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Leopoldo Fergusson
Universidad de los Andes

James A. Robinson
University of Chicago

Santiago Torres
University of Chicago



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Leopoldo Fergusson

Universidad de los Andes

James A. Robinson

University of Chicago

Santiago Torres

University of Chicago

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International Inequalities Institute
The London School of Economics and
Political Science, Houghton Street,
London WC2A 2AE

E Inequalities.institute@lse.ac.uk

W www.lse.ac.uk/III

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The Interaction of Economic and Political Inequality in Latin America.*

Leopoldo Fergusson[†] James A. Robinson[‡] Santiago Torres[§]

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Abstract

We investigate how economic inequality can persist in Latin America in the context of radical falls in political inequality in the last decades. Using data from Colombia, we focus on a critical facet of democratization - the entry of new politicians. We show that initial levels of inequality play a significant role in determining the impact of political entry on local institutions, policy, and development outcomes, which can impact future inequality. A vicious circle emerges whereby policies that reduce inequality are less likely to be adopted and implemented in places with relatively high inequality. We present evidence that this is caused both by the capture of new politicians and barriers to institution and state capacity building, and also by the fact that politicians committed to redistribution are less likely to win in relatively unequal places. Our results, therefore, help to reconcile the persistence of economic inequality with the new political context.

Keywords: political entry, public policy, development.

JEL Classification: D72, D78, H4, H5, P0

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[†]Universidad de los Andes, Facultad de Economía, Cra 1 No 18A - 12, Bogotá, Colombia. lfergusson@uniandes.edu.co. *Website:* leopoldofergusson.com

[‡]University of Chicago, Harris School of Public Policy and Department of Political Science, and University of Nigeria at Nsukka, Institute for African Studies, 1307 East 60th Street, Chicago, IL60637. *Email:* jamesrobinson@uchicago.edu. *Website:* voices.uchicago.edu/jamesrobinson.

[§]University of Chicago, Harris School of Public Policy, 1307 East 60th Street, Chicago, IL60637. *Email:* storresp@uchicago.edu

1 Introduction

Over the past 200 years, Latin America has diverged economically from North America. At the time of independence, some parts of the sub-continent, like Argentina and Cuba, had income per-capita levels close to those of the U.S. (Coatsworth, 1993; Engerman & Sokoloff, 1997). Today, on average, Latin American countries have around 15 % of U.S. levels of prosperity.

However, while historic levels of development might have been similar in some dimensions, the different parts of the Americas differed quite radically in at least two key others. The first is inequality of incomes and assets. The second is the distribution of political power. Though there is an intense historical debate on the extent of comparable economic inequality in the Americas 200 years ago,¹ a great deal of evidence suggests that it was high. For example, the evidence for greater inequality in human capital in Latin America is incontrovertible. The evidence on the inequality of political rights is similarly clear (Engerman and Sokoloff (2005) and Acemoglu and Robinson (2008a) on both of these). The preponderance of research suggests these are causally related, with the inequality of political power often seen as the key forcing variable creating institutions and policies that lead to economic inequality. For example, García-Jimeno and Robinson (2011) argue that the greater political power inequality in nineteenth-century Latin America led to the very skewed distribution of land in frontier expansion. This economic inequality feeds back and reinforces the initial political inequality that created it (see Acemoglu, Johnson, and Robinson (2005) for a theoretical framework that captures this feedback). In this model, policies are deliberately chosen to sustain political and economic inequality, leading to under-provision of public goods, such as education, and consequentially low rates of economic growth and economic divergence (see Engerman and Sokoloff (1997), Bourguignon and Verdier (2000), Acemoglu and Robinson (2012) and Acemoglu, Bautista, Querubín, and Robinson (2008), Dell (2010) and Ferraz, Finan, and Martinez-Bravo (2020) for econometric evidence).²

These observations generate a significant puzzle in contemporary Latin America. While economic inequality is still high and exceedingly inertial, the second factor above, inequality of political power, has changed dramatically. This transformation is manifested most obviously in the democratization of Latin America. Figure 1 plots some standard measures of the extent of democracy from the VDEM project. No matter the definition, there have been dramatic improvements in

¹This literature has focused on several themes. One is whether or not inequality in Latin America was higher in the colonial period. Some studies have used probate data to argue this was not the case, e.g., Johnson and Frank (2006). Consistent with this, others have argued that Latin America became relatively unequal much later, possibly during the wave of globalization after 1850 (see Coatsworth (2008) or Williamson (2010)), or even in the twentieth century (Bleynat, Challú, & Segal, 2021).

²One can, of course, think of purely economic mechanisms via which inequality can persist (Banerjee & Newman, 1993; Galor & Zeira, 1993). Nevertheless, we believe that the puzzle we identify remains because the advent of democracy ought to make policy more redistributive, which should relax the types of liquidity constraints on which these theories rest.

democracy since the collapse of military dictatorships in the 1980s and the arrival of democracy in Central America for almost the first time. Compared to other world regions, only Eastern Europe has experienced a comparably large and fast improvement in democracy (Figure 2)³. This democratization also seems to have led to a genuine entry of new parties and peoples into the political system. A prominent example is the Workers' Party of Brazil, whose first president, Luiz Inácio Lula da Silva, was a working-class former metal worker and trade unionist. Another example is the Movement Towards Socialism in Bolivia, whose first President, Evo Morales, was of indigenous origins, a former coca farmer, and ex-head of the Cocaleros trade union. People from clearly non-elite backgrounds have been or are presidents of Chile, Mexico, and Perú, and the president of Venezuela, Nicolás Maduro, was a former bus driver. These people and the parties they represent seem to have genuinely different interests, ideologies, and policy preferences from the people and parties they replaced.⁴ These changes are particularly relevant in a world where politicians cannot commit to policy as in the citizen candidate model of political competition developed by Besley and Coate (1997).

If political inequality has been the driving force behind economic inequality and poverty in Latin America, why has this dramatic increase in political equality not manifested in new inequality and development dynamics?⁵

While this puzzle has not been clearly articulated before, there are several arguments as to why greater political inequality might not have reduced inequality in Latin America.⁶ Most arguments emphasize that though political power has become more equal in some dimensions, this transformation has been imperfect and insufficiently comprehensive, or its consequences can be offset via other mechanisms.⁷ Therefore, power relations have not changed substantially; thus, neither have

³Appendix Figures C-1 and C-2 show that Latin America is also unique when examining other measures, in particular the increase in the effective number of parties for Congress and the rate of Executive turnovers.

⁴These recent changes were anticipated by previous "populist" and anti-elite political projects. For example, under Juan Domingo Perón in Argentina in the 1940s, Juan Francisco Velasco in Perú in the 1960s, and Omar Torrijos in Panama in the 1970s.

⁵This data rules out a mechanism related to the direct persistence of the same elites, e.g., Stone (1992). Even in Central America, new elites emerged, for example, with the nineteenth-century take-off of the coffee economy and the twentieth-century industrialization of the economy (Dosal, 1995; Paige, 1998).

⁶Undoubtedly, these mechanisms may apply elsewhere since the cross-national evidence does not suggest that, on average, democratization leads to falls in income inequality, see Acemoglu, Naidu, Restrepo, and Robinson (2015).

⁷The first person to identify that democratization in Latin America was not creating a new transformational politics but rather a type of perverse form of democracy, what he called "delegative" (rather than representative) was O'Donnell (1994). See Acemoglu and Robinson (2008b) for a model where democratization can have no effect on the economic equilibrium because elites can offset it.

policies, economic institutions, opportunities, and, ultimately, economic inequality.⁸

We emphasize several mechanisms explaining why democratization may fail to foster inequality-ameliorating policies. All mechanisms emerge from the fact that a small subset of people controls the mass of economic resources when inequality is high. They also undoubtedly monopolize cultural capital and access to high-status activities and positions. This control allows elites to influence and capture new politicians and citizens. This capture may be voluntary as new elites adapt to existing values, hierarchy, and status systems.

It is helpful to distinguish between two broad classes of mechanisms: incentives and selection. Concerning incentives, a first subset of mechanisms stems from the fact that the higher is inequality, the more threatening democracy is to elites (as in the analysis of Acemoglu and Robinson (2006)), and the greater their relative ability to influence policy (see Bénabou (1996)). This influence may manifest itself in different ways. The first and most obvious is outright corruption. Corrupting influence can occur either at the level of the politician or at the level of the voter. In the former case, elites can bribe politicians not to adopt particular policies or, if they are adopted, not to implement them. In the latter case, inequality may make clientelism and vote buying more attractive and effective, as in Robinson and Verdier (2013) and Stokes, Dunning, Nazareno, and Brusco (2013).⁹ Second, suppose elites capture or control local institutions, for example, state bureaucracies. In that case, they may block the implementation of policies designed to counter inequality (see Zamosc (1986) for a Colombian example in the context of agrarian reform). Third, elites may also have an incentive to directly undermine local state institutions that are a threat to them (as in the models of Besley and Persson (2009) or Acemoglu, Ticchi, and Vindigni (2011)) since this will guarantee that potentially threatening policies go unimplemented.

Another subset of incentive mechanisms comes from the fact that inequality may not just impact politics through the actions of pre-existing elites. It may also make rent-seeking by politicians

⁸One possible reason for the absence of change is that inequality in Latin America is sociological in ways in which political transition does not impact or does so only very slowly. Many non-political mechanisms may lead to the reproduction of inequality even in politically transformed societies. For example, Fernández, Guner, and Knowles (2015) find that Latin American countries have the highest rates of assortative matching in the marriage market so that rich people are more likely to marry other rich people. The research of Bourdieu (1984) emphasized the profound and deeply rooted ways hierarchy reproduces itself, extending even to taste in music and art. His book will resonate with anyone familiar with Latin America. He also pointed out the critical role of schools in reproducing inequality Bourdieu and Passeron (1990), and recent work by Zimmerman (2019) has shown how the school system in Chile interacts with elite status to reproduce inequality powerfully. For Colombia, Fergusson, , Cárdenas, and Villegas (2021) discuss the cultural implications of studying in a private or public school and demonstrate in an experiment that the labor market penalizes public school graduates, especially in jobs requiring social interactions where their social networks, cultural capital, and social prestige may be valuable. Unfortunately, the application of these ideas in Latin America is in its infancy (see Auyero (2012) for some ideas).

⁹There is an extensive literature on political clientelism in Latin America. See also Nichter (2018) and Calvo and Murillo (2019).

highly attractive. Instead of being manipulated by old elites, politicians prey on them.¹⁰ It is also plausible that a municipality with high levels of inequality will result in high levels of inequality of resources amongst the candidates. If incumbents have far more resources than entrants, newcomers may have to use certain electoral strategies, like clientelism, to access power. Once in power, these strategies limit their ability to transform local society.

Concerning selection, high levels of inequality may influence who decides to run for political office. For example, suppose elite-dominated local societies dissuade more educated or reformist politicians from running in the first place. This may occur because the existing elite can better conceal corrupt practices in more unequal places. Interestingly, Garbiras-Díaz (2022) shows, using random audits in Brazil, that increasing the visibility of corruption can help overcome barriers to entry for outsider candidates. More broadly, inequality may reduce the pool of candidates with the resources to compete against those in power. Either way, selection becomes a channel for reproducing the status quo and inequality.¹¹

To investigate these channels, we follow Fergusson, Robinson, and Torres (2023) who focus on mayoral elections in a municipality. These elections give a sample size large enough for an econometric analysis. To measure increased democracy at this level, they examine the entry of people without previous political experience into politics. Presumably, this is a crucial part of the mechanism via which democratization is supposed to change policy, enabling new voices to access political institutions and shape such policies. They compare places electing (by a small margin) a new politician to those where someone who is not new narrowly wins the mayoral election.¹²

The prime way democracy impacts inequality is via changes in policies, particularly redistributive policies and the provision of public goods. We examine three sets of dependent variables. The first captures local policies that mayors and the municipal government control and implement. Municipal governments in Colombia share a crucial responsibility in education, health care, and other local public services. We use the dataset compiled by Fergusson et al. (2023) on various educational and health outcomes measures. These are all listed in Appendix A. For example, we use information on primary and secondary school enrollment, the teacher/pupil ratio, and national test scores for education. For health, we examine infant mortality, the percentage of underweight babies, the government's subsidized health insurance coverage, and the number of health facilities per capita. Public services include the coverage of aqueducts, electricity, sewage, natural gas, and internet penetration. In Colombia, perhaps the most basic public good is security. We measure this

¹⁰In the Colombian case, a salient example of this might be the Carrusel de la contratación organized by Samuel Moreno after he became mayor of Bogotá in 2010 (see Romero (2013)).

¹¹Several authors have examined direct financial incentives as a source of political selection in Latin America (e.g., Ferraz and Finan (2009) and Piqué (2019) for Brazil and Perú).

¹²Technically, they conduct a regression discontinuity analysis. The hypothesis is that by focusing on close elections, the fact that a municipality elected a new person rather than an old one is idiosyncratic and unrelated to other municipal features that might impact the adoption or implementation of policies.

using data on thefts, kidnappings, murders, and forced displacement, all normalized. Finally, in this set of outcomes, we examine economic development measures. We use mean nighttime light, municipal value-added per capita, and the local employment rate.

