

Identity Politics and Economic Policy

Nikhar Gaikwad*

February 9, 2018

Abstract

How does identity politics impact political conflict over economic policy? I present a theory of political competition in culturally divided societies to explicate the link between identity politics and politics over economic policymaking. I show that both brands of politics are symptomatic of the same strategic choice faced by politicians. My key insight is that incentives to engage in identity politics dampen motivations to win support using economic policy. By triggering identity in the electoral arena, politicians can boost their popularity among voters who value identity. But the identity card polarizes political preferences, such that groups mobilized on identity become relatively less responsive to policy. Politicians thus fashion economic platforms toward other groups. My focus on identity mobilization generates insights that upturn many expectations about who gets what from the state in culturally divided democracies. Contrary to conventional wisdom, I show that ethnically homogenous industries receive *fewer* preferential policies because politicians are more likely to court voters in these industries based on identity appeals. I test my theoretical predictions by using survey experiments, historical case studies, and analyses of original data on industry-level trade policies and indicators of cultural diversity. My findings help explain how the sharp rise in identity politics in recent decades has systematically influenced regulatory capture in culturally divided democracies.

*Department of Political Science, Columbia University, 420 W 118 St, MC 3320, New York, NY 10027; nikhar.gaikwad@columbia.edu.

1 Introduction: Two Brands of Politics

Soon after Tata Motors chose Hooghly District in the Indian state of West Bengal as the site for its new car manufacturing plant, political opposition sprang up. Farmer groups agitated against the project, crying foul at the low prices they were offered for their land. Politicians protested the new plant, initiated hunger strikes, and imposed statewide *bandhs* (or closures) in support of local peasants. Mamata Banerjee, the firebrand leader of the Trinamool Congress, formed a movement called “Save Farmland” to rally opposition against the industrial project. She would later win a landslide victory in state elections, reversing three decades of Communist Party rule. After twenty-eight months of interminable political resistance, the company announced that it would pull up stakes and move its investment out of West Bengal.¹

Tata Motors found a new site for their project at the opposite end of the country, in the western state of Gujarat. Here, they received a very different kind of reception. When news of the West Bengal disinvestment became public, Narendra Modi, then Chief Minister of Gujarat, sent a one-word text message to the company’s Chairman: *suswagatham* (“welcome”).² The factory was seamlessly relocated to Gujarat. Modi’s handling of this investment deal was emblematic of his broader legacy at the helm of Gujarat. During this tenure, he implemented economic reforms at breakneck speed—deregulating labor laws, squelching union organizations, pushing through industrial reforms—by circumventing forms of popular resistance that were familiar fixtures elsewhere in the country.³

To explain why West Bengal beat the plant out of town, while Gujarat welcomed it with open arms, existing accounts would point to a host of factors, ranging from ideology and political histories to institutions and legal climates. But in this book I will argue that the answer lies in a specific relationship between identity mobilization and economic representation that can arise when politicians compete for elections in culturally divided democracies. While political contests in West

¹“Nano Wars: Tata Threatens to Make the World’s Cheapest Car Somewhere Else,” *The Economist*, August 28, 2008.

²See, for example: “Supersize Gujarat,” *Business Today*, January 23, 2011; “Local Policies Help an Indian Candidate Trying to Go National,” *The New York Times*, May 6, 2014.

³See, e.g.: Jaffrelot 2008.

Bengal were being fought vote-by-vote on economic grounds, the main axis of electoral competition in Gujarat during this period was not economic. Instead, election battle lines were drawn around identity—in particular, religion. Modi’s reign would be known for its proliferation of ethnic politics, epitomized by the Hindu-Muslim riots of 2002, and the religious communalism that occurred in its wake. Thousands (mainly minority Muslims) died during the riots. Immolation, rape, and ethnic targeting prevailed. Independent judicial bodies and media sources faulted his government for failing to protect Muslim interests; allegations of active complicity by the state and police were widespread.⁴ Following the riots, Modi sought and won re-election by waging an election campaign steeped in Hindutva ideology. By appealing to Hindu religious symbols and stoking fear of Muslims, Modi shored up huge electoral dividends.⁵

These political developments in Gujarat were clearly exceptional, but they give rise to a broader question about the determinants of economic policymaking in electoral settings that are dominated by identity politics. Political entrepreneurs in ethnically divided societies commonly rely on both cultural mobilization and economic protectionism to garner votes. Yet, how do their political choices along one dimension influence their actions on the other? Discerning observers have already pointed to the possibility that both brands of politics are linked. Writing specifically about the situation in Gujarat, Jaffrelot (2008) notes that “the hidden face of this political culture (of economic reform) lies in communalism. Modi’s authoritarianism is largely praised or accepted by the Hindu urban middle class also because it has brought results vis-à-vis the Muslims.”⁶ Following Modi’s post-riots electoral sweep in 2002, a director of an industry association visiting Gujarat remarked, “Modi won the vote on communalism—but will consolidate his position on economics.”⁷ Another commentator noted that the Tata deal “steered clear of the debate, contestation and eventual consensus building that one would have expected in a politically accountable ‘good’

⁴Nussbaum (2009, 50-51) writes, for example, that “[t]here is by now a broad consensus that the Gujarat violence was a form of ethnic cleansing, that in many ways it was premeditated, and that it was carried out with the complicity of the state government and officers of the law.”

⁵See, for example: “Hopes and Fears in India Stirred by Hindu Nationalist,” *The New York Times*, December 14, 2002; “Bloodshed in ’02 Shadows Indian Politician in Race That Tests Nationalist Party,” *The New York Times*, December 11, 2007; “Modi promises a ‘shining India’ in victory speech,” *The Washington Post*, May 16, 2014.

⁶Jaffrelot 2008, 16.

⁷“India at a Crossroad,” *Bloomberg News*, December 17, 2002.

government...This is the currency Modi has dealt during his seven years as chief minister—that of chauvinism, a high-on-rhetoric Gujarati pride and an artificially constructed and constantly fanned opposition to the religious, regional and ideological ‘other.’”⁸

These conjectures have a plausible ring to them. Yet the precise analytical connections between identity politics and economic policymaking are far from obvious. If citizens have both identity and economic preferences, they may forge political solidarity along either of these two dimensions. As Hechter (1974) points out, “[i]f a given group is both materially disadvantaged...and subject to cultural discrimination as well, its political demands might be expressed either in class or in cultural terms.”⁹ Additionally, political entrepreneurs can themselves deploy identity politics as a technology to heighten the salience of culture in the minds of voters. Political economy scholars typically treat underlying distributions of voter preferences as fixed, yet studies in ethnic politics make a strong claim that identity mobilization alters voters’ predispositions toward ethnic representation. Whether and how wielding the “identity card” shifts popular preferences is thus critical for evaluating regulatory dynamics surrounding policy change.

This book develops and tests a theoretical framework to explain how identity politics alters the dynamics of economic policymaking in culturally divided societies. Employing a formal model of political competition, I show that once politicians mobilize members of an ethnic community using identity politics, they face fewer incentives to court these groups using economic policy. By triggering identity in the electoral arena, politicians can boost their popularity among voters who value ethnicity. But ethnic mobilization polarizes political preferences, making groups mobilized on identity relatively less responsive to policy. Politicians thus fashion economic platforms toward other groups. This offsetting relationship between ethnic and economic mobilization generates several counterintuitive insights about the domestic political determinants of trade and economic policy. It is generally believed that culturally homogenous economic groups are better able to collect distributive benefits from the state. I show, however, that when identity and economic

⁸Sud 2008, 14.

⁹Hechter 1974, 1166. See also: Huber and Suryanarayan Forthcoming; Dunning and Harrison, 2010; Shayo, 2009.

conflicts intersect, the opposite prediction obtains. Ethnically homogenous industries receive fewer preferential policies, because politicians are more likely to court voters in these industries based on identity appeals.

By incorporating insights from studies of ethnicity into theories of economic policymaking, my argument sheds new light on the interface between patronage politics and regulatory capture in a broad range of democratic settings. I use this framework to offer a novel way to approach an enduring problem pertaining to economic cooperation: the persisting, seemingly intractable, political difficulties faced by many divided democracies in implementing trade and economic policy reform.

1.1 Why Identity Politics Matters

Societal coalition theories of the determinants of trade and economic policymaking typically treat voters as economic actors, positing that political processes aggregate individuals' material preferences into policy outcomes.¹⁰ In these accounts, patterns of material interest translate into patterns of mobilization, from which redistributive pressures on the state emanate. Linkages between individual economic preferences and preferential economic policy outcomes are well documented across myriad issue areas—from trade, to investment, to industrial regulation—and buttress broader political economy theories of representation. These frameworks have strong explanatory power when the primary axis of political competition in a society is economic. But in many electoral settings—in fact, most culturally divided democracies around the world—political contestation recurrently cleaves along non-economic, ethno-cultural lines.¹¹ In these regions, politics based on religion, race, caste, and tribe dominate the electoral arena.¹² My starting point in this book is the claim that conventional theories of societal coalition politics are missing an important part of the policymaking story because they underestimate the role of identity politics in shaping regulatory change.

¹⁰See, e.g.: Alt et al. 1996; Hiscox 2002*b*; Mayer 1984; Milner 1988; McGillivray 2004*a*; Rogowski 1989.

