



## Comment on “The Political Economy of Public Service Provision in South Asia,” by Lakshmi Iyer

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Until the late 1980s, political economy was a subfield primarily populated by political scientists, with occasional participation by economists such as Mancur Olson (1965, 1982), on the one hand, and Kenneth Arrow (1970) and Amartya Sen (1981), on the other. Over the past decade or so, participation by economists has been much more vigorous. By now, the field of political economy has become a joint enterprise of the two disciplines of political science and economics.

Does that mean that the two fields agree on how to define, or identify, what is political? Although it would be too much to say that all political scientists (or, for that matter, all economists) define what is political, or identify the determinants of politics, in the same way, I as a political scientist, using Iyer’s paper, would like to suggest how conceptions and determinants of politics can be quite different across disciplines. As a consequence, the explanations, too, might vary.

The central question in Iyer’s paper is, why do some regions of a country succeed in obtaining public goods for their residents, while other areas within the same country lag behind? The public goods she primarily focuses on are education and health, although there are brief references to “public amenities” in general. In effect, her central question takes the following form: why, in India, do states like Kerala have a school for every village (and a literacy rate of more than 90 percent), while states like Bihar have provided schools to only 39 percent of their villages?

Before we examine Iyer’s argument, let us ask, at what level should we examine variation in the provision of public goods? There are three easily identifiable units of analysis: states (or provinces), districts, and villages. With meticulous care and balance, Iyer has surveyed the literature explaining variation at the village level, and to some extent her analysis can be leveraged at the district level, but the paper does not adequately deal with variation at the state level. Her independent variables—group size, group influence, and group heterogeneity—can work well at the village level,

and also potentially at the district level, but their explanatory power weakens when we go up to the state level.

Is this simply a theoretical point, or one with actual empirical and explanatory significance? Health and education in India are state-level subjects. It is the state government that is primarily responsible for fiscal allocations for, and the administration of, primary and secondary education and primary health. The central government can be a partner, but it is not a decision maker. It follows that state-level variation in literacy and health will depend substantially, if not entirely, on how much the state government spends on education and health and on whether, and why, different states have different public expenditure profiles.

Indeed, if we examine the patterns of literacy and health in India, something more interesting than the state-level variation stands out. The four southern Indian states are systematically ahead of the northern part of the country (with the exception of a small northern state, Himachal Pradesh). One of the most interesting political-economy questions in India is why the South is so far ahead of the North in literacy and health.

To answer this question, one would have to survey two facets of political-economy literature that are not the focus of Iyer's analytical gaze: historical political economy and what might be called, for want of a better term, institutional political economy. Historical political economy deals with the long legacies of some transformative eras, or critical junctures, in politics. Institutional political economy deals with issues such as the impact of party systems. Let me turn to each briefly.

## Historical Caste Dynamics in India's North and South

The historical political economy of India makes it very clear that caste dynamics constitute one of the most dramatic differences between India's South and North (Varshney 2000). Like race in the United States, caste is the dark underbelly of Indian politics, economy, and society. Skin color is not its primary basis, but the caste system resembles racial stratification in several other ways. Traditionally, castes were birth-based groups organized in a vertical hierarchy. The upper castes had the higher professions; the lower castes—now called the other backward classes (OBCs)—were peasants, service providers, and artisans; and the Dalits, the ex-untouchables, were at the bottom of the social scale and were restricted to menial jobs.

Caste differences were not simply professional. Lower castes also historically suffered humiliation and discrimination at the hands of the upper castes in a vertical Hindu social order. For centuries, they were looked down on; they were not allowed access to upper-caste temples, wells, schools, or village commons; their styles of dress and the architectural patterns of their homes had to be in keeping with their "station in life"; their children were viewed as fit only for menial jobs and not worthy of education; and their women were treated with disrespect. Upward mobility in the caste system was highly limited. Tradition, if violated, was enforced by coercion.

In southern India, the lower castes had already been mobilized into social movements during the last decades of British rule. In the 1950s and 1960s, they rose in politics, as well. By the late 1960s, all over southern India, upper-caste hegemony had

been undermined, leading to a new political equilibrium in the 1970s. In this new equilibrium, the OBCs held the upper hand, and the upper castes accepted their junior role. In the North, such political reversal has of late been under way in two of the largest states, Uttar Pradesh and Bihar.

In short, the South went through a lower-caste revolution decades ago. Does that have an impact on health and literacy? As regards literacy, the impact is very clear. The lower-caste movements emphasized, among other things, two objectives—to quote a major southern leader of the movement, “respect yourself,” and “educate yourself.” (For a detailed discussion, see Rajendran 1974.) As a result, the rise of the lower castes, which constituted anywhere from 80 to 90 percent of the southern Indian population, lifted the average literacy rates for the southern Indian states enormously. (See Varshney 2005 on the further implications.) The rise of the lower castes began several decades later in northern India.

### Party Politics, Health, and Education

Shall we conclude that caste dynamics is all that we need to look at—that states are locked into equilibria struck decades ago? Let me briefly turn to the institutional political-economy literature that is beginning to emerge and ask if party politics has a public goods impact. On the basis of a study of all states of India, Chhibber and Nooruddin (2004) note that the delivery of public goods varies significantly across Indian states, and they show that states with two-party competition provide more public goods than states with multiparty competition. This is so because in two-party systems political parties need the support of large social groups, whereas in multiparty systems the social base of the parties is smaller and political parties provide “club goods” to these smaller groups rather than public goods to larger social coalitions. I am not absolutely certain that the argument is correct, but at any rate Chhibber and Nooruddin have proposed an intriguing idea for further exploration.

### Conclusion

To sum up, Iyer’s remarkable survey of political-economy literature is confined to the village or to district-level variation. For state-level variation, which is an important aspect of public goods variation in India, we need to turn to a very different kind of political economy that conceptualizes politics not only in terms of historical drivers of politics but perhaps also in view of the nature of party politics in India.

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