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Introduction

In early 2009, I watched a young woman enter a small store in a shopping mall in Raipur – the capital of one of India's poorest states, Chhattisgarh – to collect a birth certificate. She had submitted a request for the certificate a few days earlier, using the store's online application system. When she returned, the woman paid a small fee, and the storeowner printed the official document. In total, she spent only a few minutes applying for and receiving her birth certificate, which she would need to access myriad basic government services.[1] At that same location, she could have obtained many other essential documents and services as well, from a caste certificate or driving license to a land ownership record or welfare benefit.

Only a few years earlier in Chhattisgarh, this same woman would likely have faced a much different environment when attempting to access a similar public service. She almost certainly would have needed to visit multiple government offices to collect the relevant documentation, and when she was finally able to apply for the certificate, she might have been asked for an additional "fee" to speed up the process. Even if she paid this bribe, it would have taken perhaps a month for her to receive the official document. This traditional model for obtaining myriad basic government services is familiar to hundreds of millions of citizens, especially the poor, in India and many other developing countries.

This dramatic shift in the quality of service delivery in the capital of a poor Indian state is emblematic of broader changes across the entire country. In 2006, the Indian central government launched a major policy initiative to reform the provision of public services through the use of information technologies. This program, which includes both infrastructure development and reforms of service provision, is one of the largest of its kind ever undertaken by a national government (Askari 2006; Government of India

[1] I interviewed the person concerned at a Chhattisgarh Cho*i*ce Center (Raipur, Chhattisgarh, January 23, 2009).

2006a). Yet, the central government's efforts come on the heels of many subnational programs, like Chhattisgarh's, which were initiated by Indian state governments in the decade leading up to the national policy. In fact, nearly all of the twenty major Indian states had implemented some type of technology-based public service reform before this became an active part of the central government's policy agenda.

These state-level efforts represent an important innovation in the ways in which government actors interact with citizens to provide basic public services, but they do not always lead to such rosy outcomes. Contrast the experience of the woman in Chhattisgarh with that of citizens in the state of Haryana, where on a similar occasion I observed at least twenty men crowded around a single window in a large government office, all attempting to be the first person in the queue. Behind the window, a government employee entered applicant data into a computer, but then printed the application and handed off the paperwork to another officer. The computerization in this case was limited to the filling in of a form, and it seemed to have little, if any, effect on the experience of citizens attempting to access services.[2] A small number of states, such as Bihar or Madhya Pradesh – both near Chhattisgarh – present the most striking cases of policy failure. Here, the government did not initiate any major reforms prior to the national government's policy initiative, meaning that citizens in these states saw no alternative to complicated and corruption-laden processes for accessing services.

The variation across states is not limited solely to the quality of access: It is also visible in the specific services made available in one-stop, computer-enabled service centers. Whereas some states have comprehensive menus of offerings, others may provide only a small number of services, or they may offer targeted services that appeal to a limited portion of the population, thereby excluding large segments of citizens from potential benefits. In Delhi, one of the wealthiest parts of the country, computerized centers offer fewer services than nearly any other state. In Gujarat, a businessman in the city of Ahmedabad can receive rapid approval for building licenses and take advantage of a streamlined process for assessing taxes. A citizen in rural parts of the state, however, is subject to traditional service models for fundamental welfare benefits. There are also substantial differences in the quantity and quality of services offered across states at similar levels of economic and social development: Among the more developed states, Himachal Pradesh and Maharashtra offer more comprehensive reforms than their peers Haryana and Kerala, whereas in the less-developed states, Chhattisgarh outperforms Orissa.

These examples highlight key puzzles in the design and implementation of recent reforms: Why have some poor states, such as Chhattisgarh, been able to implement reforms that are as or more extensive than those seen in

[2] Observed by the author in an eDisha Center, Jhajjar district, Haryana, January 24, 2008.

middle- or high-income states such as Gujarat or Delhi? Similarly, why does the quality of reform differ across states at similar levels of economic and social development? Perhaps most fundamentally, why did the governments of some less-developed states implement these types of reforms at all?

These puzzles are not limited to India. The end of the twentieth century marked a new era in the reform of public administrations, with governments from South Africa to Brazil using digitally enabled public service centers to provide basic services to citizens. Some initiatives have taken advantage of technological advances to reshape the way that citizens interact with the state; in particular, they have removed fundamental barriers that have hindered access of the poor to essential government services. Yet, many countries began such initiatives only to see them falter. The optimistic projections of international institutions and donor organizations (United Nations 2003a; World Bank 2000) about the prospects for digitized public service reform have not been universally realized. Thus, the cross-national variation in policy outcomes mirrors the uneven trajectory of reform across the Indian states.

