie grant and loan programs). And so, when institutions and information flows are weak, politicians may yield to powerful elites, and bureaucrats implement these rules. In a benevolent state with adequate capacity, such actions can ensure that all citizens—rich and poor—get the water they need.

In practice, however, both the rules and their implementation depend on how well the state accommodates interests of groups with varying economic and political power. The economic elite may use financial resources to lobby politicians and distort rules in their favor. Even if that is not the case, intermediaries may divert resources. The politicians rely on city engineers to install water meters and on local village officials to regulate the sluices. But being closer to the front line affords these local administrators options: They can choose to use their information either to ensure that water reaches its target or to collect bribes in return for diverting it (10). And so, when institutions and information flows are weak, politicians may yield to powerful elites, and bureaucrats may line their pockets. Thus, even the best plumbing in the world can still leave the poor with taps that run dry.

More broadly, ensuring progressive redistribution will take more than just improving state capacity or building visible infrastructure and delivery systems. It may also require changing who controls the taps and sluices, changing the incentives that person faces, and/or changing the distribution rules that person is supposed to implement. A growing body of empirical research on the political economy of development is beginning to provide strong causal evidence for what practical interventions can allow the poor to leverage democracy effectively. This leveraging, arguably, is what the democratic state must ensure if we are to start closing the inequality gap in the developing world.

Reforming the democratic state to better serve the poor

The political voice afforded the extreme poor in democracies is typically constrained by economic and social disadvantage. In many settings, the economic elite can exploit their social connections and economic power to provide poor state, power is negotiated through democratic institutions. If the poor lack the means or information necessary to use their de jure power effectively, then they will fail to negotiate a fair share of the proceeds of growth.

Consider a concrete example that, in keeping with the theme of plumbing, focuses on water. Suppose a state has successfully connected its citizens to the water mains. There is enough water to meet citizens’ basic water needs but not enough to allow farmers to grow water-guzzling cash crops, or to allow rich city dwellers to install lawn sprinklers, and at the same time provide adequate water to the poor. To allocate water resources, elected politicians negotiate rules for pricing or rationing water, and bureaucrats implement these rules. In a benevolent state with adequate capacity, such actions can ensure that all citizens—rich and poor—get the water they need.

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The political voice afforded the extreme poor in democracies is typically constrained by economic and social disadvantage. In many settings, the economic elite can exploit their social connections and economic power to provide poor
voters with individual incentives to vote in a particular way (11, 12). The result is widespread vote buying and the pervasive use of clientelistic policies (13). Recent research conducted in rural Philippines and India documents how such practices can depress progressive redistribution (14–16). Lower literacy and less access to relevant political information can further weaken the ability of the poor to use their vote to hold politicians accountable (17).

As a consequence, far too often the poor elect politicians and administrators who do not share their interests. And, as in our water example, these politicians and administrators themselves often delegate powers to frontline workers whose actions are vital to the welfare of citizens but are not easily monitored by their superiors (18). In economics, each of these situations embodies a principal-agent problem, in which one group (principals) delegates policy implementation to another group (agents) in settings typified by incomplete information and varying incentives (19). When the principal has less information than the agent and the two parties face differing incentives, the agent can deviate from prescribed actions and, instead, make personally beneficial choices.

Within the principal-agent framework, evaluations of reforms intended to strengthen state capacity for delivery have yielded insights on how selection procedures, contractual form, and technology influence whether the intended policy goal is achieved (20). However, much of this literature assumes that the principal is someone within the state (typically, an elected representa-

tive or senior bureaucrat) and, importantly, is acting in the interests of the poor. As I argue above, this presumption is often unfounded. Political agency models recognize this and adapt the principal-agent framework for democratic settings. Here, citizens are the ultimate principals, and elected and appointed state officials are agents with competing information and incentives (21). Improvements in state capacity need not align incentives across citizens and state officials.

A direct implication is that, for the poor, effective democracy requires more than regularly occurring elections. It also requires democratic institutions that successfully disengage an individual’s ability to freely exercise her electoral rights from her economic power. It requires that the poor have reason to enter the social compact of taxation in exchange for public services. And it requires complementary investments that directly enable and incentivize citizen participation in the day-to-day business of democratic governance (for instance, by lobbying and negotiating policy with elected representatives and campaigning on specific issues). A growing body of empirical political economy papers use naturally random events or field experiments to examine which reforms to democratic institutions can achieve these goals.

