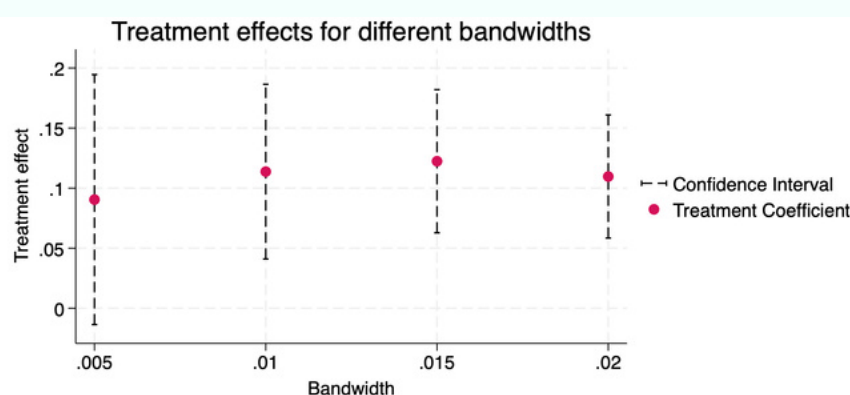
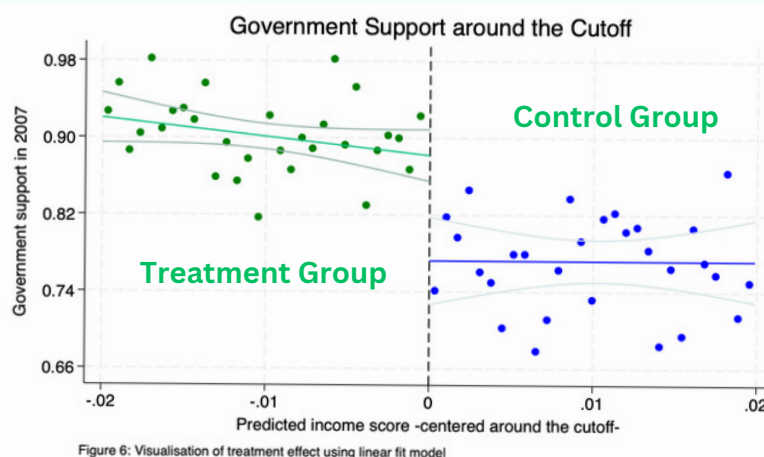


The Effect of Cash Transfers on Political Support

A replication and examination of Manacorda et al. 2011

Study Design

- **Hypothesis:** Receiving government transfers increases beneficiaries' political support for the incumbent government
- **Main Variables:** Political support (dependent variable), program eligibility (treatment) based on a predicted income score (running variable)
- **RDD Methodology:** Utilizes a Regression Discontinuity Design, leveraging quasi randomization around the cutoff for program eligibility



1.Preliminary Analysis



McCrary Test: With a p-value of 0.4111 indicating no significant discontinuity, the null hypothesis of continuity still holds

2.Main Results



10% Increase: Transfers increased political support by **at least 10% significantly**
Model Consistency: Similar results with larger estimates in **polynomial** models

3.Robustness Checks



Bandwidth Robustness: Consistent significance of effect across **all bandwidths**
Donut Hole Regression: Maintains **significance**, even **larger effects**
Local Polynomials: Results align, **supporting the study's conclusions**

4.Confidence in President and MIDES

Eligibility led to **highly significant** increases in confidence in the president and the Ministry of Social Development of around **8-15%**, suggesting **cash transfers** positively **influence trust** in these **institutions**

Limitations:

Methodological Limitations

- **Local Average Treatment Effect:** Limited external validity due to **focus** on a **low income level**
- **Causality Concern:** **Contact** with MIDES **personnel** may **bias** self-reported **support** (internal validity)
- **Missing Analyses:** Lack of **bandwidth** analysis and consideration of **baseline traits** like personality

Contextual Limitations

- **Unique Political Context:** Findings may be specific to Uruguay's political climate during a **major shift**
- **Program Novelty Effect:** Being the **first major** initiative may amplify self-reported support, risking **overestimated** treatment **effects**

Extensions:

Bandwidth Analysis

Consistent treatment **effect** across various ranges. Findings hold **statistical significant** across all tested models

Difference-in-Difference Design

D-i-D analysis could be used to **compare** **Uruguay** with a **similar country**. Thus, **diminishing** the **contextual bias** of Uruguay

Instrumental Variables

Using the **time delay** in the rollout of the program as an **instrument** could be used to **estimate** a **causal effect** to **compare**

Policy Implications:

The study identifies a **highly significant treatment effect** of at least **10%** among **Uruguay's poorest**. Policymaker should be cautious of its **limited scope** on people with a low income score and the **potential gap** between self-reported political support and **actual voting behavior**.