



Party discipline and government spending: Theory and evidence[☆]

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ARTICLE INFO

Article history:

Received 23 November 2016

Received in revised form 30 March 2018

Accepted 14 May 2018

Available online xxxx

JEL classification:

D72

H41

Keywords:

Party discipline

Discretionary spending

Party line

ABSTRACT

This paper studies the relationship between party discipline and discretionary spending with theory and data. We propose a theoretical model in which a politician faces a conflict between her constituents' interests and the party line. Party loyalty is electorally costly for the politician and is therefore rewarded by the party leader with greater amounts of discretionary spending allocated to the politician's constituency. This effect is greater the more intense the conflict between the voters' and the party's interests. Using data on party discipline in the U.S. House of Representatives and federal payments to congressional districts between 1986 and 2010, we provide evidence that increases in legislators' party discipline raise the amounts of discretionary spending their districts receive. The rewards for discipline are larger the greater the gap between the constituents' and party's preferences (i.e., in conservative-leaning districts represented by Democrats or liberal-leaning districts represented by Republicans).

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1. Introduction

Party discipline commonly refers to the ability of party leaders to influence their party members to support the party line on the floor of the legislature.¹ In modern democracies, party discipline is often difficult to achieve because legislators have to respond to local needs and preferences that are sometimes not aligned with the party's interests. Excessive party loyalty, therefore, may be electorally costly for legislators. To soften electoral punishment and foster party discipline, party leaders may reward loyalty. Such rewards can include “favorable committee assignments and leadership positions, campaign funds, district visits by party notables, federal projects targeted to a member's district, expedited treatment for a member's favorite

bills, and invitations to serve as speaker pro tem” (Snyder and Groseclose, 2000, p. 194). Narrowly targeted projects may be particularly effective in influencing legislators' voting behavior. In 1964, for instance, American President Lyndon Johnson persuaded Arizona Democrat Carl Hayden to vote in favor of the Civil Rights Act in exchange for the Central Arizona Water Project that Hayden's constituents demanded. Some argue that “without a little pork, Johnson would have been unable to obtain his [Hayden's] support” (Zelizer, 2014).

More recently, in 2011, the U.S. Congress banned earmarks as they were often associated with overspending and corruption. However, this came at the cost of the Congress being more paralyzed and less able to pass fundamental legislation because congressional leaders could no longer reward and punish rank-and-file members.² According to Republican former Senate Majority Leader Trent Lott, “trying to be a leader where you have no sticks and very few carrots is dang near impossible.”³ Nowadays, the Congress has reached such a high level of dysfunction that even Republicans (including

[☆] The authors are grateful to two referees, the editor (Fernando Ferreira), James Snyder, Pilar Sorribas-Navarro, and seminar and conference participants at several institutions for helpful comments and suggestions, and Lutz Brückner, Alina Gaisbauer, and Jonas Metzger for excellent research assistance. Zudenkova acknowledges financial support from the German Science Foundation (research project SFB 884-C1) and Curto-Grau from the European Commission (project 749547-POLITRAITS). An earlier—and very different—version of this paper circulated under the title “Party Discipline in Congress.” The usual disclaimer applies.

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¹ Henceforth, we use the terms party discipline and party loyalty interchangeably.

² See for instance, <https://www.vox.com/2015/6/30/8864869/earmarks-pork-congress>.

³ Quote extracted from <https://www.theatlantic.com/magazine/archive/2016/07/how-american-politics-went-insane/485570/>.

President Donald Trump), who have traditionally opposed earmarks, are suggesting it may be time to bring them back.⁴

However, besides anecdotal evidence, there is a great deal of uncertainty regarding the relationship between party discipline and the allocation of discretionary spending.⁵ The present paper contributes to this line of research by proposing and testing empirically a novel theory that identifies the condition under which party discipline is likely to influence government spending. In our model, voters condition a politician's reelection on the policy outcome she decides to implement, as well as on the amount of funds she attracts for her constituency. If the politician (who is purely office-motivated) follows the party line instead of voters' interests, the potential electoral punishment can be partly (or totally) offset by larger spending targeted to her constituency. The party leader, who is in charge of allocating government spending, offers a contract to the politician conditioning the allocation of spending on the politician's loyalty to the party line. In this context, the closer the policy outcome to the party line, the more loyal the politician is. Our model predicts that higher levels of party loyalty are associated with greater amounts of targeted spending. Most importantly, this effect is greater the more intense the conflict between the party leader's preferences and the voters' interests.

