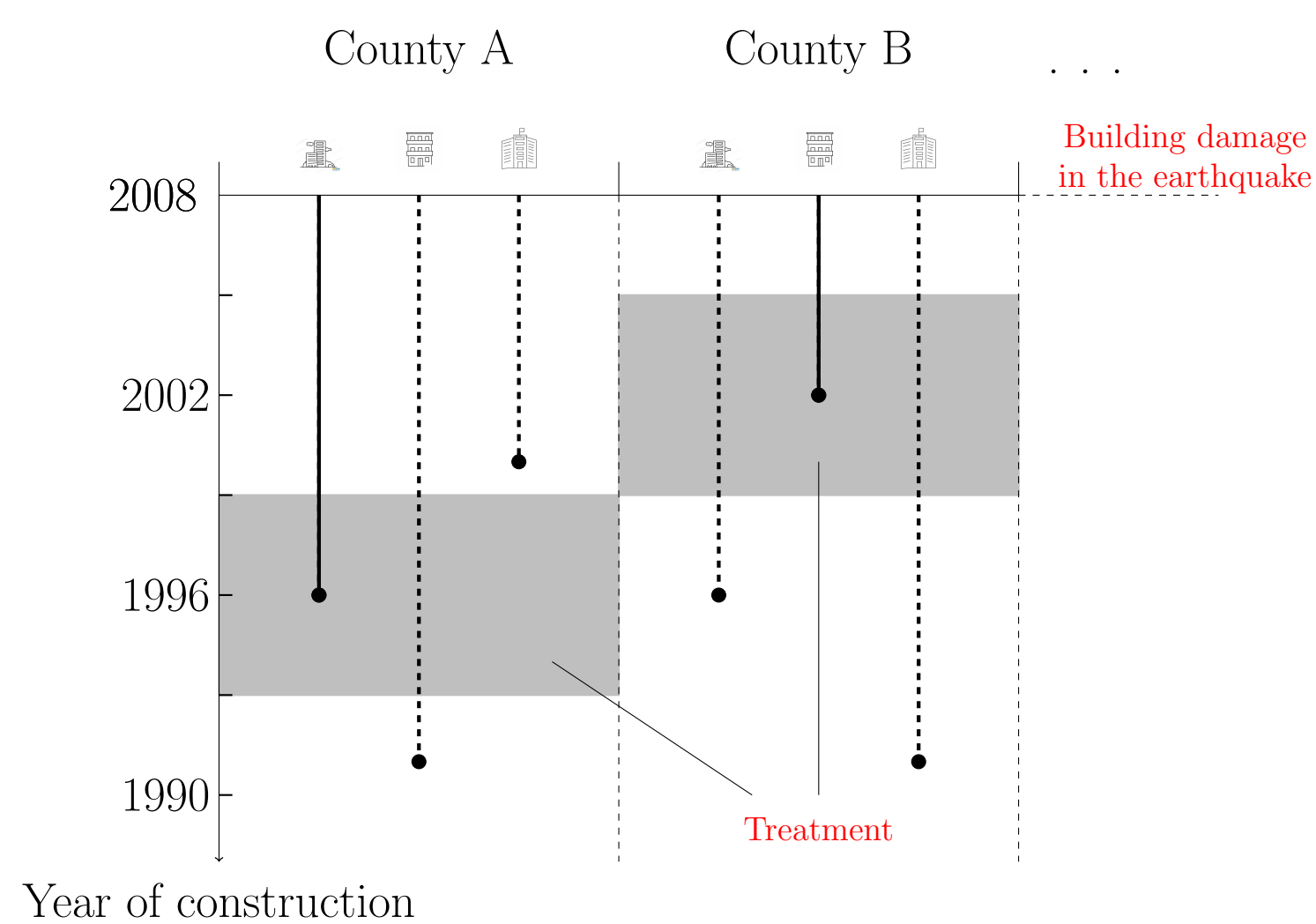


THE SOCIALS COSTS OF PATRONAGE TIES: LESSONS FROM THE 2008 SICHUAN EARTHQUAKE

Overview

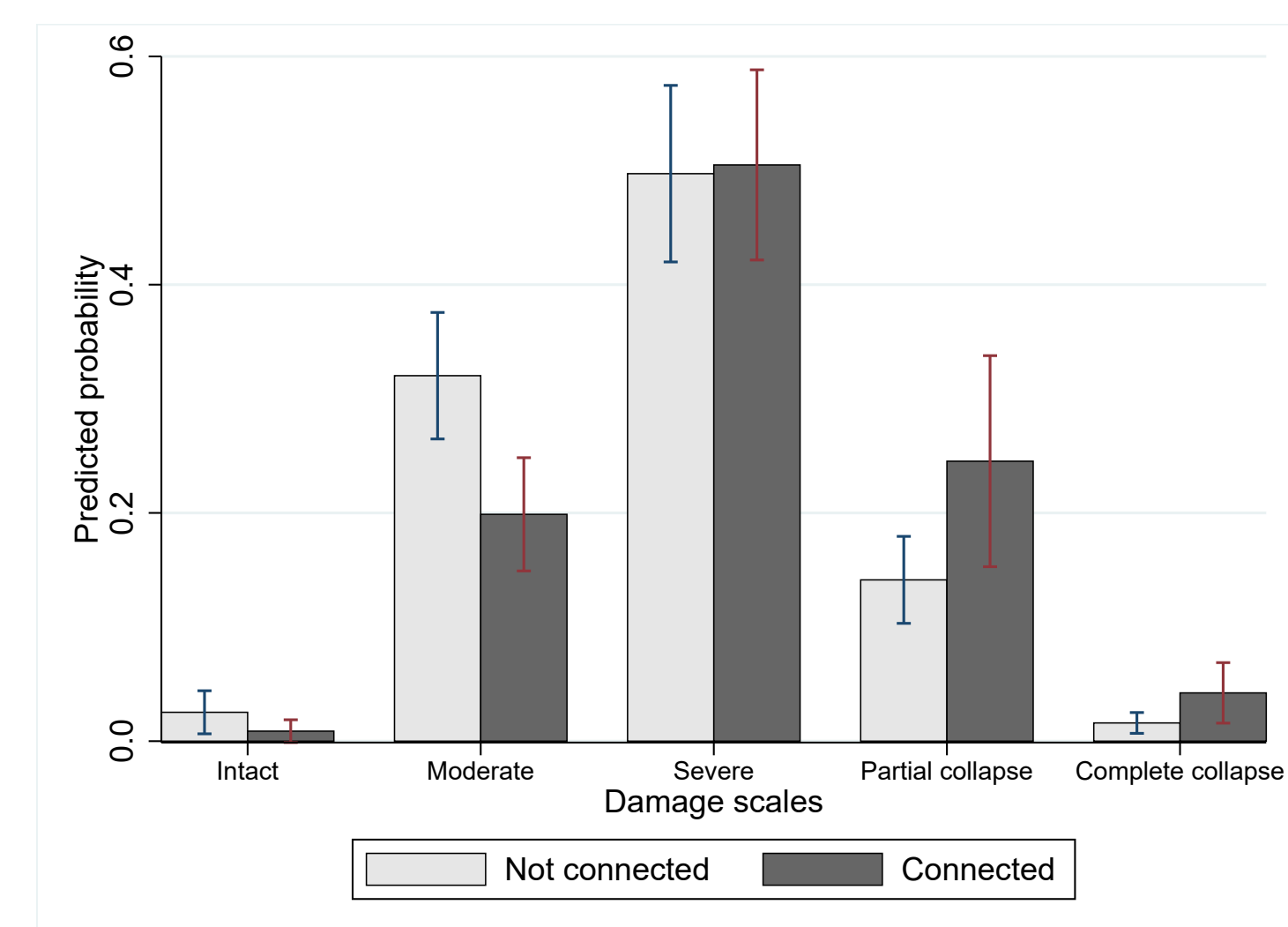
- QUESTION: Do patron-client connections lead to more or less corruption?
- CONTEXT: The 2008 Sichuan earthquake in China
- DATA: 1,065 buildings in the quake-affected area
- IDENTIFICATION: Difference-in-differences

