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Political regimes, corruption and absolute child poverty in India

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Background - with reference to recent real political events

1. The social conservative and Hindu nationalist Bharatiya Janata Party (BJP) with the leader Narendra Modi just won a major victory in the recent elections in India. The Economist is enthusiastic, and writes:

   a. “The risks are there [corruption, autocracy…], but this is a time for optimism. With a strong government committed to growth and a population hungry for it, India has its best chance of making a break for prosperity since independence.” (May 24th 2014)

2. Unfortunately, from a policy perspective, the results of this paper indicate that BJP will most likely not alleviate the situation of the absolute poor in India. Growth is important but regime type is even more so…
Background


   a. Study of the balance of class/ caste power in India’s political system
   b. Struggle and “accommodation” between classes/castes
   c. Impact on rural poverty reduction

2. Formation of different Indian regime types. The typology of regimes Harriss developed grouped the largest and most populous states of India into the following:

   A(i) States in which upper caste/class dominance has persisted and Congress has remained strong in the context of a stable two-party system [‘traditional dominance’ rather than politics of accommodation vis-a-vis lower classes] [Madhya Pradesh, Orissa, Rajasthan]

   A(ii) States in which upper caste/class dominance has been effectively challenged by middle castes/classes, and Congress support has collapsed in the context of fractured and unstable party competition [‘dominance’ and the politics of accommodation have broken down] [Bihar, Uttar Pradesh]

   B States in which middle caste/class dominated regimes, where the Congress has been effectively challenged but has not collapsed, and there is fairly stable and mainly two-party competition [the politics of accommodation vis-a-vis lower class interests have continued to work effectively, most effectively in Maharashtra and Karnataka, least effectively in Gujarat] [Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Punjab]

   C States in which lower castes/classes are more strongly represented in political regimes where the Congress lost its dominance at an early stage [Kerala, Tamil Nadu, West Bengal].

Harriss’s conclusion:

“the regime differences … distinguished do seem to make sense of some of the variations in the adoption, resourcing and implementation of what can be described as ‘pro-poor policies’. The structure and functioning of local agrarian power, and the relations of local with state-level power-holders, do vary significantly between states and exercise influence both on political patterns and on some policy outcomes. (Harriss 2000)
Purpose of the paper and hypotheses

1. General questions: Given Harriss´s work (focus of the study) and previous research on corruption (main control), what is more important when it comes to (child) poverty reduction? And how does wealth interact with these?

2. Hypotheses:
   a. that Indian states politically dominated by higher or middle caste/classes will have more absolute child poverty;
   b. that political regime type has greater importance than corruption; but both will lead to more absolute child poverty;
   c. that political regimes dominated by higher or middle caste groups in states with more wealth (i.e. higher levels of state GDP/capita) will have less poverty; and
   d. that higher levels of corruption will result in more child poverty in wealthier states.
**Transparency International’s India (TII)**

**TII** _2005_: based on expert opinion.

**TII** _2008_: opinions and experience of corruption from people living in households below the poverty line.

2. Table 2: Descriptive statistics for the main variables:

<table>
<thead>
<tr>
<th></th>
<th>TII <em>2005</em></th>
<th>TII <em>2008</em></th>
<th>Harriss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid cases</td>
<td>20</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td>Missing cases</td>
<td>9</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Min</td>
<td>240</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Max</td>
<td>695</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>range</td>
<td>455</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>median</td>
<td>493.5</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>mean</td>
<td>488.95</td>
<td>2.34</td>
<td>2.38</td>
</tr>
<tr>
<td>std.dev</td>
<td>104.77</td>
<td>1.17</td>
<td>1.12</td>
</tr>
</tbody>
</table>

**Notes:**

**TII** _2005_: higher value, higher corruption rate.

**TII** _2008_: 4 = Alarming, 3 = Very high, 2 = High, and 1 = Moderate;

**Harris variable**: 4 = Ai, 3 = Aii, 2 = B, and 1 = C.

**NFHS3** (India’s National Family Health Survey) is a nationally representative sample survey from 2005/6, of high quality and used frequently in studies of poverty in India.

Distribution across Harriss’s state regime.

