

Culture matters for poverty, but not  
because of a culture of poverty

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Fifth Annual AFD/EUDN conference

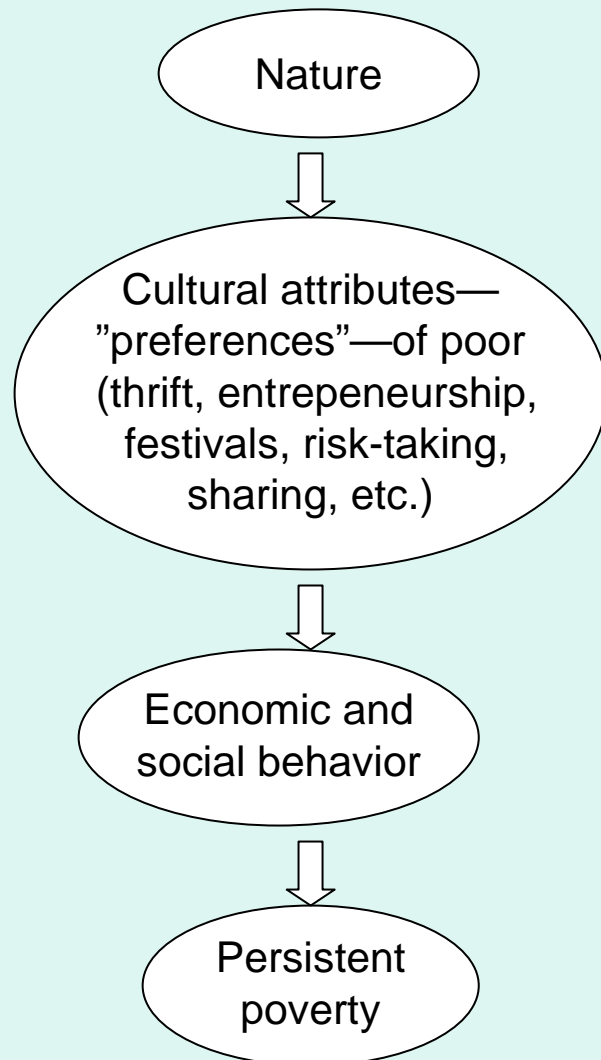
Paris, 5<sup>th</sup> December, 2007.

# Presentation

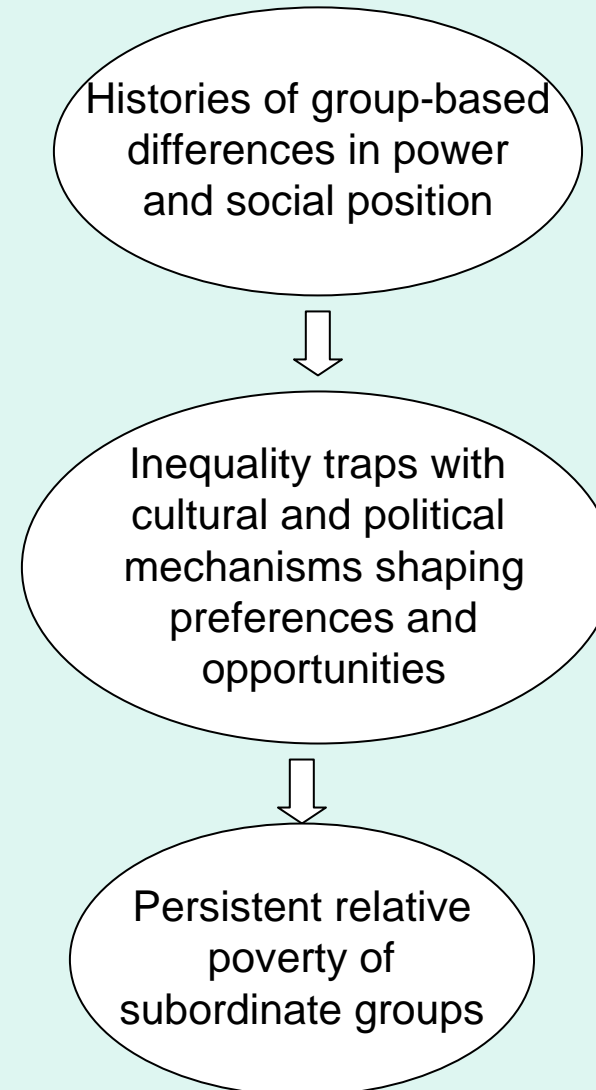
- From cultures of poverty to inequality traps
  - Potential “cultural” sources of traps
  - Transitions
- A quick glance at culture and growth
- Normative analysis
- Policy implications