Our second set of outcomes comes from information collected by the DANE, the Colombian National Statistics Institute (Departamento Administrativo Nacional de Estadística), on four indices of the functioning of local state institutions. The DANE compiled information on the efficiency and efficacy of local state institutions. Efficiency approximates the local public sector's 'total factor productivity,' capturing the relationship between services provided and the inputs used. Efficacy measures the extent to which a particular action generates the desired outcome. The DANE also measured management practices, which captures the extent of bureaucratization and professionalization of the local state. Finally, they collected information on fiscal performance, which captures how effectively fiscal institutions work (whether the local budget is balanced, whether laws relating to expenditure limits are obeyed, and whether the debt is properly serviced). Additionally, we examine measures of corruption accusations and prosecutions.

The DANE's indices of fiscal performance and management practices, introduced above, are particularly interesting because they allow us to discuss the difference between policy changes and policy implementation directly. Most of our data are on policy outcomes (the pupil-teacher ratio in schools, for example), so it is difficult to distinguish between the conceptually distinct situations where a policy is adopted and not implemented and those where a policy is not adopted in the first place. To some extent, fiscal performance and management practices capture policy changes under a mayor's control. Thus, if one sees these indices improving but no change in other policy outcomes, this suggests a policy change whose implementation fails or is blocked. This pattern would not support some of the hypotheses above, for example, the idea that newcomers behave like incumbents to win and retain power or adapt themselves to some status quo systems of values or hierarchies.

Finally, the third set of outcomes covers different dimensions of corruption. We examine the number of formal complaints and sanctions issued against mayors, using information gathered from the SIRI platform of the "Procuraduría General de la Nación", the national watchdog agency.

The basic prediction of the above mechanisms is that greater democracy and political equality may accompany unchanged redistributive policy and institutions and, ultimately, unchanged economic inequality on average. Nevertheless, the mechanisms are also considerably heterogeneous, which we exploit to test their relevance. First, in places with greater initial levels of inequality, the above arguments suggest that elites have more substantial incentives and the ability to influence policy choices. Hence, such places should have more political corruption and clientelism as elites make greater efforts to guarantee their interests are not threatened. Second, elites should have stronger incentives to block policy implementation in highly unequal places through their links to

the local state. Third, we expect that in places with high inequality, elites attempt to undermine local institutions to ensure they do not implement policies against their interests. Finally, through the selection channel, high inequality should also impact who runs for political office. For example, one might conjecture that this would lead to more moderate candidates since radicals would have little chance of winning in the face of entrenched elite interests and power.

We focus here on heterogeneity concerning initial levels of inequality because of the paper's focus on the reproduction of inequality in the face of democratization and falling political inequality. Fergusson et al. (2023) investigate much more broadly the conditional effects of democratization and what they call the "Conditional Iron Law of Oligarchy". They develop the idea that increased democracy while leading to the entry of new political forces and people, has potentially diverging impacts depending on the context. In their paper, they show in particular that initial levels of order and state capacity influence whether or not democracy is transformative. The fact that it may not be is due, as in the sociological theories from which their title comes, to the reproduction of elites: new democratic entrants become new elites, replacing old ones with little change in policy or outcomes. Rather than a tool of political inclusion, democracy becomes more of a mechanism for elite circulation. Our main contribution is to use their framework to study initial levels of economic inequality as a contextual factor and show that their results apply there also.

Our evidence shows patterns consistent with many of the hypotheses we sketch above. First, little happens on average in the short run to most policy outcomes when a new politician comes to power. There is no improvement in economic development and corruption outcomes, and the only improvement in policy is for education. Health policy outcomes even deteriorate on average, while other public services are no different in municipalities where a newcomer wins, as opposed to one where a newcomer loses.

Second, concerning institutional performance, we find minor positive effects of newcomers on an index that aggregates all the measures from DANE, driven by an impact on its components of fiscal performance, efficacy, and management practices. These results are consistent with democratization and greater political equality having little, or only a modest, effect on policy and inequality. These findings are interesting since, as we stressed, one can think of fiscal performance and management practices as directly measuring policy adoption, independent of implementation. To the extent that efficacy also increases, there is some evidence that better policies are both chosen and applied.

Third, there is little evidence for decreases in corruption on average when a new politician comes to office. There is no decrease in the likelihood that a mayor will be warned, sanctioned, suspended, removed, disqualified from office, or imprisoned.

More interestingly, however, there is considerable heterogeneity in the impact of newcomers depending on the initial levels of inequality. We measure this level of inequality via the Gini coef-

ficient calculated at the municipality level from the 1993 Colombian national census and Encuesta de Calidad de Vida. Municipalities with below-median inequality completely drive the positive effect on education. The negative impact on health policy goes away in these relatively more equal municipalities. The differences between high- and low-inequality municipalities also drive the measures of institutional performance. Municipalities with relatively low levels of inequality account for all of the average short-run improvements we mentioned above. Finally, for corruption, mayors of low-inequality municipalities are less likely to be disqualified for public office. At the same time, those in highly unequal places are more likely to be sanctioned and imprisoned for corruption.

These results suggest that newcomers have different policy preferences from existing political elites, but whether or not they choose or manage to implement different policies depends on the initial level of inequality. Indeed, if we consider fiscal performance and management practices as measures of policy adoption, these do not change in highly unequal municipalities when a new mayor is elected. This suggests either that elites bribe such mayors not to choose different policies or they do not do so because they aspire to merge into the existing status hierarchy. Our results on corruption suggest that the first mechanism applies here.

These results also show that the lack of policy outcomes in highly unequal municipalities is not simply a lack of state capacity or elites influencing bureaucracies not to implement policy. If this were so, we would expect to see policy change without implementation, but this is not the pattern we observe. Since we do not have detailed information on manifestos or campaign promises, we do not know whether newcomers in highly unequal municipalities offer different policies and then fail to adopt them once elected (a well-documented phenomenon at the national level in Latin America, see Stokes (2001)), or whether they instead never promise different policies. Finally, our findings are potentially consistent with the idea that mayors in unequal municipalities turn predatory. The fact that policy does not change and there are increases in corruption could, in addition to reflecting elites bribing mayors, be consistent with new mayors turning on elites. A more benign interpretation would be that to win in such a context, one has to “fight fire with fire” and therefore, after winning, better policies might be hostage to having to repay debts with state patronage and other means, making it impossible to improve policy or public goods outcomes.

These interpretations leave open, however, the issue of selection. The lack of policy change in highly unequal municipalities could be caused by different types of newcomers entering. To win in such an environment, it is possible that only newcomers who promise not to “rock the boat” stand a chance of winning. Indeed, Fergusson et al. (2023) show that newcomers differ from old politicians along several observable characteristics, including ideology, gender, and age, even when restricting the comparison to close electoral races. Therefore, “selecting” politicians with these different characteristics, beyond the newcomer condition per se, may partly explain the

effects of newcomers. Using the methods in Torres (2023a), Fergusson et al. (2023) find that the ‘pure’ newcomer effect on outcomes is generally more positive than when not correcting for the influence of such selection. In our context, we find that in many dimensions, there are no significant differences between newcomers and non-newcomers in municipalities with high or low inequality. But there do appear to be some interesting selection effects. In close elections, newcomers from left-wing parties tend to be less frequent in municipalities with high inequality. Moreover, they also tend to be poorer. The first finding is likely caused by left-wing parties finding it challenging to win in places with entrenched elites (Fergusson, Querubin, Ruiz, & Vargas, 2021). This reduces the likelihood of inequality-reducing policies being adopted.

This is suggestive evidence that selection, as well as incentives, drive the differences in the impact of newcomers by levels of underlying inequality, and both sets of mechanisms help to perpetuate disparities even in the face of large falls in political inequality.

The paper proceeds as follows. In section 2 we examine the evidence on political change in Colombia over the past 30 years documenting the extent to which there has recently been significant political entry. In Section 3, we discuss the data we use in the study and the identification strategy that we use to tackle the issue that it is endogenous where new politicians get elected. Section 4 newcomer incidence on policy and institutions by initial levels of inequality. Section 5 concludes.

2 Political change in Colombia

2.1 A Brief History of Colombian Democracy

In the Latin American context, Colombia stands out for its long and comparatively strong democratic tradition (see Posada-Carbó (n.d.) and Posada-Carbó (2020) for an introduction to the comparative historical evidence). Elections have been the salient path to political power since at least the Liberal Republic of the 1850s. Even if they were often boycotted and violent, clientelistic, and fraudulent, the aspiration was always to return to elections, which were seen as ways to share power and reconcile different interests (Mazzuca and Robinson (2009)).

The result was a democracy that was quite restrictive (Bejarano & Pizarro, 2005). After the 1850s, Liberal and Conservative parties dominated the political arena until the 2000s (Bushnell, 1993). These parties competed in elections and frequent civil conflicts. The last of such disputes, commonly referred to as “*La Violencia*” (The Violence), occurred between 1946 and 1957, intensifying after Liberal presidential candidate Jorge Eliécer Gaitan was murdered in 1948.

Facing political instability, General Gustavo Rojas Pinilla overthrew conservative president Laureano Gómez in 1953 and created a military dictatorship. This short spell of dictatorship in

Colombia's otherwise democratic tradition ended in 1957 when the party elites signed a power-sharing deal between the Liberals and Conservatives, called "*El Frente Nacional*" (National Front) (see Hartlyn (1988) for an overview). The parties alternated executive power and divided seats equally in legislative bodies for the next 16 years. The National Front successfully ended "*La Violencia*", but excluded other political forces and served as a power-preserving mechanism for different factions of economic elites (Bushnell, 1993). Political exclusion and weak state presence in several territories led to the formation of left-wing guerrillas such as the FARC and the ELN. Right-wing militias or paramilitaries then joined the scene to attack the guerrillas, often spontaneously formed by local people but then subsequently financed by large landowners and druglords and often colluding with the Colombian army.

Colombia's bipartisan dominance outlived the formal agreement until the late 1980s when the system opened substantially, and the country joined its version of the "Third Wave" of Democratization (Huntington, 1993). In 1986, majoritarian elections for local mayors and departmental governors replaced presidential appointments. Territorial autonomy and political decentralization also increased. Small local parties emerged, contested, and some won in the first local elections of 1988. Perhaps an even more significant change for underrepresented groups, a new constitution in 1991 formally recognized that many groups had been historically left out of politics and committed to adopting policies for inclusion¹³ (Hoskin, Núñez, & Sánchez, 2003). The new constitution allowed citizens to run independently or create new parties by collecting signatures. It reserved seats for indigenous and Afro-Colombian communities in the National Congress. Finally, it established public financing and media access for all political parties, including those newly formed.

Political competition increased, and underrepresented minorities increasingly entered politics through third parties. At the same time, splinter factions of the traditional parties also emerged and competed in elections, sometimes absorbing even smaller parties. Indeed, electoral rules favored smaller parties (Pizarro-Leongómez, 2002) leading to what came to be known as "operación avispa" (literally, "operation wasp"), fragmenting political parties into small and personal electoral enterprises.

To counteract these trends, a new political reform in 2003 (Legislative Act number 01 of 2003) sought to strengthen political parties.¹⁴ The reform consolidated the relatively more popular new parties and hindered the growth or even annihilated many small parties and movements, including some ethnic parties. Although a constraint for underrepresented groups at the national level, it did

¹³Article 7 reads "the state recognizes and protects the ethnic and cultural diversity of the Colombian nation". Moreover, Article 13 states "(...) the state will promote the conditions necessary for equality to be real and effective, and will adopt measures in favor of discriminated and marginalized groups"

¹⁴This reform introduced three main changes: First, political parties would be recognized if they received at least 2% of the total national votes in a national election. Second, political parties must present a single list to legislative bodies (though they could be open or closed, attenuating the reform's effect). Third, the seat allocation changed from the Hare quota to the D'Hondt method, introducing a minimum vote threshold for receiving a seat.

not undermine their success locally.

Indeed, the number of new political parties registered in the country shows virtually no change for over a century and up to the reforms of the late 1980s and early 1990s (Figure 3). Then, the number of officially registered parties exploded and reached almost 1,000 in 2003. While the 2003 reform reduced this number substantially, traditional bi-partisanism was long gone: Colombia had tens of registered parties, and new ones kept emerging to reach hundreds again by the end of our period.

In short, as elsewhere in Latin America, political inclusion has increased significantly in recent decades. This is not to deny the existing challenges of Colombian democracy. These include the persistent violent exclusion of some groups (Acemoglu, Robinson, & Santos-Villagran, 2013; Fergusson, Querubin, et al., 2021) and the regional differences in political representation (Fergusson, Molina, Robinson, & Vargas, 2017). But, as noted regarding the “wasp operation,” the increase in the number of parties partly represents the actual entry of new voices in the political arena and partly the old parties’ new strategies.

