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INCOME INEQUALITY, CLIENTELISM AND GOVERNANCE: IMPLICATIONS FOR SOCIOECONOMIC DEVELOPMENT IN WEST AFRICA

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Abstract

Genuine redistribution of income is usually not commonplace in underdeveloped democracies. Instead, politicians in these democracies often target private, excludable and reversible benefits at the poor in exchange for electoral support. This electoral strategy often results in a situation where maintenance of political power or re-election becomes the focus of public policies instead of public welfare. This study investigated the main and interaction effects of income inequality and clientelism on government effectiveness in West African Countries from 1996 to 2020. The study objectives were achieved using pooled mean group (PMG) approach of the panel autoregressive distributed lag (ARDL) estimation technique and the Dumitrescu Hurlin panel causality test. Findings from the study revealed that clientelism enhances government effectiveness at higher levels of income inequality but inhibits government effectiveness at lower levels income inequality. The study findings also revealed positive relationship and uni-directional causality between income inequality and clientelism. The study concluded that government effectiveness which thrives on lower levels of

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income inequality and clientelism is beneficial to socioeconomic development; and that socioeconomic development and government effectiveness is interdependent and mutually reinforcing.

Keywords: *Inequality, Clientelism, Development, Governance, West Africa, ARDL*

JEL Classification: H41, H42,I31, D31

1. Introduction

Despite possession of abundant human and non human resources, the developmental benefits of such natural endowment rarely reach the underprivileged majority in West African countries. Scholars and policy makers often attribute this undesirable outcome to governance, defined as the manner in which political power is exercised in the management of a country's socioeconomic resources for development (World Bank, 1992). Theoretically, political power is granted to democratic governments by the people through free and fair elections which are held periodically. This ideal of democracy ensures healthy electoral competition in which politicians or political parties strive to attract votes by delivering public services and implementing pro-masses policies more efficiently than their rivals. Thereby producing politicians and by extension governments with the intrinsic motivation to serve the public (Muli, 2020).

However, the aforementioned scenario is usually not obtainable in West African countries where institutions are not strong enough to uphold the ideals of true democracy. particularly, according to the 2021 democracy index West African countries are made up of 12.5% of flawed democracies; 50% hybrid regimes and 37.5% authoritarian regimes (Economist Intelligence Unit, 2022). Consequently, the electoral process in about 88% of these supposed West African democracies are undermined by different forms of antidemocratic electoral strategies. Particularly, clientelism, defined as a kind of implicit or explicit quid pro quo in which goods and or services are exchanged for political support (Hicken et, al, 2022) is one of the most common form antidemocratic electoral strategies used by politicians or political parties.

Clientelism in West African countries often takes the form of vote buying and or patronage (Kramon, 2017). On the one hand, vote buying is often directed towards mobilization of supporters of a political party and swing voters in a forthcoming election. (Rauschenebach & Paula, 2019). Patronage on the other

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hand usually entails the use of state resources to reward individuals who are instrumental to bringing a political party or candidate to government (Hale, 2014). Regardless of divergent views on its legality, clientelism has been a popular and effective electoral strategy in many democracies across the word (Berenschot & Aspinall, 2020). For instance, it is legal for loyalist of the incumbent political parties to be appointed as heads of a number of commissions and agencies in West African countries. Similarly, vote buying and other forms of clientelist voter mobilization are prevalent in West African countries (Ojoye, 2019; Aikins, 2022). Prevalence of clientelism is further intensified by increased monetization of the electioneering process. For instance, the combined price for expression of interest and nomination forms required by the ruling All Progressives Congress for all five political positions in the forthcoming 2023 general elections in the largest democracy in West Africa is ₦182 million (Adenekan, 2022). Such exorbitant monetary cost is definitely on the high side in a country with a minimum wage of ₦30, 000.

On the one hand, many studies in the clientelism literature agree that the underprivileged majority at the bottom of income distribution are usually the prime target of clientelism. These studies suggested that high income inequality create conducive environment for clientelism (Robinson & Verdier, 2013; Markussen, (2011); Wang and Kolev (2018); Obradović & Filic, 2019). On the other hand, other studies in the clientelism literarture have argued that prevalence of clientelism erode the accountability mechanism which periodic, free and fair elections instil in democracy (Berenschot & Mulder, 2019). Consequently, these studies have linked clientelism in its various forms to various undesirable outcomes of governance such as economic inefficiencies, dearth of public goods, diversion of public funds and bias towards pro-elite public policies (Robinson & Verdier, 2013; Buquet & Piñeiro 2016; Wood (2018); Kurer, (2019); Enejoh & Ekele, 2021; Lindberg et. al., 2022).