Below, I describe a set of studies that show how greater effective enfranchisement of the poor, transparency initiatives, and combining tax collection efforts with mechanisms to enable citizen engagement with state officials can improve the ability of the democratic state to deliver policies that the poor favor. Methodologically, these studies share common ground with the experimental literature on evidence-based policies: They rely on random variation in citizen exposure to democratic reforms to isolate the causal impact of reforms. Substantively, the findings from these studies are consistent with the predictions of political agency models, and they support using this framework to identify future reforms. Finally, and importantly, they provide guidance for development policy by showing how piece-meal reforms that target the levers of power can strengthen democracy and get resources flowing to those who need them the most.

Enfranchising the poor

Universal suffrage has been effectively ubiquitous in democracies and near-democracies since 1980, with a handful of exceptions (1). But complex de facto voting procedures often constrain the ability of the poor to exercise their vote. Using technology to make voting procedures more accessible to the less educated can strengthen their political voice. For example, Brazil historically used a paper ballot system under which it was common for more than a quarter of the votes to be deemed invalid, that is, either blank or error-ridden. In 1998, electronic voting devices were introduced to municipalities above a certain population threshold, and the electronic interface was universally adopted in 2002. By providing voters step-by-step guidance and introducing visual aids, this technology facilitated voting by less literate citizens. Fujiwara compared municipalities just above and just below the population threshold for eligibility for electronic

Fig. 1. National per-capita income and democracy as experienced by the world’s extreme poor. (A) The sample consists of 163 countries. Extreme poverty data from World Bank’s PovcalNet was used, measuring those consuming less than $1.90 a day (adjusted for inflation to 2011 and for purchasing power), with linear interpolation, when possible, for missing country-years. Country income classifications are from the World Bank. The sharp changes in 1998, 2007, and 2010 are China and India entering lower-middle income and China entering upper-middle income, respectively. (B) The sample consists of 155 countries. Same poverty figures as in (A). Democracy data was sourced from the Varieties of Democracy project (1). The clean elections index, an expert-scored annual index that ranges from 0 to 1, measures to what extent elections are free and fair. Benchmarks: The index over this time period for Vietnam has been relatively stable at about 0.5, and that for China has been stable at exactly 0. The egalitarian component index, also an expert-scored annual index that ranges from 0 to 1, measures to what extent the egalitarian principle of democracy is achieved, including civil liberties, universalistic welfare policies, and lack of particularistic goods. Benchmarks: The index over this time period for Vietnam has been relatively stable at −0.7, and that for China has declined from −0.5 to −0.4.
voting machines across years and found that access to electronic voting reduced the number of invalid votes by more than 10% and increased the election of left-wing legislators (22). This, in turn, was associated with a 34% increase in public health care spending over an 8-year period. More investments in pro-poor health spending led to a 6.8% (0.5 percentage point) decrease in the prevalence of low-weight births among mothers without primary schooling.

**Informing the poor and making political behavior transparent**

If information flows between voters, politicians, and parties are weak, however, suffrage and enfranchisement may not be sufficient to enable the poor to use their vote as an effective political voice. In such cases, it may be necessary to directly provide citizens with actionable information on government performance.

Using data from Brazilian municipalities, Ferraz and Finan showed that the public release of audit reports lowered reelection rates of mayors from more corrupt municipalities, with more pronounced effects observed in municipalities with a local radio station (23). Information about politician behavior can therefore improve voters’ ability to select politicians on the basis of performance.

Another approach is to encourage informative voter campaigns. Bidwell et al. conducted a large-scale experiment during the 2012 parliamentary elections in Sierra Leone, where they randomized citizen exposure to pre-election candidate debates hosted and screened by a third party (24). Watching debates increased political knowledge, improved voter-candidate alignment, and increased both the number of votes cast and vote shares of the best-performing candidates. Candidates, in turn, increased their campaign efforts in communities where debate screenings were held. Tracking a small sample of legislators, the authors found that legislators chosen to feature in debates held twice as many constituency meetings and spent 2.5 times more discretionary public funds on development projects than did legislators not featured in debates—a consequential outcome for voter welfare.

While Bidwell et al. raise the possibility that voter engagement can incentivize politicians to engage in more progressive redistribution, Banerjee et al. investigate this question directly and at scale, in the context of the city government of Delhi, where roughly a third of the population of 20 million live in slums (25). Delhi’s elected councilors legislate on how to redistribute state resources, and they also have access to discretionary funds that can be spent on infrastructure. Survey data show a drastic mismatch between councilor spending and citizen preferences: Although sanitation was a priority for most slum-dwellers, most money went toward road construction. Against this backdrop, a random sample of councilors were informed 2 years prior to city elections that a leading newspaper would publish report cards on their performance just before the city election. The informed councilors subsequently moved their spending in a pro-poor direction, a move that was rewarded by political parties. Specifically, among those male councilors ineligible to run for reelection in their own ward (owing to it being declared reserved for women), those who had undertaken more pro-poor spending were more likely to receive a party ticket to run from a nonreserved ward, which translated into electoral rewards: Councilors who undertook more pro-poor spending received a higher voter share in the subsequent election.