2.2 Documenting the Recent Transition

While our focus is on local office, some national-level patterns are helpful to highlight the broader relevance of political inclusion in Colombia over the last 30 years. Data from the National Congress helps illustrate one implication of increased political inclusion: fiercer competition. In Figure 4, we observe that tenure in Congress decreases for every younger cohort. For instance, the “class” of 2006 survived two consecutive periods at a rate of under 20% compared to close to 25% for those entering in 1991 and 35% for those entering in 1978. The 2006 rookies persisted three consecutive periods at a rate of under 10%, compared to 20% for those first elected in 1978. In short, it has become increasingly challenging to remain in positions of political power.

We also have direct evidence that some of these entrants differ from traditional political players. The left panel in Figure 7 shows that new identity groups who were previously excluded and improved their political clout since the 1991 Constitution are more active in politics. The right panel shows one dimension of inclusion that is easy to map across all offices (executive and legislative) and levels (local and national): female participation. The share of female candidates since the 1980s follows an increasing trend for every office.

For our empirical analysis, we will focus on a broad indicator of entry (Fergusson et al., 2023): newcomers. For each election, we look at all national, regional, and local elections and define a

newcomer as someone who has never previously held public office via democratic elections.¹⁵

With the political transformations since the late 1980s, people who never held public office increasingly competed and won at the local, regional, and national levels. Figure 5 shows that in the Upper and Lower Houses of Congress, the share of newcomers competing doubled after the constitution. Besides the remarkable trend, the levels are quite important in some elections. For instance, almost 90% of the municipal council candidates were newcomers in 2019.

So far, we have observed that groups with different identities and actors without previous political involvement acquired political power. Their inclusion also coincided with a meaningful increase in political competition. But do these new groups, particularly newcomer politicians, bring new preferences and ideas to policy? Again, a look at national legislators is helpful. In Table 1, we systematically review the topics of legislation presented in Congress between 2006 and 2018. We use standard text analysis to identify distinctively newcomer and non-newcomer topics.¹⁶ Distinctively newcomer topics are common for newcomers and uncommon for non-newcomers, and vice versa. In contrast, some topics are either frequent or infrequent for both groups, and not helpful to distinguish between them. The table shows that newcomers are more likely to propose bills about the environment, social security, health, welfare and poverty, and finally public administration. These topics resonate with an increased importance to previously neglected groups or issues. On the other hand, the most distinctively non-newcomer topic is “celebrations, honors, and monuments,” a well-known indication of clientelistic exchanges.

These figures suggest a substantial change in Colombian politics over the last few decades. On the one hand, they paint an optimistic picture. Previously excluded groups with new identities and ideas accessed power. Indeed, the democratic opening in Colombia coincided with a significant improvement in poverty levels, public service provision, health coverage, and infant mortality rates. These achievements are commonly attributed to the new constitution (Vallejo, 2014). On the other hand, Colombia remains highly unequal and poor and has been unable to catch up with more affluent nations. How can we explain that the fall in political inequality does seem to have brought some benefits but has failed to be transformational more broadly? In what follows, we will

¹⁵The only type of election we exclude, due to data limitations, is the “juntas de acción comunal” or local action boards, which operate at the neighborhood or rural village level. While these are significant political entities, our definition of newcomer candidates remains pertinent as a measure of individuals who have either not participated in politics or have done so exclusively in this very local arena. Furthermore, for each election with available data since year t , we incorporate a ten-year “buffer.” For instance, since mayors were appointed rather than democratically elected before 1988, identifying “newcomers” after this period could potentially introduce a bias. This is because many individuals who appear to be newcomers might have been appointed before. Therefore, we incorporate a minimum ten-year buffer before the election to define our measure (the election must occur in or later than $t + 10$), making 2000 the first election meeting this criterion.

¹⁶Specifically, we use a χ^2 statistic Gentzkow and Shapiro (2010) that ranks words or groups of words (in our case, topics from the corpus of legislative proposals) according to how frequently two groups use them. We use the repository of legal initiatives from Congreso Visible (2022), which contains the topics and politician-level vote records for each legal project.

rely on the richness of local variation to examine the causal connection between newcomers and development outcomes more closely and explore its limits.

3 Research Design

We first discuss the data we use.

3.1 The Data

3.1.1 The Politicians

We collect information from a variety of sources.¹⁷ We rely on Colombia’s Election Data Archive, compiled from official records from the *Registaduría Nacional del Estado Civil* by Torres, Barinas, Forero, Tibavisco, and Sánchez (2023). This dataset contains the votes and winners of all local, regional, and national elections held in Colombia. Our primary focus is on mayoral municipal elections. Municipal contests occur in October for terms starting in January of the following year. Between 1988 and 1994, we do not have vote counts for losers, only for winners and the aggregate. Regression Discontinuity analysis requires data for the runner-ups and thus relies on information from 1997 to 2019.¹⁸ The 1997 and 2000 elections are for three-year periods (starting in 1998 and 2001, respectively), whereas later elections are for four-year terms.

To identify candidate characteristics and, specifically, whether they are newcomers, we use data on the political trajectories and personal attributes of 455,000 candidates compiled by Torres (2023b). Due to a non-disclosure agreement with the *Departamento Nacional de Planeación*, politician attributes from the *Sistema de Identificación de Potenciales beneficiarios de Programas Sociales (SISBEN IV)* are not available in the public version of our dataset. To establish parties’ ideology, political scope, and whether they represent identity groups, we use data from Cabra, Torres, Wills-Otero, and Castilla-Gutiérrez (2023), which characterizes all political parties, movements, and coalitions from 1958 to 2022.

3.1.2 Measuring public policies, policy and development outcomes

We examine the effect on several dimensions of public services and economic development, testing whether newcomer politicians increase public goods provision, education quality and coverage, health provision quality and coverage, public services, security, and finally economic performance.

¹⁷Appendix Table A-1 describes all variables and sources.

¹⁸We exclude extraordinary elections not occurring on the scheduled date.

The data on these public policy outcomes comes from CEDE’s (Centro de Estudios sobre Desarrollo Económico at the Facultad de Economía de la Universidad de los Andes) municipal panel compiled by Acevedo and Bornacelly (2014) and the national planning office (DNP) information contained in the “Terridata” server. We also extract municipality-level geographic and historical social characteristics from these sources to use as controls. Additionally, we use nightlight intensity information from the National Oceanic and Atmospheric Administration (NOAA), following the extensive literature in development economics that utilizes this measure as a proxy of local economic activity (Henderson, Storeygard, & Weil, 2012).¹⁹

Given the many outcomes, we group variables into thematic indices (and indices of each topic into a single development index) following Kling, Liebman, and Katz (2007). We do this not only for ease of interpretation but also to avoid cherry-picking and multiple hypothesis-testing biases.

To construct the indices, we normalize and standardize specific components (relative to the mean and standard deviation of the control group) and aggregate them using a simple average. A brief discussion on the construction of these indices can be found in Appendix B-1. We nonetheless report effects in each component for transparency on which are driving the effects, with the caveat that there is an increased probability of asserting false positives. The indices’ components were selected following a reliability and coverage criterion.²⁰ Table B-1 describes the composition of the indices.

The second set of indices is from DANE, also listed in A-1, which allows us to measure local institutional quality and efficiency and distinguish between policy adoption and implementation.

Finally, as a proxy for corruption, we use data on the number of formal complaints and sanctions issued against mayors, using information gathered from the SIRI platform of the “Procuraduría General de la Nación”, the national watchdog agency. This is an imperfect measure of corruption since much may go undetected or sanctioned. Moreover, accusations of corruption may be used as a political tactic unrelated to corrupt practices or activities. Nevertheless, the “Procuraduría” has a reputation of independence and autonomy, and it is the best systematic data available to examine this important issue. See section G of A-1.

3.2 Identification strategy

We follow the identification strategy proposed by Fergusson et al. (2023). The strategy centers on tightly contested mayoral elections featuring newcomers and incumbents within a Regression

¹⁹Using nighttime light intensity for a large range of periods requires harmonizing data from the Defense Meteorological Satellite Program (DMSP), available from 1992 to 2013, with the Visible Infrared Imaging Radiometer Suite (VIIRS), available from 2014 on. We follow the recommendations in Li, Zhou, Zhao, and Zhao (2020) to do this.

²⁰More specifically, we included all variables for which we had complete data for all municipalities between 2005 and 2015. Furthermore, we limit our analyses to a single sample that consists of all observations in which every index component is observed to avoid changes caused by sample composition.

Discontinuity Design framework. Specifically, it focuses on municipalities where a newcomer narrowly wins over a non-newcomer (the “treated” group) and compares them to those where a newcomer barely loses to a non-newcomer (the “control” group). By limiting our analysis to these electoral contests, it is possible to estimate the effects of newcomer victories on outcomes while controlling for other municipal-level characteristics that could potentially confound the results. Newcomers were numerous in our period of study. Figure 5 shows 59.3% of mayoral candidates have been newcomers since 2000. Furthermore, 55.8% of the elected mayors (i.e., election winners) during this period are also newcomers.

Furthermore, as in Fergusson et al. (2023), we concentrate on a newcomer’s influence in a particular outcome *relative to the previous electoral term*.²¹ The benefit of this transformation is that it only captures changes that the incoming politicians initiated, not the initial circumstances they faced. As a result, studying relative differences rather than absolute changes better reflects the desired experimental setting to the extent that we account for significant disparities in baseline outcomes across municipalities.

4 Newcomers’ impact on policy and institutions

In this section, we study the extent to which newcomers shape different policy and institutional outcomes.

4.1 Local Development Outcomes

Figure 6 presents our findings related to development outcomes. For convenience, we portray three sets of coefficient estimates on each diagram. In particular, we show the average newcomer effect (depicted in green) and then decompose it into high (dark blue) and low (pink) inequality municipalities. Positive coefficients indicate that for a particular outcome, newcomer mayors do better than non-newcomers (in close elections). Negative values indicate the opposite - that newcomer mayors do worse. The bars on the figure around the estimated coefficients indicate the 10% confidence interval. Our analysis reveals that, on average, the influence of newcomers is minimal across

²¹To establish a benchmark, we consider the average disparities in outcomes between the treated and control groups as observed in the period leading up to the election. Formally, let E_i denote an electoral term. The average improvement between two consecutive terms E_i and E_{i-1} for an outcome variable Y in municipality m is:

$$\Delta Y_{m,E_i} = \underbrace{\bar{Y}_{m,E_i}}_{\substack{\text{Average value of } Y_m \\ \text{in municipality } m \\ \text{in current electoral} \\ \text{period } E_i}} - \underbrace{\bar{Y}_{m,E_{i-1}}}_{\substack{\text{Average value of } Y_m \\ \text{in municipality } m \\ \text{in the previous electoral} \\ \text{period } E_{i-1}}}$$

almost every considered dimension. Focusing on the average (green) effects first, there is no difference between the development index, which combines all the sub-indices between municipalities where a newcomer just won and one where they just lost. The only instance of an improvement on average is for educational outcomes. This is counterbalanced, however, by a deterioration in the health index, contributing to no significant difference in the aggregate development index. The other indices, like the economic index (capturing night-time light and value-added per capita), the public services index (measuring aspects of basic infrastructure), or the security index, are not different when a new politician wins power.

Nevertheless, pulling apart the estimated effects with relatively high (dark blue) and relatively low (pink) levels of inequality, an interesting picture emerges. Though the aggregate development index again does not differ, the positive educational effect is driven entirely by municipalities with relatively low levels of inequality. Here, the education index has a 0.87 standard deviation increase. Moreover, the differential effect between low and high-inequality municipalities appears statistically significant at a 10% level, as evidenced by the non-overlapping confidence intervals. In contrast, when new politicians come to power in close elections in municipalities with relatively high levels of inequality, there are no significant improvements in any policy or development outcome compared to when such a mayor loses.

4.2 State Institutions

We now turn to the impact on local state institutions using our data from DANE. As mentioned above, this is particularly useful in distinguishing between policy adoption and implementation. For example, we do not know whether the many null effects in the last section are due to new mayors not choosing different policies from old politicians or whether they did adopt such policies but could not implement them. Of course, the different educational outcomes in low-inequality municipalities suggest that, at least in these contexts, new policies are chosen and implemented.

Figure 8 illustrates the varying influence of new political actors on local institutions, policy adopted, and performance. As in the last section, we depict three different outcomes: the average newcomer effect (green) and the impact in high (dark blue) and low (pink) inequality municipalities. There is some improvement in the overall performance index (RD estimate: 0.31 SDs, SE: 0.13), which appears to result from improvements in management practices, fiscal performance, and efficacy. In light of our previous discussion, this last finding is important since it indicates that newcomers adopted different policies - they improved management practices and fiscal performance, leading to improved efficacy and overall performance. Better management practices and budgetary performance might indicate less patrimonial practices inside state institutions and the use of more bureaucratic procedures.

Moving to the heterogeneity by initial inequality levels, the overall improvement in performance seems to be driven by municipalities with relatively low levels of inequality. Indeed, the point estimate is bigger for less unequal municipalities (RD estimate: 0.54 SDs, SE: 0.19) than for highly unequal municipalities (RD estimate: 0.24 SDs, SE: 0.11), where the confidence interval almost includes zero. The improvement in fiscal performance and efficacy is also driven by newcomers in municipalities at the lower end of the inequality distribution (RD estimates 0.82 and 0.87 SDs, respectively). The point estimates of newcomers' effect exceed the average and remain significant at 10%.