¹¹See, e.g.: Horowitz 1985*a*.

¹²Chandra 2004; Jaffrelot 1996; Varshney 2002; Wilkinson 2004.

A focus on the political aspects of identity conflict throws two key assumptions in societal coalition theories of trade and economic policymaking into sharp relief. First, although this scholarship treats voters as economic actors, people are also motivated by non-material factors.¹³ Individuals quite often adhere to identity-related imperatives when forging political allegiances. Second, this scholarship posits that politicians champion the economic interests of the coalitions they represent, helping aggregate group preferences into distributive policies.¹⁴ But political entrepreneurs time and again strategically mobilize voters using identity rather than policy.¹⁵ If voters value both material and identity-related factors, and if politicians exploit both economic and ethnic predilections in the electorate, then theories of representation should take seriously how economic mobilization and identity mobilization *jointly* influence political competition. A failure to do so overlooks the role of identity in shaping economic policy outcomes. We might concurrently miss how economic imperatives inform patterns of identity mobilization in ethnically divided societies.¹⁶

To observe these theoretical blind spots, consider the case where voters' economic interests run counter to their identity-related interests. Politicians must choose which set of interests to emphasize while mobilizing voters; strategies that elevate identity would effectively subvert material interests, and vice versa. The political mobilization of Germans in interwar Czechoslovakia illustrates this tradeoff. The Sudeten Germans of Czechoslovakia owned and worked in the country's glass-making and textiles industries.¹⁷ The prosperity of these industries depended on the Sudeten districts remaining in a union with Czechoslovakia; the industries produced goods for the local Czechoslovak market, where they were shielded from competition with the German Reich's more efficient industries.¹⁸ Czechoslovakia's main German parties—the German Social Democrats,

¹³Akerlof and Kranton 2000; Dickson and Scheve 2006; Shayo 2009.

¹⁴See, e.g.: Hiscox 2002*a*.

¹⁵Chandra 2004; Jaffrelot 1996; Varshney 2002; Wilkinson 2004.

¹⁶Indeed, while the literature on economic policymaking has had little to say about cultural factors, the literature on identity politics has also largely ignored how ethnicity can interact with economic preferences. In countries such as India, for instance, scholars have argued that economic motivations play a minimal, if not absent, role in the political arena, with voters predominantly following religious, communal, and caste-based imperatives in their political decisions; some have even argued that people in India “vote their caste, [rather than] cast their vote”. Corbridge and Harriss 2000; Jaffrelot 1996; Jenkins 1999.

¹⁷Wiskemann 1967, 161.

¹⁸Jenne 2006, 57-58.

German Christian Social People's Party, and Farmers' League—had historically emphasized these economic interests by maintaining pro-Czech positions. In the 1930s, however, the Sudeten German National (Nazi) Socialist Party (SdP), rose to power based on a pro-Germany/anti-Czech agenda.¹⁹ The SdP's electoral strategy was based on emphasizing a common German identity, drumming up support against ethnic out-groups, and calling for irredentism and a merger with Germany.²⁰ These identity-related appeals had discordant effects on voters: Moderate German voters "vehemently opposed Hitler and the fascist movement," even while constituents by and large "continued to radicalize" in favor of unification with Germany.²¹ Given these competing pressures, the SdP decided to forge an identity-based campaign and *downplay* the economic interests of its core German constituents.²² Theories of economic representation that ignore the role of identity politics would miss in this example how identity mobilization can serve to subvert the material interests of voters mobilized on ethnicity.

This countervailing relationship between identity mobilization and economic representation in turn hints at a more radical possibility for electoral settings in which voters compete over economic policy. If politicians can downplay voters' economic interests by engaging in campaigns of ethnic mobilization, then why do they not mobilize one set of voters on identity, and another set of voters based on policy? If promoting the identities of particular ethnic groups can subvert the material interests of these constituents, then politicians might be able to reap electoral dividends by strategically targeting identity appeals to one group, while fashioning economic policies away from this group and toward voters in other groups.

This possibility has not been lost on ambitious office seekers. Consider the 1911 federal election in Canada, for example. The election was a "single issue" election that was fought on the subject of trade liberalization. The Liberal Party centered its re-election campaign on lower tariffs, while the Conservatives ran on a platform of protectionism.²³ When the Liberals—who had been

¹⁹Jenne 2006, 75; see also: Wiskemann 1967, 206.

²⁰Wiskemann 1967, 204-205.

²¹Jenne 2006, 85-86.

²²Jenne 2006, 85-88; Tampke 2003, 51.

²³See, e.g., Dutil and MacKenzie 2011.

in power since 1896, and had consecutively won elections in 1900, 1904, and 1908—proposed the trade policy agreement, most believed that it would pass muster.²⁴ But the Liberals did not win the election and were not able to implement trade policy reform. The central factor that led to this electoral outcome was the vote in Quebec. Quebec had traditionally been a Liberal stronghold, yet the Liberals lost the province in 1911. In Quebec, the Conservatives forged an alliance with French-Canadian nationalists and contested the Liberals not on trade but on ethno-linguistic terms.²⁵ After waging a campaign steeped in vitriolic identity politics,²⁶ the Conservatives-nationalists alliance swept the election in Quebec.

Importantly, by spotlighting political contestation on identity, the Conservatives effectively subverted the economic interests of their core supporters in Quebec.²⁷ Quebec nationalists had previously *avored lower tariffs*,²⁸ and had “maintained for many years” favorable opinions about trade liberalization with the United States.²⁹ Lower tariffs would provide competitively priced Canadian raw material producers access to the American market, and the rural and agricultural constituencies of northern and eastern Quebec stood to benefit enormously from this preferred access.³⁰ Trade data from this period support this argument. In 1910, for example, exports from Quebec district to the United States were valued at \$5,720,997, and had increased by \$2,001,386 over the prior year; by contrast, imports from the U.S. to Quebec district were valued at only \$95,171.³¹ Similarly, Montreal district exported goods worth \$6,505,506 to the United States in 1910, but imported only goods worth \$443,654.³² In short, Quebec was already exporting well more than it was importing from the the United States, and stood to reap considerable economic

²⁴Hart 2003, 80; Duffy 2002, 92.

²⁵Beck 1968, 131.

²⁶For example, the nationalists accused the Liberals of “betraying the interests of French Canada,” “surrendering the rights of Catholics to educate their children in their own faith,” and “seeking to pitchfork French Canadians into Imperialism.”Beck 1968, 121; see, also: Hart 2003, 82.

²⁷Hart 2003, 82.

²⁸Beck 1968, 129. See, also: L. Ethan Ellis, “Canada’s Rejection of Reciprocity in 1911,” *The Canadian Historical Association Annual Report*, 1939. Quoted in Stevens 1976, 198.

²⁹Stevens 1976, 4.

³⁰Beck 1968, 122.

³¹“Daily Consular and Trade Report,” Report 135, Bureau of Manufacturers, Department of Commerce and Labor, June 10, 1911. p.10091.

³²“Daily Consular and Trade Report,” Report 135, Bureau of Manufacturers, Department of Commerce and Labor, June 10, 1911. p.10094.

gains from a free trade agreement with its southern neighbor. But the Conservatives-nationalists alliance waged its most sustained identity-based campaign precisely in these exporting districts, winning big victories against the Liberals and their trade liberalization agenda.³³ The Liberal Party's losses in Quebec cost them the national election, and arrested political support for trade policy reform for over seventy years.³⁴

These historical examples suggest that explicating the economic policy repercussions of ground-level political strategies pertaining to identity mobilization is important not simply for theoretical reasons. Aggregated across municipalities, districts, and states, they can have a powerful effect on wide-ranging policy outcomes. Yet, these examples also raise several important questions: Why is there a countervailing relationship between identity politics and economic representation? How exactly does ethnic mobilization shape the dynamics of policy formulation? What are the aggregate economic policy consequences of identity politics in ethnically divided societies?

The purpose of this book is to specify the link between identity politics and the politics of economic policymaking and to test its implications for economic policy outcomes. My goal is to understand how different forms of political mobilization interact, and what these campaign strategies imply for representation in ethnically heterodox societies. I start by assuming that the world resembles settings described by the literature on trade and economic policymaking.³⁵ Here, political cleavages are shaped by distributional conflicts, and contests are determined by the size, resources, and mobilization capabilities of different coalitions. Because economic policy recalibrates the material wellbeing of different societal and industry coalitions, political elites enact policies in ways that advance the economic preferences of politically pivotal groups in the elec-

³³H. Blair Neatby, *Laurier and a Liberal Quebec: A Study in Political Management*, University of Toronto Doctoral Dissertation, 1956. Quoted in Stevens 1976, 201-202. See also: Beck 1968, 132-133.

³⁴Hart 2003, 82.