This book systematically addresses the puzzle of policy success and failure in Indian public service reforms and then extends the inquiry to similar reforms around the world. In doing so, it leverages the advantages of subnational comparison, using a medium-N analysis of the Indian states that combines the benefits of qualitative and quantitative analytical tools and controls many confounding factors that might otherwise explain divergent policy outcomes. Drawing from my fieldwork in seventeen Indian states, I highlight a new arena of reform with important implications for how we understand the political incentives for policy making. I also evaluate core assumptions and predictions of my argument using original survey and field-experimental evidence from a single Indian state. Finally, I further test the hypotheses generated by this inquiry in a cross-national setting, using country case studies and large-N quantitative analysis.

I argue that the primary cause of diverse technology-enabled reform outcomes is variation in the extent to which incumbent politicians expect new policies to affect their political power, in particular the economic resources essential to their current and future electoral status. As in other contexts, politicians weigh the expected costs and benefits of improving public services. Yet, the costs to political elites of digitizing public service delivery – in India and in many other contexts – arise primarily from threats to corrupt income derived from manipulation of state institutions. The disruptions that computerized service delivery causes to rents emerge in important ways that this book highlights for the first time. The benefits of reform, however, are also striking, stemming not only from any electoral boost due to improved services, but also from new sources of corrupt income derived from policy implementation. The capacity of politicians to act on the interests resulting from these calculations, however, depends on the allocation of power within ruling governments.

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More specifically, as my extensive analysis of India and my cross-national analysis both show, the level of corruption plays a primary role in shaping reform, because the degree of corruption is linked to incumbent politicians' dependence on bribes and other illicit income for campaign finance. As new technologies streamline the process by which citizens access government services, they can also limit the ability of politicians to generate and appropriate "rents" from inefficiencies in service delivery. Where politicians' rents come from "petty" corruption in public service delivery – for example, from citizens' bribes to obtain licenses – politicians are in general less supportive of policies to increase transparency in administration. Conversely, the opening of new service centers may also constitute an opportunity to extract rents from potential private partners of the state. Thus, when politicians rely more on "grand" corruption – for example, from procurement and government contracting – they tend to see reform as an opportunity to develop new sources of rents from contracts with private entities.

Politicians also attempt to maximize the electoral benefits of reform by targeting improvements in service delivery to their preferred constituents. Administrative reform in this context does not merely provide a "public good" enjoyed by all citizens; instead, the benefits of digitization can be highly targeted, in ways that enhance the benefits of certain kinds of reform. By making available services that will benefit particular groups – such as building licenses for business elites or welfare benefits for those below the poverty line – policy makers can increase the chances that factions needed for their political survival are the beneficiaries of technology-enabled reforms. At the same time, politicians must balance their efforts to provide targeted goods with their desire to minimize the threat to existing rents, resulting in a trade-off between those services with the highest potential for acquiring bribes and those offering the greatest potential benefit to key constituents. As I show, these political considerations strongly shape the particular services that are selected for inclusion in one-stop, computerized service centers.

Whereas the expected costs and benefits of reform affect ruling politicians' incentives, their capacity to act on these interests is shaped by the party system's institutional structure. Within parliamentary systems such as India's, the cohesion of the ruling government – by which I mean rule by a single party or a coalition of parties – can influence the strategic position of political leaders, leading to divergent policy outcomes. In single-party systems, party leaders internalize the electoral benefits of providing improved government services to voters, while the costs in terms of foregone rents are borne largely by party ministers and legislators with limited capacity to resist leaders' policy directives. In coalition systems, however, minority ministers – whose preferences over ministerial posts in India, as well as many other developing countries, may rest on expectations about access to rents – have greater power to resist directives, by threatening defection from