These results seem consistent with those for the development outcomes. On average, the election of a new mayor leads to some benefits, but in places with relatively low levels of inequality, one sees much more systematic improvements.

4.3 Corruption

Finally, we turn to corruption. In Figure 9, we present the results of our findings in the same way we have done so far. Mirroring the results so far, on average (green), sanction frequency appears similar for newcomers and non-newcomers. The Regression Discontinuity point estimate is 0.03 standard deviations, with a standard error of 0.09. Looking at the different types of sanctions, we again see little difference. Newcomers are as likely to be disqualified from public office, suspended, removed from office, imprisoned, and issued a written warning or fined. There is little evidence here that the "political selection" of newcomers leads to better outcomes concerning corruption.

Yet, switching to the analysis of heterogeneity, some interesting patterns emerge. In municipalities with above-median inequality, newcomers seem to be sanctioned more frequently (RD estimate: 0.25 SDs, SE: 0.13). Moreover, this increase is statistically significant at a 10% level. In contrast, in low inequality municipalities, the point estimate suggests they are sanctioned slightly less often (RD estimate: -0.05 SDs, SE: 0.14). When examining the types of sanctions applied, the elevated sanction rate in highly unequal municipalities seems to be driven by increased rates of imprisonment (RD estimate: 0.06 SDs, SE: 0.02) and warnings/fines (0.10 SDs, SE: 0.06). Conversely, the lower sanction frequency in low inequality municipalities is due to fewer newcomer mayors being disqualified from public office (RD estimate: -0.27 SDs, SE: 0.13), removed from office (RD estimate: -0.08 SDs, SE: 0.05) or imprisoned (RD estimate: -0.15 SDs, SE: 0.12).

Combined with the evidence in the last two sub-sections, a systematic picture appears. In relatively equal municipalities, institutional and some public policy outcomes improve, and the newly elected mayors also seem less corrupt. A natural interpretation is that new mayors have distinct policy preferences and favor more redistributive policies. Still, they only choose and implement these policies in more equal, likely less elite-dominated, municipalities.

4.4 The role of selection

We now turn to the issue of selection. New mayors, especially those who win close elections, likely differ in other ways from old politicians. These additional differences could confound the results we discussed above. Fergusson et al. (2023) provide evidence that newcomers often differ from non-newcomers in various observable aspects, potentially explaining their varying performance abilities. Following this line of thought, we investigate whether the degree of underlying inequality influences the types of newcomers attracted to politics, thus potentially explaining the heterogeneity in the performances observed in these places.

Panel A of Figure 10 investigates the differences between all newcomer and non-newcomer candidates (not simply the winners in close or any election) from 2007 to 2019 based on the historical level of inequality. For simplicity, we again use pink for low inequality and dark blue for high inequality. Coefficients indicate the newcomer effect. For example, looking at the bottom row, we have a bin [18,30] indicating that the mayor's age is between 18 and 30. The positive number shows that newcomer mayors are about 5% points more likely to be in this bin than non-newcomers. Non-newcomers, on the other hand, are more likely to be over 50. Newcomers are generally younger, more educated, and more likely to be female than non-newcomers. However, these characteristics do not exhibit significant systematic differences between high- and low-inequality municipalities. The two exceptions are education and political party affiliation. Newcomer candidates in high-inequality municipalities are more likely to hold a postgraduate degree than their counterparts in low-inequality municipalities. While this difference is significant, it affects only a handful of municipalities, given that only 7% of mayors have a postgraduate degree. Additionally, on average, newcomers are more likely to run for left-wing parties than right-wing or other parties. Nevertheless, newcomers are disproportionately more likely to run for left-wing parties in low-inequality municipalities than elsewhere. Conversely, this pattern is less pronounced in high-inequality areas.

Panel B of Figure 10 focuses instead on the differences between newcomers and non-newcomers among elected mayors. Interestingly, the education advantage of newcomers in high inequality versus low inequality municipalities evens out when considering only winners. This suggests that highly qualified newcomer candidates win at similar rates in high- and low-inequality areas despite being a more common characteristic of newcomers in the former. Likewise, while newcomer candidates are less likely to run for non-left-wing parties, among winners, successful candidates in highly unequal areas seem to slightly favor right-wing or non-strongly ideological parties, which often represent traditional or large national parties. In fact, newcomer winners are less likely to come from left-wing parties in highly unequal areas, even though newcomers are disproportionately left-wing in these municipalities. Conversely, newcomer winners are more likely to come from left-wing parties in low-inequality municipalities, consistent with the pattern observed when

examining all candidates.

Finally, we do a similar comparison in Figure 11 by examining narrowly elected newcomer and narrowly elected non-newcomers. For ease of comparison with our earlier figures, we now add the average effect (in green) back into the Figure. On average, newcomers who win close elections tend to be younger and poorer, and they tend to be from a left-wing party. Interestingly, both latter effects seem to be driven by high inequality municipalities. Indeed, when we distinguish between these two sub-sets, running for a left-wing party is significantly lower in a high-inequality municipality but not in a low-inequality municipality, and the same is true for the result that new mayors are poor. When limited to this sample, newcomers no longer have relevant differences with non-newcomers regarding completed tertiary education.

The findings in this section fortify the tentative conclusions we reached at the end of the last one. While in high inequality municipalities corruption seems to blunt the impetus to change and implement redistributive policies, it also appears that candidates who are likely to have redistributive platforms in the first place are less likely to both run and win. No doubt many mechanisms may deter them, perhaps the threat of violence, which has been particularly targeted at left-wing candidates in Colombia, but there also may be cultural barriers that prevent left-wing people from contesting in high inequality places.

5 Conclusion

While far from perfect, political inclusion in Latin American political systems has improved dramatically over the last several decades. However, this important increase in political equality, which should have undermined a critical force that sustained economic inequality and blocked development, has not produced a comparable change in inequality and development dynamics. In this paper, we used Colombia's experience between 1997 and 2019 to investigate hypotheses that could explain this puzzle. In this period, measured by the entry of new politicians who had never previously held office, the country was dramatically democratized. Yet we showed that, on average, and consistent with the overall lack of a change in inequality, newcomers had little impact on adopting or implementing public policies that would have reduced inequality. Corruption also differed little between new and old politicians.

Digging deeper, however, we discovered that there was considerable heterogeneity by initial level of inequality. Indeed, breaking the sample into municipalities with above- and below-median disparities, there were significantly different public policies in relatively equal places, notably higher educational outcomes. Moreover, the same places saw improvements in local state institutions and performance and less corruption in several dimensions. The absence of change, on average, is entirely driven by municipalities with relatively high levels of inequality.

We proposed various theoretical mechanisms that could account for these findings. In particular, we distinguished between incentive and selection effects and found evidence for them. Concerning incentives, in relatively unequal municipalities local elites stand to lose a lot from policy change and are able to influence policy adoption. The combination of lack of policy change with greater levels of corruption suggests that such elites use their resources to dissuade elected newcomers mayors from choosing redistributive policies. This combination of outcomes is consistent with other mechanisms, however, in particular one where new mayors are tempted by high inequality to act in a predatory way and abandon any progressive policy agenda upon election. We also found that selection likely contributes to these mechanisms. Winning newcomers in relatively unequal municipalities were less likely to be from left-wing parties, thus reducing their propensity to propose redistributive public policy.

Whatever the mechanism that applies, these findings help explain the central puzzle of the paper. Even if there has been a significant increase in democracy in Colombia and the entry of new politicians with different policy preferences, their impact on public policy and, thus, inequality has been muted. This is because of the initially high levels of inequality they have to deal with and the elite interests that this reflects. Though there is a positive change in municipalities with relatively low levels of inequality, this is almost entirely offset by the negative or zero change in highly unequal places.

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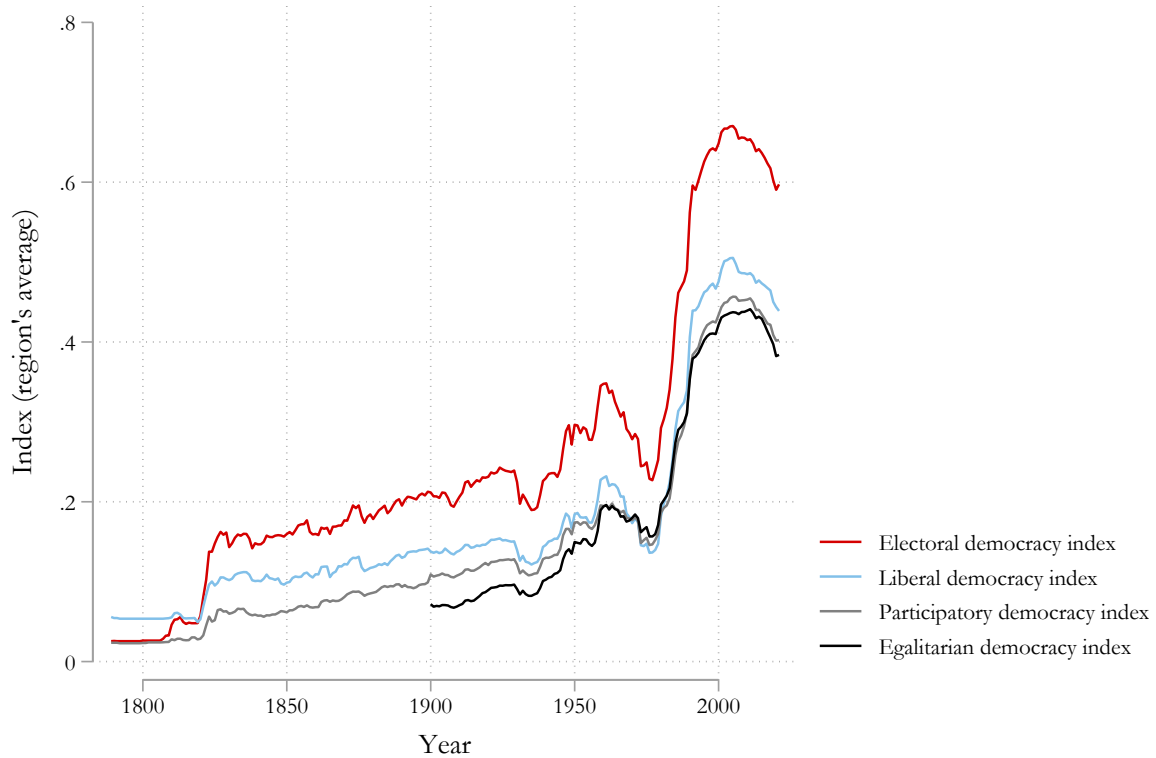
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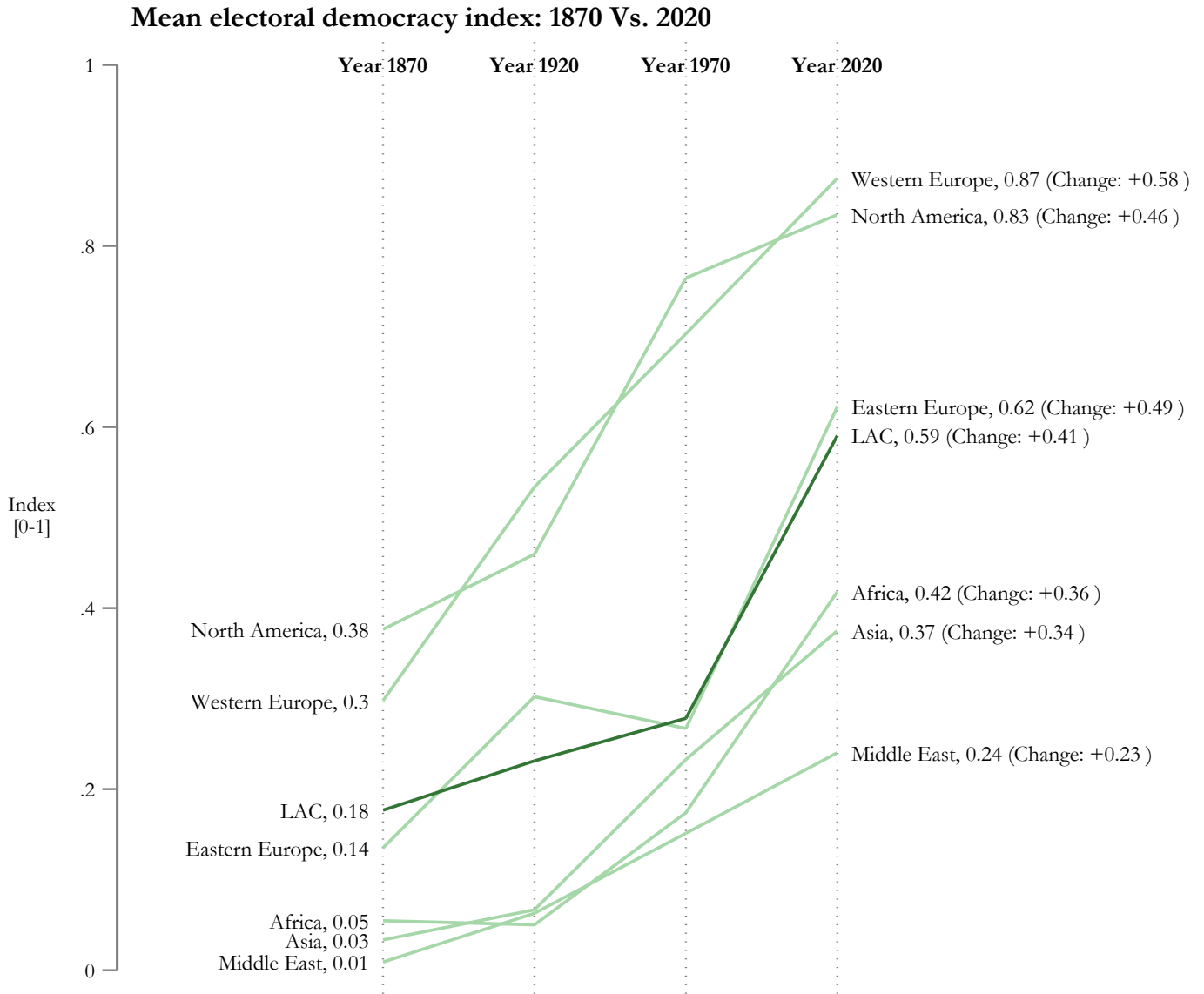
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FIGURE 1: *Long-term democracy trends in Latin America and the Caribbean*