³⁵Mayda and Rodrik 2005; Mayer 1984; Milner and Kubota 2005; McGillivray 2004a; Rogowski 1989; Scheve and Slaughter 2001. To be sure, other compelling theoretical alternatives also seek to explain the determinants of trade policymaking. For instance, the institutional approach points to the role of domestic institutions (Bailey, Goldstein and Weingast 1997; Mansfield, Milner and Rosendorff 2000; Hiscox 1999) and international institutions (Bagwell and Staiger 1999; Tomz, Goldstein and Rivers 2007; Rose 2004) in influencing trade policies, and the ideational approach points to the role beliefs and ideas in spurring trade policy variations (Irwin 1996; Chwieroth 2007; Schonhardt-Bailey 2006). See also: Helpman, Melitz and Yeaple 2004; Melitz 2003. In reality, electoral, interest group, and institutional approaches all explain different aspects of trade policymaking; indeed, scholars agree that "virtually no serious student of trade policy believes any particular approach monopolizes the truth on these issues," (Alt et al. 1996, 691).

torate. I next introduce the possibility that voters also have preferences related to their identities, and that politicians instrumentally manipulate the salience of these non-economic interests in order to win elections. This approach resonates with the literature on ethnic politics, which demonstrates that political entrepreneurs commonly trigger identity for self-serving purposes. By wielding the “identity card,” they effectively divide the electorate along ethno-cultural lines, prompting voters to heed ethnicity when choosing candidates.³⁶

My core argument is that both identity politics and politics over economic policy are symptomatic of the *same* strategic tradeoff faced by politicians. The choice to deploy identity versus economic appeals is intertwined because mobilizing voters on identity can render economic policy a less effective technology to win votes. Therefore, under conditions that I specify, politicians find it more effective to win votes by employing ethnic appeals than by using policy. Because identity mobilization recalibrates incentives to win votes using economic policy, the presence of ethnic politics can systematically influence economic policy outcomes in these settings.

To be clear, this claim about the countervailing effect of identity mobilization on economic representation goes against the grain with conventional wisdom about ethnic representation. The vast literature on patronage politics argues that ethnic representatives bestow economic benefits (perhaps even exclusively) on co-ethnics.³⁷ I argue, by contrast, that playing the identity card creates disincentives for politicians to advance the economic interests of the voters that they mobilize on ethnicity. In the following section, I provide a stylized explanation of the theoretical argument that I develop in this book. My goal is to underline the key assumptions and intuitions that lie beneath my explanation for why ethnic politics systematically shape popular contests over regulatory change. I use this theoretical framework of political competition to develop hypotheses for why ethnic demography could play a systematic role in explaining variation in economic policy.

³⁶Indeed, looking at the case of India, some have argued that people are inclined to “vote their caste, not cast their vote.” Corbridge and Harriss 2000; Chandra 2004; Jaffrelot 1996; Varshney 2002; Wilkinson 2004. For theories of cross-cutting cleavages, see Dunning and Harrison 2010.

³⁷According to this line of thought, informational constraints that are endemic in patronage democracies tend to “force voters and politicians to favour co-ethnics in the delivery of benefits and votes” Chandra 2004, 12.

1.2 Explaining the Identity Politics / Economic Policy Tradeoff

By way of introduction, I present my analytical approach to answering the key theoretical questions motivating this book. I use this description to lead into my theory's insights and implications. Suppose that there are two identity groups in society, reds and greens. Citizens from each group work in one of two industries, sugar producing and confectioners. A tariff on sugar would protect the sugar industry from competition by foreign sugar manufacturers selling sugar at relatively low prices. If higher tariffs protect the wages or jobs of workers in the domestic sugar industry, we would expect these workers to support politicians who promote such policies. But sugar tariffs harm domestic candy makers, who must now pay greater costs to procure the sugar that they need as an intermediate input. Citizens whose material welfare is connected to the confectionary industry should thus likely oppose sugar tariffs. If the country holds elections and politicians run for office on tariff policy platforms, how would political competition look? Absent other considerations, we might reasonably expect societal coalitions to emerge that cleave along the sugar/confectionary line. Sugar workers would throw their weight behind politicians who promise higher tariffs while candy makers would rally around candidates who support lower tariffs.

Two points about the policymaking conflict outlined above are worth noting at the outset. First, although this case is specific, it is emblematic of a much larger set of cases. The sugar industry could, for example, stand for one of any number of industries if we conceptualize confectioners as simply consumers in a society. Second, the case omits many of the theoretical nuances that the literature on trade policymaking emphasizes. For example, narratives that draw the axis of economic competition along factors of production, such as capital and labor, pay particular attention to how a country's factor endowments compare to those in the rest of the world, or to how labor mobility and geographic concentration can mediate mobilization incentives.³⁸ For the purpose of clarity, my setup abstracts away from these nuances, while maintaining the key theoretical tension—conflicts of economic interests between two sections of the electorate—that lies at the heart of conventional accounts.

³⁸See, e.g.: Hiscox 2002*b*; Mayer 1984; McGillivray 2004*b*; Rogowski 1989; Scheve and Slaughter 2001.

Now let us assume that citizens derive some amount of utility from identity in addition to the material payoffs that they receive from wages. I define this utility as the payoffs that citizens obtain when a political candidate that they prefer on identity grounds wins office. For example, suppose we ascribe colors to the two politicians described above: Red and Green. It is possible that a citizen might like Red over Green for a non-economic, identity-related reason. In such cases, consider a scoring structure that assigns citizens a positive mark when Red wins office or a negative mark when Green wins office. Voters might prefer politicians based on identity grounds for various reasons. For example, voters might simply have a “taste” for political representatives who share (or subscribe to) their identity backgrounds. Alternately, they might prefer politicians who actively promulgate their identities.

Incorporating these identity-related payoffs into individuals’ utilities is my first analytical departure from standard societal coalition theories of policymaking. The approach builds on a growing body of work in political economy that takes seriously the (widely believed) claim that social identity can provide individuals non-material benefits.³⁹ The way I conceptualize identity differs in important respects from existing work, however. It does not rely on the notion that voters care about the overall welfare of their social *group*. One line of scholarship argues that when voters value the material or cultural benefits that accrue to their social groups, they might be willing to accept policies that do not advance their own individual economic interests.⁴⁰ To be sure, group-level considerations are possible in my approach; voters can derive identity-related benefits from politicians who promote their group’s status.⁴¹ Yet, my account strives to provide a more expansive view of identity. As many scholars of ethnic politics have argued, citizens might view the benefits of identity representation in either group terms or uniquely *individual* terms.⁴² My approach incorporates both group and individual-level considerations, and my results are driven by political

³⁹See, also: Akerlof and Kranton 2000; Dickson and Scheve 2006, 2010; Shayo 2009.

⁴⁰See, e.g.: Akerlof and Kranton 2000; Shayo 2009; Suryanarayan 2015

⁴¹Such an interpretation would concord with the line of thought that argues that, in the presence of asymmetric information about how states distribute benefits, individuals might view the provision of group-level benefits as a proxy for individual-level benefits; this might again lead them to privilege group-wise allocations of economic benefits in the political domain (Chandra 2004).

⁴²See, e.g., Horowitz 1985*b*.

competition rather than attention to group welfare.

How do identity-related interests affect the dynamics of political competition? To fix ideas, consider a baseline, post-racial world in which the overall identity-related preferences of our citizens are, so to speak, “colorblind.” In this scenario, some reds might prefer Red along the identity front, while others might prefer Green. Greens might similarly prefer either Red or Green. On average, however, reds and greens are neither more nor less likely to prefer any one candidate on the dimension of identity. Assume also that the distributions of voters’ preferences for candidates are similar across social groups. In other words, the number of citizens who like either Red or Green with the same intensity of preferences is the same in both groups. I focus on a world where Red and Green are office-motivated candidates; they simply want to maximize their respective probabilities of winning the election and do not intrinsically care about either identity or policy. In such settings, we should expect both politicians to target their policy platforms toward swing voters—those voters who are willing to switch their support from one candidate to the other for small changes in policy.⁴³ Because voters in both the red and green groups have identical identity-related preferences, they should respond similarly to policy changes. Thus, in a “colorblind” world, politicians’ policy platforms are not affected by the ethnic distribution of workers in industries. When identity is not salient in the political arena, it does not matter whether workers in sugar manufacturing and candy making are red or green because marginal changes in tariff policies will affect citizens in each ethnic group equally. Put simply, Red and Green cannot improve their respective probabilities of winning the election by offering a tariff policy that differentially benefits voters belonging to a particular ethnic group. The candidates will instead set policies depending on the relative political strength of the sugar and confectionary industries.

1.2.1 Effect of Identity Card

Up till now, and in accordance with the vast majority of theories of policymaking competition, I have only accorded politicians one technology that they can use to win votes: economic policy.

⁴³Persson and Tabellini 2000.

But the literature on ethnic politics argues that politicians in many ethnically-divided societies often exploit a second technology—identity mobilization—with an eye to win votes.⁴⁴ In popular parlance, this is the strategy of using the “identity card” (or, “race card,” “religion card,” “caste card,” and so forth.) What does identity mobilization entail? In its extreme manifestations, the identity card might include religious riots, ethnic cleansings, lynchings, race baitings, or other drastic modes of mobilization. It might also refer to speeches and propaganda that extol the superiority of particular ethnic groups, demands to reclaim religious shrines or monuments from other groups, or bids to regulate cultural practices such as prayers in schools. In less extreme settings, the identity card can simply be exhortations against mingling or eating meals with members of other ethnic groups. So long as a mobilization strategy pits one group against another group, it would effectively serve as a technology of ethnic politics in my account.

