

Identity, Ethnicity and Governance

Dilip Mookherjee

Boston University

Lecture 19

Introduction

- Ethno-linguistic-religious identity plays an important role in voting in many LDCs:
 - Horowitz (1985): Surveys from Ghana, Guyana, Trinidad show parties obtain 80-90% of their votes from a single ethnic group
 - In Zambia, Kenya in the early 1990s, candidates belonging to the majority ethnic group had a 50% higher chance of being elected
 - In India, rising importance of caste identity and caste-based coalitions/parties over the past 50 years; most regional parties are caste-based
- Rising world-wide trend recently towards identity politics based on nationality and race

Uttar Pradesh, India

- UP: the largest state in India, with over 200 million in population
- Traditionally dominated by the Congress party, which played a leading role in the Independence movement
- Rise of regional parties (BSP, Samajwadi Party (SP)) since the 1980s challenging Congress hegemony
- BSP represents the Scheduled Castes (SC), SP the Other Backward Castes (OBCs), while Congress represents upper castes
- Banerjee-Pande (2007): likelihood of SC candidate in SC-majority districts (relative to SC-minority districts) rose 38% between 1980-1996

Implications of Rise in Identity-Based Politics

- Positive implications: if the castes in question have been historically oppressed and disadvantaged, the rise of caste-based politics increases representation of low castes in government, thus reducing elite capture, making government more representative, promotes legitimacy of the state
- Negative implications:
 - Fightback/backlash from elites
 - dominant ethnic group leaders may have an incentive to inflame ethnic tensions/conflict
 - possible decline in quality of governance

Ethnic Politics and Governance: Banerjee-Pande (2007)

- This paper investigates the hypothesis that a rise in ethnic-identity-based motive for voting reduces the relative importance of politician quality/performance, thereby causing governance to decline
- Simple model of probabilistic voting where voters decide on the basis of identity-alignment and governance quality
- Model focuses on politician quality and selection, rather than performance or policy platforms, but results would be qualitatively similar with the latter
- Tested empirically in the context of UP

Model

- Two parties L (majority), R (minority) with exogenously given policy platforms (ideology)/ethnic identity
- Party i quality Q_i drawn i.i.d. from uniform distribution on $[0, Q]$
- Voter valuation of L candidate: $Q_L - \tilde{\lambda}P$, of R candidate: $Q_R + \tilde{\lambda}P$, where P is the relative weight on 'identity'
- $\tilde{\lambda}$ is uniformly distributed on $[\lambda_0, \lambda_1]$ with mean $\beta \equiv \frac{\lambda_1 + \lambda_0}{2} < 0$ representing ethnic bias in favor of L candidate
- Votes for L candidate iff

$$Q_L - \tilde{\lambda}P > Q_R + \tilde{\lambda}P \quad (1)$$

Model, contd.

- Vote share of R is

$$\text{Prob}[\tilde{\lambda} > \frac{Q_L - Q_R}{2P}] = [\lambda_1 - \frac{Q_L - Q_R}{2P}] \frac{1}{\lambda_1 - \lambda_0} \quad (2)$$

- Define $Q_R(Q_L)$ to be minimum Q_R for which R candidate will win in contest against L candidate with quality Q_L :

$$Q_R(Q_L) = Q_L - 2P\beta \quad (3)$$

(provided this is smaller than Q)

- Can derive expressions for probability that L candidate wins (probability that $Q_R < Q_R(Q_L)$) and expected quality of L candidate, conditional on L winning

Prediction 1

- Winners from L party are of lower average quality than winners from R party
- As identity considerations become more important (β decreases or P increases), the L-candidate is more likely to win, and the gap between average quality of L-winners and R-winners grows bigger
- *Intuition:* bias in favor of L increases, making it easier for L candidate to win

Prediction 2

- Treat β as reflecting caste composition of voters, a fixed characteristic of a given constituency; P as a time-varying salience of identity which affects all constituencies in the same way
- Derive prediction for how rise in identity salience P affects nature and quality of winners in constituencies varying in caste composition β
- Prediction 2:
 - If β is close to zero (caste composition is 50-50), the quality gap between L-winners and R-winners is close to zero — hence an increase in P has a near-zero effect on the quality gap
 - For intermediate β , an increase in P has a first order effect on the quality gap
 - For β high enough, L will win almost surely, and further increases in P will have no effect on the quality gap or quality of the winner