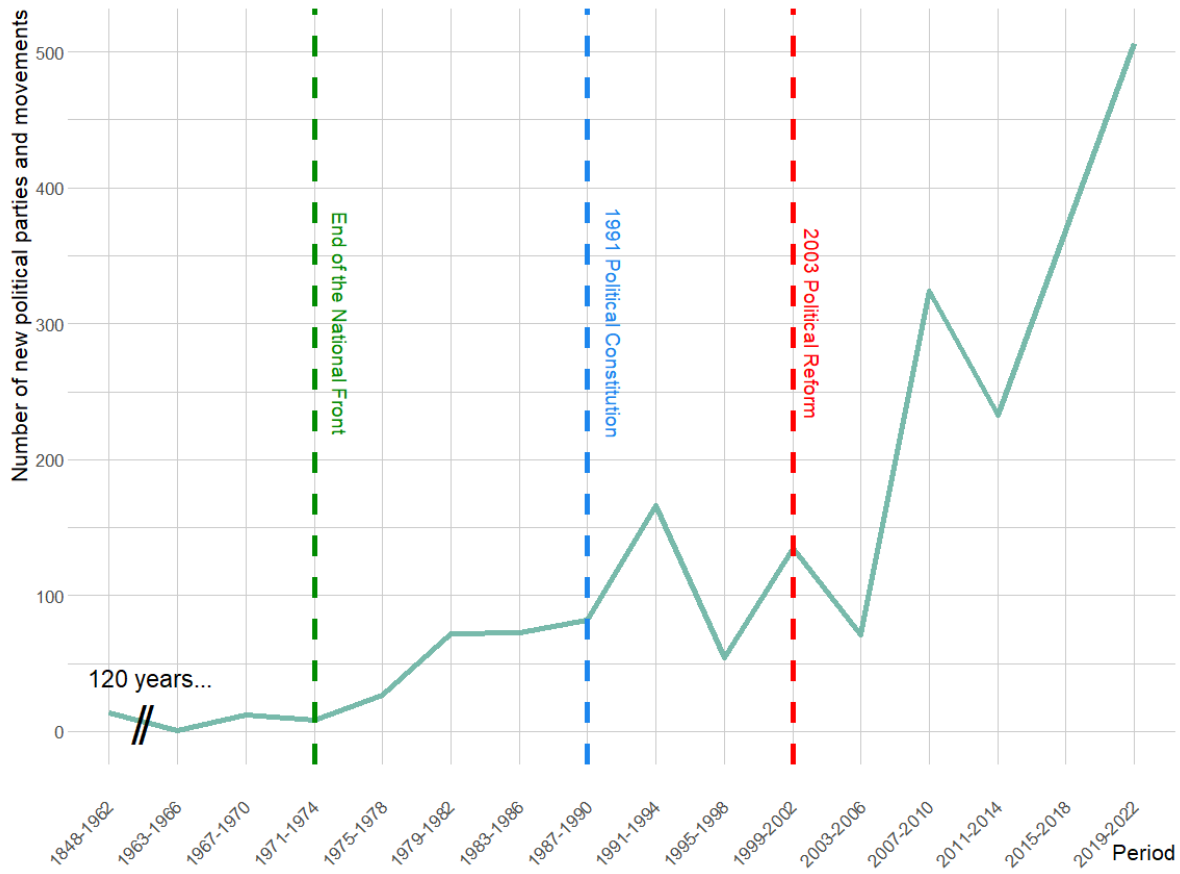
Notes: Evolution of democracy indices in Latin America and the Caribbean (1800-2000). Countries included in the sample: Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay. *Indices definition (defined on a scale of 0 to 1, where 1 is a perfect score):* a) Electoral democracy index- To what extent is the ideal of electoral democracy in its fullest sense achieved?; b) Liberal democracy index- To what extent is the ideal of liberal democracy achieved?; c) Participatory democracy index- To what extent is the ideal of participatory democracy achieved?; d) Egalitarian democracy index- To what extent is the ideal of egalitarian democracy achieved. Egalitarian democracy is achieved when rights and freedoms of individuals are protected equally across all social groups, and resources are distributed equally across all social groups; 3 groups and individuals enjoy equal access to power. **Source:** V-Dem project- Coppedge et al. (2021).

FIGURE 2: *Democracy trends for different world regions*



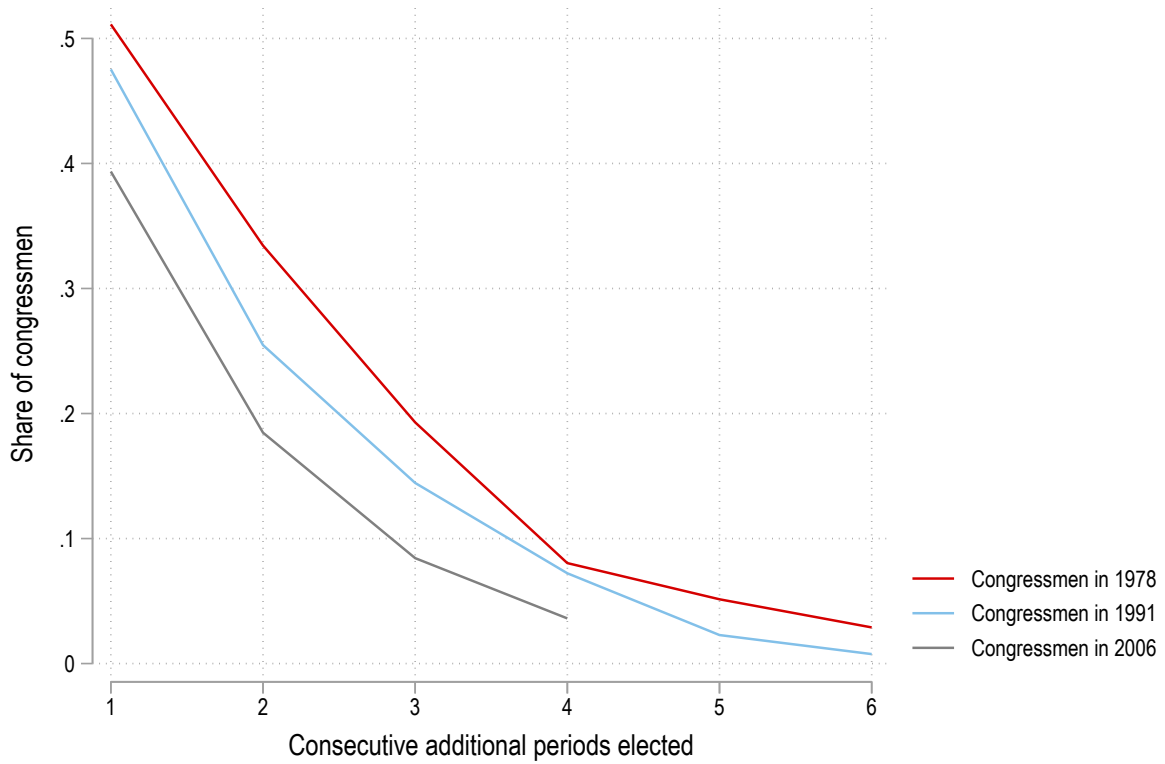
Notes: Evolution of democracy indices for different world regions (1870-2000). Electoral democracy index- To what extent is the ideal of electoral democracy achieved in its fullest sense? **Source:** V-Dem project- Coppedge et al. (2021).

FIGURE 3: *Entry of new political parties and movements in Colombia*



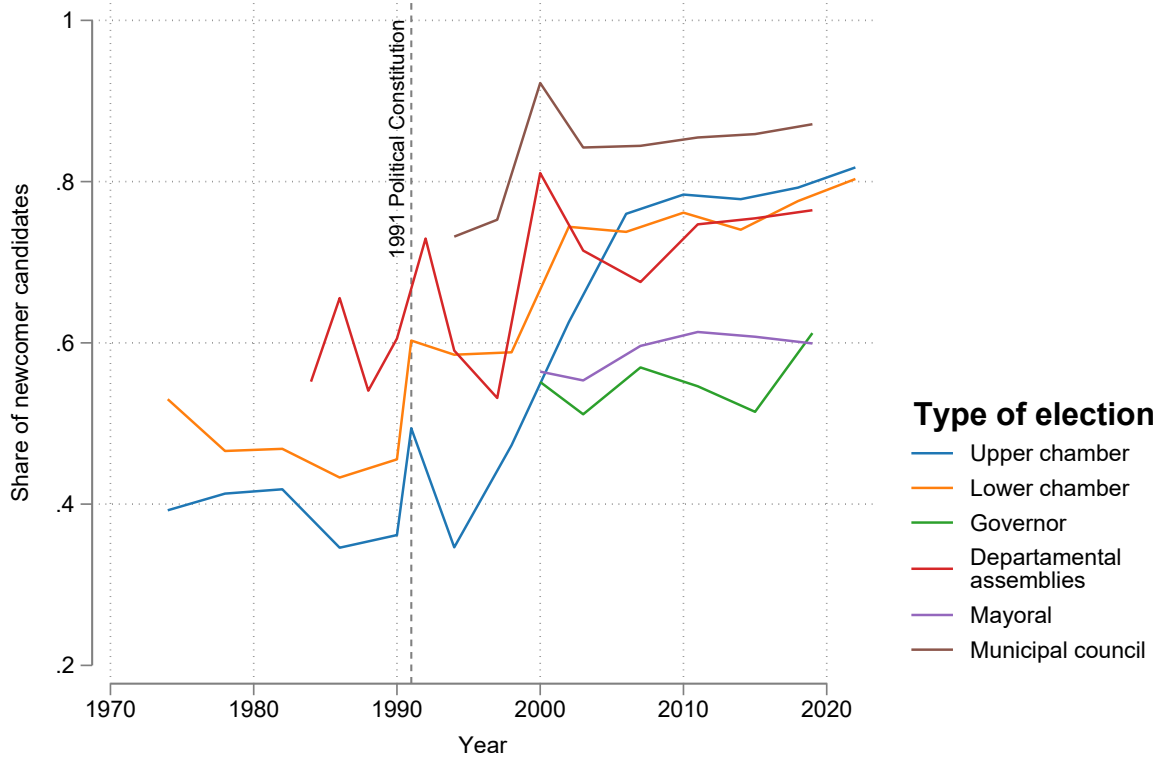
Notes: Number of newly registered parties and movements in Colombia. **Source:** Cabra et al. (2023) and Torres et al. (2023)

