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Cash transfers increase trust in local government ☆

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ABSTRACT

How does a locally-managed conditional cash transfer program impact trust in government? On the one hand, delivering monetary benefits and increasing interactions with government officials (elected and appointed) may increase trust. On the other hand, it can be difficult for citizens to know to whom to attribute a program and reward with greater trust. Further, imposing paternalistic conditions and possibly prompting citizens to experience feelings of social stigma or guilt, could reduce trust. We answer this question by exploiting the randomized introduction of a locally-managed transfer program in Tanzania in 2010. Our analysis reveals that cash transfers can significantly increase trust in leaders. This effect is driven by large increases in trust in elected leaders as opposed to appointed bureaucrats. Perceptions of government responsiveness to citizens' concerns and honesty of leaders also rise, and these improvements are largest where there are more village meetings at baseline. One of the central roles of village meetings is to receive and share information with village residents, providing some evidence on the value of a high-information environment for generating trust in government. We also find that records from school and health committees are more readily available in treatment villages. Notably, while stated willingness of citizens to participate in community development projects rises, actual participation in projects and the likelihood of voting do not. Overall, the results suggest little reason to worry that local management of a conditional cash transfer program reduces trust in government or the quality of governance—especially in high-information settings.

1. Introduction

How does government provision of social protection impact trust in government, and how does the quality of information available to citizens moderate this relationship? The very existence of government is often predicated on its ability to protect citizens' well-being. Intuitively, government efforts to provide for that well-being should increase trust. A high level of trust in government is critical not only for healthy state–society relations, but also for the economy; for example, Fukuyama (1995) highlights how social trust plays a role equal to that of physical capital in determining economic prosperity. Cash transfer programs, a popular form of social protection, were ubiquitous in Latin America by the mid-2000s (Fiszbein & Schady, 2009), but just emerging in poorer, African countries. They have since exploded in Africa; by the 2010s, the vast majority of African countries had formally discussed, planned, or piloted a cash transfer program of some form (Garcia & Moore, 2012). However, their expansion has coincided with a general *decline* in levels of trust across Africa, illustrated in Fig. 1 using data from the full set of countries included in Afrobarometer surveys between 2005–2016. The timing of the decline, starting

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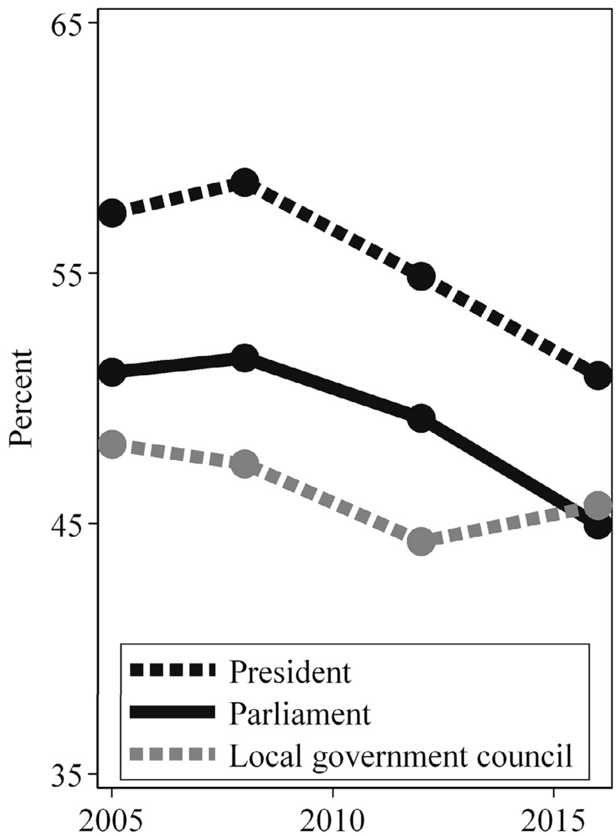

Fig. 1. Africa: Trust in leadership over sample period. *Source*: Afrobarometer (2005, 2008, 2012, 2016). Notes: The bars measure the share of individuals who indicate that they trust politicians at three levels (president, parliament, and local government council) "somewhat" or "a lot" over four different rounds of the Afrobarometer. Responses for a given year are weighted according to the national population and distribution of the sample based on individual selection probabilities (i.e., based on region, gender, urban-rural distribution, and size of household and enumeration area). The list of countries included in Afrobarometer has grown over time. To exclude any sample composition effects, we only include countries that were present in all rounds. The 18 countries included in the Africa sample are: Benin, Botswana, Cape Verde, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Nigeria, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

during 2008–2012 and following a rise in trust during 2005–2008, coincides with the global financial crisis, the rapid rise of access to technology and social media in developing countries, and the Arab Spring. Can an effective cash transfer program overcome this overall trend of declining trust? And how does the quality of information available to citizens moderate this relationship? We consider these questions in the context of a cash transfer program piloted in Tanzania in 2010. Tanzania similarly experienced declining trust during 2008–2012 (Afrobarometer, 2008, 2012).