Empirical Analysis

- Sample of 102 UP jurisdictions, data from 1980, 1996 elections
- Low caste (LO) constitute the largest group in the population — the L group/party; measure β_j by LO share in population from 1931 Census
- Data on winner in 1980 and 1996 elections in each constituency: whether they were LO or not
- Novel way of measuring politician quality:
 - corruption rank on a 1-7 scale constructed from surveys of journalists (2 per jurisdiction) and politicians from neighboring jurisdictions
 - index of economic gain since joining office
 - criminal records
- In 75% cases, agreement between journalist and politician based ranks; two samples (entire sample, subsample where there was agreement)

Table 2: Measures of Politician Quality

	Mean, 1980	Mean, 1996	Difference
	(1)	(2)	(3)
I. Corruption rank: This is an ordinal rank on a scale 1-7: A politician receives a rank of 1 if the respondent ranks the politician as more honest than vignette X, 2 if politician is ranked the same as vignette X, 3 if ranked between vignette X and vignette Y, and so on with politician ranked 7 if he is ranked as less honest than vignette Z.	3.33	3.53	0.20
<i>Vignettes used to create ordinal rank (scale 1-10, where 1 is most honest)</i>	(0.05)	(0.06)	(0.10)
Vignette X: Used political position to benefit party, but not himself. His lifestyle reflected his honestly earned income.	2.82	3.00	0.04
	(0.06)	(0.06)	(0.12)
Vignette Y: Used political position to benefit party, own social group and family. His lifestyle was better than he could afford on his honestly earned income.	5.92	5.94	0.02
	(0.07)	(0.07)	(0.12)
Vignette Z: Used political position to benefit party, own social group and family. Known for taking money from business groups and associating with criminals. His lifestyle far exceeds his honestly earned income.	9.45	9.44	0.00
	(0.04)	(0.04)	(0.07)
II. Economic Gain Index: Equally weighted index of below four measures; each is a dummy variable which equals 1 if positive response	0.33	0.44	0.11
	(0.01)	(0.01)	(0.02)
Economic improvement: Own/family economic situation improved a lot after entering politics.	0.30	0.40	0.10
	(0.01)	(0.01)	(0.03)
Personal Gain: Used political influence for personal benefit.	0.40	0.54	0.14
	(0.02)	(0.02)	(0.04)
Business: New/ expansion of business activity since entering politics.	0.27	0.40	0.13
	(0.02)	(0.02)	(0.04)
Contracting: New/ expansion of contracting activity since entering politics.	0.21	0.27	0.06
	(0.02)	(0.02)	(0.03)
III. Criminal record: Has a criminal record.	0.08	0.16	0.09
	(0.01)	(0.01)	(0.03)

Notes:

1. Standard error in parentheses. Standard errors in column (3) are corrected for clustering at the candidate level.

2. All variables are from the politician survey. We report averages for the sample of winners and losers.

Regression Specification (Table 3)

$$Y_{irjt} = \alpha_j + \sum_{k=1}^3 \gamma_k D_i * (LO_j - \frac{1}{2})^k * POST + \delta X_{ij} + \nu_t + \epsilon_{irjt} \quad (4)$$

where i : winner; r : (survey) respondent; j : jurisdiction; t : year (Pre: 1980, Post:1996); D_i is dummy for winner from non-LO party; LO_j is fraction of LO in j ; X denote controls (two way interactions), ν_t includes party specific time trend, time trend varying with LO

Cubic polynomial specification to capture nonlinear Prediction 2: slope of $\sum_{k=1}^3 \gamma_k D_i * (LO_j - \frac{1}{2})^k * POST$ w.r.t. LO is:

- zero when LO_j is approximately $\frac{1}{2}$ ($\gamma_1 = 0$)
- negative when $LO_j \neq \frac{1}{2}$
- point of inflection at $LO_j = \frac{1}{2}$ ($\gamma_2 = 0, \gamma_3 < 0$)