FIGURE 4: *Congressional survival rates by cohort of initial entry*



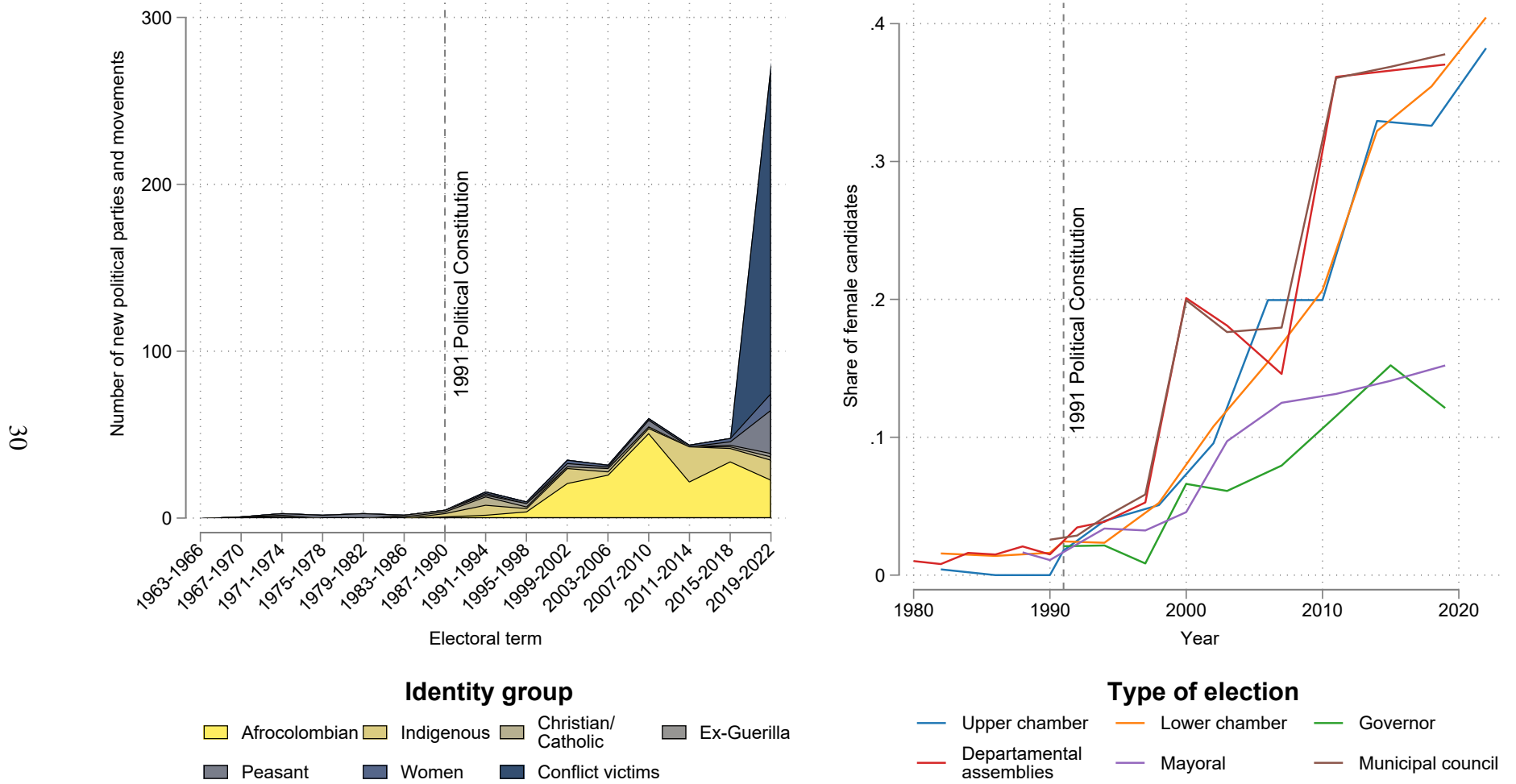
Notes: This figure depicts, on the y-axis, the share of congress members elected in a particular year (1978, 1991 and 2006) who remained in Congress for at least the specified number of consecutive terms indicated on the x-axis. **Source:** Torres et al. (2023) and Torres (2023b).

FIGURE 5: *Newcomers*



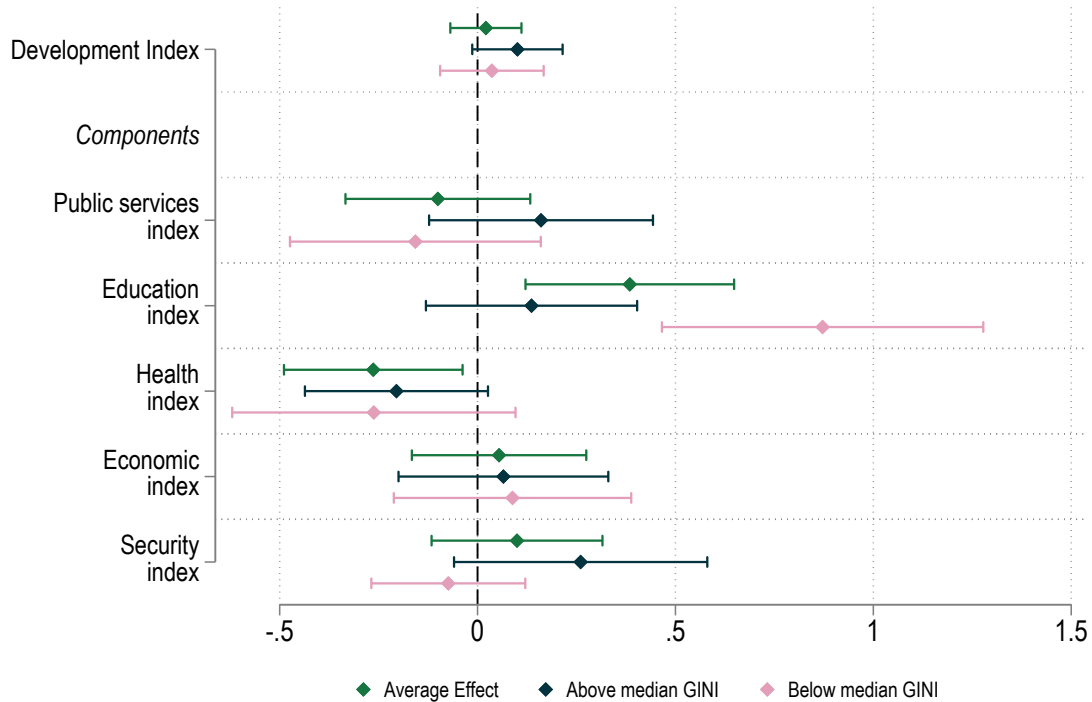
Notes: Share of newcomers competing in elections, 1974-2022. A newcomer is an individual who has not been elected for any public office. Series are plotted after at least ten years of public elections for that specific public office were held for the first time. **Source:** Torres (2023b).

FIGURE 7: *New political groups entering politics*



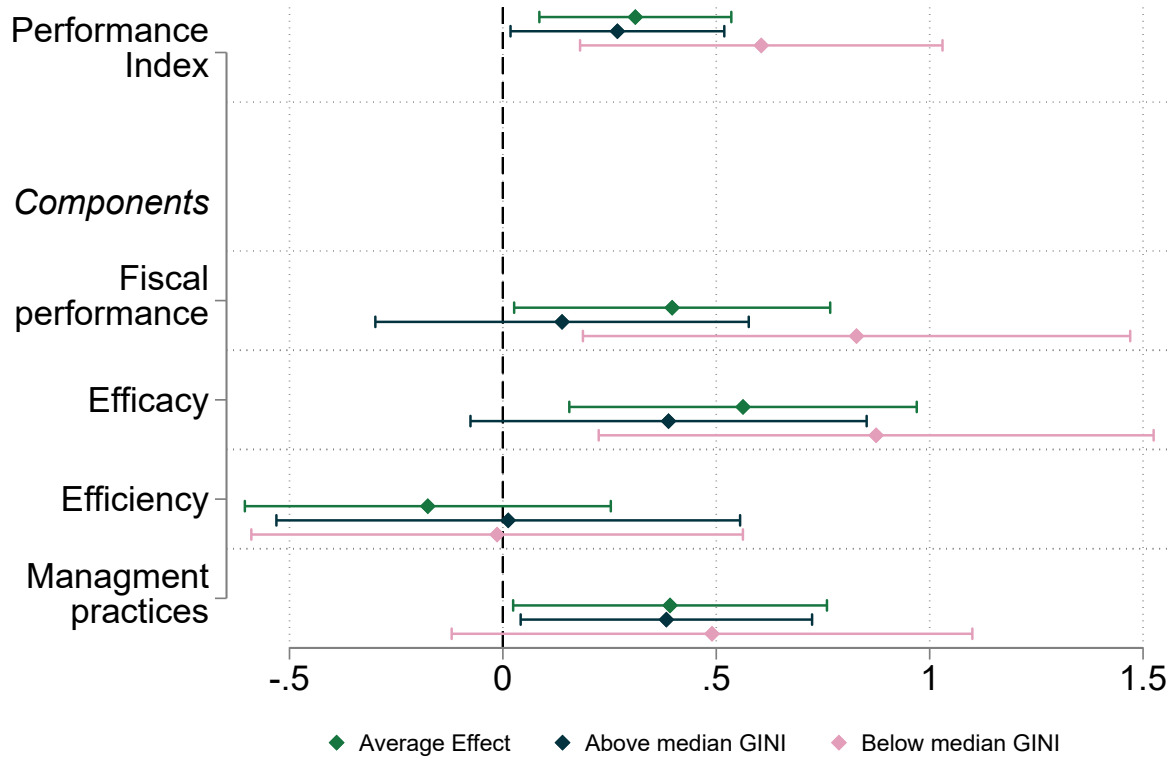
Notes: **Left Panel:** Number of newly registered parties and movements in Colombia for particular identity groups. Source: Cabra et al. (2023). **Right Panel:** Share of female candidates competing in elections: 1980-2020. Source: Torres (2023b).

FIGURE 6: *Effects of newcomers' victories on development outcomes by levels of initial inequality*



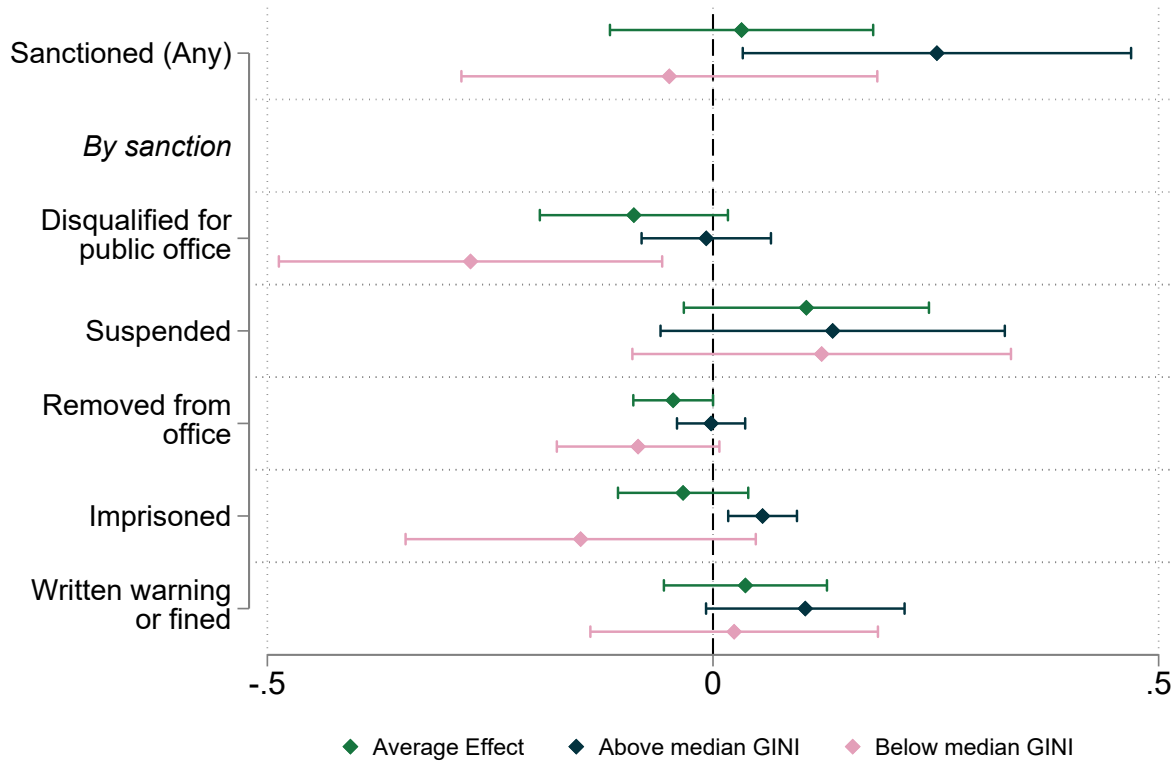
Notes: This figure reports RDD coefficients corresponding to the effect that a close victory of a newcomer in a mayoral election impacts different development indices and their components. Green illustrates the average effect estimated for newcomers in Fergusson et al. (2023). Blue represents the effect estimated in municipalities with above-median GINI, as measured in 1993. Pink depicts the effect estimated in municipalities with below-median GINI, as measured in 1993. Indices are built following Kling et al. (2007). Bias-corrected RD estimates are reported with municipality-level clustered standard errors in parenthesis following Calonico, Cattaneo, and Titiunik (2014). 90% confidence intervals.