However, other studies either suggested that good governance is possible amidst clientelism (Sugiyama & Hunter 2013; Peters & Bianchi, 2020) or that the effect of clienteism on governance depends on other factors such as the character of the networks that facilitate clientelist exchange, the benefits politicians offer for votes and degree to which politicians and political parties control the distribution of state resources (Berenschot & Aspinall (2020); Gonzalez-Ocantos & Oliveros, (2019); Yıldırım, & Kitschelt (2020). Although extant studies have established a link between income inequality and clientelism; and a link between clientelism and governance, empirical evidences on the effect of the level of income inequality on the relationship between clientelism and governance are relatively scarce.

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Consequently, the effect of the level of income inequality on the relationship between clientelism and governance remains unclear. Investigating the link among these variables will give a better understanding of challenges to governance in West African countries.

Consequently, this study investigated the main and interaction effects of income inequality and clientelism on government effectiveness in West African Countries from 1996 to 2020. The study objectives were achieved using pooled mean group (PMG) approach of the panel autoregressive distributed lag (ARDL) estimation technique and the Dumitrescu Hurlin panel causality test. The study measured governance as government effectiveness, income inequality as GINI coefficient; clientelism as the average of control of corruption and voice and accountability score; and socioeconomic development as human development index. The remainder of this paper is respectively dedicated to empirical evidences of the effect of income inequality on clientelism; the effect of clienteism on governance; construction of an approipraite proxy for clientelism, data description, model specification and estimation technique; result presentation; and conclusion and policy implications.

2. Literature Review

The public choice theory and the agency theory propounded respectively by Buchanan and Tullock (1962) and Jensen and Meckling (1976) provide a better understanding how income inequality interact with clientelism to exacerbate government ineffectiveness in West African democracies. The agency theory explains any type of relationship in which an individual (the principal) in pursuit of his own interest authorises another individual (the agent) to act on his behalf. However, due to information asymmetry and inability of the principal to scrutinize the agent's action, the likelihood that the agent will pursue his own selfish interest at the expense of the principal's is inherent in principal-agent relationship. Consequently, such relationship often requires an effective mechanism which minimizes or punishes such opportunistic tendency. However, the ability of the agent to corrupt this mechanism will result in a situation where the agent prioritises his own interest over his principal's interest with impunity. This problem is further exacerbated if the agent acts on behalf of multiple principals who pursue individual interest rather than common interest.

The public choice theory explains the mechanism through which the agent jettisons principal's interest for individual interests in a multi principal problem where the agent represents many principals with different objectives. Although the principals usually have incentives to pursue self interest, pursuit of such interest

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often results in inefficient decision or policies which jeopardises their common interest. Specifically, the benefit of such inefficient decisions is often concentrated among privileged minority who are able to engage in collective action, while the cost is borne by the underprivileged majority who may not be able to engage in collective action. This situation eventually results in the agent's implementation of various inefficient policies which ultimately worsen his effectiveness.

Empirical studies abound on the link among income inequality and clientelism influence governance. Robinson and Verdier (2013) developed a standard probabilistic voting model which explains why income redistribution in the form of public sector employment is often inefficient. Findings from the study revealed that attaching public-sector employment to the political success of a politician often leads to inefficiencies in the supply of other public goods. The study also revealed that high inequality and low productivity usually make such clientelist exchange attractive to politicians in developing countries. The clientelist exchange is further exacerbated by high government involvement in the economy, high inequality and prioritisation of money over political ideology.

Similarly, Wang and Kolev (2018) investigate whether clientelism is more rampant in ethnically highly fragmented societies using multilevel mixed effect models and ordinary least square regression to estimate dataset of 450 parties in eight competitive party systems. Findings from the study revealed that politicians in countries characterised by economic unequal but politically relevant ethnic groups are more likely to rely on clientelist strategies to augment votes. However, the success of such strategies often depends on party's ties to ethnic social networks and ability to rely on e ethnic organisations. Several other studies also found positive effect of income inequality on clientelism (Obradović & Filic, 2019)

Lindberg et. al., (2022) studied the relationship among clientelism, corruption and rule of law using cross-country panel data for 134 countries for the period 1900 to 2018. The study distinguished between vote buying and non-programmatic party linkage. Findings from the study revealed inverse relationship between political clientelism and governance outcomes (political corruption and rule of flaw). The study also revealed that non-programmatic party linkages as a form of clientelism is more inimical to governance than vote buying.