# Thesis

## ***Culture of poverty***



## ***Culturally shaped inequality traps***



A subsidiary theme--on identity  
Within inequality trap stories:

Prism (1): culturally  
shaped groups

Identity *given* for  
positive or normative  
analytical cut at hand

Prism (2): cultural  
processes

Identity endogenous

# Example: *dalits* and *adivasis* in India

## *Dalits* (“Oppressed”)

At bottom (formally outside) caste hierarchy.

A regime of bonded labor for use of upper strata

Endogamous

Confined to menial, degrading occupations

Symbolic pollution barriers  
restricted land access and economic rights  
 (“untouchables”)

Now ~15% of population

“Scheduled caste” in constitution

## *Adivasis* (“Original inhabitants”)

“Tribal” groups, distinct customs, not integrated into formal social hierarchy

Many forest-dwellers

~8% of population

“Scheduled tribes” in constitution

# Differential social indicators

**Table 1. Infant mortality rate by social category, 1980 and 2000**  
(in number per 1000)

	1980	2000	Difference
Scheduled castes	127	83	-44
Scheduled tribes	101	84	-17
Others	99	68	-31
<b>All</b>	<b>109</b>	<b>73</b>	<b>-36</b>

Source: Thorat, 2007

**Table 2. Literacy rate by social category, 1980 and 2000**  
(in percent)

	1980	2000	Difference
Scheduled castes	24	55	30
Scheduled tribes	19	47	28
Others	47	69	22
<b>All</b>	<b>41</b>	<b>65</b>	<b>23</b>

Source: Thorat, 2007

# Differential expenditure poverty

**Table 3. Poverty incidence by social category, 1993/94 and 2004/05**  
(in percent)

	1993/94	2004/05	Difference (percentage points)
<b>Rural</b>			
Scheduled castes	48.6	37.4	-11.2
Scheduled tribes	51.7	47.0	-4.7
Others	31.4	22.9	-8.5
<b>All rural</b>	<b>37.2</b>	<b>28.4</b>	<b>-8.9</b>
<b>Urban</b>			
Scheduled castes	51.5	41.2	-10.3
Scheduled tribes	47.8	40.3	-7.5
Others	30.5	23.6	-6.9
	<b>33.9</b>	<b>26.7</b>	<b>-7.2</b>

Source: NSS.

## Culture of poverty: origin and critique within anthropology

Oscar Lewis “Five Mexican Families”:

detailed description of attitudes, behaviors, social connectivity etc. of the poor.

Term “culture of poverty” acquired a life of its own

Soon derided within anthropology

*Something* is cultural about the poor’s behavior

But no primordial, essential culture.

Culture as relational, dynamic, contested, reflective of power structures

And about the future—culturally shaped, unequal “capacity to aspire” (Appadurai)

# Inequality traps

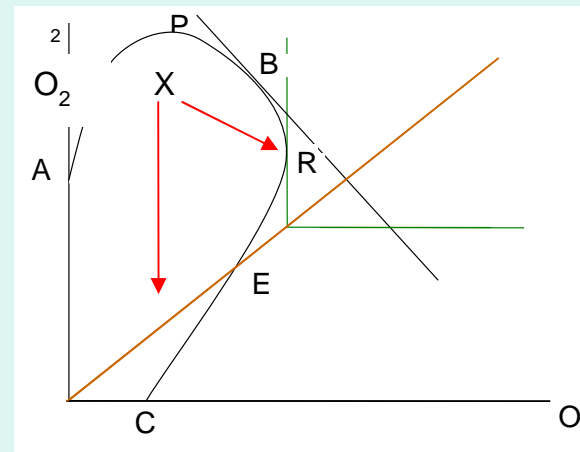
Self-enforcing equilibrium  
with persistent relative  
position of groups in  
distribution

