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Economics Journal: Identity Politics vs. Development Politics

By Rupa Subramanya

As the dust settles on the state-assembly elections, the most striking feature in the country's most populous state, Uttar Pradesh, appears to be the persistent electoral power of identity and caste-based politics.



Raveendran/Agence France-Presse/Getty Images

Women from the 'Dalit' caste listen to a speaker during a Dalit Dignity Rally against Congress-led UPA government in New Delhi.

Contrast this with the 2010 assembly elections in Bihar, when the post-mortem analysis focused on the success of a development-oriented political campaign which re-elected Nitish Kumar as chief minister.

[In a prescient essay in December](#), political commentator Ashok Malik predicted that the election outcome in Uttar Pradesh would turn on tested and true identity-based politics, and that we wouldn't see a Bihar-style election campaign centered on economic development.

In this sense, Uttar Pradesh, which if it were a country would be the world's fourth-largest democracy, hasn't seen an evolution of its political discourse. At the time of writing, this appears to be borne out by the election results, in which the two national parties, which at least in theory claim to transcend parochial identity-based politics, were battling it out for third place, whereas the two biggest parties by far are the two homegrown parties which have very well-defined caste and ethnic voter blocs supporting each of them.

So what economic effects does politics based on identity have?

Nobel laureate economist, George Akerlof, identified the likely "detrimental" consequences of people identifying themselves strongly by a given identity— whether gender, religion ethnicity, or indeed caste.

The classic example is the well-known finding by another Nobel laureate economist, Gary Becker, that businesses which discriminate on the basis of, say, race or gender do worse compared to those which play fair.

Most interestingly, Mr. Akerlof suggests that someone's identity preferences could be changed or even manipulated. He refers to the famous example of the ads for Marlboro cigarettes (in the days when such ads were still legal), which did a great job of associating the "Marlboro man" with traits like rugged individualism or love of the great outdoors.

Are there lessons from the economics of identity for election politics in Uttar Pradesh?

As [documented](#) by economic professors Abhijit Banerjee of M.I.T. and Rohini Pande of Harvard's Kennedy School, there's been an increase in Uttar Pradesh over time of what they term "voter ethnicization," which they show has a direct impact on the quality of legislators.

In the 1996 elections, for example, over 70% of surveyed voters reported that they voted for a party representing their own identity group. And between 1980 and 1996, the probability that a constituency which had a majority of lower caste voters would elect a legislator from an upper caste fell by a whopping 38%.

They go on to show statistically that this increasing ethnicization of voter affiliation led to a reduction in the "quality" of politicians who ended up winning elections, as measured by an increase in their records of illegal or corrupt behavior.

There is a silver lining in their results, which is that successful politicians coming from a group that wasn't in the majority in a particular constituency (for example, a lower caste politician winning in a mostly upper caste area or vice-versa) actually showed an improvement in their level of quality, corresponding to a lower level of corruption and illegal gain after the election.

Basically, voters hold politicians whom they don't identify with to a higher standard of performance and probity and are more willing to overlook transgressions by someone who shares their background.

So what would transform Uttar Pradesh into Bihar, and replace identity politics with the politics of development?

The key may lie in politicians' perception of the time horizon they're operating on. With the curse of the "anti-incumbency bias," where a party in power expects to lose – as just appears to have happened in Uttar Pradesh – politicians are thinking on a very short horizon of five years or less.

It just wouldn't make sense to invest costly resources in development projects that will only bear fruit when your successor is in power. And to add insult to injury, he or she will probably claim credit for it.

If you're the incumbent, it's far safer to engage in large-scale and ultimately wasteful public spending projects that appeal directly and blatantly to your preferred identity group. Building larger-than-life statues of yourself and other leaders of your identity group would be one example.

Contrast this with Bihar or Gujarat, where development-oriented governments have defied anti-incumbency and managed to win re-election.

Now, if you're the incumbent, you're more likely thinking on a time horizon of five to 10 years or more: Making costly but ultimately productive investments in the future (such as in health or education) starts to make sense.

Of course, this logic has its limits. If you expect never to lose, chances are you'll again become complacent and focus on maintaining yourself in power, and extracting rent rather than creating new wealth. The decades of rule in New Delhi by the Congress party is an obvious example.

The crux is that, at some point, a politician has to "cross the Rubicon" and decide to gamble on the long-term rather than go for the sure thing in the short-term.

With all of their many failings, other states in India are starting to make this transition under politicians of different stripes and spanning the ideological spectrum.

When will Uttar Pradesh join the club? There might be a glimmer of hope in the fact that the Samajwadi Party, which almost certainly will form the new government, has ditched the 2009 idea of banning English and computers and actually promised free laptops and tablets in its manifesto for this election. So if not Bihar, Uttar Pradesh might become more like Tamil Nadu, which can only be a good thing for some 200 million citizens.



Rupa Subramanya writes [Economics Journal](#) for India Real Time. You can follow her on Twitter [@RupaSubramanya](#).

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