Enejoh and Ekele (2021) studied political clientelism as a challenge to good governance in Nigeria using descriptive survey research design to analyse the data of 400 registered voters in Kogi State, Nigeria. Findings from the study suggested a significant negative relationship between political clientelism and good governance. The study concluded that political clienteism inhibits good governance

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in Nigeria and recommended fortification of the country's democratic institutions for promotion of a just, fair and democratic society. Several other studies also support these findings (Robinson & Verdier, 2013; Buquet & Piñeiro 2016; Wood (2018); Kurer, O. 2019). However, some other studies concluded that good governance is possible in the presence of clientelism (Sugiyama & Hunter 2013; Peters & Bianchi, 2020).

3. Methodology

3.1. Measuring Clientelism

Given the multidimensional nature of clientelism; this section deals with the development of a measure of clientelism. The literature on clientelism can be broadly divided into studies which measures clientellism using primary data-based techniques which assign the dummy variable 1 to question which supports clientelism and 0 otherwise (Weitz-Shapiro 2012; Corstange, 2018) and studies which measured clientelism with secondary data such as corruption, rule of law, government ownership of newspapers (Manow, 2002; Keefer, 2007). However, the clientelism is a multidimensional concept whose dimensions are difficult to fully capture (Rana et. al., 2018). Although, corruption alone cannot capture clientelism (Muno, 2013) corruption remains a major and popular indicator of clientelism. Despite his criticism of corruption as a sole measure of corruption, Muno (2013) recognised clientelism as a form of corruption in which public power/resources are use for private political gain.

Following Muno (2013) definition, we developed clientelism reduction, a proxy for clientelism by averaging a country's yearly performance in control of corruption (measuring the extent to which public power is used for private gain and capture of the state by elites and private interest) and voice and accountability (measuring the extent to which a citizens are able to participate in selecting their government, freedom of expression, freedom of association, and a free media). The two indicators of clientelism reduction ranges from -2.5 (weak performance) to 2.5 (strong performance). Similarly, clientelism reduction ranges from -2.5 (weak performance) to 2.5 (strong performance).

In order to ascertain the reliability of control of corruption and voice and accountability as indicators of clientelism, we calculated the Cronbach's alpha which helps to determine whether a collection of items (indicators) consistently measures the same characteristics. We obtained a Cronbach's alpha of 0.73 which shows that control of corruption and voice and accountability are reliable indicators

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of clientelism. Consequently, we calculate clientelism reduction as the average of control of corruption and voice and accountability score in a year.

$$\text{Clientelism Reduction}_t = \frac{\text{Control of Corruption}_t + \text{Voice and Accountability}_t}{2} \quad (1)$$

Such that a country with a strong control of corruption score of 2.5 and a strong voice and accountability score of 2.5 in a particular year would have a strong clientelism reduction score of $\frac{2.5+2.5}{2} = 2.5$ that year. Conversely, a country with a weak control of corruption score of -2.5 and a weak voice and accountability score of -2.5 in a particular year would have a weak clientelism reduction score of $\frac{-2.5-2.5}{2} = -2.5$ that year. Finally, a country with a weak control of corruption score of -2.5 and a strong voice and accountability score of +2.5 or vice versa in a particular year would have an average clientelism reduction score of $\frac{-2.5+2.5}{2} = 0$ that year.

3.2. Data Description and Source

This study analysed annual panel data of 11 West African countries spanning from 1996 to 2020. Specifically the West African countries included in the study are Republic of Benin, Ivory Coast, Ghana, Guinea, Gambia, Mali, Mauritania, Niger, Senegal, Sierra Leone and Togo. The Period of study and country inclusion was determined by data availability. Besides its appropriateness for the study objective, the choice of panel study was informed by the need to augment available data. The data analysed were sourced from World Governance Indicators, and World Income Inequality Database and Human Development Report published by World Bank, UNU-WIDER and United Nations. The descriptions of the variables estimated are presented in Table 1.