Note that my view of identity mobilization is very different from the interpretation advanced by Marxist economic thought, which also seeks to explain why individuals (specifically, the poor) often vote against their economic interests. In the latter scholarship, identity (say, religion) may be employed to rationalize economic inequity in society. Politicians can invoke identity to make the citizenry believe that everyone deserves the wealth that they earn, and that it is unfair for the state to take wealth away from people. Ideology might also lead individuals to think that taxing the rich can generate adverse incentives in the economy (whether or not this is true), which could then trickle down and adversely impact everyone. Identity can, in effect, serve as an apparatus to help the poor cope with economic adversity. My argument does not rely on identity fostering such forms of “false consciousness” among voters. Instead, it serves as a mobilization strategy to shift voter preferences over representation.

At the same time, my approach builds upon, and extends in key respects, insights from the literature on multi-dimensional voting. As Roemer (1998) and Roemer, Lee and Van der Straeten (2007) show, when individuals have preferences along two dimensions (say, redistribution and religion), under certain reasonable conditions, politicians will set economic policies that do not

⁴⁴See, e.g.: Wilkinson 2004.

jibe with the economic interests of constituents.⁴⁵ Two points are worth emphasizing, however. First, political parties in Roemer (1998) *have* policy preferences—for example, left-leaning parties favor redistribution while right-leaning parties do not—and, in turn, seek to maximize the welfare of their constituents. Second, the distribution of voter preferences in Roemer (1998) are fixed, and politicians offer policy platforms based on these pre-existing distributions.⁴⁶ My analytical approach and theoretical goals are different in key respects. In my account, parties have no intrinsic economic preferences; politicians are simply office-motivated, and wish only to maximize their probability of winning elections. Additionally, identity mobilization by political entrepreneurs can instrumentally alter voter preferences over ethnic representation. These choices allow me to incorporate insights from the literature on ethnic mobilization into my study of policymaking.

Formalizing the effect of the identity card is a central analytical innovation of my model, and I now make explicit its effects and assumptions. In our example above, let us imagine that Red is considering exploiting inter-communal tensions by painting all public buildings red, while simultaneously coloring over motifs that are culturally invaluable to greens. We are interested in electoral dynamics in the wake of this campaign. My approach is going to focus on two effects of identity mobilization on voter preferences: (a) shifts in average preferences, and (b) shifts in the spread of preferences. Let us first consider the aggregate implications of the campaign for each social group. The red community might on average like Red *more* along the identity dimension. This is of course the main strategic reason why Red invoked identity in the first place; office-seeking politicians will only play the identity card if they expect some electoral benefits from their actions. At the same time, the boost in popularity among reds points to a parallel, reverse effect among greens because greens are at the receiving end of Red's campaign. The green community should, on average, favor Red *less*. I define these shifts in average support among members of courted and vilified groups as the “ethnic electoral bounce” effect. My first assumption is that once the identity card is deployed,

⁴⁵The basic intuition here is that left-leaning parties will offer policies that are not particularly redistributive if there are enough poor voters who always vote for religious parties.

⁴⁶These choices help elucidate how a party that has well-defined preferences along the economic dimension (e.g., lower taxes) can achieve its economic objective by proposing candidates who care about a non-economic issue (in this case, religion).

the ethnic electoral bounce effect will diverge across members of courted and vilified groups.

Next, I argue that the identity card differentially affects not only average levels of support, but also the distributions of support among groups. Consider how reds might vary in their responses to the ethnic campaign. Some reds (for example, firebrand fundamentalists) might be particularly pleased that Red publicly elevated their culture; they might even take special delight that it happened at the expense of greens. Yet other reds (say, the moderates) might be alienated by Red. The state shouldn't privilege a particular color, they might say. They might reprimand Red for the losses suffered by greens. They might simply dislike the uptick in inter-ethnic tensions triggered by Red's campaign. By contrast, among members of the victimized group, we should not expect to see a similar dispersion in preferences. While reds might either admire or repudiate Red, for example, members of the green community would likely not *favor* Red for the persecution that they encounter on Red's behalf. If anything, we should expect the spread of identity-related preferences among greens to become even narrower as greens coalesce against Red's identity campaign. I term these relatively different shifts in support *within ethnic communities* the "identity dispersion effect." My second assumption is that once the identity card is deployed, the dispersion of identity-based preferences among courted groups becomes *relatively* wider than the dispersion of identity-related preferences among vilified groups.

While I largely relegate empirical evidence to subsequent chapters, because both the electoral bounce effect and the identity dispersion effect play central roles in my theoretical framework, I pause briefly to discuss whether they accord with reality. Several forms of evidence suggest that voters belonging to victimized communities respond differently to ethnic politics compared to voters belonging to communities exalted by ethnic politicians. India's minority Muslim community, for example, is typically at the receiving end of injustice associated with communal politics. That Muslims tend to vote en bloc against Hindu-nationalist parties when political threats to their identity emerge is well documented.⁴⁷ Qualitative evidence supports this claim. Following Gujarat's Hindu-Muslim riots discussed earlier, Muslims largely consolidated their votes in favor of

⁴⁷Wilkinson 2004; Nellis, Weaver and Rosenzweig 2015; Gaikwad and Nellis 2015. See also Bharucha (2003, 557), which notes a "fluctuating polarisation of the electorate in terms of identity-based politics" in India.

the party that would most likely defeat the Hindu-nationalist BJP (in this case, the Congress). In a detailed case study of Modasa district, Shah (2010) found that “Muslims, irrespective of their social and economic stratification, voted for the Congress,” even in constituencies where Muslims ran as independent candidates, because (in the words of one interviewee), “this party is good for minorities” and it “treats everyone equally.”⁴⁸ But this was not true of Hindus. For some Hindu voters, “Hindutva was important”; one respondent said, “I am for BJP, the party of Hindus.”⁴⁹ Yet for other Hindus, the BJP had tarnished its image by participating in the riots. For example, one voter stated:

“For the first time I voted for the BJP in 1995 because the Congress was rotten and the BJP promised to be a party with difference. I again voted for it in 1998 when Shankarsinh Vaghela betrayed the party. But after seeing the 2002 riots, I realised that the BJP was more dangerous than the Congress. I then voted for the Congress in the 2002 elections and this time also.”⁵⁰

Anecdotal evidence thus points to a polarization of preferences *within* Hindu voters. Additionally, as expected, less ethnocentric voters are more likely to abandon ethnic parties; survey evidence on voting preferences in post-riots Gujarat found that among Hindus, “a majority of those who had low communal consciousness” favored the Congress.⁵¹ Note that these two types of voters could easily fit in existing scholarly narratives about the rise of Hindu nationalism in India. Hansen (1998, 314), for example, distinguishes the BJP’s Hindu target bases of electoral support into two major groups: the ‘Car Sevaks’ and the ‘Kar Sevaks.’ The former represent the modern, cosmopolitan, and secularly-oriented Hindus, whereas the latter comprise the more austere, socially conservative, and vernacular constituencies of Hindu voters. My claim is that the taste for Hindutva politics should vary considerably across these two stylized categories of Hindus.

Nationally representative data on voting patterns from India reflect this group-wise differences in support for ethnic politicians. Evidence from several rounds of Indian National Election Studies

⁴⁸Shah 2010, 59.

⁴⁹Shah 2010, 59.

⁵⁰Shah 2010, 59. These interviews led the author of the study to conclude that “Modassa town has been polarised socially and politically” (Shah 2010, 59).

⁵¹Shah 2002, 4843.

(NES) spanning the years 1967 to 2004 suggests that ethnic politics alter political preferences in ways described by my theoretical assumptions.⁵² In each nationally representative survey, voters were asked to name the party for which they voted. Figure 1 plots the average and standard deviation of support for each election’s Hindu-nationalist parties, which have historically drawn support from Hindu voters by promulgating pro-Hindu ideology and by stoking anti-Muslim threats.⁵³ A stark divergence emerges when we analyze Hindutva party support among Hindu and Muslim voters. In each election, pro-Hindu parties are on average more favorable among Hindu voters than among Muslim voters.⁵⁴ At the same time, preferences toward pro-Hindu parties are relatively more dispersed among Hindu voters than among Muslim voters. Although this evidence aligns with what I consider to be fairly intuitive behavioral micro-foundations about how individuals within social groups will react to identity politics, it is nonetheless only suggestive. In later chapters, I will introduce more formal empirical tests to interrogate the assumptions underpinning my theoretical model.