Research Design

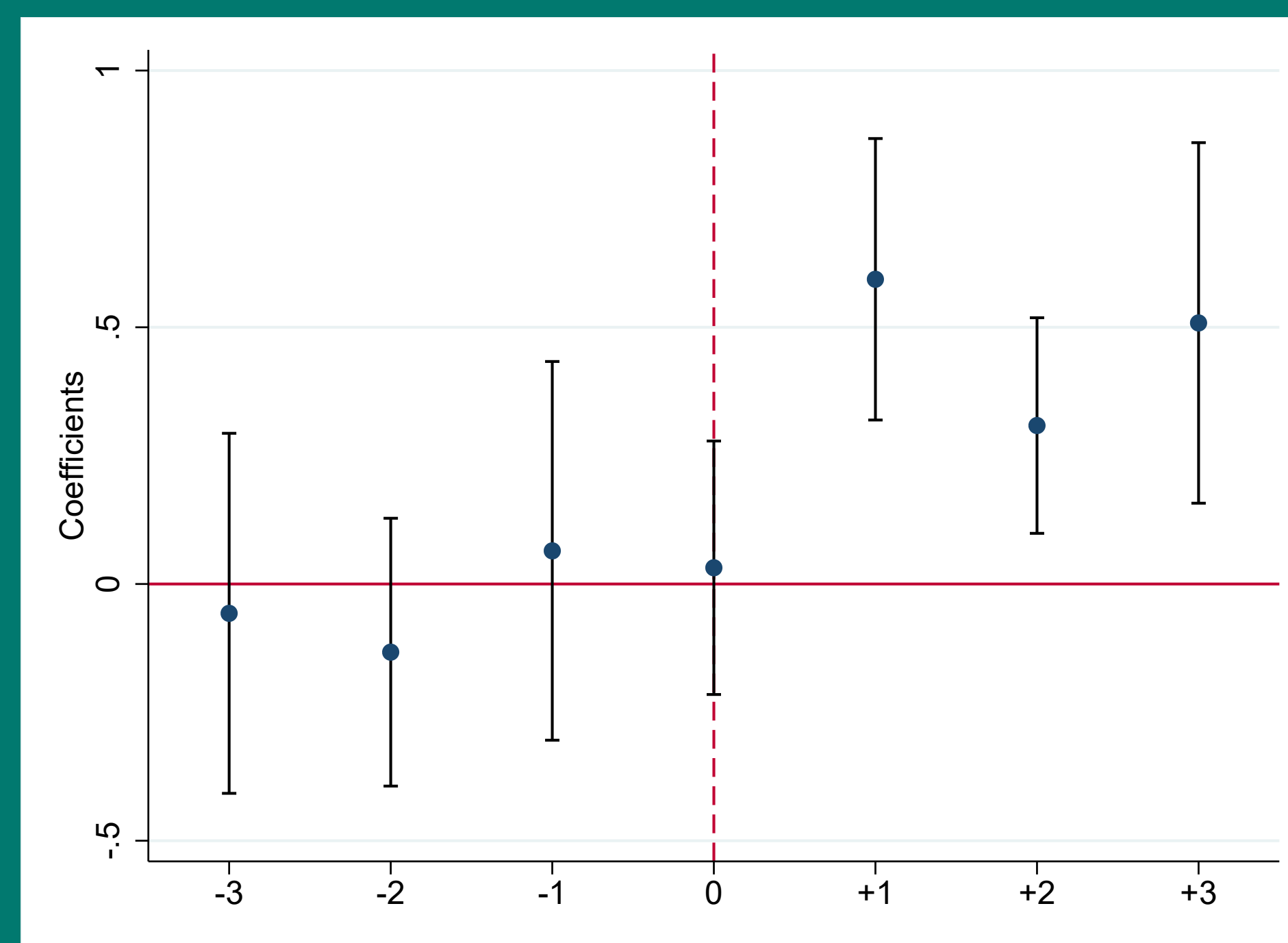


- Treated buildings were constructed when the county official had the same **hometown** with a prefectural official