Table 1: Variable Description

Variable	Proxy	Definition	Range
Governance (GOV)	Government Effectiveness	Quality of public/civil services; the degree of its independence from political pressures; the quality of policy formulation and implementation; and the	-2.5(weak) to 2.5 (strong)

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Variable	Proxy	Definition	Range
		credibility of the government's commitment to such policies.	
Socioeconomic Development (HDI)	Human Development Index	Average achievement in long and healthy life, knowledge and decent standard of living	0(weak) to 1 (strong)
Income Inequality (INE)	GINI	Degree of inequality in the distribution of Income	0 (weak) to 100 (strong)
Clientelism (CLI)	Clientelism Reduction	Average score in upholding of democratic values (especially the extent to which citizens are able to participate in selecting their government) and in curbing the use of public power for private gain, and capture of the state by elites and private interest.	-2.5(Weak) to 2.5 (Strong)

Note: Authors compilation

3.3. Theoretical Framework and Model Specification

The empirical model for this study is based on agency theory and public choice theory. Following agency theory, we assume that clientelism undermine the accountability mechanism entrenched in a democracy by periodic, free and fair elections. Consequently, incumbent politician or political party who are supposed to be agents of the public pursue their own self-interest (political power or re-election) at the expense of public welfare (socioeconomic development). The incumbent politician or political party pursues self interest by prioritising provision of discretionary private goods and pork barrel projects in exchange for political support in the next election. We assumed that income inequality is a precondition for the sustenance and effectiveness of such clientelist exchange since voters need to be perpetually materially dependent on the political party or politician they support. Based on the public choice theory, we assumed that such pursuit of selfish interest will result in an anti-development government which formulates and implements inefficient policies. Consequently we specify the implicit model for this study as:

$$GOV = f(\ln INE, CLI, \ INE * CLI, \ln HDI) \quad (2)$$

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3.4. Estimation Technique

This study utilised the pooled mean group (PMG) version of the panel autoregressive distributed lag (ARDL) estimation technique popularised by Pesaran et. al., (1999). The PMG estimation approach constrains long-run equilibrium relationship to be the same across groups but allow short run estimates to differ freely across group. The Fisher augmented Dickey-Fuller and Im, Pesaran and Shin Panel unit root tests were used to ensure that the study variables are either integrated of order zero [I(0)] or order one [I(1)] as required by the ARDL estimation technique. The Wald test of coefficient restriction was used to determine the appropriateness of the long run homogeneity assumption of the PMG estimation approach for the study. The Pearson langrangian multiplier test was used to ensure absence of cross sectional dependence in the model and ascertain the appropriateness of the adopted unit root tests which do not account for cross sectional dependence. The Pedroni cointegration test was used to ascertain longrun relationship among the studied variables. The Jarque-Bera test was used to ascertain the normality of the residuals. The reparameterised ARDL model is specified as:

$$\Delta GOV_{it} = \sum_{K=1}^{p-1} \lambda_{ik} \Delta GOV_{i,t-k} + \sum_{K=0}^{q-1} \alpha_{ik} \Delta InINE_{i,t-k} + \sum_{K=0}^{q-1} \beta_{ik} \Delta CLI_{i,t-k} + \sum_{K=0}^{q-1} \theta_{ik} \Delta INE * CLI_{i,t-k} + \sum_{K=0}^{q-1} \pi_{ik} \Delta \ln HDI_{i,t-k} + \phi_i GOV_{i,t-1} + a_i \ln INE_{it} + b_i CLI_{it} + c_i INE * CLI_{it} + d_i \ln HDI_{it} + \mu_i + \varepsilon_{it} \quad (3)$$

Where:

GOV is government effectiveness, lnINE is the natural log of income inequality; CLI is clientelism reduction; lnHDI is the natural log of socioeconomic development; p is the maximum lag of the explained variable GOV; q is the maximum lag of the explanatory variables; λ_{ik}, $\alpha_{ik}, \beta_{ik}, \theta_{ik}, \pi_{ik}$ are the short run coefficients; ϕ_i measures the speed of adjustment to long run equilibrium; a_i, b_i, c_i, d_i are long run coefficients; μ_i is group specific fixed effect error term; and ε_{it} is the error term.