Table 3: Voter Ethnicization and Politician Quality

	Corruption Rank	Economic Gain Index		Criminal Record	
	All	All	Agreed	All	Agreed
	(1)	(2)	(3)	(4)	(5)
Non-low caste party*	0.36	0.36	1.20	1.48	0.38
LOshare*POST	(3.48)	(0.85)	(1.00)	(0.86)	(0.68)
Non-low caste party*	-19.74	-7.78	-7.84	-14.00	-13.93
LOshare^2*POST	(12.93)	(2.84)	(4.01)	(4.08)	(4.88)
Non-low caste party*	-91.42	-22.44	-22.46	-40.41	-29.47
LOshare^3*POST	(43.78)	(9.84)	(12.30)	(12.59)	(13.14)
<i>Slope coefficient at</i>	<i>-22.50</i>	<i>-3.07</i>	<i>-2.27</i>	<i>-4.73</i>	<i>-0.69</i>
<i>12% LOshare</i>	<i>(9.81)</i>	<i>(1.82)</i>	<i>(2.41)</i>	<i>(2.10)</i>	<i>(1.98)</i>
<i>Slope coefficient at</i>	<i>-19.29</i>	<i>-5.74</i>	<i>-5.31</i>	<i>-9.53</i>	<i>-7.70</i>
<i>72% LOshare</i>	<i>(8.17)</i>	<i>(1.72)</i>	<i>(2.42)</i>	<i>(2.65)</i>	<i>(3.38)</i>
N	655	664	233	626	220

Notes:

Regression Specification (Table 4)

- Replace the cubic polynomial specification by a less parametric one: differentiate between jurisdictions with high bias (LO is either bigger than .55 or smaller than .45) and low bias (LO between .45 and .55) — decline in winner quality between 1980 and 1996 should be smaller in low bias jurisdictions
- Also look at effects of low caste reservations: these remove ethnic distinctions between winner and loser, so the corruption gap shrinks

Table 4: Voter Ethnicization and the Winner-Loser Corruption Gap

	Corruption	Average Economic		Criminal record	
	rank	Gain			
	All	All	Agreed	All	Agreed
	(1)	(2)	(3)	(4)	(5)
PANEL A: 1996 Cross-section					
winner*bias	0.37 (0.15)	0.14 (0.03)	0.11 (0.04)	0.05 (0.05)	0.00 (0.06)
winner*lowbias	0.26 (0.51)	0.11 (0.12)	0.12 (0.20)	0.18 (0.21)	-0.19 (0.37)
winner*reserved	-0.38 (0.26)	-0.14 (0.05)	-0.11 (0.04)	-0.03 (0.10)	-0.08 (0.16)
N	598	560	217	559	206
PANEL B: 1980 & 1996					
winner*bias* POST	0.62 (0.21)	0.09 (0.04)	0.08 (0.05)	-0.01 (0.05)	0.02 (0.06)
winner*bias	-0.25 (0.15)	0.04 (0.03)	0.03 (0.03)	0.05 (0.03)	-0.02 (0.02)
winner*lowbias*POST	-0.71 (0.72)	0.07 (0.15)	0.16 (0.23)	0.19 (0.23)	-0.17 (0.35)
winner*lowbias	0.94 (0.53)	0.03 (0.08)	-0.05 (0.12)	0.00 (0.10)	-0.02 (0.02)
winner*reserved* POST	-0.72 (0.39)	-0.27 (0.06)	-0.22 (0.07)	-0.03 (0.11)	-0.09 (0.16)
winner*reserved	0.35 (0.28)	0.13 (0.05)	0.11 (0.06)	0.02 (0.04)	0.01 (0.01)
N	1186	1210	435	1139	412

Notes:

1. The sample includes reports on winners and losers. The All and Agreed samples are as defined in notes to Table 3. Dependent variables are as defined in Table 2 and LShare and POST in Table 3.

2. Bias is a variable which equals LShare if LShare > 0.55; equals 1-LShare if LShare < 0.45 and equals zero between 0.45 and 0.55. Lowbias is a dummy=1 if LShare is between 0.45 and 0.55. Winner is a dummy variable=1 if the politician won the election, and zero otherwise. Reserved is a dummy=1 if the jurisdiction is reserved for SC candidates and POST is a dummy=1 if the year is 1996.