FIGURE 8: *Effect of newcomers' victories on performance by initial levels of inequality.*



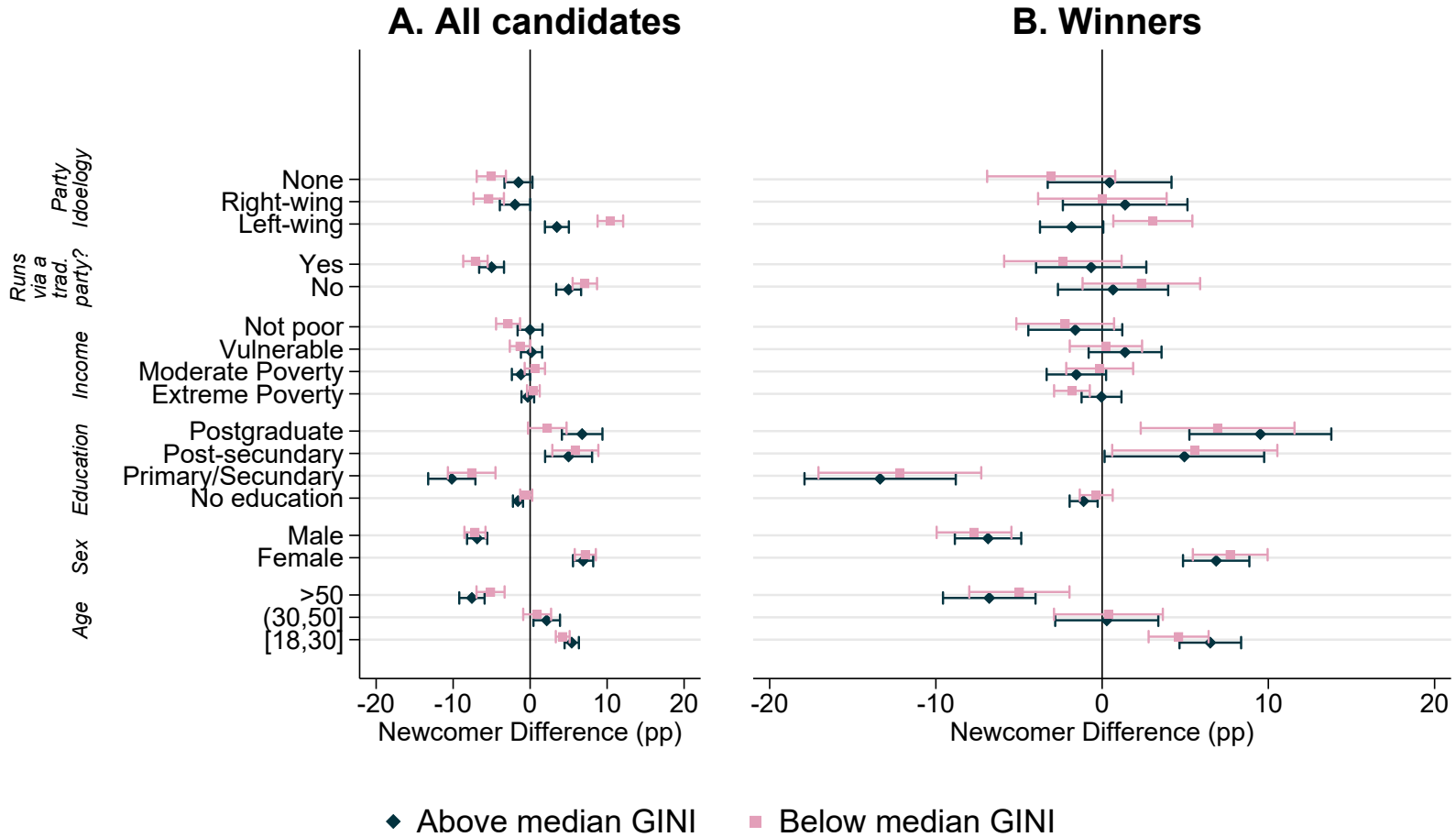
Notes: This figure reports RDD coefficients corresponding to the effect of a newcomer's close victory in a mayoral election in management practices indices and municipalities characteristics. Green illustrates the average effect estimated for newcomers in Fergusson et al. (2023). Blue represents the effect estimated in municipalities with above-median GINI, as measured in 1993. Pink depicts the effect estimated in municipalities with below-median GINI, as measured in 1993. Indices are built following Kling et al. (2007). Bias-corrected RD estimates are reported with municipality-level clustered standard errors in parenthesis following Calonico et al. (2014). 90% confidence intervals.

FIGURE 9: *Probability mayor receives a sanction after a tight newcomer victory by initial level of inequality*



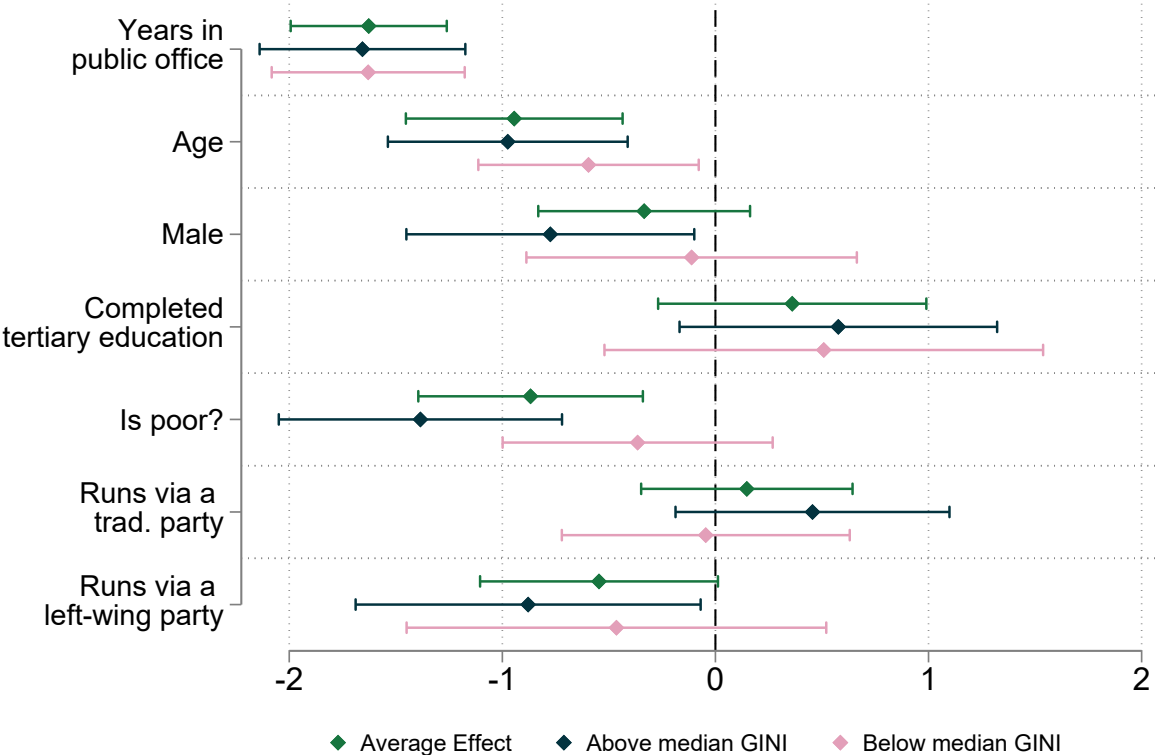
Notes: This figure reports RDD coefficients corresponding to the effect of a newcomer's close victory in a mayoral election in the probability a mayor receives a sanction. Green illustrates the average effect estimated for newcomers in Fergusson et al. (2023). Blue represents the effect estimated in municipalities with above-median GINI, as measured in 1993. Pink depicts the effect estimated in municipalities with below-median GINI, as measured in 1993. All dependent variables are standardized. Bias-corrected RD estimates are reported with municipality-level clustered standard errors in parenthesis following Calonico et al. (2014). 90% confidence intervals.

FIGURE 10: *Newcomer characteristics by initial level of inequality*



Notes: This figure illustrates the differences in observable traits between newcomers and non-newcomers, contingent on the level of inequality. Panel A shows these differences for all candidates. Panel B depicts the differences between winners. Each coefficient represents the difference in percentage points between newcomers' and non-newcomers' candidates who possess the trait indicated on the y-axis. The analysis is limited to elections from 2007 to 2019, ensuring consistency with the estimation sample used in other exercises. The inequality distribution is based on the 1993 GINI coefficient. The results are presented with 95% confidence intervals and standard errors clustered at the municipality level.

FIGURE 11: *Narrowly elected newcomer candidates characteristics by initial levels of inequality*



Notes: This figure reports RDD coefficients corresponding to the difference in traits of close newcomer winners to close non-newcomer winners. Green illustrates the average difference estimated for newcomers in Fergusson et al. (2023). Blue represents the effect estimated in municipalities with above-median GINI, as measured in 1993. Pink depicts the effect estimated in municipalities with below-median GINI, as measured in 1993. All dependent variables are standardized. Bias-corrected RD estimates are reported with municipality-level clustered standard errors in parenthesis following Calonico et al. (2014). 90% confidence intervals. **Source:** Torres (2023b) and SISBEN IV.

TABLE 1: *Distinctive legislation topics in Congress: Newcomers vs. Non-newcomers*

Topics of Legislation		
<i>Distinctively newcomer</i>	<i>Non-Distinct</i>	<i>Distinctively non-newcomer</i>
1 Environment	Labor	Celebrations, honors and monuments
2 Social security and health	Notarization and registry	Administrative affairs
3 Welfare and poverty	Control organisms and ministeries	International humanitarian rights
4 Public administration	Education, science and technology	Public contracts taxation

Notes: Distinctive legislation topic in Congress following the χ^2 statistic proposed by Gentzkow and Shapiro (2010). The procedure identifies which topics from a given list identify two known groups. To accomplish this, the statistic discriminates which categories seem overrepresented in a particular group while not appearing much in the other and which topics seem equally likely to be seen in either group. The analysis considers the universe of law projects debated by Congressmen between 2006 and 2018 (4 legislative periods) and their authors. Newcomers are defined as elected congress members who are representatives for the first time in Congress following Torres et al. (2023). **Source:** Congreso Visible (2022).

A Appendix – Variables and Sources

TABLE A-1: *Variable Definition and Sources*

Variable	Description	Source
Panel A. Dependent Variables: Public Services		
Aqueduct coverage	Total aqueduct coverage. Available for years: 2005, 2008-2016. Information retrieved from “Sistema Único de Información de Servicios Públicos -SUI”	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
Sewerage coverage	Total sewerage coverage. Available for years: 2005, 2008-2016. Information retrieved from “Sistema Único de Información de Servicios Públicos -SUI”	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
Internet penetration	Percentage of population that have full internet access, this is they have a permanent connection (365 days each year, 24 hours each day)	Terridata - https://terridata.dnp.gov.co/ .
Electricity coverage	Percentage of households that have access to electricity,	Terridata - https://terridata.dnp.gov.co/ .
Natural gas coverage	Effective natural gas coverage. Available for years: 2006-2016. Information retrieved from the Ministry of Mines and Energy.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
Panel B. Dependent Variables: Education		

Continued on next page

Table A-1 – Variable Definition and Sources (Continues from previous page)

Basic education coverage	Percentage of five year old students enrolled in an educational institution out of the total population of five year olds.	Terridata - https://terridata.dnp.gov.co/ .
Primary education coverage	Percentage of students between the ages of 6 and 10 who are enrolled in an educational institution out of the total population between the ages of 6 and 10.	Terridata - https://terridata.dnp.gov.co/ .
Secondary education coverage	Percentage of students between the ages of 11 and 14 who are enrolled in an educational institution out of the total population between the ages of 11 and 14.	Terridata - https://terridata.dnp.gov.co/ .
Teacher/student ratio in schools	The teacher/student ratio is calculated by dividing the number of teachers by the number of students enrolled in schools. These variables are available from 1996 to 2020 using the DANE C600 form.	CEDE's municipal panel - Acevedo and Bornacelly (2014).
National standardized test results	Average score obtained by all students in a given municipality in all components of the national test-“Saber 11”.	CEDE's municipal panel - Acevedo and Bornacelly (2014).

Panel C. Dependent Variables: Health

Infant mortality rate	Number of child deaths out of every 1000 registered newborns before the first year of life.	CEDE's municipal panel - Acevedo and Bornacelly (2014).
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Table A-1 – Variable Definition and Sources (Continues from previous page)

Percentage of underweight newborns	Percentage of registered newborns diagnosed with underweight.	Terridata - https://terridata.dnp.gov.co/ .
Coverage of the subsidized health regime	Coverage of the subsidized health regime. Retrieved from the Health Ministry.	CEDE's municipal panel - Acevedo and Bornacelly (2014).
Teenage pregnancy rate	Number of child born per thousand women between the ages of 10 and 19.	Terridata - https://terridata.dnp.gov.co/ .
Health facilities per capita	Health facilities per capita is calculated by dividing the number of health establishments by the total population.	CEDE's municipal panel - Acevedo and Bornacelly (2014).

Panel D. Dependent Variables: Economic Performance

Value added per capita	The value added per capita is calculated by dividing the value added by the total population. The value added is the additional economic that goods and services acquire during the production stage in a given municipality.	Terridata - https://terridata.dnp.gov.co/ .
Mean nightlight intensity (urban)	Mean observed luminosity of urban areas in a given municipality.	National Oceanic and Atmospheric Administration (NOAA).

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Table A-1 – Variable Definition and Sources (Continues from previous page)

Mean nightlight intensity (rural)	Mean observed luminosity of rural areas in a given municipality.	National Oceanic and Atmospheric Administration (NOAA).
Percentage of the population occupied	The proportion of people who are occupied in relation to the total population.	Terridata - https://terridata.dnp.gov.co/ .