A product of inter-group  
relations

Existence of alternative  
equilibrium

Efficiency properties likely to  
differ across equilibria

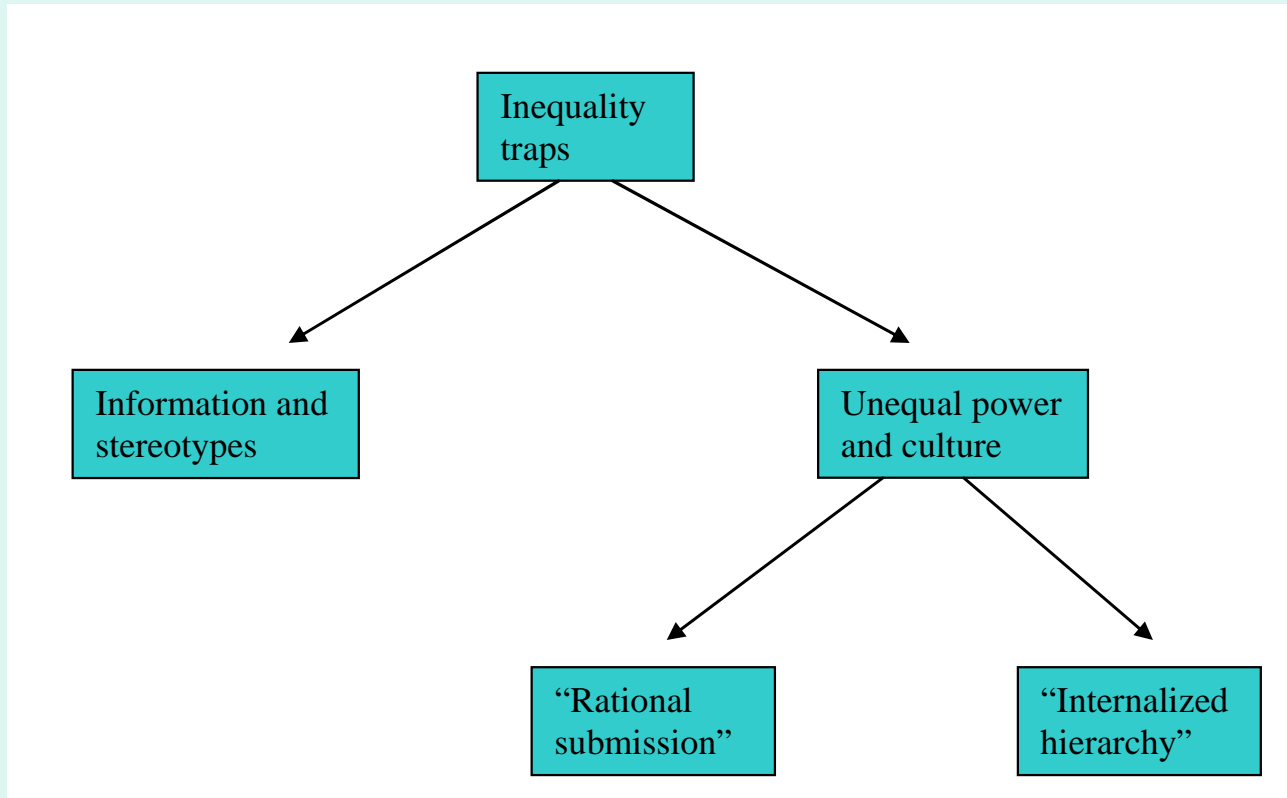
Figure 1. An advantage possibility frontier  
with two groups



