



Azim Premji University and The Institute for New Economic Thinking

Workshop on Sub National Political Economy in India

at Azim Premji Foundation, MG Road, Bangalore

July 30th, 2014

Workshop Rationale and Objective

Understanding sub national political economies is essential for three reasons. A national narrative of India's experience with democracy and development will remain parsimonious if it ignores the richness and diversity of India's story when seen cumulatively through and within its states' experiences. Second, because sub national comparisons can leverage variation, they can contribute to comparative politics theory in ways that the national India story has not accomplished thus far; which, incidentally, perhaps accounts for the over representation of theoretical contributions from the Latin American or European experience. Third, theoretical claims explaining sub national experience seem to be scaled down analyses of national explanations or borrowed from exogenous contexts. Whether more proximate frameworks, based on comparative inductive analyses, have greater explanatory power over subnational and national arenas seems worth exploring.

We have organized the workshop at Azim Premji University (APU) with the objective of identifying cross cutting multidisciplinary sub national themes that can be institutionally promoted for research and teaching and organizing how such purposes could be sustained over the long run. For example, what could be some themes that could foster graduate level or scholarly research at an annual or biennial sub national workshop?

The workshop is organized with two broad sections – two panel presentations followed by a plenary. The first panel will explore interactions between subnational states and welfare outcomes. The second panel will explore interactions between political mobilization patterns and governance. The plenary session in the afternoon shall overview past and current efforts at harnessing sub national research and teaching interests, and steer the discussion to help us at APU to think through how we would like to take this agenda forward.

Workshop Themes

Panel 1: States and Policy Outcomes.

The richness and complexity of India's diversity has an obvious impact on the character of its state governments which in turn determines the impact of policy outcomes. The three presentations in this panel explore the following questions: Are there subnational specific explanations for variations in human development and economic growth in different regions of India? How do political constraints influence state-level policy reforms? What parameters and methods are better suited for explaining subnational events compared to national frameworks? Are there some standard thematic areas or questions that can inform the way we think about our states?

Panel 2: States and Political Mobilization

While Regime types, dominant identities and mobilization patterns were predominant frameworks that explained governance outcomes, there is no gainsaying how the political landscape at the sub national level has changed since the 1990's. This panel will shed some light upon the impact of caste and class upon the idea and materiality of a state; comparative sub national impacts, including state governments, upon labor; and finally, the explanatory relevance of populism as a theory of political mobilization in India.

Session 3: Plenary Session

While the previous two sessions will provide us insights into the diversity of research interests and questions that are being explored by faculty at APU, we hope to use the plenary session to illuminate how we can think of the subnational space collectively, and how we can develop an institutional research and professional agenda on this theme. To do so, we first need to appreciate past institutional efforts on the same theme that we can build on and also identify specific themes and objectives that we can pursue over subsequent years.

Schedule for July 30th, 2014

9:30 – 9:45 Some Introductory Remarks

9:45 – 10:45 Panel 1: States and Policy Outcomes

9:45 – 10:00 Siddharth Swaminathan: *Political Capacity in India's States*

10:00 – 10:15 Suraj Jacob and Narayana G.: *Policy Regimes and Development Trajectories: A Study of the Kerala-Karnataka Border*

10:15 – 10:30 Vaikalathur Ravi: *Political Constraints and the Time Frame for Policy Reforms Learning from the experience of UP (1998-2001) and Odisha (2002-07)*

10:30 – 10:45 *Respondent:* Ashutosh Varshney

10:45 – 11:30 – Discussion on Panel 1 presentations

11:30 – 12:30 Panel 2: States and Political Mobilization

11:30 – 11:45 Vamsi Vakulabharanam: *Political Economy of Andhra Pradesh, 1956-2014* [paper coauthored with Sripad Motiram]

11:45 – 12:00 Aparna Sundar: *Labour in sub-national perspective: Do party regimes matter?*

12:00 – 12:15 Srikrishna Ayyangar: *An exploratory overview of populism in India*

12:15 – 12:30 *Respondent:* Sandeep Shastri

12:30 – 1:15 Discussion on Panel 2

1:15 – 2:15 Lunch Break

2:15 – 4:30 A Plenary on Sub National Political Economy

Chairs: Ashutosh Varshney and Suhas Palshikar

Presentation Abstracts

Panel 1: States and Policy Outcomes

Siddharth Swaminathan: **Political Capacity in India's States**

Does public spending have an impact on human development outcomes? More specifically, do government social expenditures improve development outcomes (particularly in health and education)? While a substantial theoretical and empirical literature has grown around this question, the evidence is mixed. In this paper I argue that the effectiveness of public spending is conditional on the political (or institutional) capacity of a state. Politically capable states are able to engender improved development outcomes by spending their resources more effectively relative to their incapable counterparts. That is, public spending has a larger effect on development outcomes in politically capable states relative to incapable ones. In order to test this hypothesis, I: (a) generate a measure of state political capacity for all the states in India and (b) estimate the conditional effect of government social expenditures on birth rates (controlling for socio-economic factors such as income and female education) for the larger Indian states for the time period 1981-2005.

