

Doubling Down on Pork? The Impact of Dual Mandate Holding on the Spending of Grants

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Abstract: This study investigates the dynamics of intergovernmental grant allocation to local governments, focusing on the influence exerted by individual Members of Parliament (MPs). Utilizing a panel dataset comprising conditional grants disbursed from the Flemish government (Belgium) to municipalities between 2004 and 2017, spanning 290 municipalities and yielding 4,049 observations, we examine three distinct biases in intergovernmental transfers: hometown bias, dual mandate bias, and seat concentration bias. Our analysis reveals nuanced findings, with compelling empirical evidence for hometown bias and dual mandate bias, while evidence for seat concentration bias remains somewhat elusive. Specifically, municipalities where MPs are domiciled experience an increase in grant allocation compared to municipalities without parliamentary representatives. This effect is particularly pronounced for dual mandate holders, with municipalities represented by MPs simultaneously serving as mayor or aldermen receiving higher subsidies. The biases are also observed during electoral years and pre-electoral periods, which shows the robustness of our findings. Furthermore, our study uncovers mixed evidence for seat concentration bias. While municipalities with more than one MP receive notably higher grant allocations, the effect cannot be reported during electoral and pre-electoral periods, which suggests that excessive political presence may lead to counterproductive outcomes, potentially due to conflicting interests and competition for resources within the same locality. These findings shed light on the intricate interplay between political representation and resource allocation, emphasizing the need for nuanced policy interventions to address potential biases in intergovernmental grant allocation mechanisms.