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4. Result and Discussion

4.1 Descriptive Statistics

Table 2 presents the summary of descriptive statistics for the study variables during the study period. The average government effectiveness score of West African countries is about -0.738 while the maximum government effectiveness score by a West African country is about 0.160. Given a maximum possible government effectiveness score of +2.5, these statistics implies that governments of West African countries still have a lot to do in terms of effectiveness. The standard deviation value of government effectiveness (0.396) shows that the governance effectiveness score of West African countries falls within 1 standard deviation of mean government effectiveness score. This implies that the government effectiveness values of West African countries are concentrated around mean government effectiveness score.

Table 2: Descriptive Statistics

STATISTIC	GOV	INE	CLI	HDI
Mean	-0.738	54.484	-0.534	0.444
Median	-0.727	55.290	-0.575	0.455
Maximum	0.160	66.293	0.279	0.632
Minimum	-1.553	35.792	-1.324	0.243
Std. Dev.	0.396	4.218	0.399	0.078
Observations	275	275	275	275

Source: Authors' computation 2022

The average income inequality score of West African countries during the study period is 54.484 while the maximum income inequality score scored by a West African country during the study period is 66.293. Given a possible maximum income inequality score of 100, these statistics show that that income distribution in West African countries can be described as more unequal than equal. The standard deviation of income inequality (4.218) shows that income inequality in West African countries falls outside 3 standard deviation of the mean value of income inequality. This implies that the income inequality values of West African countries are spread out over a wider range of values.

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The average clientelism reduction score of West African countries during study the period is about -0.534 while the highest clientelism reduction score score by a West African country during the study period is about 0.279. Given a maximum possible clientelism reduction value of +2.5; this statistics shows that more is still desired of West African governments in terms of clientelism reduction. The Standard deviation value of clientelism (0.399) shows that clientelism reduction scores of West African countries falls within 1 standard deviation of the mean value of clientelism. This implies that the cllientelism values of West African countries are concentrated around the mean value of clientelism.

The average socioeconomic development score of West African countries during the study period is about 0.444 while the best performance in any West African country in a single year is about 0.632. Given a minimum possible value of 1, West African countries still have a long way to go in socioeconomic development. The Standard deviation of socioeconomic development (0.078) shows that socioeconomic development score of West African countries falls within 1 standard deviation of the mean value of socioeconomic development. This implies that the socioeconomic development values of West African countries are concentrated around the mean value of socioeconomic development.

4.2 Unit Root Test

Table 3 presents the result of the Fisher augmented Dickey-Fuller (Fisher ADF) and Im, Pesaran and Shin panel unit root tests. The probability values of the test statistics shows that null hypothesis of unit root at levels or first difference can be rejected at 5% level of significance. These results show that the variables under study are either integrated of order zero I(0) or order one I(1) as required by the Panel ARDL estimation technique.

Table 3: Unit Root Tests Result

	Im, Pesaran and Shin			Fisher ADF		
	Ho: Unit Root			Ho: Unit Root		
Variable	Statistic	Probability	I(d)	Statistic	Probability	I(d)
GOV	-7.101	0.000*	I(1)	93.072	0.000*	I(1)
InINE	-1.700	0.044**	I(0)	42.166	0.006*	I(1)
CLI	-7.461	0.000*	I(1)	98.370	0.000*	I(1)
INE*CLI	-7.534	0.000*	I(1)	99.423	0.000*	I(1)

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InHDI	-2.110	0.017**	1(1)	43.368	0.004*	I(1)

Note: * Significant at 1%; : ** Significant at 5%

4.3 Cointegration Test

Table 4 presents the result of the Pedroni residual cointegration test. The probability values of six out of the eleven test statistic reject the null hypothesis of no cointegration at 5% level of significance. This results revealed evidences of long run relationship among the variables under stud.

Table 4: Pedroni Residual Cointegration Test

Null Hypothesis: No Cointegration				
Statistic	Statistic	Probability	Weighted Statistic	Probability
Panel v	0.953	0.170	0.242	0.404
Panel rho	-1.796	0.036**	-1.733	0.041**
Pane PP	-6.201	0.000*	-6.956	0.000*
Panel ADF	0.169	0.567	-1.742	0.040**
Group Rho	-1.069	0.142		
Group PP	-8.187	0.000*		
Group ADF	-0.434	0.331		

Note: * Significant at 1%; : ** Significant at 5%

4.4 Long run Effects of Inequality, Clientelism and Socioeconomic Development on Governance.

Table 5 presents the panel ARDL estimates of the long run effects of inequality, clientelism, socioeconomic development on governance in West African countries and the speed of adjustment to longrun equilibrium governance. The probability values of the long run coefficients shows that all explanatory variables are statistically significant at 1% significane level. The coefficient of the natural log of income inequality (-2.153) represents the main effect of income inequality on government effectiveness. It implies that 1% decrease in income inequality will result in about 0.021 unit increase in government effectiveness. This finding agrees with studies which found negative effect of income inequality on governance

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indicators (Robinson & Verdier, 2013; Markussen, 2011; Wang and Kolev (2018); Obradović & Filic, 2019).