This experiment led parties to run better candidates, so it served as evidence of the democracy-improving power of both transparency and the gender quotas that caused parties to drop the worse-performing male candidates. Arguably, in both the Indian and Brazilian cases, the use of mainstream media to render reports public was important for credibility. This is consistent with findings of a recent set of harmonized field experiments on voter information (26), which indicate that the only successful informational interventions were those that provided information in a public setting.

**Encouraging participation by the poor**

The state’s ability to tax is a prerequisite for providing services to the poor—so what will persuade citizens to enter this social compact? Weigel examines this question in the city of Kananga in the Democratic Republic of the Congo, which raised a minuscule $2 million per year in a province of 6 million people (27). Prior to the experiment, most citizens had never paid, nor been solicited for, formal taxes by the modern Congolese state. Kananga’s government randomized property tax collection across its 431 neighborhoods. In taxed neighborhoods with in-person collection, collectors went door-to-door registering households and collecting the approximately $2 property tax. In control neighborhoods, citizens were left to voluntarily pay at the tax ministry. All citizens were encouraged to attend government-hosted town hall meetings, where officials and citizens discussed tax and public spending in Kananga, and to submit anonymous evaluations of the provincial government.

The campaign increased the probability of visits from tax collectors by 81.5 percentage points (from 0.05% in control) and increased property tax compliance by 11.5 percentage points (from 0.001% in control). The property taxes collected during this campaign made up just 5% of the provincial government’s total revenue, on par with local governments in more prosperous African countries.

The campaign also yielded a participation dividend, increasing both town hall attendance and evaluation form submission. The citizens who were exposed to visits by tax collectors also positively evaluated the provincial government, citing more revenue, less leakage, and a greater responsibility to providing public goods. These effects on beliefs about the government suggest that enhancing citizen participation while expanding the tax net can instill in citizens the sense of an incipient social compact with the state. Along these lines, Olken reports 20 times larger citizen participation and greater citizen satisfaction when local village projects in Indonesia were chosen by direct plebiscite rather than representative village meetings (28). Villagers perceived projects selected by direct plebiscites to be fairer and more legitimate than projects of the same type selected by representative meetings.

**The catch-22 of democratic reform**

In a democracy, power is never as simple as “one person, one vote.” When the poor lack power—both to command sufficient resources for themselves and to improve the democratic system...
that is failing them—who has the power, or the incentive, to provide them with democratic influence? This, arguably, is the catch-22 of democratic reform.

One way to resolve the dilemma, inspired by the modernization hypothesis, is to focus on policies that affect growth. The main argument of the modernization hypothesis is that the social transformations which accompany economic development create more politically aware citizens and, thereby, the conditions for democratic development (29). Yet, at the level of cross-country analysis, evidence supporting this hypothesis remains weak (30).

Another way is to focus on identifying feasible paths to reform within a given institutional setting (31). We can start by considering three groups of players who might propel reform: (i) the poor and disadvantaged who would benefit from it, (ii) the economic and political elite who control the levers of power from within the system, and (iii) actors, such as international development and human rights agencies, who influence reform from the outside. We can try to determine how these players might identify aligned incentives, create effective coalitions for change, and overcome resistance from those who stand to lose from reform. And, finally, we can identify which institutional structures will ensure effective reform implementation.

A concrete example can help clarify how such a research agenda could play out. During the 19th century, the United Kingdom (like many Western countries) extended the vote from wealthy landowners to all males. Lizzeri and Persico argue that British elites broadened the franchise because it better aligned citizen and politician policy preferences, increased the electoral value because it better aligned citizen and politician policy preferences, and increased the electoral value because it better aligned citizen and politician policy preferences (32). The authors highlight the role of powerful insiders—a core set of politicians who popularized the view that extending the franchise was essential “to reduce the pervasiveness of patronage and to coax the machinery of government to serve the public purpose.” What motivated these politicians, and how did they convince the broader population? Here, the authors point to the role of “philosophical radicals” who sympathized with the ideals of democracy but were also motivated by an awareness of the role of public goods, especially public health investments in improving citizen health and preventing outbreaks of diseases such as cholera. Increasing awareness of public health enabled the radicals to broaden support for universal male franchise. Thus, public health considerations prompted a set of powerful insiders to league with the poor, perhaps to safeguard their own well-being. What lessons does this historical example hold for democratic reform today?