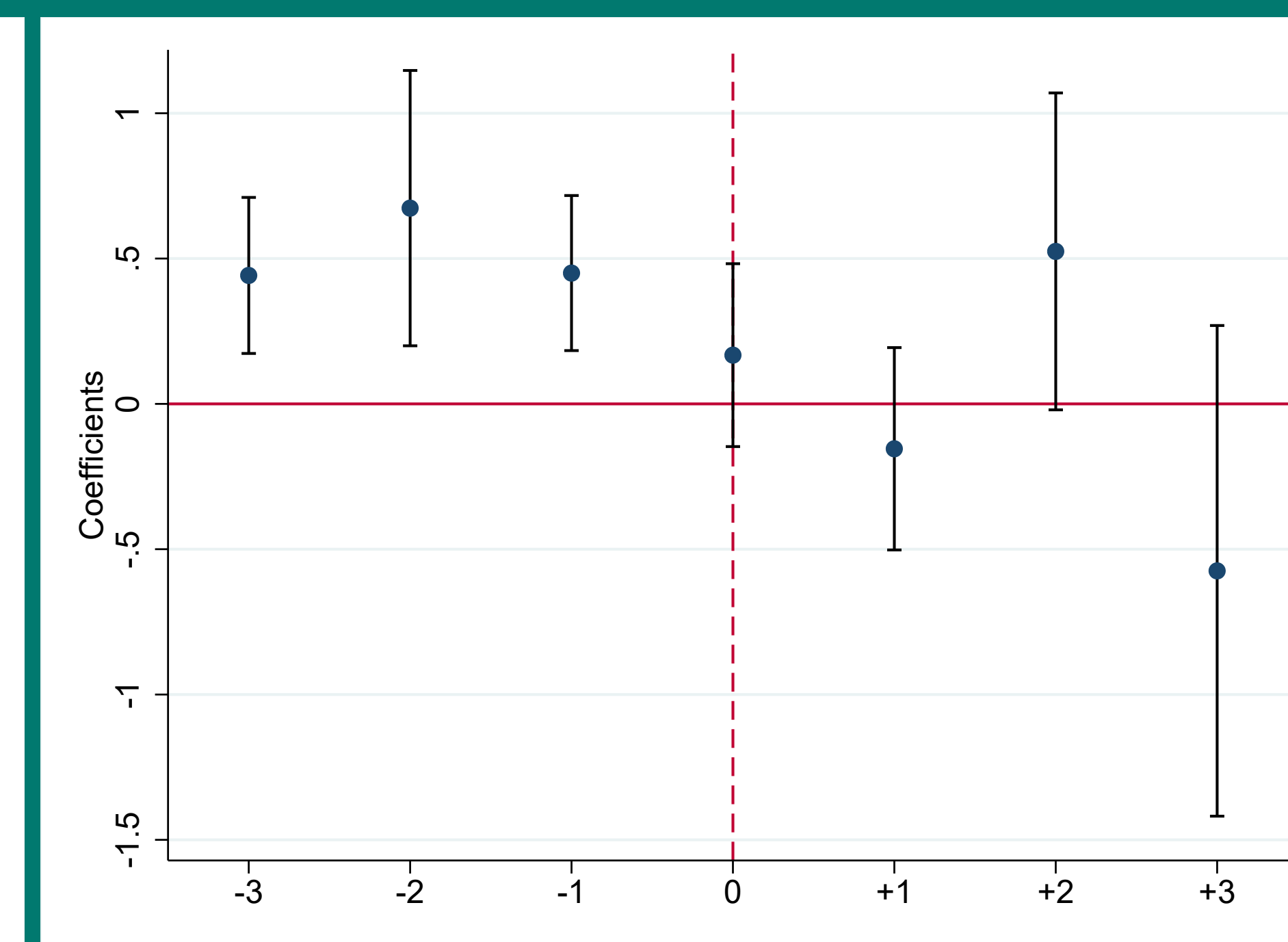
Main results



- Having a connected county official increases the probability of a partial or complete collapse increases by 13 percentage points (83 percent)