Table 5: Panel ARDL Estimates of Long run Effects and Speed of Adjustment

Dependent Variable: GOV Fixed Regressor: Constant Selected Model: ARDL(3,3,3,3,3)					
Variable	Coefficient	Standardised Coefficient	Standard Error	t- Statistic	Probability
InINE	-2.153	-0.454	0.460	-4.671	0.000*
CLI	8.547	8.594	0.742	11.511	0.000*
INE*CLI	-0.134	-7.549	0.013	-9.962	0.000*
InHDI	1.377	0.650	0.179	7.692	0.000*
ECT(-1)	-0.733		0.280	-2.610	0.010*
$INE_{critical}$	63.784				

Note: * Significant at 1%; : ** Significant at 5%

The coefficient of clientelism reduction (8.547) represents the main effect of clientelism reduction on government effectiveness. It implies that 1 unit improvement in clientelism reduction will increase government effectiveness by about 8.547 units. This finding agree with Kurer (2019), Enejoh and Ekele (2021) and Lindberg et. al., (2022) but disagrees with Sugiyama and Hunter (2013); Peters and Bianchi (2020). This finding also agrees with the a priori expectation that clientelism will result in an ineffective government which formulate and implement inefficient policies. Furthermore, this finding validates control of corruption and voice and accountability as indicators of clientelism.

The critical value of income inequality (63.784) implies that the effect of clientelism on government effectiveness will be negative at income inequality levels lower than 63.784; positive at income inequality levels higher than 63.784. This further implies that effective governance is possible amidst high income inequality and clientelism however such government effectiveness is anti-development as it usually prioritise selfish political gain over public welfare. Specifically, such government effectiveness is usually directed towards the supply of excludable and reversible private goods and pork barrel projects which enhances augment political power or enhances re-election at the expense of public welfare(socioeconomic development). Conversely, government effectiveness achieved at low levels of income inequality and clientelism is pro-development

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since it usually prioritises public welfare over selfish political gains. This implies that government effectiveness is not an end in itself but a means to an end which is the maximization of public welfare.

The coefficient of the interaction of income inequality and clientelism (-0.134) is the interaction effect of income inequality and clientelism on government effectiveness. It implies that the negative effect of clientelism on pro-development government effectiveness is increased by 0.134 for every 1 unit reduction in income inequality which occurs below the critical income inequality level. Conversely, for every 1 unit reduction in income inequality which occurs above the critical income inequality level; the positive effect of clientelism on anti-development government effectiveness is decreased by 0.134. However, clientelism has no effect on government effectiveness at the critical income inequality level. This finding agrees with studies which concluded that the effect of clientelism on governance depends on other factors (Berenschot & Aspinall (2020); Gonzalez-Ocantos & Kitschelt (2020). Furthermore, this finding agrees with the a priori expectation that high income inequality provides environment conducive for clientelism and that clientelism result in ineffective governance.

The coefficient of natural log of socioeconomic development (1.377) implies that 1% increase in human development will result in about 0.013 unit increase in government effectiveness. This finding agrees with Fagbemi et. al., (2021) which concludes that improvements in socioeconomic conditions of the masses facilitate government effectiveness through increased political participation and awareness. The standardise coefficients of the explanatory variables shows that clientelism and interaction of income inequality and clientelism respectively are the top two variables with the greatest long run effect on government effectiveness in west Africa during the study period. The standardised coefficients also reveal socioeconomic development to have greater long run effect on government effectiveness than income inequality. The coefficient of the error correct term (-0.733) implies that about 77.3% of deviations from long run equilibrium is corrected yearly.

4.5. Diagnostics Tests

Table 6 presents the results of cross-sectional dependence test, Wald test of coefficient restriction and residual normality test. The test results show that null hypotheses of cross sectional independence and residual normality cannot be rejected at 5% level of significance. Conversely, the null hypothesis, long run coefficients equals zero was rejected at 1% level of significance. This implies that

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the ARDL model is free from cross sectional dependence; homogeneity assumption is appropriate; and residuals are normally distributed.