First, it shows that the identity of insiders matters. This issue is particularly salient in discussions of identity politics, especially when low population share or historic disadvantage limits the direct electoral clout of a group. Sometimes, reform will come from enlightened insiders, but external players can also play a role, as the United Nations did in the 1995 Beijing conference, pushing for gender quotas in political leadership. Since then, more than 100 countries have adopted some form of gender quota. And inclusive effects can cascade as the poor and disadvantage become insiders themselves: Studies in India show that female representation has been associated with greater investments in drinking water in villages and gains in maternal and child health (33, 34). Women’s presence in government also influences subsequent political behavior and citizen engagement with the state. For instance, Beam et al. show that Indian villagers positively revise their beliefs about women’s ability to be effective leaders once (thanks to quotas) they are exposed to female leadership (35). Note that women are more likely to run in subsequent elections even in the absence of quotas. Political affirmative action for ethnic minorities is rarer but can similarly lead to better representation of their interests. For instance, in an earlier work, I show that mandated representation for lower castes and tribal groups in India was associated with increases in targeted redistribution (36). In this case, the introduction of quotas reflected the fact that a lower-caste citizen wrote India’s constitution.

Second, an awareness of shared policy interests across lines of class (and possibly sexual identity) can generate coalitions for change. Trosen shows that health and life expectancy improved measurably among African Americans in the Jim Crow South—even as they suffered extreme discrimination in nearly every area of public life—because the elite realized that when it came to water and sanitation, Black and white interests were interdependent (37). This is a rich area for study; today, climate breakdown and a global pandemic are affecting the fortunes of both rich and poor in highly unequal societies. Educational institutions and the media, both traditional and social, could play an important role in increasing an awareness of aligned interests extending well beyond public health.

Third, identifying ways of strengthening party structures and selection procedures within parties can yield important returns. The extension of the voting franchise marked the beginning of allegiances to political parties in the United Kingdom, and competition between them was associated with their staking clear policy positions on progressive redistribution. Lower-income democracies often have weak party structures. One example of how these parties, as insiders, can push for reform comes from Mexico. Using the example of Mexican states passing freedom of information acts, Berliner and Erlich show that political competition, by creating uncertainty over future political control, gave Mexican political parties incentives to undertake transparency reforms that “serve as insurance mechanisms enabling ruling groups to protect their access to government information, and to preserve means of monitoring future incumbents, in case they lose power” (38). The threat of one day being the underdog can push elite insiders to create a fairer system.

Finally, poor citizens can themselves motivate reform. Although the extension of the voting franchise in the United Kingdom was peaceful, citizen-led political protests, both violent and nonviolent, are an important method by which the poor and disadvantaged can directly push for democratic reform. Nepal held its first democratic elections only in 2017, in the wake of a 10-year civil war. The main Maoist group backing the revolution entered democratic politics after the peace agreement was signed. This group pushed for the implementation of one of the world’s most progressive constitutions and played an important role in supporting the successful candidacy of ethnic minorities in the 2017 elections (39). Protests by minorities can also induce reform by “agenda seeding.” Using evidence from Black-led protests in the United States in the 1960s, Wasow demonstrates that activists can use methods such as disruption to capture the attention of the media and overcome political asymmetries (40).

**Outlook**

The task, for researchers, is to expand the evidence base for exactly which democratic reforms are the most effective in providing the poor with a productive political voice, so that all people—the poor, insiders, and outsiders—can best take advantage of opportunities to effect change when they appear. A broader evidence base can also serve another purpose, as outsiders, such as international agencies seeking to end extreme poverty, face backlash at home for funding anti-poverty programs in countries where there are visible displays of wealth. Investing in interventions that have been shown to enhance democracy in developing countries may be more palatable than, say, sending cash.

Clearly, making the democratic machinery work for the poor is a much more complex proposition than the technocratic task of “repairing the plumbing.” Building state capacity and visible infrastructure are necessary but not sufficient. We must also strengthen democratic power for the poor, particularly in lower income settings. I have focused on areas with good experimental or quasi-experimental evidence on the effectiveness of reforms, and so I have not, for example, explored the potentially fertile territory of directly weakening the democratic influence of the economic elite. The examples in this Review, however, show that imaginative and strategic coalition-building between policy actors with aligned incentives can bring about reform and empower the poor.
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