1.2.2 Linking Ethnic Politics to Economic Policy

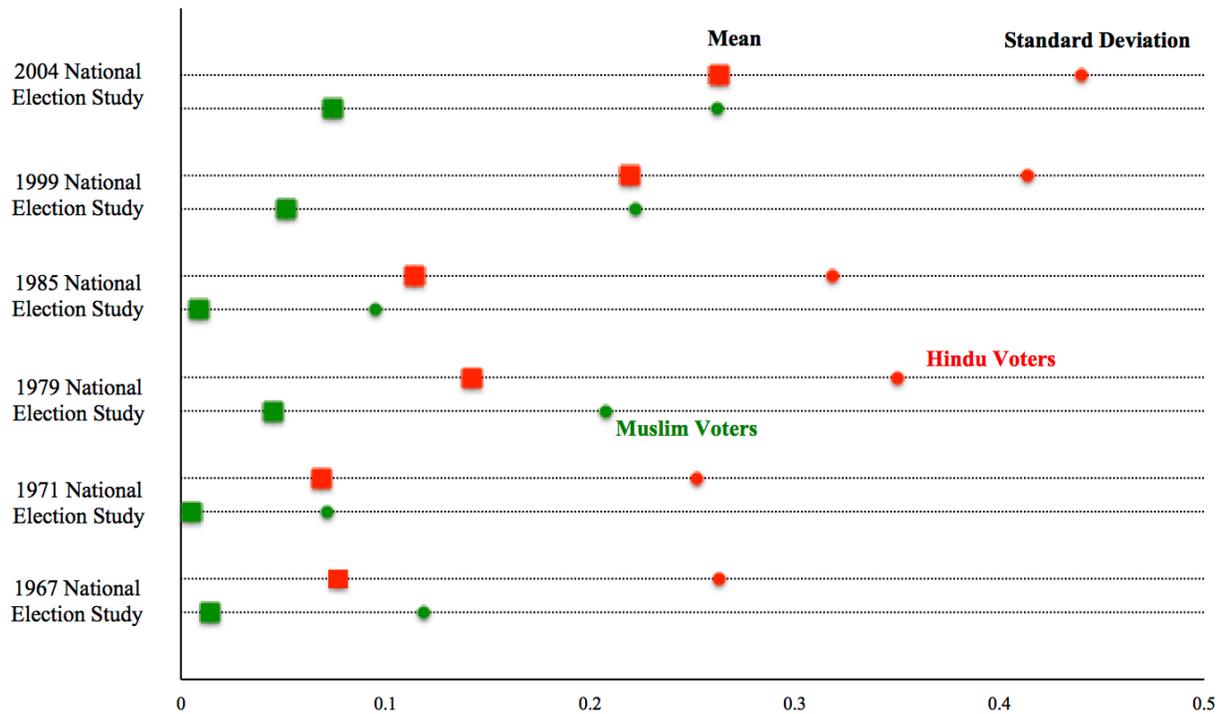
If the two effects that I identify—ethnic electoral bounce effect and identity dispersion effect—hold, we can now examine politicians’ decisions to mobilize voters on identity. Returning to our example, consider Red’s decision to engage in ethnic politics. Due to the electoral bounce effect, Red could earn a boost in the backing of the red community, but also risks losing support among greens. This indicates that both the direction of the electoral bounce effect and the relative demographic weight of each community in the population will play important roles in Red’s strategy. At a basic level, the decision to play the identity card depends on the electoral bounce effect being positive; if a particular form of mobilization makes a politician more favorable on average to members of

⁵²The 1967-1985 NES data are publicly available at ICPSR. I thank Pavi Suryanarayan for sharing the NES data for 1999 and 2004.

⁵³For a detailed discussion of Hindutva politics, see: Jaffrelot 1996; Wilkinson 2004.

⁵⁴The increasing support over time reflects the steady demise of India’s “one party” system, which was dominated by the (secular-minded) Indian National Congress for several decades following independence.

Figure 1: Mean and Standard Deviation of Group-Wise Voting for "Hindutva" Parties in India



Note: Values take 1 if voted for party, 0 if not. Party refers to BJP ('99-'04); BJP or Janata ('85); Janata ('79); Jan Sangh or Swatantra ('71); and Jan Sangh ('67). Source: INES, ICPSR for '99-'04 elections; NES, CSDS for '99-'04 elections.

her group, then she should face incentives to engage in it.⁵⁵ The second consideration—ethnic demography—mediates the electoral bounce effect. If Red wins less support from reds than she loses from greens, then the identity card strategy will clearly not be profitable; indeed, when the share of reds in the electorate falls below a critical threshold, Red would never consider it worthwhile to engage in identity politics. Politicians will thus face greater incentives to mobilize (using ethnicity) groups that are relatively more populous in society.⁵⁶ In this way, demography can be one ingre-

⁵⁵Of course, not all types of identity mobilization will generate positive payoffs. In some situations, for example, milder forms of identity appeals (e.g., placing particular religious signs in schools) might be profitable, while more extreme form identity mobilization (e.g., riots or lynchings) might not be condoned by voters. To explain variation in ethnic politics across time periods or regions, it might thus be helpful to evaluate how voters on average respond to different types of mobilization campaigns.

⁵⁶It is worth pausing to ask why *all* politicians do not ethnically mobilize members of the same ethnic group. My model suggests that as long as politicians have incremental advantages in rallying particular communities on identity (e.g., Red is a more credible vanguard for reds than Green), we shouldn't expect to see all politicians trying to rally the same groups of voters. This is not an unreasonable assumption. A defining feature of ethnic politics—as opposed to politics over economic policy—is that it tends to be “sticky.” Once candidates are associated with particular ethnic groups, they develop reputations as community torchbearers; purporting to represent opposing groups in future elections is no longer a credible strategy.

dient in explaining variation in the incidence of ethnic politics. When immigration or population growth or electoral boundary delimitations transform the ethnic makeup of societies, for example, we might observe powerful shifts in politicians' incentives to engage in ethnic politics.

It is worth pausing to note that the determinants of ethnic politics that have emerged thus far from my model—ethnic demography, electoral costs and benefits of identity mobilization, and the presence of political competition—resonate closely with foundational observations in the scholarship on ethnic politics.⁵⁷ My model abstracts away from other important refinements highlighted in the literature, such as, for example, variation in the degree of political competition, inter-ethnic civic relations, or information asymmetries.⁵⁸ Yet, by focusing on the key building blocks of ethnic mobilization theories, I am able to better clarify how they relate to political contests over economic policy, which is my central goal.

My model reveals that the politician's decision to play the identity card depends not only on demographic factors and on average shifts in identity-related preferences (as we might expect based on prior studies), but also on the spread of identity-related preferences among voters. Not only that, I show that this dispersion of identity-related preferences informs ethnic mobilization decisions *because of its relationship with economic policy*. In other words, I find that a strategy of ethnic mobilization is at its core tied to a strategy of economic mobilization. The intuition for this result is described below.

The key concept in my theory is that the distribution of identity-related preferences among voters determines the relative importance that voters in a group attach to identity versus economic considerations. When a group of voters is not polarized along the identity dimension (i.e, voters do not both strongly favor and disfavor candidates on identity grounds), it contains a certain proportion of voters who will switch their political preferences in response to economic policy benefits. By contrast, when preferences for identity-related representation are dispersed (concentrated), the group contains relatively fewer (more) voters who are willing to switch their support for equivalent policy changes. Therefore, differences in the distributions of identity-related preferences influence

⁵⁷e.g., Wilkinson 2004.

⁵⁸e.g., Chandra 2004; Varshney 2002; Wilkinson 2004.

the rate at which politicians can secure new votes in exchange for policy. Now recall that due to the identity dispersion effect, the identity card will generate relatively more polarized preferences within the courted group than within the out-group. To fix ideas, consider the case in which the identity card polarizes preferences in the courted group but has no effect on the dispersion of preferences in the out-group. Here, the politician will lose voters in the ethnic out-group at the *same rate* as before. However, the politician now gains voters in the mobilized ethnic group at a *lower rate* than before. There will be some critical threshold of dispersion in the identity-related preferences of the mobilized ethnic group beyond which the politician is better off not playing the ethnic card and simply winning votes using economic policy. Beyond this threshold, the loss in swing voters (who would have easily delivered votes in exchange for policy) in the mobilized group will outweigh the gain in voters who simply preferred the candidate on ethnicity grounds.

To explicate the binding nature of this tradeoff, let us assume in our example that reds are indeed the numerically larger group and that Red undeniably reaps an electoral bounce by painting over green murals. Given that the boost in electoral support among reds is greater than the loss in support among greens, Red should find playing the identity card appealing. But suppose Red had alienated the progressives and energized the fundamentalists in the red community.⁵⁹ Because of Red's actions, green voters who are relatively easier to buy off using economic policy will gravitate toward Green. But among reds, Red will win and lose voters who require more economic policy benefits to switch support. Now permit a thought experiment in which the polarization among reds is so incredibly large that all red citizens make up their minds whether to vote for or against Red based simply on identity; in this case, absolutely no amount of economic policy offerings would convince any red citizen to change her mind. Here an intriguing possibility emerges. Although Red has succeeded in becoming more favorable on average among reds, Red could improve his chances of winning the election by simply abstaining from ethnic politics and utilizing the economic policy technology to win votes.

This point highlights an important feature of my theory. Electoral demography and aggregate

⁵⁹Because no green has switched support to *favor* Red, polarization among greens is low. But among reds, because voters have now decided to vote either for or against red based on identity, polarization is relatively higher.

vote increases from playing the identity card can not, in and of themselves, explain why we see a proliferation of identity politics. In settings where voters care about both identity and material benefits, and where political candidates compete using two technologies (identity *and* economic policy), there will be some decision-making space where even when identity politics is on average profitable, refraining from identity politics and engaging in economic policymaking is *more* profitable. My theory underlines the factor that determines this decision: the degree of polarization caused by identity politics. As the number of progressive voters within the majority group becomes larger, at some critical point, we should expect politicians to tilt toward courting votes in the majority group using policy.

