

Vertical transfers and the appropriation of resources by the bureaucracy: the case of Brazilian state governments

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Abstract The purpose of this study is to explore whether the transfers received by state governments in Brazil are being appropriated by the bureaucracy as wages. The wage differential between the public and private sectors was used as a measure of this appropriation, following the technique for wage decomposition proposed by Oaxaca. Our results show that transfers stimulate appropriation by the bureaucracy, but that private groups existing within the states contend for these resources. The results also indicate that the resources appropriated are distributed uniformly between the various groups composing the bureaucracy.

Keywords Intergovernmental grants · Bureaucracy · Appropriation · Public-private wage differential

JEL Classification H71 · H77

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