Moving to a more equal equilibrium can be  
efficiency-increasing or decreasing

# Cultural influences on inequality traps

## Varieties of mechanisms:



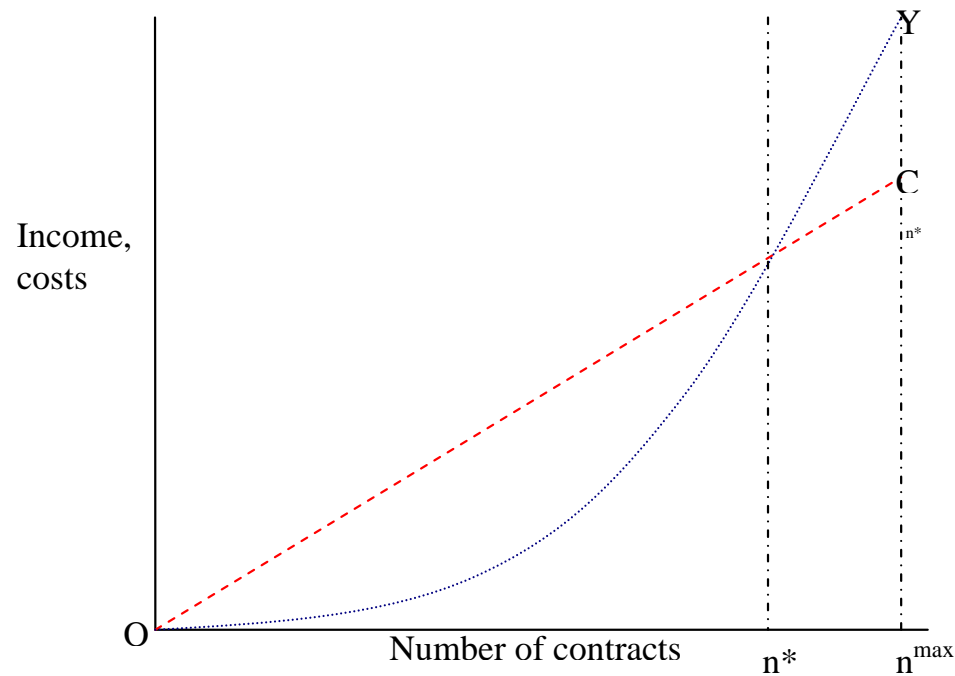
Illustrate with selected economic stories

# Information and stereotypes

Evidence from India of continued use of stereotypes: e.g. human resource department interview; callbacks (EPW collection, Thorat et al 2007)

Example of model in which equilibrium is sustainable even with no productivity differences:

