

Voter Preferences and Foreign Aid

Experimental Evidence from Pakistan

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Abstract

How does foreign aid interrupt the fiscal contract between voters and politicians as an un-earned resource that politicians can use to seek electoral leverage? Recent literature in political science has attributed the electoral consequences of foreign aid to credit claiming by politicians (Cruz and Schneider 2017) or to the ability of politicians to allocate these funds strategically (Briggs 2012; Jablonski 2014). However, both these mechanisms assume an asymmetry of information between voters and politicians: if voters were better informed about politicians' programmatic efforts, they would not reward politicians for foreign aid. However, in countries with low tax-to-GDP ratios and high aid dependency, voters adapt their expectations in the light of foreign aid and elect politicians who are more likely to secure foreign aid funding for their constituency. They do this because politicians' programmatic promises suffer from time inconsistency and uncertainty; in weak institutional and fiscal conditions, politicians cannot credibly commit to initiating broad based public goods programs. In this paper, I conduct a survey experiment amongst Pakistani undergraduate students and find that voters are more likely to choose candidates with characteristics that signal their ability to secure foreign aid funding. I also find that voters are more likely to opt for public goods that provide them immediate benefits in the form of cash handouts. This suggests that voters consciously account for the presence of foreign aid while making voting decisions and do not vote for politicians on the basis of misinformation.