Panel E. Dependent Variables: Security

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Number of thefts per capita	The number of thefts per capita is calculated by dividing the total number of thefts by the total population. Information retrieved from the Ministry of Defense.	CEDE's municipal panel - Acevedo and Bornacelly (2014).
Number of kidnaps per capita	The number of kidnaps per capita is calculated by dividing the total number of kidnaps by the total population.	Terridata - https://terridata.dnp.gov.co/ .
Number of murders per capita	The number of murders per capita is calculated by dividing the total number of murders by the total population.	Terridata - https://terridata.dnp.gov.co/ .

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Table A-1 – Variable Definition and Sources (Continues from previous page)

Number of forcibly displaced per capita	The number of forcibly displaced per capita is calculated by dividing the total number of forcibly displaced people by the total population.	Terridata - https://terridata.dnp.gov.co/ .
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Panel F. Dependent Variables: Management performance

Expenditure efficacy index	DANE’s efficacy index. Efficacy is the extent to which a given action yields the desired outcomes. Efficacy involves focusing an entity’s efforts on the procedures and tasks that must be completed in order to accomplish the stated goals.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Expenditure efficiency index	DANE’s efficiency index. Efficiency is the capacity of the municipality to increase output in the areas of education, health, and drinking water while using the least amount of inputs possible.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Fiscal performance index	DANE’s index of fiscal performance. This index, which measures annual fiscal performance globally, ranges from 0 to 100, with values close to 0 reflecting poor fiscal performance and values close to 100 indicating that the territorial entity as a whole achieved the following outcomes: 1) Its financial performance was balanced. 2) Enough resources to keep it operating 3) Adherence to the Law 617/00 operating expenditure ceilings As a counterpoint to SGP resources, there is a significant level of own resources (tax solvency). 5) Significant investment 6) Sufficient resources to support its debt service 7) Creation of current savings, essential to ensuring its financial viability.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Table A-1 – Variable Definition and Sources (Continues from previous page)

Management practices index	DANE's management practices index. This index is understood as the availability of human, physical and technological resources to support the different processes and procedures carried out within the organization. In this sense, administrative capacity is measured through the following five indicators: 1) Stability of management personnel 2) Professionalization of the staff 3) Availability of computers (Manager, Advisor, Professional and Technician) 4) Automation of processes 5) Implementation of the Internal Control Standard Model -MECI.	CEDE's municipal panel - Acevedo and Bornacelly (2014).
Legal transparency index	DANE's legal transparency index. This index evaluates compliance with the regulatory framework provided by Laws 715 of 2001, 1176 of 2007 and 1438 of 2011, and the regulations related to the execution of the resources of the General Participation System (SGP).	CEDE's municipal panel - Acevedo and Bornacelly (2014).

9

Panel G. Dependent Variables: Others

Disciplinary sanctions	A disciplinary sanction is a reprimand issued to someone who breaks a rule, regulation, or instruction. This includes, among other things, disqualification from public office, suspensions, fines, written warnings, and imprisonment.	SIRI-Producraduría
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Panel H. Forcing variable

Newcomer win margin (normalized around 0)	Winning margin (in %) of the newcomer incumbent, normalized around 0. Values above 0 indicate that the newcomer won (below 0 = newcomer lost).	Colombia's Electoral Data Archive-?
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Table A-1 – Variable Definition and Sources (Continues from previous page)

Panel I. Heterogeneity analysis covariates

GINI index	GINI index calculated in the municipality in 1993. Based on DANE’s 1993 National Census, the Encuesta de Calidad de Vida and Consejo Asesor Técnico del Sistema Estadístico Nacional.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Panel J. Other predetermined covariates

Initial population	Number of inhabitants in the municipality in 1993, Based on DANE’s 1993 National Census	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Municipality’s height	Altitude of municipality seat above sea level, in meters.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Literacy rate	Percentage of literate in the municipality in 1993. Based on DANE’s 1993 National Census.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Distance to department capital, km	Straight line distance to the capital of the department in which the municipality is located.	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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Coca crops 1994	Number of hectares containing coca crops in 1994 per municipality. Reported by Colombia’s National Police	CEDE’s municipal panel - Acevedo and Bornacelly (2014).
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B Appendix - Constructing the indices

We construct indices following Kling et al. (2007) for G categories, each comprised by K_g , $g \in \{1, \dots, G\}$ indicators. For each unit i , let $Y_{i,k,g}$ be the vector containing the k -th outcome of category g and let $\bar{Y}_{k,g}$ and $s_{k,g}$ be the sample mean and standard deviation of the outcome observed in the control group respectively. The (signed) standardized measure for unit i and outcome k of category g can be calculated as $Y_{i,k,g}^* = \pm(Y_{i,k,g} - \bar{Y}_{k,g})/s_{k,g}$. The sign is given to preserve interpretation: for instance, if the index measures health system performance, indicators such as the coverage rate and the number of hospitals should be assigned a positive sign, while infant mortality or the prevalence of airborne diseases a negative sign. The summary index for unit i corresponding to category g is given by the average of the standardized measures, namely:

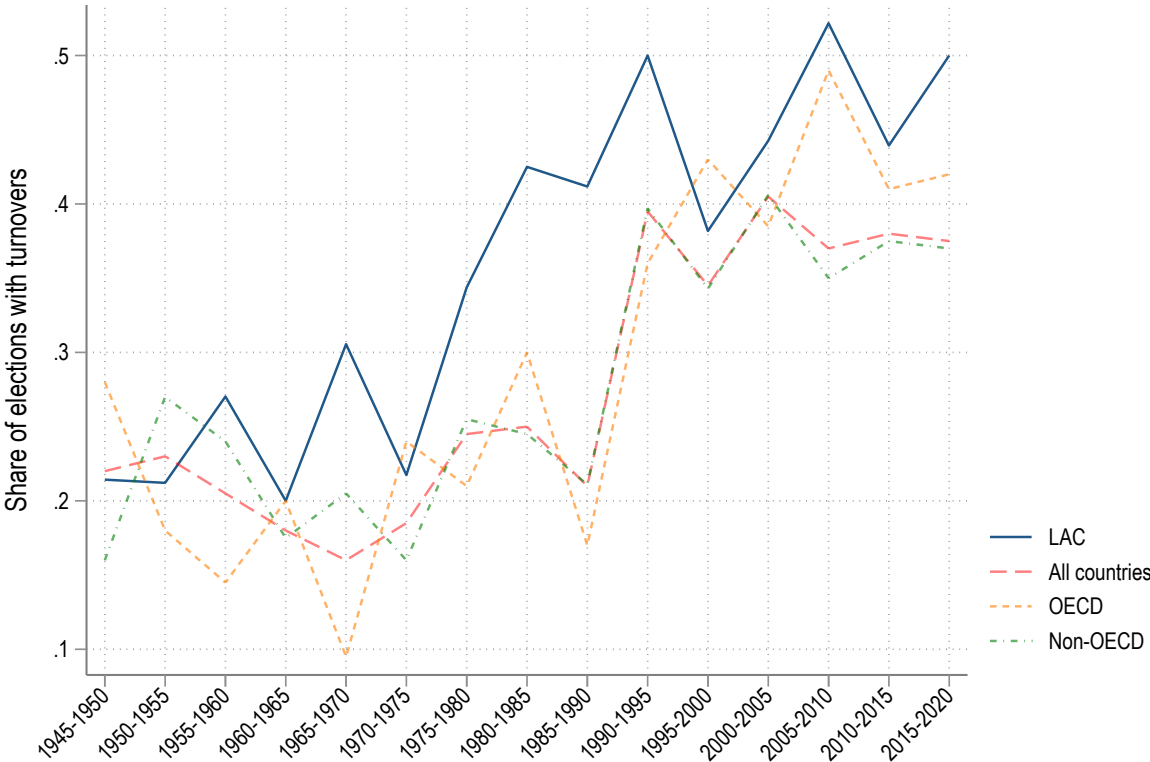
$$\tilde{Y}_{i,g} = \frac{1}{K_g} \sum_{k=1}^{K_g} Y_{i,k,g}^*$$

TABLE B-1: *Economic development indices components*

<i>Development indices</i>					
Component	Source	Component	Source	Component	Source
<i>Panel A: Public services coverage index</i>		<i>Panel C: Health index</i>		<i>Panel E: Security index</i>	
◊ Aqueduct coverage	CEDE	◊ Infant mortality rate	CEDE	◊ Number of thefts per capita	CEDE
◊ Sewerage coverage	CEDE	◊ No. of underweight newborns	Terridata	◊ Number of kidnaps per capita	Terridata
◊ Internet penetration	Terridata	◊ Coverage of the subsidized regime	CEDE	◊ Number of murders per capita	Terridata
◊ Electricity coverage	Terridata	◊ Teenage pregnancy rate	Terridata	◊ Number of forcibly displaced per capita	Terridata
◊ Natural gas coverage	CEDE	◊ Health facilities per capita	CEDE		
<i>Panel B: Education index</i>		<i>Panel D: Economic performance index</i>		<i>Panel F: Management practices index</i>	
◊ Basic education coverage	Terridata	◊ Value added per capita	Terridata	◊ Expenditure efficacy index	CEDE
◊ Primary education coverage	Terridata	◊ Mean nightlight intensity (urban)	NOAA	◊ Expenditure efficiency index	CEDE
◊ Secondary education coverage	Terridata	◊ Mean nightlight intensity (rural)	NOAA	◊ Fiscal performance index	CEDE
◊ Teacher/student ratio in schools	CEDE	◊ Percentage of the population occupied	Terridata	◊ Management practices index	CEDE
◊ National standardized test results	CEDE			◊ Legal transparency index	CEDE

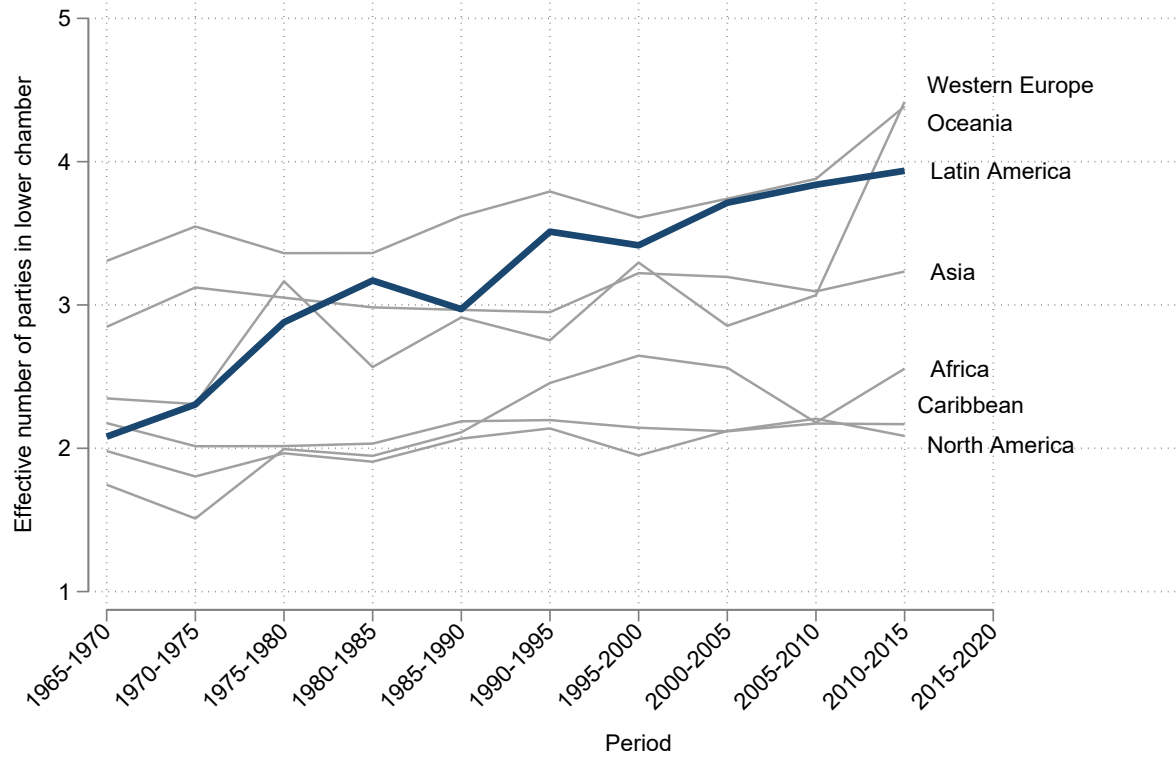
C Appendix – Additional Figures and Tables

FIGURE C-1: *Share of electoral turnovers in Latin American and the Caribbean elections: 1946-2018*



Notes: An electoral turnover is the defeat of the candidate or party representing the incumbency in an election. **Source:** Marx, Pons, and Rollet (2022). **Sample:** Presidential and parliamentary elections in 42 LAC countries, 1946-2018.

FIGURE C-2: *Evolution of political competition in lower chambers in Latin America and the Caribbean.*



Notes: Evolution of the effective number of parties competing in lower chambers for various regions. The region composition varies with data availability. The effective number of parties was introduced by Laakso and Taagepera (1979), representing a fragmentation measure of a political system between its political parties. For instance, an effective number of parties of 2.2 indicates more than two, but less than three major parties competing in elections. **Source:** The Constituency-Level Data Archive (CLEA)- Kollman, Hicken, Caramani, Backer, and Lublin (2019).