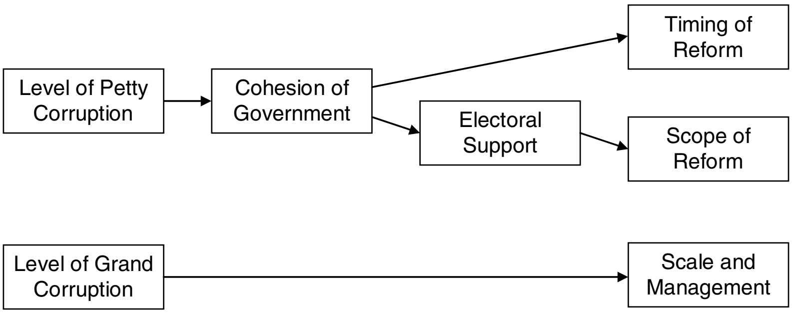

FIGURE 1.1. Overview of the theoretical argument.

the coalition, and so can influence policy outcomes. This resistance takes a specific form in the Indian parliamentary context, yet the constraints posed by the allocation of power within ruling governments are a general force shaping policy outcomes in many contexts.

This book thus shows that preexisting institutions of petty and grand corruption, interacting with patterns of subnational electoral support and state party systems, have clear effects on reform policies, including (1) the likelihood of reform; (2) the scope of reform – that is, the nature of services made available to citizens; and (3) the manner by which centers are owned, operated, and implemented, including the scale of reform, or the number of service centers in a state. The complete argument, as detailed in the following pages and in Chapter 2, is summarized in Figure 1.1.

This analysis contributes to the existing literature on comparative political development, policy making, administrative reform, and the political economy of corruption in multiple ways. First, while this argument is informed by previous studies establishing the important role electoral costs and benefits play in shaping politicians' choices over policy outcomes (see, *inter alia*, Acemoglu and Robinson 2006; Bates 1981; Geddes 1994; Levi 1988), I ask what specific institutions are relevant for understanding political incentives as policy innovations emerge in response to both new and intractable social and economic problems. In doing so, I revisit established explanations for variations in policy outcomes to determine whether, and how, service reform in the digital age implies a new set of calculations for political elites.

Thus, this book asks how decisions are made when politicians are presented with a new and complex set of policy options with likely effects on their ability to retain office. Building on analyses of economic reform (Chibber 2003; Evans 1995; Kohli 2004) and institutional change (North 1990; Tsai 2006), I highlight the important ways in which established power structures and informal relationships can shape responses to change and affect the strategic behavior of politicians, thereby influencing formal state policies. As I discuss in greater detail in Chapter 2, the formal rules governing politicians and bureaucrats in India offer significant room for informal negotiations over roles and responsibilities that can be linked to the practice of corruption, and state officials are frequently accused of corrupt practices. Yet, few scholarly works have attempted to examine the ways in which corrupt behaviors and related microeconomic considerations affect Indian democratic processes. By emphasizing the links between bureaucratic bribe taking, the role of rents in funding elections, and the importance of illicit funds in negotiations over coalition governments, this analysis sheds new light on how these backdoor interactions can influence the dynamics of political strategy for incumbents.

The emphasis here on the specific attributes of new policies is a second characteristic that sets this analysis apart from many earlier studies, particularly those addressing government reforms. Previous work typically understood administrative reform to be a public good rather than conceptualizing reform as a strategic policy good that can be targeted to particular citizen groups in ways that deeply shape the nature of policy outcomes. By problematizing the nature of reform and investigating the opportunities for providing targeted policy goods to diverse groups, I am better able to explain the nuanced characteristics of policies as they are implemented.

Third, the attention devoted here to different *types* of corruption – both petty and grand varieties – is rare in studies of political economy and policy making.[3] Analysts have attempted to measure the effect of corruption on public policies (Bose 2004; Fredriksson and Svensson 2003; Mauro 1995; Shleifer and Vishny 1994), but these efforts typically address only one type of corruption in a given policy area. Because politicians in India often have recourse to multiple different sources of rents, and because the technology-based reforms considered here provide both a potential threat to petty corruption through more transparent public service delivery and a potential opportunity for grand corruption via contracts with the private sector for implementation, it is necessary to consider preexisting levels of both types of corruption to evaluate political behavior and explain policy outcomes.

A fourth, and related, contribution of this study is the attention given to grand corruption as a potential incentive for reform. Evaluations of privatization processes during recent decades note that sales of state-owned enterprises to the private sector often entailed an opportunity for kickbacks (Celarier 1997; Etchemendy 2001; Manzetti 1999; Tangri and Mwenda 2001). Perhaps more generally, state procurement practices are frequently seen as an area rife with corruption (Spector 2005; Ware et al. 2010). Yet, these analyses typically conceive of bribe taking as a side benefit of a process that occurs for other reasons, not as itself the primary incentive for otherwise legal government pursuits. Here, I emphasize the idea that reform can, under

[3] A notable exception is Rose-Ackerman's (1999) classic study.

certain circumstances, create new opportunities for rent seeking. Thus, the opportunity to collect bribes may actually be an incentive to engage in a new activity, including those activities that, albeit paradoxically, are otherwise expected to reduce corruption.