To investigate empirically the relationship between party discipline and discretionary spending, we use a dataset of congressional districts in the United States that includes information on representation and party discipline in the House of Representatives and federal grants between 1986 and 2010. We focus on party loyalty in legislative voting and use as a measure of discipline the party unity scores published yearly by *Congressional Quarterly*. These scores are based on roll-call votes in which the majority of Democrats oppose the majority of Republicans, also known as unity votes. Unity scores are calculated as the percentage of unity votes in which a representative voted along her party line. In addition, to measure the intensity of conflict between the party's and voters' interests, we use districts' vote shares in the preceding presidential elections. The results of presidential elections are commonly used to measure district ideology in the liberal-conservative dimension. Larger vote shares of a Republican (Democratic) presidential candidate in districts represented by Democratic (Republican) House members indicate a larger gap between constituents' and party's interests. As for the type of federal grants, we restrict our analysis to spending programs that have a large variation over time within districts and are likely to be allocated according to discretionary rules. Thus, this type of expenditure is more susceptible to political manipulation and targeting.

We apply two estimation strategies to examine empirically our theoretical predictions. The first strategy is to include district and year fixed effects as well as a set of legislators' observable characteristics (e.g., partisanship) and district characteristics (e.g., whether the district partisanship aligns with that of the House majority or the President). The inclusion of district fixed effects mitigates to a certain extent the potential omitted-variable bias. However, another concern is the simultaneity bias. To address this issue, we instrument party discipline with a two-year lag of party unity scores. Given that congressional elections take place every two years and that our

analysis focuses on new payments (excluding multi-year projects), it is unlikely that current spending is exchanged for future discipline, when neither leaders nor rank-and-file members can predict their electoral prospects.

According to our results, a one-standard deviation increase in party unity scores raises discretionary spending by 18% on average. We also find, in line with our theoretical predictions, that a one-standard deviation increase in conflict intensity raises the reward to party discipline by about 5%. According to our results, the OLS estimates underestimate the true effect of party discipline. A possible explanation is that party discipline is targeted to legislators who would otherwise disregard the party line. If this is effective in changing their vote then observed values of party discipline are already the result of higher levels of spending.

The remainder of the paper is organized as follows. The next section describes the related literature. Section 3 outlines the theoretical model and derives its empirical implications. Section 4 describes the data and illustrates the empirical strategy. Section 5 presents the estimation results and robustness checks. Finally, Section 6 concludes the paper.

2. Related literature

Our theoretical model contributes to the formal literature on party discipline, which comprises several approaches. Some researchers have elaborated on informational arguments, pointing out that strong party discipline informs voters about the future policy of a candidate who, once elected, cannot deviate from the party's official platform (Ashworth and Bueno de Mesquita, 2004; Castanheira and Crutzen, 2010; Cox and McCubbins, 1993; Snyder and Ting, 2002). In a similar vein, Grossman and Helpman (2008) defined party discipline as a party's ability to induce ex-post adherence to a pre-announced position. Party discipline, therefore, is a valuable asset for the party leaders because it signals cohesion and thus helps build a political brand (Cox and McCubbins, 1993). In several other studies, party discipline has been modeled as the ability of the party leadership to control its members in the legislature such that they vote in line with the party's ideological position (Colomer, 2005; Eguia, 2011; Iaryczower, 2008; McGillivray, 1997; Patty, 2008; Volden and Bergman, 2006). In these models, the party leader's objective is to discipline party members who might have different ideological preferences. Among these studies, the most related to ours is Iaryczower (2008) who analyzed a similar setting but focused on the impacts of partisan promises (such as nomination to party lists) on loyalty in voting. He defined party discipline as "power of partisan promises to induce behavior different than in a non-partisan benchmark" (p. 205), and modeled pork-barrel spending as a tool to coordinate party members' beliefs about the leader's ability to provide future partisan benefits. We do not consider partisan promises but rather concentrate on the conditions under which party loyalty is likely to influence pork-barrel spending. In turn, Diermeier and Feddersen (1998a,b) provided an institutional explanation for cohesive voting of legislators in parliamentary systems. The authors showed that the vote-of-confidence procedure common in parliamentary democracies creates an incentive for cohesion in voting.

Although these studies formally analyzed party discipline, little research has been conducted on the impacts of party loyalty on the allocation of discretionary spending. We are aware of only one formal study that addresses this question. Grossman and Helpman (2008) investigate how differences in party discipline affect national spending on local public goods. In the study's setting, however, party discipline is modeled as an exogenously given institutional variable—an "extent of commitment to party platforms" (p. 330). In the present paper, we endogenize party discipline by modeling explicitly the politician's and the party leader's problems.

⁴ See for instance some debates in newspapers and blogs: <https://www.vox.com/policy-and-politics/2018/1/12/16873520/case-for-and-against-earmarks>, <https://www.washingtontimes.com/news/2018/jan/17/republicans-democrats-agree-need-earmark-spending/>.

⁵ Discretionary spending typically refers to federal spending that is included in annual appropriation bills, as opposed to mandatory spending. Also, it is a kind of payment that can be targeted to certain constituencies and that is not based on objective formulas. Henceforth, we use the terms discretionary spending and pork-barrel spending interchangeably.

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