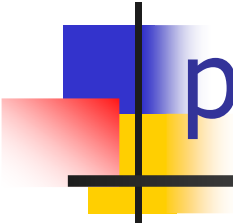
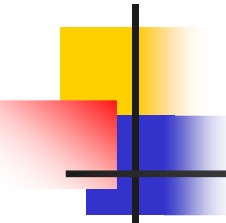


Comments on: Michael Walton's
"Culture matters for poverty, but
not because of a culture of
poverty"



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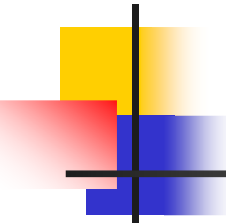
How culture matters for poverty: Inequality Traps

- Group identity matters in maintaining inequality across groups in “advantage”—access to opportunities
- Change can come endogenously through mobilization of groups; changes in the interests of elite groups
- Public policy can address inequality traps by targeting benefits to marginalized groups, in addition to universal public goods policies



What if poor people stretch across multiple groups?

- Multi-ethnic, multi-linguistic, multi-religious societies of the Indian sub-continent and Africa
- Ethnic fragmentation among the poor
- Large “belt” in distribution, of non-rich, non-poor, but with real risks of falling into poverty
- Inequality trap or “Costly Bargaining”?
- Literature on ethnic fragmentation and low investment in public goods



Impact on Politics of Social Polarization among the Poor

- Putting political participation on the left hand side
- Social polarization, combines with information asymmetries and credibility constraints, to create political conditions for “clientelism”
- Undermining of public goods in favor of policies that target private benefits to individual households
- Different from “elite capture”— non-elite can mobilize to demand subsidies, welfare transfers, jobs, at the expense of quality health and education



Decentralization of Targeted Poverty Alleviation Programs

- Politics of partial decentralization– when locally elected governments are held responsible for beneficiary selection, but not for local public goods
- Greater incentives for non-elite to mobilize to demand to be selected as beneficiaries, than to mobilize to improve local sanitation, public health, education
- New evidence from encouraging participation in education services in Uttar Pradesh, India



Empirical Testing of Competing Hypotheses is Pending

- Is there a trade-off between targeted versus broad public goods policies?
- Impact of political reservations discussed in Walton paper—promotes targeting
- New evidence from the Member of Parliament Local Area Development Scheme in India, that it may hinder political effort towards public goods
- SC/ST politicians from reserved districts, that win elections over and over (are politically dominant) spend much less effort in getting public infrastructure projects to their districts
- 14 percentage points lower MPLADS spending in dominant, reserved districts



Another channel for how polarization impacts politics

- Identity of politicians/parties matters more than their performance
- Strengthens incentives for shirking
- Strengthen incentives for rent-seeking