In these ways, this analysis of technology-enabled service provision offers new theoretical and empirical insights into basic processes of policy making and administration. In the next section, I consider how these reforms build on earlier periods of administrative reform and constitute a new era of institutional relations between citizens and the state.

A NEW ERA OF REFORM

The nature of the state's role in shaping economic and social development remains an important topic of scholarly debate. When and how state actors choose to engage in developmental policy making are thus primary questions in studies of political economy. Whereas analyses of state behavior often focus on economic and industrial policies, a related and central activity of politicians that can shape developmental outcomes is the building and maintaining of viable administrations to provide public services. Governments are tasked, at a minimum, with offering those services that are not expected to come in a comprehensive or equitable way from the general public or private sector, including national defense, domestic security, education, and basic infrastructure. Although the content of these fundamental public goods has changed over time – telecommunications is one of the best examples of a former public monopoly – the general concept remains salient. Yet, the role for government often goes well beyond public goods, with the state typically overseeing a myriad of activities related to welfare provision, utilities, health care, the regulation of commerce, and the confirmation of legal identity.[4] The provision of these services constitutes a primary source of interaction between citizens and their government (Corbridge et al. 2005; Gupta 1995; Lipsky 1980).

Despite the expectation of citizens in many contexts that states will act as a principal provider of services, governments have repeatedly struggled to deliver public services in a fair and effective manner, particularly in developing countries. In parallel with, and in response to, the processes of industrialization and growth, the failure of public administrations has led to at least three major periods of reform in the last century, which have in some way affected the character of governance in most, if not all, countries around the world. At the end of the nineteenth and the beginning of the twentieth century, early industrializing states responded to shifts in social dynamics

[4] Of course, the "expectations" for states are typically shaped by the back-and-forth between state leaders and their citizens, which produces the variation in domestic political economies that we observe around the world.

through the development of large, merit-based bureaucracies to oversee the administration of services to the public (Scheisl 1991; Skowronek 1982). During the mid-twentieth century, in the wake of decolonization and late industrialization, similar strategies were pursued in postcolonial states, with highly uneven results (Geddes 1994; United Nations 2009). By the late twentieth century, public administration and service delivery demanded a new strategy, which emerged under the monikers of the "new public management" and neoliberalism. This model frequently featured the privatization of public services as the private sector was reintroduced into the governance process as an alternative provider of "public" services.

At the turn of the twenty-first century, we observe what I argue is a fourth era of reform, one that parallels major shifts in production brought on by the emergence of powerful information and communication technologies (Cohen et al. 2000; Newman and Zysman 2006) and that looks to these technologies, not to alternative institutions or individuals, to improve services. The use of information technologies to reform the processes and fundamental nature of public service delivery has been heralded by international organizations for its potential to improve the lives of millions living in developing countries (United Nations 2003a; for a review, see Bussell 2005), but it must also be seen in the context of this storied history of reform. Technology-based reforms often build on previous strategies, in particular the use of the private sector as a conduit for delivering services. This new period, then, marks an era of administrative reform in which the state is potentially taken out of the process of service delivery, through either computerization or the combination of privatization and technology. Whereas privatization has been acknowledged as a major feature of neoliberal reform strategies, computerization has, instead, typically been seen as a tool for efficiency and one that, many assume, does not threaten the political power of state elites.[5]

The reforms considered in this book take on a particular shape, that of standalone, computerized, multipurpose service centers. This model, introduced and popularized throughout the developing and developed world, is discussed in more detail in Chapter 3. In general, service centers offer citizens a single location where they can potentially access services from a range of government departments, such as Transportation, Education, or Social Services, using information technologies. In addition, these centers take the ultimate act of service delivery out of the hands of the originating department. Government or private-sector representatives employed by the centers, not by individual departments, act as the intermediary between the citizen and the state and have responsibility for delivering services to citizens.

[5] Many authors recognize the potential, or perceived, threat to bureaucrats themselves because of potential job losses from computerization, but little emphasis has been placed on the potential effects of new technologies on the fortunes of political incumbents.