Table 6: Diagnostic Tests

Test	Statistic	Value	Probability
Cross-sectional Dependence	Pearson LM	-1.121	0.261
Wald (Coefficient Restriction)	F	397.020	0.000*
Residual Normality	Jarque-Bera	2.477	0.289

Note: The null hypotheses of the tests are cross-sectional independence; Longrun coefficients equals zero and normal distribution respectively. * Significant at 1%

4.6 Causality Test

Table 7 presents the result of the Dumitrescu Hurlin panel causality test. The test result revealed evidence of unidirectional causality from clientelism to government effectiveness. This result implies that clientelism is a crucial determinant of government effectiveness in West African countries. Similarly, the study revealed uni-directional causality from socioeconomic development to income inequality, which implies that socioeconomic development is crucial for reduction of income inequality in West African countries. Finally, the result reveals evidence of bi-direction causality between human development and government effectiveness. This implies that human development and government effectiveness are interdependent and mutually reinforcing in West African Countries. This finding agree with Fagbemi et. al., (2021).

Table 7: Dumitrescu Hurlin Panel Causality Test

Null Hypothesis	W-Stat	Zbar-Stat	Probability	Decision	Causality
logINE → GOV	4.255	0.772	0.440	Accept	No
GOV → logINE	4.814	1.317	0.187	Accept	
CLI → GOV	8.434	4.838	0.000*	Reject	Unidirectional
GOV → CLI	4.176	0.695	0.486	Accept	
logHDI → GOV	6.976	3.420	0.000*	Reject	Bidirectional
GOV → logHDI	6.609	3.063	0.002*	Reject	

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Null Hypothesis	W-Stat	Zbar-Stat	Probability	Decision	Causality
CLI → logINE	5.189	1.681	0.092	Accept	No
logINE → CLI	5.052	1.548	0.121	Accept	
logHDI → logINE	7.044	3.485	0.000*	Reject	Unidirectional
logINE → logHDI	3.454	-0.006	0.994	Accept	
logHDI → CLI	5.090	1.584	0.113	Accept	No
CLI → logHDI	3.308	-0.149	0.881	Accept	

Note: → does not homogeneously cause; * Significant at 1%.

5. Policy Implications and Conclusion

In a bid to contribute to the frontiers of knowledge, this study investigated the main and interaction effects of income inequality and clinetelism on government effectiveness in 11 West African countries from 1996 to 2020. The study objective was achieved using the pooled mean group approach to the autoregressive distributed lag technique and Dumitrescu Hurlin Panel Causality Test. This study argued that clientelism enhances government effectiveness at higher levels of income inequality but inhibits government effectiveness at lower levels income inequality. Consequently, we opine that government effectiveness can be achieved both at higher levels and lower levels of income inequality and clientelism. However, government effectiveness which thrives on higher levels of income inequality and clientelism is inimical to socioeconomic development, since such government effectiveness is usually directed towards formulation and implementation of policies which enhances political power and re-election at the expense of public welfare.

Conversely government effectiveness which thrives on lower levels of income inequality and clientelism is beneficial to development, since such government effectiveness often prioritise public welfare over political power or re-election. Hence, government effectiveness is not an end itself but a means to an end which is maximization of public welfare or socioeconomic development. This study also provides evidence that supports the fact that income inequality and clientelism must move in the same direction to achieve government effectiveness; and that socioeconomic development and government effectiveness are interdependent and mutually reinforcing. In sum, reduction in income inequality reduces clientelism which in turn yields pro-development governance. Consequently, West African

governments which are serious about drastic reduction of clientelism and socioeconomic development will have to formulate and implement effective policies which truly redistribute income away from the rich to the poor masses.

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Appendices

Interaction Analysis

Given the long-run regression equation

$$GOV = -2.153inINE + 8.547CLI - 0.134INE * CLI + 1.377InHDI$$

Then total effect of change in government effectiveness (GOV) on income inequality (INE) equals the main effect of informality on income inequality plus the interaction effect of informality on income inequality.

$$\delta logGOV/_{\delta CLI} = 8.547CLI - 0.134INE = 0$$

The critical income inequality (INE) level can be obtained by solving for INE

$$INE = 8.547/_{0.134} = 63.784$$

The critical income inequality level (63.784) after which the partial derivative of government effectiveness (GOV) with respect to clientelism reduction (CLI) changes from positive to negative or vice versa. Specifically, clientelism (CLE) has positive effect on government effectiveness at income inequality levels above the critical income inequality. Conversely, clientelism (CLE) has negative effect on government effectiveness at income inequality levels below the critical income inequality level. Note that clientelism reduction (CLI) is the inverse of clientelism (CLE). This is shown in Table 8.

