

Indian Democracy and Economic Reforms

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Amidst all the euphoria about the Indian election results, it is easy to lose track of some of the more worrying facts: A large number of those just elected have criminal cases against them, often for crimes like murder, rape and kidnapping; the Naxalite insurgency seems to be spreading; and a large section of the Congress party seems to be convinced that it was the indefensibly populist loan waivers for farmers that won the election for them.

Underlying all these facts is a common thread – a deep crisis in the provision of public services to the poor, or in other words, most Indians. Unless the crisis is tackled, through a mixture of economic and political reforms, India risks losing all the gains made in recent years.

To see what is wrong, consider some facts about education that paint a picture vastly different from the rosy portrayal in Thomas Friedman's *The World is Flat*. To its credit, India gets most of its children into primary schools. However, the quality of education is abysmal, and a majority drop out before they complete school. The constraint is not resources. Most children now have at least a primary school within a kilometer and most of the schools have teachers appointed to them. However teachers often do not show up (survey estimates suggest 70% attendance) and even when they show up, they only teach about half the time. The poor in villages have little recourse against the better-educated and well-connected teachers, who are, moreover, mostly paid by the state government rather than local bodies. So they respond in the only way they can—by dropping out.

Similarly, government doctors do not show up at the clinics where the poor are meant to be served, the public distribution system does not deliver the promised subsidized grain, the police do not register crimes, or encroachments, especially by the rich and powerful.

This is where the local politician fits in. While the poor do not have the money to purchase services that are their right, or to bribe the public servant, they have a vote that the politician wants. The politician does a little bit to make life a little more tolerable for his poor constituents – a seat in a good school for the lucky few, a government job for the even luckier, on occasion the unexpected munificence of a loan waiver, or more commonly, a phone call that helps them get a police case registered. For all this, the politician gets the gratitude of his voters. But he then also has little reason to improve their lot more broadly by reforming the system – for that would do him out of his current job. No wonder so few politicians express enthusiasm about reforms.

Moreover, the poor understand the politician needs money to offer them these services. So they are willing to look the other way if he extorts bribes from corporations or the wealthy, or if he is a criminal. And the system is self-sustaining. A middle class idealist can stand for office promising reforms, but the poor voters know there is little one person can do. Moreover, who will provide the patronage while the incorruptible, but consequently poor, idealist is fighting the system? Why not stay with the devil you know...Of course, those who are truly disillusioned

with the system seek support from outside the system, or in extremis, pick up the gun themselves. Support for the Naxalites, much like support for the Taliban or the Hamas, is often just the grotesque face of poor public services.

What policies could change all this if the Prime Minister, Dr. Manmohan Singh, wants to reform Indian democracy? A large part of the answer has to be to genuinely empower the poor. For example, if the local Panchayat (village government) had more authority to hire, pay, and fire local service providers such as teachers and doctors, these providers (and the Panchayat) could be held accountable. Similarly, if instead of a whole range of leaky and shoddy public services, the poor were provided their cash equivalent through a direct transfer into a personal bank account, they might have the money-power to command respect and services directly, rather than be forced to petition for them from the politician.

One example of a recent policy that helps empowerment is the National Rural Employment Guarantee Scheme, which guarantees each household a hundred days of work. While it has many critics, it does create a safety net of sorts for the poor, one which gives them well-publicized rights that no local administrator can deny. While some corruption is inevitable, the scheme seems to benefit the poor, which is more than can be said for many other government schemes.

More generally, India has an opportunity to speed up the process through which patronage politics gives way to issue-based politics, and in the process ease the path for economic reforms. India can clean up its politics, even while drawing the poor away from violence. A powerful signal would be if Dr. Manmohan Singh appointed his most respected and energetic politicians to critical ministries like Human Resources, Health, Woman and Child Development and Rural Development, instead of reserving them as consolation prizes for tired but powerful functionaries in the party.

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