1.2.3 Impact of Ethnic Politics on Economic Policy

The discussion above underlines the mechanisms by which identity interests interact with economic preferences, and, in turn, sets the stage for my theory's central contribution. The scholarship on the politics of economic policymaking has not considered the possibility that identity politics can influence political contestation over economic policy. I show, by contrast, that politicians' decisions to invoke ethnic politics in the electoral domain systematically shapes incentives to offer economic policy. In equilibrium, identity politics generates incentives for politicians to *subvert the economic interests of groups they mobilize on ethnicity*. When industries are more ethnically homogenous, politicians face greater incentives to court the votes of these workers using identity politics. Yet because identity politics make workers less responsive to economic policy, it reduces political incentives to offer the industry its preferred economic policy.

To give an intuition for this result, I return to the society in which reds and greens are employed in sugar manufacturing and candy making. We saw earlier that without the technology of the identity card, politicians would face incentives to tilt their tariff policy platforms toward the numerically stronger industry. That is, in a "colorblind" world, where identity is not salient in political decision-making, politicians would not be able to improve their electoral probabilities by preferentially advancing the economic interests of either red or green citizens. Let us assume that

sugar employs more workers than candy making and that there are more reds than greens in society. Assuming that sugar workers prefer tariffs as a means of protecting their income from competition by foreign sugar manufacturers, we would at first expect politicians to raise sugar tariffs. But if we endowed politicians with the identity card technology, under certain conditions, Red would face incentives to mobilize red citizens with identity. Red might be able to get a relative boost in support by infusing identity politics into the electoral domain.

How would Red's decision to invoke identity affect equilibrium tariff policies? The first effect of the identity card—the ethnic electoral bounce effect—shifts the average identity bias among reds and greens, but politicians simply adapt their economic strategies by targeting their policy platforms toward the *new* swing voters in each ethnic group. Thus, the electoral bounce effect does not affect politicians' tariff policy platforms. However, the second effect of the identity card—the identity dispersion effect—does impact equilibrium policies. Due to the identity dispersion effect, there are relatively fewer swing voters among reds than among greens. This occurs because identity-related preferences among red voters are more polarized than preferences among green voters. While the firebrand fundamentalists have already decided to vote *for* Red on account of ethnicity, the moderates have similarly decided to vote *against* Red on the basis of identity. In other words, for marginal changes in tariff policies, Red is not able to win many new voters among reds. But among green voters, although there has been an average shift in identity-related preferences, there has been no congruent polarization. Therefore, small changes in tariff policies purchase a relatively larger share of new voters among greens than among reds. Red thus faces incentives to target economic policies toward greens after mobilizing red voters using identity politics.

This countervailing relationship between ethnic mobilization and economic representation, in turn, influences equilibrium tariffs. If there are more reds than greens in the sugar industry, then politicians will face incentives to fashion their economic policies *away* from sugar and toward confectionaries. More broadly, as the share of a mobilized ethnic group increases in an industry relative to its share in the population, then politicians should start to downplay the economic interests of the industry.

I show that this effect holds if we increase the number of red voters in the sugar industry, while holding constant the number of red and green voters in candy making. I also show that this effect holds if we simply exchange red voters from candy making with green voters in sugar production. To observe this second effect, assume that the sugar industry is split exactly down the middle with red and green workers. Given that red is the majority group, there should be more reds than greens in candy making. In this case, the sugar industry is ethnically divided, whereas the candy making industry is relatively more homogenous. Suppose that Red now plays the identity card and mobilizes red workers on identity. We are interested in policymaking contestation in the wake of this campaign strategy. If red workers now move from confectionary to sugar, and green workers simultaneously move from sugar to confectionary, the sugar industry, in effect, becomes more ethnically homogenous with reds. As the sugar industry becomes more ethnically homogenous with reds, Red will find that she can win more votes by targeting her economic policy toward greens in candy making. Thus, the sugar industry will begin to receive fewer preferred economic policies just as the confectioners will begin to receive a greater degree of policymaking benefits. The same intuition applies to the broader case where we simply increase the number of reds in the sugar industry while keeping fixed the number of red and green voters in candy making.

This result is surprising. Theories of ethnicity and collective action suggest that ethnic homogeneity *increases* the likelihood that voters coordinate and receive policy benefits from the government.⁶⁰ The literature on ethnic parties also suggests that politicians are most likely to bestow economic benefits on co-ethnic voters.⁶¹ My theory argues, by contrast, that as workers within industries become *more* ethnically homogenous, they should receive *fewer* economic policy benefits.

This theoretical framework helps shed light on the policy variation puzzle that I introduced at

⁶⁰Alesina, Baqir and Easterly 1999; Austen-Smith and Wallerstein 2006; Hechter 1974, 1987. Linkages between ethnic cohesion on the one hand and self-regulation, self-monitoring, trust, reciprocity, and collective action over public goods on the other hand are clearly documented in the literature. Habyarimana et al. 2007; Miguel and Gugerty 2005; Richman 2006; Robinson 2012. According to prevailing theories, ethnicity can influence collective action capabilities if co-ethnics are better able to cooperate, utilize social networks to sanction free riders, or exhibit altruism toward one another. Habyarimana, Humphreys and Posner 2009.

⁶¹According to this line of thought, informational constraints that are endemic in patronage democracies tend to “force voters and politicians to favour co-ethnics in the delivery of benefits and votes” Chandra 2004, 12.

the start of this chapter. By my theory, in ethnically divided societies characterized by identity politics, the ethnic distribution of workers within and across industries should inform the political clout of different industrial groups, and determine the preferential economic policy benefits that industries receive. South Asia is replete with such electoral settings because population groups commonly exhibit crosscutting diversity in occupational and ethno-linguistic profiles. In India, for example, there is a great degree of variation in the ethnic profiles of industries and occupations. As one example, consider the raw hides and leather industry. This industry has historically been relatively ethnically homogenous, employing large proportions of Hindus of particular castes (e.g., Chamars) and Muslims because religious scriptures prevented many categories of Hindu castes from handling animal hides. Import tariffs on this industry have typically been very low. In 1991, for example, tariffs on raw hides and leather products combined were 39 percent (the rate for raw hide products alone was zero percent), while the average ad valorem tariff in the country was 83 percent. Recall that conventional, “colorblind” theories of economic policymaking are oblivious to the ethnic characteristics of industries such as this while seeking to explain the political determinants of policy variation in a country. My theoretical approach to policy formulation, however, pays attention to ethnicity. It propose an explanation for how the interplay of economic preferences, identity-related interests, and political competition shapes patterns of economic policy formulation in ethnically divided societies.

An overarching benefit of the theory that I develop is that it allows us to examine political conflicts related to economic policymaking and ethnic conflict within a single framework. By incorporating identity politics into theories of economic interests and trade policymaking, my theory offers new insights about the social and political foundations of patronage and regulatory capture in democratic systems. My findings suggest that standard theories of societal coalition politics are missing an important part of the story by overlooking linkages between identity politics and economic policymaking. Yet the implications of my argument are far from theoretical. There has been a sharp rise in identity politics across the world in recent decades. Distributional gaps—stemming from poverty, inequality, land and capital ownership, and skills-based opportunities—abound pre-

cisely in those places where identity politics have been most pronounced. Prevailing academic and policy approaches focus almost exclusively on economic factors while seeking to explain and resolve these distributional conflicts. Concurrently, they tend to focus only on identity-related factors while seeking to study the dynamics of ethnic conflict. My work suggests that incorporating the role of identity politics into the analysis of economic policymaking might be necessary for developing holistic frameworks to understand these different forms of political contestation in ethnically divided societies.

1.3 Method and Plan of the Book

In the remainder of the book, I develop and test the argument described above by using a multi-methods approach. The chapters draw on game theoretical modeling, multiple rounds of fieldwork in India that were conducted over a period of three years, original data on industry-level tariffs spanning the pre- and post-independence period that I collected from libraries and archives in India and England, as well as experimental and observational tests of the argument.

In Chapter 2, I formalize my argument by using game theoretical modeling. This approach allows me to analyze the key tradeoffs that politicians face while mobilizing voters who have both identity-related preferences and material interests. My model builds on the probabilistic voting model, but it departs from conventional frameworks by providing politicians a choice to mobilize voters on both ethnicity and economic policy. Thus, politicians seek to win elections by offering economic policies that alter voters' relative wages and/or by playing the "identity card" to divide the electorate along ethnic lines. Economic policies benefit some workers but harm others, just as the "identity card" can provide an electoral bounce even as it polarizes the electorate. I show that once polarized along identity lines, voters belonging to an ethnic group become less likely to switch their candidate preferences in exchange for marginal changes in policy. Politicians thus face incentives to fashion their economic policy platforms away from voters in groups that are mobilized on identity.

Chapter 3 presents experimental evidence to evaluate the behavioral micro-foundations un-

derpinning the central mechanisms and predictions of my theory. My evidence draws on eight survey experiments employed on three sets of nationally representative surveys in India: a survey of municipal-level elected politicians, a survey of voting-age citizens, and a survey of importing and exporting firms in the country. The goal of the experiments is to demonstrate that the mechanisms identified by my theoretical model—in particular, the ethnic electoral bounce effect and the identity dispersion effect—as well as its core predictions related to the countervailing relationship between identity and economic representation resonate with realities on the ground. I supplement this experimental evidence with observational public opinion and voting evidence to show that my theory’s framework is broadly applicable to many political settings.