Table 8: Interaction Effect of Income Inequality and Clientelism on Government Reduction in West Africa

Income Inequality Level	INE	$\delta logGOV/_{\delta CLI} = 8.547 - 0.134 * INE =$	Remarks
Highest	↑ 100	$8.547 - 0.134 * 100 = -4.853$ At the highest level of income inequality clientelism have positive effect on government effectiveness.	**↑INE→ ↑ CLE→ ↑GOV or** ↑INE→ ↓ CLE→ ↓GOV
2unit Above Critical Level	↑ 65.784	$8.547 - 0.134 * 65.784 = -0.268$ The positive effect of clientelism on government effectiveness increase by 0.134	**↑INE→↑CLE →↑GOV or** ↑INE→ ↓ CLE→ ↓GOV

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Income Inequality Level	INE	$\delta logGOV/\delta CLI = 8.547 - 0.134 * INE =$	Remarks
1unit Above Critical Level	↑ 64.784	$8.547 - 0.134 * 64.784 = -0.134$ Clientelism has a positive effect of 0.134 on government effectiveness	**↑INE→↑CLE →↑GOV or** ↑INE→ ↓CLE→ ↓GOV
Critical	**63.784**	$8.547 - 0.134 * 63.784 = 0$ **Clientelism has no effect on government effectiveness.**	
Below Critical Level	↓62.784	$8.547 - 0.134 * 62.784 = 0.134$ Clientelism has negative effect of 0.134 on government effectiveness.	**↓ INE → ↓ CLE→↑GOV** Or ↓INE→ ↑ CLE→↓GOV
Below Critical Level	↓61.784	$8.547 - 0.134 * 61.784 = 0.268$ The negative effect of clientelism on government effectiveness increase by 0.134	**↓ INE → ↓ CLE→↑GOV** Or ↓INE→ ↑ CLE→↓GOV
Lowest	↓0.000	$8.547 - 0.134 * 0.000 = 8.547$ At lowest level of income inequality clientelism have negative effect of 8.547 on government effectiveness.	**↓ INE → ↓ CLE→↑GOV** Or ↓INE→ ↑ CLE→↓GOV

Note: CLI is clientelism reduction and CLE is clientelism; increase in CLI implies decrease in CLE and vice versa; The bold remarks shows that income inequality and clientelism have to move in the same direction for government effectiveness to be achieved.

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Table 9: Panel ARDL Estimates of Short run Effects and Speed of Adjustment

Dependent Variable: GOV Fixed Regressor: Constant Selected Model: ARDL(3,3,3,3,3)				
Variable	Coefficient	Standard Error	t- Statistic	Probability
ECT(-1)	-0.733305	0.280955	-2.610046	0.0105
D(GOV(-1))	0.092716	0.161757	0.573179	0.5679
D(GOV(-2))	0.167436	0.127789	1.310257	0.1933
DIn(INE)	-3.172699	5.141672	-0.617056	0.5387
DIn(INE(-1))	10.38074	8.202304	1.265588	0.2088
DIn(INE(-2))	-5.801695	6.239773	-0.929793	0.3548
D(CLI)	-0.353571	4.593864	-0.076966	0.9388
D(CLI(-1))	-1.243944	6.939705	-0.179250	0.8581
D(CLI(-2))	0.101366	4.849583	0.020902	0.9834
D(INE*CLI)	0.004875	0.079378	0.061418	0.9512
D(INE*CLI(-1))	0.023469	0.123424	0.190149	0.8496
D(INE_CLI(-2))	0.000780	0.086807	0.008989	0.9928
DIn(HDI)	-1.175222	2.853954	-0.411787	0.6814
DIn(HDI(-1))	-0.368401	2.832103	-0.130080	0.8968
DIn(HDI(-2))	-4.376104	1.551327	-2.820877	0.0058
C	7.316627	2.890187	2.531541	0.0130