Existing research shows that citizens selectively reward government for providing social protection. While several studies show that its provision increases voter turnout and support for incumbent politicians (Chen, 2013; Linos, 2013; Layton & Smith, 2015; Marschall, Aydogan, & Bulut, 2016), Mettler & Stonecash (2008) find that it may lower the likelihood of voting, and Ellis & Faricy (2011) find that public opinion is unaffected by the level of federal social spending. Zucco (2013) shows that incumbents may benefit from dispensing a cash transfer program, but impacts are short-term and limited to presidential (and not legislative) candidates. And Kosec & Mo (2018) show that the degree to which cash transfers improve confidence in government may be moderated by perceptions of one's relative poverty level, with trust increasing most among those who feel relatively deprived. These studies raise important questions about how the information available to citizens may influence whether and how they reward government for social protection.

The very nature of social protection programs makes their net effect on trust in government ambiguous. On the one hand, they deliver monetary and other benefits that should improve livelihoods, and they signal to citizens the value their government places on their welfare (Hunter & Sugiyama, 2014). Social protection programs may also help individuals build stronger social relationships and lead them to cooperate more (Adato, 2000; Camacho, 2014; Attanasio, Pellerano, & Reyes, 2009, 2015). And Camacho (2014) shows that they may increase individuals' exposure to and trust in certain public sector institutions.[1] All of these factors may raise trust in government.

On the other hand, for many social protection programs, it is difficult for citizens to know to whom to attribute the program and thus give credit and greater trust. For example, even if local governments are involved in the delivery of a program, citizens may give all of the credit to the central government or to donors. And, as Zucco (2013) notes, it is unclear whether citizens should reward those who initially introduced a social protection program or those currently dispensing it. Further, such programs often impose paternalistic conditions which could sour state-society relations (Freeland, 2007). Participation in them may further carry a social stigma (Mettler & Stonecash, 2008; Chong et al., 2009; Camacho, 2014; Oduro, 2015) or otherwise cause social tensions between beneficiaries and non-beneficiaries (Adato, 2000; Adato & Roopnaraine, 2004; Cruces & Rovner, 2008; MacAuslan & Riemenschneider, 2011; Ellis, 2012), thus reducing civic engagement and lowering trust in government. Citizens may also fear that the process for allocating social protection is politicized and unfair; this could affect perceptions of government (Bruhn, 1996; Dahlberg & Johansson, 2002; Guo, 2009; Costa, 2011; Brollo & Nannicini, 2012; Aytaç, 2014). This problem may be especially likely in the case of local government management of a program, where elite capture (and thus a failure to effectively target the poor) may be more likely (Mansuri & Rao, 2004).

We contend that a key factor moderating how receipt of social protection affects trust in government is the availability of information—on government decision-making broadly-speaking, as well as on the program specifically. We empirically examine both the question of how government provision of social protection impacts trust in government as well as how information moderates the relationship, in the context of Tanzania's pilot, community-managed conditional cash transfer program. In 2010, the Government of Tanzania randomized 80 study villages into treatment and control groups of 40 villages each, with control villages to receive the program with a 2.5 year delay. The program conditioned receipt of transfers on child enrollment in and attendance at school and on health clinic visits by both children and the elderly (age 60 and over). In all 80 study villages, citizens elected a community management committee (CMC) via secret ballot to select beneficiaries and run the program. In the study context, village meetings play a central role in disseminating information to village residents. We define a high information environment to be one in which there was an above-median number of village assembly meetings prior to program implementation (i.e., four or more per year, which is the number the village council is officially required to hold). While village meetings may have other effects than conveying information, and while variation in meetings is not randomly-assigned, we argue that this is a central goal of

[1] Specifically, Peru's Juntos CCT increased trust in institutions related to the conditions of Juntos: the national office in charge of identity registration, the Ministry of Health, and the Ministry of Education. However, it decreased trust in the institution that handled the complaints related to program targeting.