**Figure 2. The effects of increasing returns in the number of contracts of a potential entrepreneur**



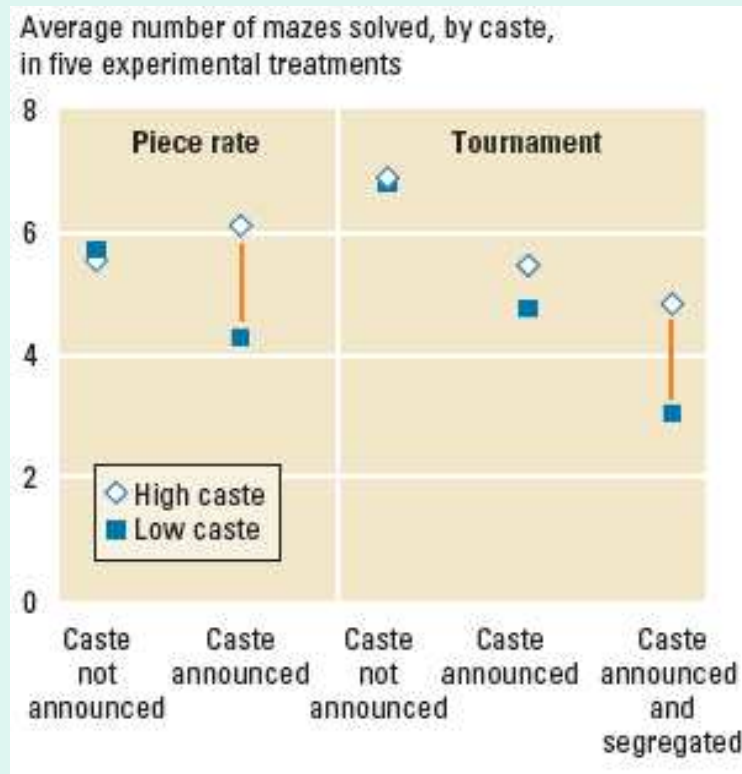
Source: Basu, 2006

## Unequal power and culture

- Rational submission: behaviors, practices a rational response to perceive costs of challenge (James Scott)
- Internalized hierarchy: “constraining preferences”. Supported by ethnographies and emerging empirical work

# Experimental game 1: mazes with *dalit* and higher caste children

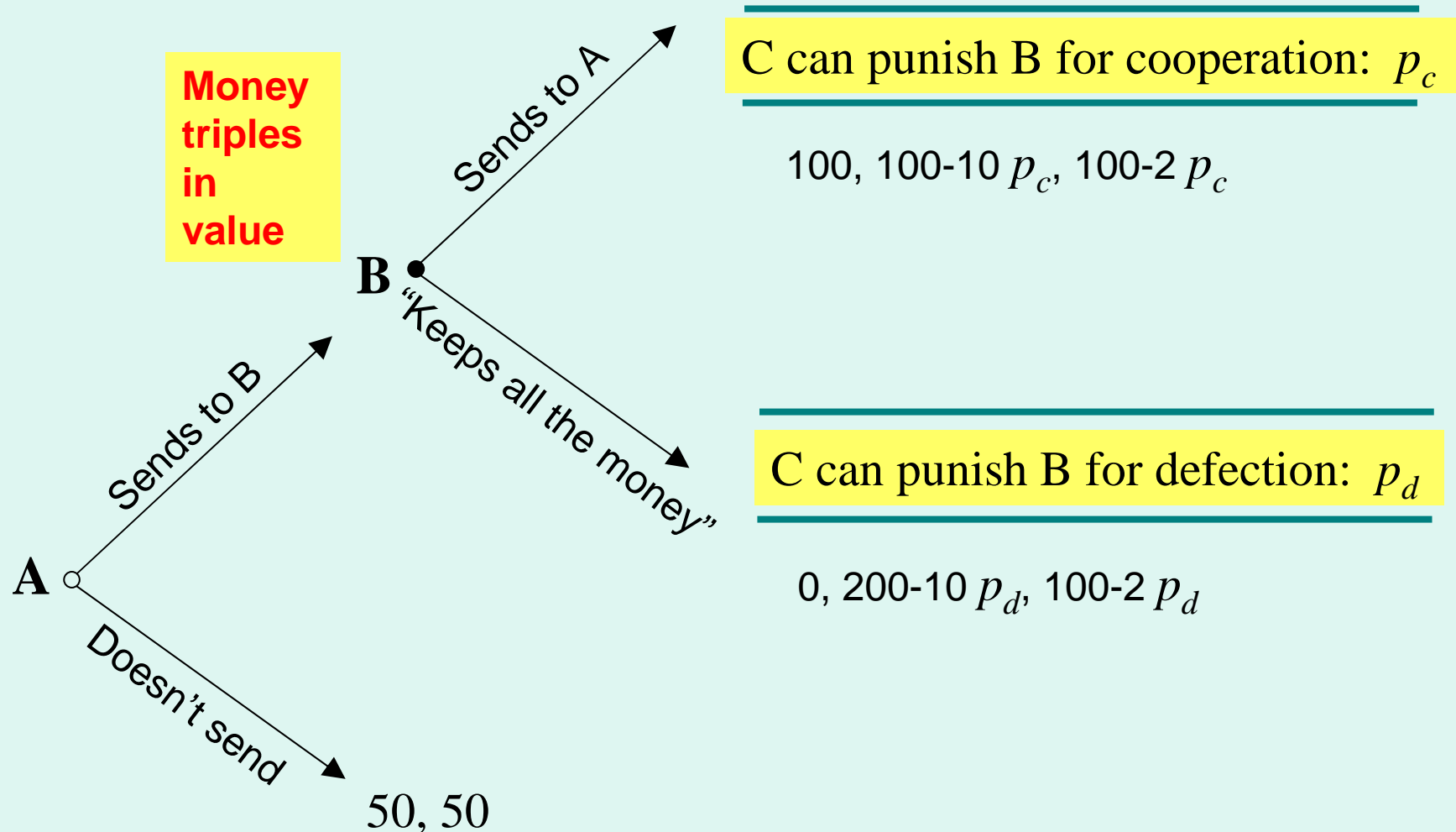
**Figure 3. Results on children's performance when caste is announced**