In Chapter 4, I take a historical approach to examining the relationship between identity mobilization and trade policy variation in India. After independence in 1947, there was a sharp rise in language-based state-level boundary delimitations in India. These boundary delimitations gave rise to regional identity based political parties in several parts of India. Parties such as the Shiv Sena (in Maharashtra) and the Dravida Munnetra Kazhagam (in Tamil Nadu) rose explicitly on identity-based appeals. I present evidence to show that my theory provides a useful lens to interpret the rise and political strategies of these parties. Consider the case of the Shiv Sena party and the proliferation of identity politics in Maharashtra. The creation of a more ethnically homogenous Marathi-speaking constituency created electoral incentives for the Shiv Sena to wage election campaigns based on Maharashtrian-focused identity appeals. But the Shiv Sena targeted its mobilization strategies in ways that closely mirror the predictions of my theory. The party mobilized workers in ethnically homogenous industries based on identity, but won votes from workers in ethnically heterogenous industries based on protectionist economic appeals. I next present case study evidence pertaining to the DMK, Muslim League, and BJP to show that this strategic use of identity to mobilize voters belonging to particular types of ethnic groups on the one hand and economic policy to mobilize voters belonging to other types of ethnic groups on the other hand is a recurrent ploy employed by many ethnic parties—across geographical settings and time periods in India.

Chapter 5 examines the relationship between ethnic diversity and trade policy. I introduce a new dataset of annual product-level import tariffs that I compiled by triangulating archives and libraries across India and the UK. I use this data to evaluate my theoretical prediction about the relationship between ethnic heterogeneity and policy outcomes. In line with my theory, my analysis reveals a positive and meaningful association linking diversity to industry-level measures of protection. I present evidence to show that electoral competition explains these policy variations: politicians resort to identity mobilization when courting workers in homogenous industries, but turn to economic protectionism when rallying voters in ethnically diverse industries. I also use historical data on industry-level tariffs to show that the 1960s and 1970s were precisely the time when trade policy underwent major reformulations. There was a rise in economic protectionism in the country at this time. But the protectionism that took place was not uniform. It tended to privilege ethnically diverse industries and industries in locations where identity politics were not salient. A focus on the Indian setting shows that standard theories of societal coalition politics are missing an important part of the policymaking story because they under-estimate the role of identity politics in shaping regulatory dynamics and outcomes.

In Chapter 6, I extend the project by studying how my theoretical framework helps explain political competition and economic policy dynamics in alternate settings, such as Brazil and the United States, during the early twentieth century. I also study the implications of my theory for alternate sets of policy outcomes related to excise tariffs in India. This chapter explains the scope conditions under which my argument extends from India to other ethnically divided societies.

I conclude in Chapter 7 by discussing the implications of my argument for the study of economic policymaking. Theoretically, by combining for the first time insights from studies of trade policymaking with lessons from studies of ethnic politics, it brings into conversation literatures that have largely ignored one another, and sheds new light on our broader understanding of distributive politics in ethnically divided societies. My findings are also relevant from a policy perspective. Understanding the sources of variation in trade protection can better equip policymakers to overcome the gridlock that continues to plague global trade negotiations. Additionally, because trade-related

regulatory transformations have reshaped the global economy and altered the welfare standards of millions, comprehending their socio-political antecedents is crucial for understanding economic development trends. By presenting a framework to explicate how electoral politics mediate mobilization over policy in ethnically divided societies, my research helps explain variation in trade policy outcomes, generating insights of interest to scholars and policymakers alike.

3 Experimental Tests of Theoretical Mechanisms

This chapter sets out to test the key empirical implications that arise from the theoretical model developed in Chapter 2. I conduct a set of three large surveys on national samples of voting-age citizens, elected politicians, and importing and exporting firms in India. These surveys embedded experimental vignettes that probed respondents' viewpoints on electoral dynamics associated with identity politics and economic policymaking, offering in turn a series of unbiased causal estimates that can be used to evaluate my theory's assumptions and predictions.

A survey-based research design offers several advantages in the context of this study. In particular, it provides a clear strategy to test the behavioral micro-foundations of the mechanisms underpinning my theoretical model. The citizen and politician surveys help adjudicate whether in real world settings the key actors in my model—voters and their representatives—respond to political mobilization strategies and electoral incentives in ways that are congruent with the theory's predictions. Does the identity card impact members of courted and victimized communities in systematically different ways? Do political entrepreneurs observe these effects and then develop new expectations about how identity politics will shift their electoral returns from mobilizing voters on economic policy? Does the ethnic composition of constituencies influence the strategies that politicians use to win votes during elections? Answers to these questions that are based on clearly identified empirical evidence from representative surveys of voters and politicians can help adjudicate the validity of my theoretical argument. The firm-level survey, meanwhile, focuses on my theory's economic policy implications. Firms and economic actors are presumably highly attuned to the relationship between political dynamics and industry-wide policy milieus—their profits and bottom-lines directly depend on it. Their evaluation of the theory's predictions regarding policy change thus offers a novel avenue by which the policy implications of my argument can be evaluated.

In what proceeds, I first describe each of the three sample frames, characteristics, and sampling approaches. I then present a set of research designs, empirical approaches, and findings from experiments that I employed to test the two main assumptions guiding my model as well as the three

key predictions that arise from it. I use voter-level data to test the two theoretical assumptions, since the assumptions center on the effects of identity mobilization on voter preferences. I then use politician- and firm-level data to test the theory's predictions pertaining to the strategic behavior of politicians and the implications for economic policy, respectively. For each of these predictions, I replicate the experimental tests on my sample of voters. These paired experimental tests facilitate the interrogation of my theory on different samples that are uniquely positioned to provide direct insight into the strategic behavior of the actors in my theory. If voters view the electoral implications of identity politics in a similar manner to political and economic actors, then we should have a high degree of confidence in the mechanisms and predictions of my theoretical model.

3.1 Survey of Voters in India

The first set of survey experiments were fielded on a large, nationally representative set of voting age citizens in India. The sample spanned the entire geography of the country, excluding only some minor north-eastern states and union territories.⁹⁴ Demographically, too, the sample mirrored the country's population. The survey was conducted using Computer Assisted Telephone Interviewing (CATI), drawing on the entire universe of mobile phone and landline users in India.

The sampling design proceeded as follows: A computer generated predictive dialer selected phone numbers to dial from a list of randomly generated numbers on telecom circles and digital exchanges spanning all landline and mobile telephonic service providers in the country. Once informed consent was sought from the respondent, the survey was fielded either directly or according to the respondent's preferred schedule.⁹⁵ Several features of the study contributed to the representativeness of the survey. Because incoming calls are free in India, respondents did not bear any costs associated with the interviews, ensuring that particular sections of the population were not excluded from the sample frame. This is a key concern with internet surveys, since large proportions

⁹⁴In particular, the survey targeted respondents from Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal, and Delhi.

⁹⁵If respondents did not provide informed consent, the interview was terminated immediately. If respondents were busy, interviews were re-scheduled for a later date and time.

of the population do not have access to, or familiarity with, computers and the internet. A related concern plagues face-to-face surveys, because the need to travel for, or be physically present at, work makes a substantial section of the population difficult to contact. By contrast, cell phone coverage is near ubiquitous among the vast majority of demographic groups in the country, and a short telephone survey can be fielded freely and relatively easily with low time commitments by most cell phone users.⁹⁶ Additionally, telephone surveys are particularly appealing in the Indian context due to privacy and social desirability concerns; while face-to-face surveys are typically conducted in group settings (husbands, for example, routinely demand to be present for interviews with their wives), interviews by phone can easily be scheduled in private settings, enhancing the truthfulness of elicited responses. Note also that although Indian telecommunication laws permit the use of a “Do Not Call” (DNC) registry for citizens to screen out marketing and sale calls, public opinion polls are not subject to DNC criteria, ensuring that all citizens with phone accounts have an equal likelihood of first contact.

The survey was conducted in 11 languages (Hindi, Punjabi, Gujarati, Marathi, Kannada, Malayalam, Tamil, Telugu, Odiya, Bangla and Asamiya) to maximize the representativeness of the sample. Together, these factors ensured that the survey was able to target an overwhelmingly large proportion of citizens in India. Of course, as in all surveys, there is variation in the likelihood of obtaining responses across members of different demographic groups; to account for this, and in order to obtain a geographically and socio-economically representative sample, low-frequency type demographic groups were over-sampled. Finally, all interviews were digitally recorded; one set of randomly selected interviews were monitored in real-time by supervisors, while another set of randomly selected interviews were re-contacted and re-interviewed to confirm the quality of the data collection process. These steps ensured a high degree of quality control and enumerator probity.