Given these general characteristics, however, there can be great diversity in the specific provisions of service centers. Hypothetically, these one-stop centers can offer any government service for which a citizen has in the past needed to go to a government office. This could include a variety of certificates, including identity and welfare documents; payments for utilities and taxes; applications for inclusion in welfare schemes; applications for various government licenses; applications for school and hospital admissions; submission of police reports; and access to and revisions of land titles. In total, there are perhaps hundreds of services in any subnational or national arena for which citizens could potentially use this type of service center. An important component of this book's argument is that whether or not these services are actually available depends on the interests and actions of ruling politicians.

This analysis marks the first major effort to conceptualize and evaluate the political-economic factors shaping the current era of reform. Though many recent studies address the spread of information technologies and the political conditions conducive for policy diffusion, often focusing on regime type (Corrales and Westhoff 2006; Milner 2006; Wilson 2004), few question whether there are political incentives *not* to promote the use of new technologies within democracies. Studies of technology-enabled service centers in India typically focus on economic conditions (Toyama et al. 2004) or, if they address the relationship between political incentives and outcomes, evaluate these issues in only a small number of cases (Kiran 2002, 2005; Kuriyan 2008; Kuriyan and Ray 2009). Thus, the analysis presented here offers a substantial contribution to the depth and range of our insights into the political economy of reforms in the digital age.

ACCOUNTING FOR REFORM – POTENTIAL EXPLANATIONS

Established theories of political economy, as well as studies of administrative reform and technology diffusion, offer compelling potential explanations for variation in the adoption of new reforms both within and across countries. First, "modernization" perspectives suggest that the level of economic development should be closely linked to improvements in the quality of governance in general and the use of new technologies as a reform strategy in particular (Berry and Berry 1990; McNeal et al. 2003). In the latter case, the barrier to reform is the cost of technologies themselves, which are seen as inaccessible to both governments and citizens in poor countries.

A related normative logic for the association between economics and technology diffusion, as proposed by analysts and even representatives of the high-technology sector, is that government technology investments are an expensive luxury in developing countries, one that should perhaps not be prioritized over more basic citizen needs such as adequate food, shelter, and medical care.[6] Thus, government investments in technology in poorer countries are seen both as economically infeasible and social welfare minimizing.

However, the variation across Indian states noted earlier suggests – and the systematic analysis later in this book shows – that the introduction of technology-enabled service centers is not linked to economic conditions. Why might this be the case? The cost of the particular types of information technology used in the context of services reform offers a preliminary answer. Digital information technologies are relatively inexpensive, and the cost of opening a one-stop service center continues to rapidly decrease (Srinivasan 2005; Toyama et al. 2004).[7] As a result, and in contrast to previous eras in which high up-front costs of technology may have placed considerable constraints on governments, general economic conditions may not play a key role in shaping the outcomes of current reforms.

Alternatively, economic conditions may encourage reforms, particularly in those locations where state elites see technology-enabled public services as a signal to potential domestic and international investors. Where politicians want to promote investment in their states, they may institute "good governance" reforms so as to encourage potential investors and highlight the quality of state institutions – a strategy that has shown some success in other contexts (Fazio and Talamo 2008; Li and Resnick 2003) and is reflected in a general relationship between democratic institutions and foreign direct investment (FDI) (Jensen 2003). In this case, politicians in states with an active industrial development agenda may be more likely to implement reforms than those in states with less industrial focus.

Although this argument has some potential explanatory value, it is limited for explaining the frequency with which these reforms are observed across India, for a number of reasons. First, in states such as Gujarat, Karnataka, Maharashtra, or Tamil Nadu, where there is a strong industrial base, an interest in FDI might cause politicians to be more receptive to this type of reform. However, it is more likely that actors in these states would invest in other types of technology-enabled reforms, such as computerization of the ports or transport system, rather than citizen-facing reforms. Second, this line of argument cannot explain the rapid adoption of reforms in states such as Kerala and Himachal Pradesh, where incentives to promote FDI are considerably lower.

A second line of inquiry, one that emphasizes the links between good governance and social development outcomes, posits that governance reforms

[6] Bill Gates, the founder and former CEO of Microsoft, once famously noted that "the world's poorest two billion people desperately need healthcare, not laptops" (Helmore and McKie 2000).

[7] A similar trend is seen in mobile phone technologies, in which the infrastructure costs for mobile technology are considerably lower than those for landline connections, contributing to rapid growth in access to mobile phones across developing countries (Economist 2009).