<table>
<thead>
<tr>
<th></th>
<th>N children (age &lt;18 yrs)</th>
<th>N of states</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper caste/class dominated states</td>
<td>24,791</td>
<td>3</td>
</tr>
<tr>
<td>Upper-Middle caste/class dominated states</td>
<td>33,880</td>
<td>2</td>
</tr>
<tr>
<td>Middle caste/class dominated states</td>
<td>42,476</td>
<td>5</td>
</tr>
<tr>
<td>Lower caste/class dominated states</td>
<td>19,841</td>
<td>3</td>
</tr>
</tbody>
</table>
NFHS3 is a nationally representative sample survey from 2005/6, of high quality and used frequently in studies of poverty in India.

Figure 1: – Mean Number of Severe Deprivations Experienced by Children, by State, India (India’s National Family Health Survey 3).

Severe Deprivation

Water: Children who only have access to surface water (for example, rivers) for drinking or who lived in households where the nearest source of water was more than 15 minutes away. Children < 18 years old.

Food: Children whose heights and weights for their age were more than -3 standard deviations below the median of the international reference, that is, severe anthropometric failure. Children < 5 years old.

Sanitation: Children who had no access to a toilet of any kind in the vicinity of their dwelling, that is, no private or communal toilets or latrines. Children < 18 years old.

Health: Children who has not been immunised against diseases or young children who had a recent illness involving diarrhoea and had not received medical advise or treatment. Children < 5 years old.

Shelter: Children in dwelling with more than five people per room and/or with no flooring material. Children < 18 years old.

Education: Children who had never been to school and were not currently attending school, i.e., no professional education of any kind. Children 7 to 12 years old.

Information: Children have no access to radio, television, telephone or newspaper at home. Children 3 to 12 years old.
Statistical models - conditions

1. **Dependent variable: absolute child poverty measured using the Bristol Approach** – i.e. a child is considered to be living in absolute poverty if he/she is severely deprived of two or more basic human needs (as per the 1995 World Summit on Social Development definition of Absolute Poverty).
   
a. We focus on child poverty because the measure is internationally recognised, used around the world by organisations like UNICEF. Children are most at risk when exposed to conditions associated with poverty and therefore it is important to analyse this group.

2. Four level multilevel model (States, clusters, Households, Children) – we are combining individual and state level data.

3. MLwiN, IGLS estimation method.
Statistical models – additive effects

1. From M3 to M5 we are controlling with regard standard background variables on individual level (age, sex, caste, religion, etc.) and India's sub-national state-level GDP and TII corruption score.

H1 (Harriss relevant?): no conclusive support. In a Bivariate model yes for all categories but only for one (B-states) in a TII_2005 controlled model.

[It explains almost 80% of the state-level variance!]

H2 (regimes more important than corruption?)

(i) Regimes seem to be more important when compared to corruption (TII_2008 ns.)

(ii) The TII_2005 remained statistically significant and reduced somewhat the effect from political regimes – both seems to be important.
1. H4 (corruption effect depends on the level of wealth?)
   a. TII_2005: GDP is na \(\Rightarrow\) H4(i) rejected
   b. TII_2008: GDP have some statistical sig but marginal effect plots show very little substantial effect \(\Rightarrow\) H4(ii) rejected

2. H3 (regime type effect depends on the level of wealth?)
   a. Harriss: GDP is sig for all categories
   b. Sign of the interaction term is unexpected! More wealth \(\Rightarrow\) adverse effect of regime on child poverty

Careful! Two outliers (Goa and Delhi) appear to generate much of this unexpected effect.

\[ H3 \text{ cannot be accepted either...} \]
Conclusions

1. Harriss regime typology does produce some interesting statistical effects. It explains almost 80% of the state-level variance. It holds consistently for type B - states relative to C - states (lower castes/classes where Congress has lost its dominance early):
   a. [i.e. middle caste/class dominated regimes, where the Congress has been effectively challenged but has not collapsed, and there is fairly stable and mainly two-party competition]
   b. An elaboration of Harriss and better coverage is needed!

2. Corruption seems to show an effect only when experts are asked to estimate it (TII_2005) and not perceived corruption (the perspective of the poor) (TII_2008) - this finding is overlaps with the OECD Metagora project (experts tend to overstate the extent of corruption)

3. More focus on sub-state governance indicators: only 12% variance between-states rest is within (focus on panchayat level (local government))?.

We do wish him all luck, but also that he minds the interest of the lower castes/class people...

...and also a small request for the promotion of better state level data on social policy.