Interpretation: unequal social identities hurt performance

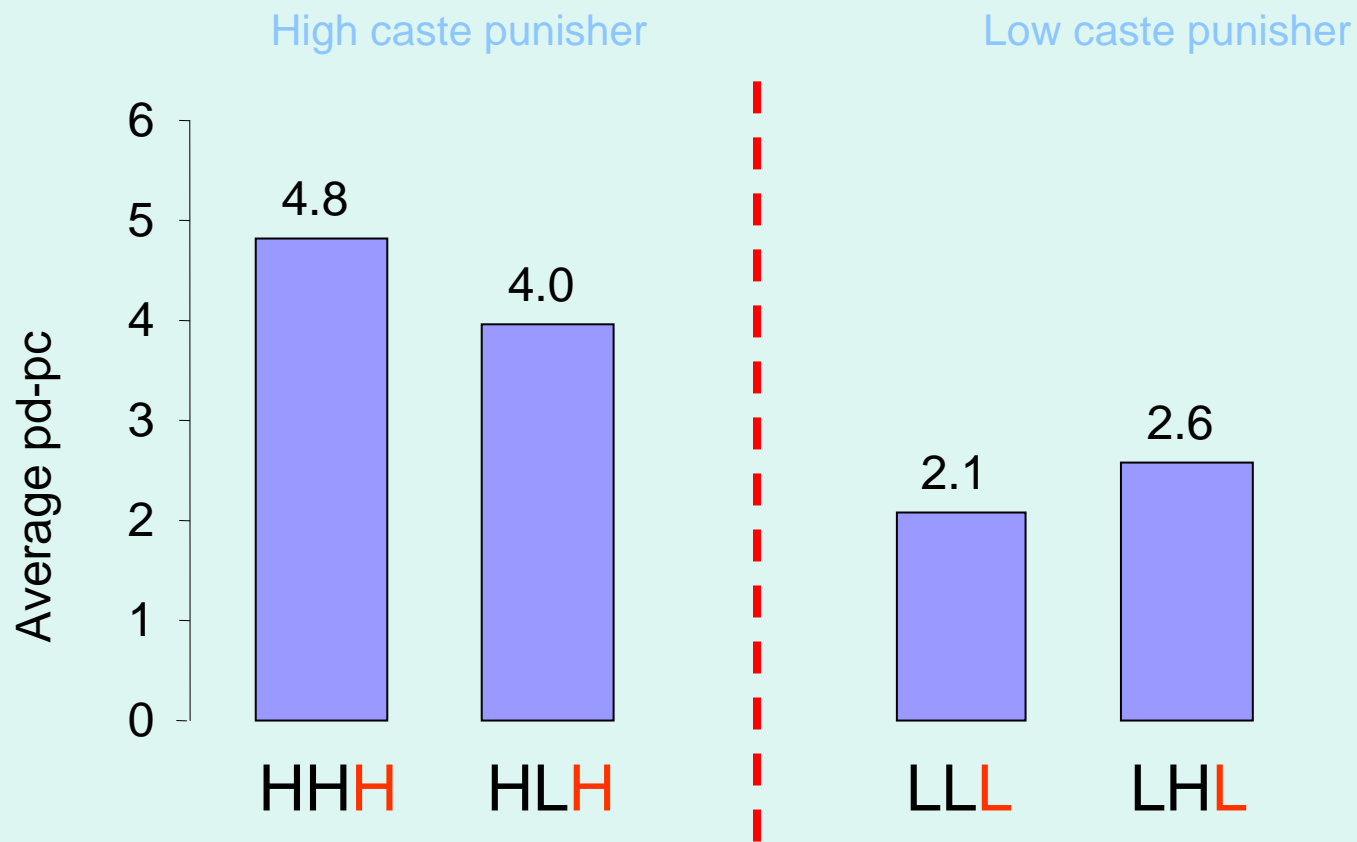
Note: a vertical line indicates statistically significant differences.  
Source: Hoff and Pandey (2004)

