

Why dynastic politics is harming India

Congress vice-president Rahul Gandhi's fumbling justification of his party's brand of dynastic politics at the University of California, Berkeley, US, last week continues to haunt him. It is now Union finance minister Arun Jaitley's turn to put the boot in after colleagues like Amit Shah had a go. Gandhi's blithe dismissal of the phenomenon indeed rankles. But he was correct in pointing out that most mainstream parties in India are culpable. The Bharatiya Janata Party (BJP) is far from immune to it, no matter that its tallest leaders have come up the hard way. Across the northern and Dravidian parties, it has become the norm more than the exception. This transformation of dynastic politics into a generalized phenomenon comes with serious negative consequences.

The logic of dynastic politics is the logic of patronage. The dynast trades economic largesse and access to the machinery of the state for long-term fealty. Economist Mancur Olson has described it as stationary bandits versus roving bandits. Dynasts are the former. They have incentive to develop their constituencies because they are in for the long haul. The benefits of the development they deliver will be reaped by their descendants in the form of continued loyalty to the dynasty. In contrast, roving bandits—non-dynastic politicians—face a temporal mismatch between effort and payoff. They are thus less likely to work towards long-term development goals.

That is how it is intended to work in theory, at least—the silver lining to the violation of the egalitarian spirit of a liberal democracy. In practice, however, that is not quite how it works out. A growing body of empirical research shows that dynastic politicians consistently underperform non-dynastic politicians.

The Philippines is a good testing ground. Since the restoration of democracy in 1987, more than 60% of the country's House of Representatives has been made up of dynastic clans. Multiple studies have found that this has had deleterious consequences. In 2012, a study by Roland Mendoza, an economics professor at the Asian Institute of Management in the Philippines, found that constituencies ruled by dynasts tended to have more poverty and higher income inequality. A year later, in their paper *The Effect Of Political Dynasties On Effective Democratic Governance: Evidence From The Philippines*, Rollin Tusalem and Jeffrey J. Pe-Aguirre had similar findings, noting that provinces dominated by family clans were less likely to perform well in terms of infrastructure development, health spending, criminality and employment.

The Philippines is not a one-off. In a 2015 paper studying city-level governments in Brazil, *Political Dynasties And The Quality Of Government*, Arthur Bragança, Claudio Ferraz and Juan Rios found that municipalities with dynastic politicians in power tended to have greater capital expenditure but didn't perform any better than those without dynastic politicians when it came to growth and development outcomes. And rectifying the lack of such empirical work in the Indian context, a recent Harvard paper, *Understanding The Economic Impacts Of Political Dynasties: Evidence From India*, by Siddharth George and Dominic Ponattu, analysed night-time luminosity as a measure of economic growth to find that constituencies where dynasts won grew 6.5 percentage points slower annually than constituencies where dynasts lost.

There are multiple possible reasons for this failure of dynastic politics across the world. By definition, the politics of patronage entails inefficient use of state resources to reward clients. Besides, deterioration of political ability is inevitable. Dynastic capture of the political process locks out capable non-dynasts from participating effectively. This in turn leaves voters with limited choice—which reduces their ability to topple dynasties that fail to deliver and, consequently, the latter's incentive to perform. The corruption that is a given in any stagnant political system is a third cause of poor performance. An entrenched political elite requires an entrenched economic

elite to survive; there is often a fair amount of overlap. That way lies the crony capitalism birthed during the licence raj that continues to plague India, a drag on economic growth.

There is no quick fix. Weak institutions and state capacity of the kind India suffers from enables dynastic politics. When the state is incapable of adequately utilizing resources and delivering public goods to all its citizens, jumping the queue becomes imperative. This is done by acquiring political backing. The politics of caste is a good example of this. Blind caste loyalty is anything but; it is a rational choice based on the utility of mobilizing as a caste group to attract a political patron who will channel state resources to the group. Voting along caste lines and voting on economic grounds are often set up as a binary choice, with the latter preferable. This is a fundamental misreading. In the absence of adequate state capacity, the two are not opposed; they are the same.

Economic growth post-liberalization has lifted millions out of poverty—but until state capacity strengthens enough to remove the need for middlemen, the politics of patronage and dynasty is unlikely to go anywhere.

Can India get rid of dynastic politics? Tell us at views@livemint.com

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