Suraj Jacob and Narayana G. **Policy Regimes and Development Trajectories: A Study of the Kerala-Karnataka Border**

Social democratic regimes are typically thought to improve human development outcomes but are typically not considered good for promoting business opportunities and economic growth. We ask whether the implied trade-off is real or not. Our focus is on the southern Indian states of Kerala and Karnataka. Kasaragod district (Kerala) and neighboring Dakshina Kannada district (Karnataka) share many historical and other similarities, and yet only the former was 'treated' with a social democratic regime. Using multiple rounds of decennial village data in a quasi-experimental framework, we estimate differences in literacy rates across the two regions from the 1960s onwards. We also provide evidence for growth-related factors in the two regions. This enables causal estimation of policy regime effects. The paper also discusses underlying mechanisms.

Vaikalathur Ravi: **Political Constraints and the Time Frame for Policy Reforms Learning from the experience of UP (1998-2001) and Odisha (2002-07)**

Uttar Pradesh was among the first set of state governments to attempt fiscal policy reforms in the late nineties. A committed set of senior-most civil servants were given the space by the political leadership at that time, to launch a program of reforms aimed at improving the financial health and effectiveness of the state government. That experience revealed the nature of political constraints to state-level policy reforms. Odisha initiated reforms later than UP, starting around 2002 and becoming stronger after the re-election of the incumbent party in 2004. Political stability enabled the launching of a long-haul effort, with emphasis on some early tangible results, which in turn enabled the ruling party to get re-elected, thereby creating a virtuous cycle. The experience of these two states presents an interesting contrast between an approach of seizing a small window of opportunity and following a systematic medium-term approach. The latter is clearly more likely to succeed, but when the conditions for it do not exist, even a small window of opportunity must be seized so as to sow the seeds for a better future.

Panel 2: States and Political Mobilization

Vamsi Vakulabharanam (Paper co-authored with SripadMotiram): **Political Economy of Andhra Pradesh, 1956-2014**

This presentation looks at the regional political economy of Andhra Pradesh (AP) from the class, caste and sub-regional axes. Further, by employing social structures of accumulation approach, it explores

growth and distribution in Andhra Pradesh state by dividing the period since 1956 (when AP was formed) into four different regimes. We also provide political economy narratives that the major landmark changes. From the cumulative insights it is argued that there has been a crisis for both the idea and materiality of AP for a while that has now led to a dissolution of the state. The development of a particular variety of capitalism in AP has happened through the successful wearing down of two major radical episodes (during 1930s-50s and 1970s-90s) and a counter-radical episode of primitive accumulation that began in the 1980s and continues till today.

Aparna Sundar: Labour in sub-national perspective: do party regimes matter?

Does the nature of the party in power in a state affect conditions for organized labour? In research done two decades ago, I compared outcomes for formal or organised labour in Tamil Nadu under the DMK / ADMK, Maharashtra under Congress, and West Bengal under the CPI(M) over the decade of the 1980s and concluded that the nature of the party in power, or what Kohli calls the “party regime,” had very little impact on the outcomes for labour, despite the greater importance of labour within the ideology of the CPM. Rina Agarwala’s (2013) work comparing conditions for informal labour in the same three states in the decades following liberalization, on the other hand, demonstrates that the nature of the party regime makes a difference for these workers because they depend more on the general welfare provisions of the state than on agreements reached with employers; such welfare provisions have been superior in Tamil Nadu under the populist DMK / ADMK regimes than in the other two states. She further argues that informal workers fare better in states committed to liberalization and privatization, with governments that wish to support the process of increased informalisation of labour. This paper will return to the shrinking pool of formal / organized labour in these three states to examine how they have fared in each, given the states’ differential commitment to liberalization / privatization, new economic investment, and welfare provision. Is organized labour as impacted by the nature of the party in power as informal labour, or are other factors such as the nature of industry, and histories of organization and mobilization (both also perhaps related to the nature of the party in government) more significant?

Srikrishna Ayyangar: An exploratory overview of populism in India

Can populism be a theoretical lens to understand sub national politics in India? Its use in various contexts around the world despite its fuzzy attributes, encourages us to examine its validity in the Indian political system. This presentation will overview the attributes of the term in terms of discourse, mechanisms, functioning and outcomes; describe its validity and use thus far in Indian politics and then speculate on what would be the best way to anchor it within political analyses in India