## Experimental game 2: pro-social 3<sup>rd</sup> party punishment norms



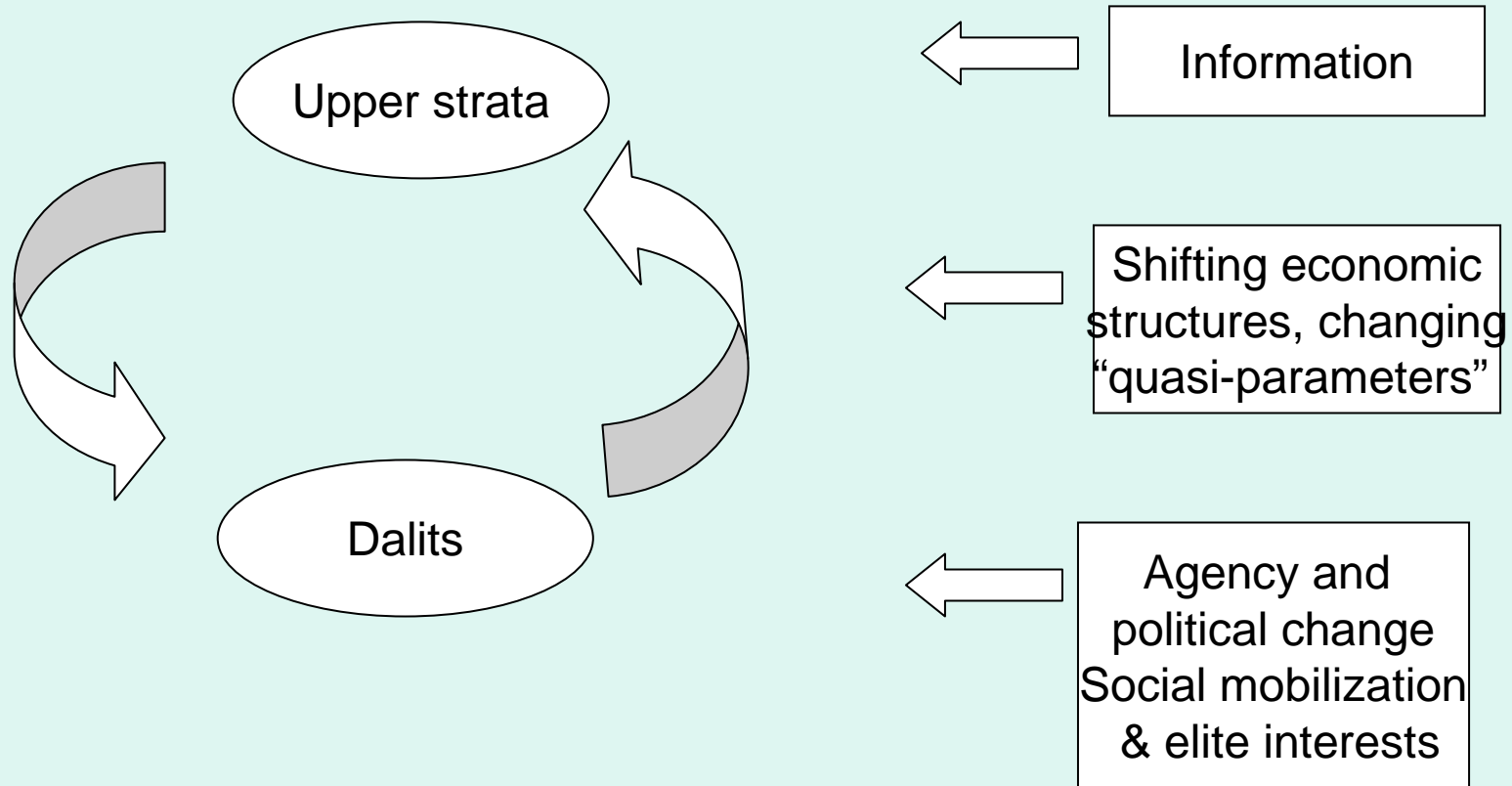
Source: Hoff, Kshetramade and Fehr, 2007