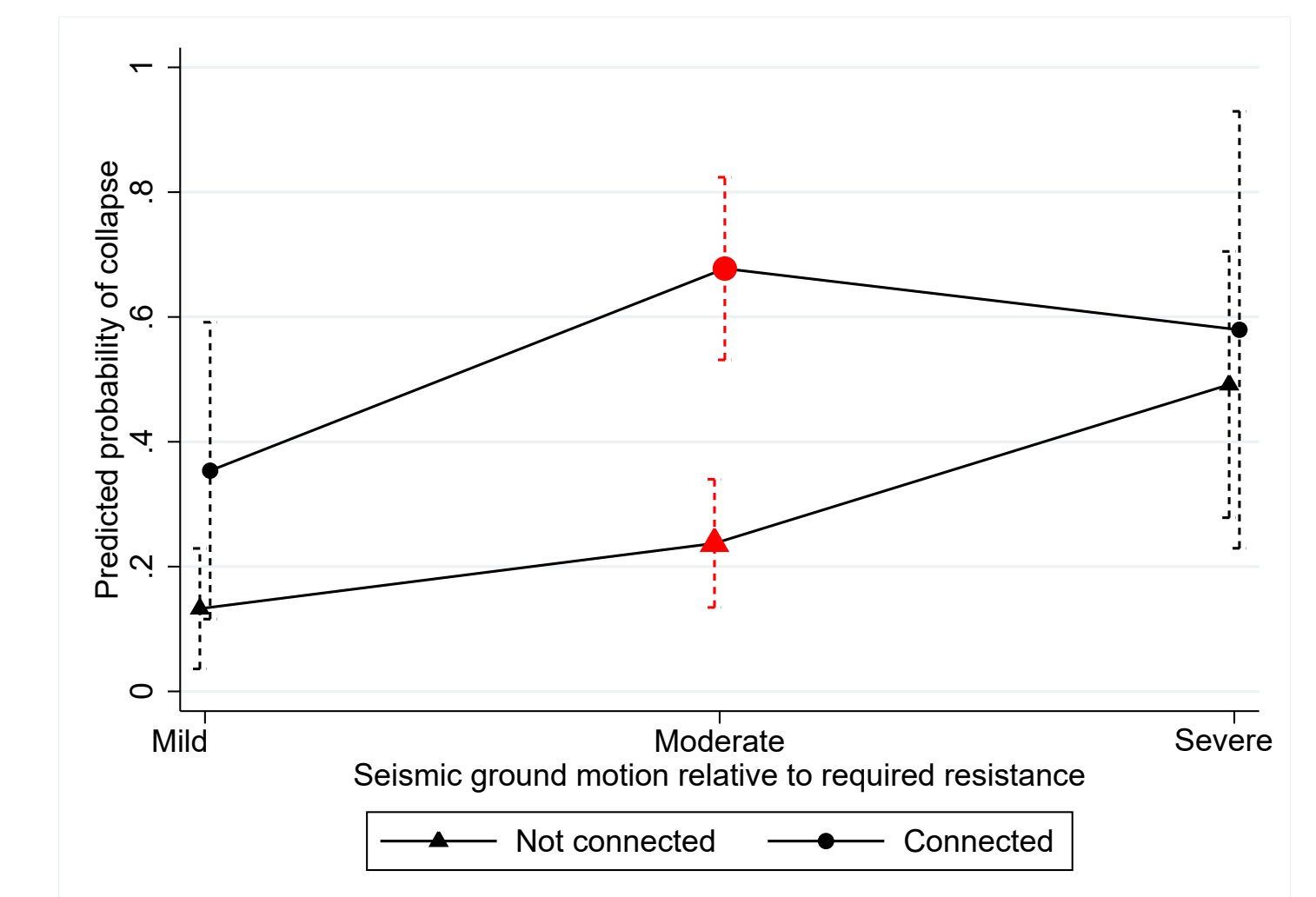


GAINING CONNECTIONS



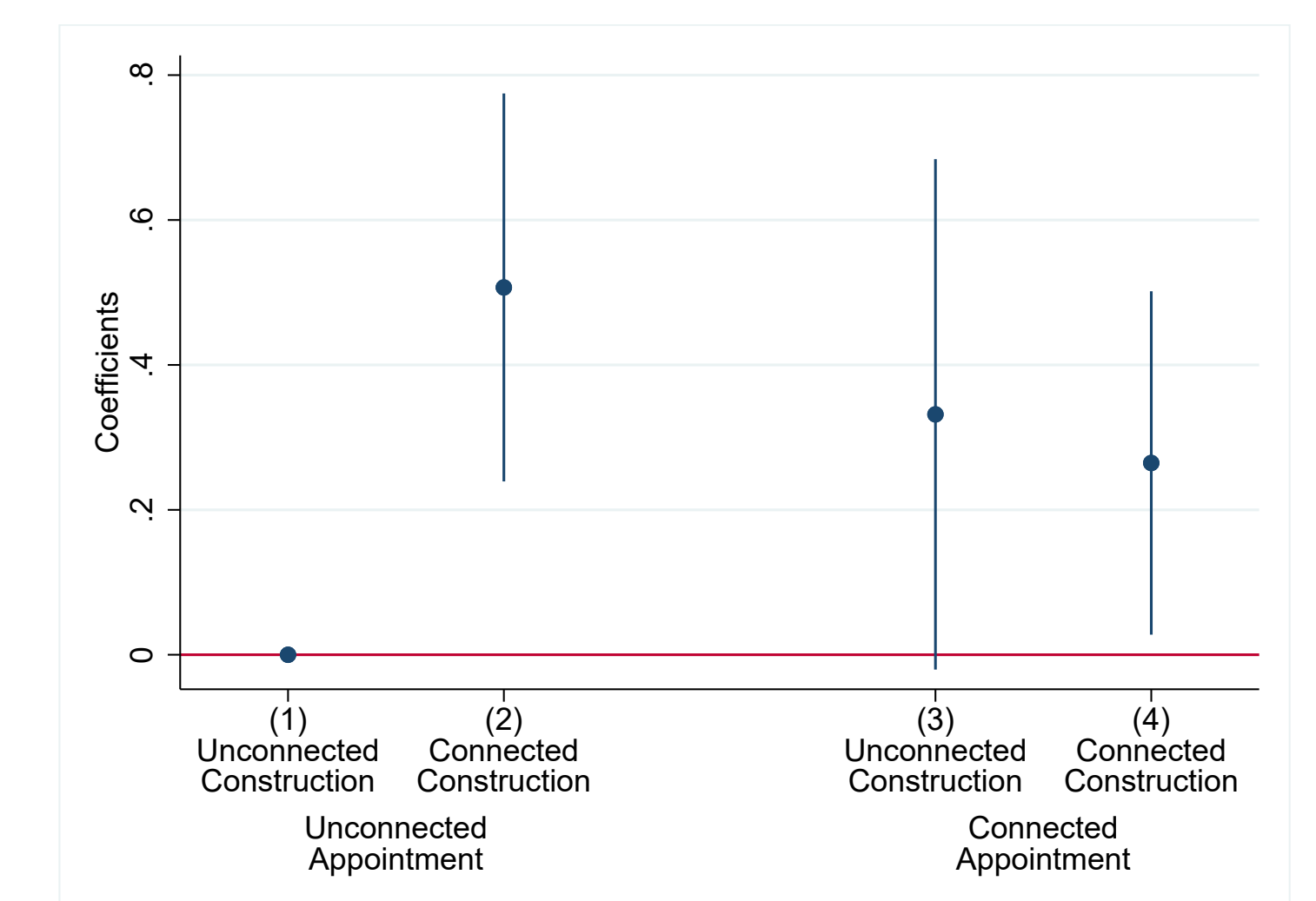
LOSING CONNECTIONS

Evidence of corruption



- Most effects come from regions moderately affected by the earthquake, in which buildings should not have collapsed if they were compliant to the building code

Selection vs. Incentive



- Coef. (2) represents the effect from political selection
- Coef. (3) represents the effect from changes in incentive

Takeaway

- The costs of corruption and rent-seeking may be latent and hard to observe in normal time. They create societal vulnerabilities, which may build up over time and only to be revealed after a much later exogenous shock.

Contact

- Yiming Cao, Boston University
Email: yiming@bu.edu
Read paper: <https://www.yimingcao.com/jmp.html>