# Result (example): Punishment for defection is greater by high caste than by low caste individuals



Interpretation: restrictions on economic interactions of dalits inhibited emergence of informal enforcement mechanisms

# Dynamics (a) how can the system evolve and shift to a new equilibrium?



## Dynamics (b) the endogeneity of identity—politics

- Political construction of caste—Rao and Ban on accidents of village allocation
- Shifting political salience of caste-based identity
- Group-based political mobilizations for *dalits* and *adivasis*—e.g. BSP
  - Banerjee and Somanathan on differential voting patterns over time

## A glance at growth and culture

***Culture of poverty  
stops national  
growth***

Wrong

***Culturally shaped  
inequality traps***

Potential mechanisms,  
partially explored

# Normative considerations

*Equality of opportunity -  
Roemer*

Circumstances v. efforts

Groups have distinct  
circumstances

EOO as equalization of  
advantage for same effort  
level across groups

Maximin for welfare  
objective

*From cultural group to  
cultural processes*

Group-based behaviors  
endogenous to cultural  
interactions—  
compensating for  
different circumstances  
only goes to symptoms

Alternative: “equality of  
agency” that seeks equal  
terms of recognition,  
stigma and aspirational  
capacities

- Move from normative to policy design requires link to account of potential dynamics and feasible areas of agency
- Assume a situation with some agency.....

# Categories of policies

**Table 4a A categorization of policies to tackle culturally shaped inequality traps**

	<b>Policies intended to redress group-based opportunities and outcomes</b>	<b>Policies intended to increase the agency of deprived groups</b>
<b>Preferential policies conditional on group membership</b>		
<b>“Universal targeted” policies, aimed at specific conditions of groups but with no group membership condition</b>		
<b>Actions influencing cultural processes</b>		

# Policy categories

**Table 4 A categorization of policies to tackle culturally shaped inequality traps**

	<b>Policies intended to redress group-based opportunities and outcomes</b>	<b>Policies intended to increase the agency of deprived groups</b>
<b>Preferential policies conditional on group membership</b>	Reservations in jobs and schooling “Tribal” policies	Political reservations Targeted political mobilizations from above
<b>“Universal targeted” policies, aimed at specific conditions of groups but with no group membership condition</b>	Access to land, education, credit, communal resource management etc. in areas and activities important to <i>dalits</i> and <i>adivasis</i> .	Universal suffrage. Increased information and accountability
<b>Actions influencing cultural processes</b>	Education with attention to identity, language of deprived groups Land policy adapted to <i>adivasi</i> practices	Social mobilization from below, deliberation and political culture

India has tried most!

# Some dilemmas

- Group-blind policies are likely to be ineffectual or glacial
- But policies or practices contingent on group membership in turn shape categories and can distort effort
- ...especially in a patronage and rent-seeking polity and economy
- → Case for more emphasis on policies that don't impose identities? More work is needed to resolve this

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# Conclusion

- Cultural processes matter to poverty via culturally shaped inequality traps
- Need to incorporate lessons of anthropology and history
- Economics is contributing to analytics using core tools → endogeneity of preferences and identity
- Large and complex implications for policy design