The wide coverage of mobile telephony, ease and flexibility of scheduling and conducting interviews, and the ability to ask sensitive questions that are typically difficult to ask in group

⁹⁶As of December 2016, the teledensity rate in India was 89.90%, with over 1.152 billion mobile phone users in the country, the second highest in the world.

settings—not to mention the cost-effectiveness and logistical simplicity of telephone versus in-person interviews—made CATI the most preferable format for obtaining a nationally representative sample in the context of this study.⁹⁷

3.2 Survey of Elected Politicians in India

The second set of survey experiments were conducted on a random sample of elected politicians in India. My sample frame comprised municipal-level politicians from the country's 28 largest cities. These politicians lie one level below state representatives and two levels below federal representatives. Municipal corporators (the term used locally for elected councilors from municipal corporations) are responsible for a wide array of local-level economic policies that have distributive dimensions, including the provision of public goods such as schooling, housing, healthcare, roads and bridges, and water and sanitation.⁹⁸ Importantly, they decide and implement policies pertaining to economic development, urban poverty alleviation, and social justice—policies that in effect involve favoring particular groups of voters over others.⁹⁹ Indeed, ethnographic work establishes that corporators in India typically target economic resources across groups of constituents with a high degree of discretion.¹⁰⁰ This is a key advantage in the context of my study, as my experiments sought to probe politicians on their choices of electoral strategies when redistribution across ethnic and economic is at stake. By raising and then selectively distributing resources across communities, these politicians play a role that corresponds to that of the elected representatives in my theoretical model. The magnitude of distributive policies adjudicated by corporators in India is large. For example, the Mumbai Municipal Corporation alone employs around 108,000 people and operates with an annual budget of Rs. 310 billion, which is funded primarily by various forms of local taxes.¹⁰¹ These taxes are raised from both richer citizens, through property taxes, and

⁹⁷Note to Dissertation Committee: The analysis presented in this draft uses responses from 2,969 respondents. I am waiting to receive one last batch of data (~500 more respondents) within days. The final tables and discussion of results will be updated to incorporate this last batch of data.

⁹⁸Bhagat (2005).

⁹⁹Berenschot (2010), 896.

¹⁰⁰Oldenburg (1976); Berenschot (2010).

¹⁰¹Gaikwad and Nellis (2017).

poorer citizens, via regressive taxes such as sales taxes and octroi, creating distributive tradeoffs that directly or indirectly impact the majority of the population.¹⁰²

Several other attributes make this sample well suited for tests of the electoral dynamics that lie at the heart of my theory. Anthropologists consistently report evidence that ethnic favoritism is common among corporators, a real-world feature that accords with the setup of my theoretical model.¹⁰³ Additionally, corporators operate in competitive electoral milieus,¹⁰⁴ representing single-member wards and facing re-election every five years; thus their perspectives and strategies are motivated by the drive to seek and retain office. Note that although these politicians do not set federal-level economic policies, they serve as on-the-ground interfaces between voters, broader party organizations, and higher-level party representatives. They therefore have deep knowledge about campaign and electoral mobilization strategies within their own parties and are intimately involved with the election campaigns of politicians and parties at all levels of the government.

To develop this sample frame, my team and I compiled comprehensive lists of elected municipal corporators in India's largest cities. This list of cities included all the country's state capitals, as well as the ten largest cities in the country.¹⁰⁵ The corporators represented states with over one billion citizens and were elected by urban constituencies totaling approximately 113 million city residents. Politicians' telephone numbers were scraped from the websites of the municipal corporations, where this information is publicly displayed.¹⁰⁶ My survey firm then attempted to contact 1,500 politicians by telephone, and was able to get responses from 420 councilors (generating a response rate of 27%). The survey was offered in Bengali, Gujarati, Hindi, Kannada, Malayalam, Marathi, Oriya, Tamil, and Telugu, depending on the language preferences of respondents.¹⁰⁷

¹⁰²Karnik, Rath and Sharma (2004).

¹⁰³Berenschot (2010, 895-897).

¹⁰⁴Oldenburg (1976); Berenschot (2010).

¹⁰⁵These cities included: Agra, Ahmedabad, Amritsar, Bengaluru, Bhopal, Bhubaneswara, Chandigarh, Chennai, Coimbatore, Dehradun, Delhi (East, North, and South Delhi corporations), Gulbarga, Hyderabad, Jaipur, Jalandhar, Kolkata, Lucknow, Ludhiana, Madurai, Mumbai, Panaji, Pune, Raipur, Ranchi, Shimla, Surat, Thane, Thiruvananthapuram, Mumbai, Hyderabad, and Kolkata. Cities in the North-Eastern states and Jammu and Kashmir were excluded for the purposes of safeguarding our enumerators. For a detailed description of the methodology, see Gaikwad and Nellis (2015).

¹⁰⁶For two cities, contact information was collected from the municipal corporations.

¹⁰⁷The surveys were translated and back-translated to ensure consistency across languages.

3.3 Survey of Trading Firms in India

The third survey was fielded on a random sample of importing and exporting firms in India. These firms are primarily engaged in international trade, and are thus closely attuned to the political dynamics surrounding industry-level trade and economic policymaking in the country. My population of interest was the entire universe of firms listed in the Government of India's "Directory of Importers and Exporters." India's Ministry of Commerce and Industry has published this list of firms since 1919 in order to make available information that can facilitate trade and commerce between India and the rest of the world.¹⁰⁸ The Directorate General of Commercial Intelligence verifies the financial standing and credibility of all firms that enter the database, ensuring that only bonafide trading entities that are highly familiar with policymaking milieus, rather than fly-by-night shops, were included in the list of firms eligible to be sampled. Consequently, unlike the majority of experimental work in political economy, I was able to test the policy implications of my theoretical model on a sample uniquely positioned to provide insights into the domestic politics surrounding international economic policymaking.

My team and I scraped the details of all 8,485 firms that were listed as either importing or exporting firms in this Directory in 2016. Collectively, these firms imported over 6,500 products and exported over 10,000 products (classified at the six-digit, HS-code level). We then attempted to make contact with approximately 2,000 randomly selected firms from this list, of which 254 completed full interviews. Our response rate (13%), although low, is similar to the response rate established by other firm-level surveys in developing countries.¹⁰⁹ For each potential respondent, my survey team first emailed the firm with a common introductory message that explained the context of the study and made a request to schedule an interview. We then attempted to call each firm three times, spaced over the course of several weeks, to schedule and conduct interviews. Finally, I sent personally addressed emails to senior-level management staff in each firm to follow up and request their assistance in completing the survey. We requested interviews with either

¹⁰⁸Directorate General of Commercial Intelligence and Statistics 2017.

¹⁰⁹See Kim et al. (Forthcoming), which conducts a survey of importing and exporting firms in Costa Rica, and Malesky and Mosley (2016), which conducts a survey of trading firms in Vietnam.

the owners or executive-level managers in the firms, and offered respondents the choice to take the survey either over the telephone or via an internet platform. The vast majority of interviews were conducted in either English or Hindi (the languages most commonly used by the business community in India), although respondents were given the option of taking the interviews in their local regional languages, a choice that was availed of by some respondents (mostly those in the southern India).

The resulting sample was geographically distributed across all the major industrial zones of the country, from Assam and West Bengal in the east to Gujarat and Maharashtra in the west, and from Tamil Nadu and Kerala in the south to Punjab and Uttar Pradesh in the north. These firms included both exporters and importers, spanning high-skilled industries such as automobiles and pharmaceuticals to low-skilled industries such as textiles and mining. The survey was conducted over several rounds between October 2016 and June 2017. To my knowledge, this was the first survey of Indian firms engaged in international trade, as well as the first firm-level survey conducted for academic research in India.

3.4 Testing Assumptions About Identity Card and Voter Preferences

I now discuss the research designs and empirical strategies employed in my experimental tests. I begin by testing the assumptions in my formal model and then proceed to evaluating the key predictions that emerge from it. One benefit of formalizing my argument previously is that I am able to make explicit the assumptions that undergird my theoretical claims. As Chapter 2 lays out clearly, I make two assumptions regarding the effects of the identity card on voters who belong to ethnic groups that are either exalted or vilified by political entrepreneurs. In particular, I first assume that the identity card will have different effects on the average levels of support among voters belonging to the excluded group and courted group, respectively. The loss of support among members of victimized minority groups is a key cost faced by identity entrepreneurs in the context of competitive elections. Secondly, once a politician plays the identity card, there will be relatively greater polarization among members of the celebrated group than among members of the excluded

group. This happens because voters in the courted groups diverge in their responses to the identity based campaigns of the ethnic entrepreneurs, whereas in the persecuted group, voter preferences coalesce because individuals unify in how they respond to identity-based victimization. This differential rate of dispersion of support among members of courted and excluded identity groups is what drives political entrepreneurs to shift their economic policy platforms in the presence (as opposed to the absence) of identity politics. Note that the key mechanisms driving my model simply depend on relative differences (rather than equal and opposite absolute changes) emerging in the rates of dispersion and average favorability across voters belonging to both groups—a point that I discuss in detail below. I view these assumptions to be intuitive and reasonable. Nonetheless, it is imperative to interrogate their validity because they drive several of the competitive electoral dynamics in my theoretical argument.

Experiment A (Voters)

Previously, I provided qualitative evidence and observational survey data to suggest that both assumptions are routinely borne out in real world elections that feature ethnic politics. The benefit of using such data is that ethnic mobilization typically takes place in unique local contexts, shaped by complex histories and lived experiences that should be accounted for when studying the impact of identity politics on voter preferences. Observational data is best suited for capturing broad patterns of voter preferences in the face of such ground-level complexities, yet it is less equipped to answer important questions regarding the causal relationship between ethnic mobilization and popular support for politicians. I now take a different strategy to address some of these concerns. In particular, I experimentally manipulate the presence or absence of identity politics in a hypothetical speech given by a politician campaigning for election and use this design to study the effect of identity mobilization on voter preferences. In the nationally representative survey of voters, I included a survey experiment (Experiment A) which directly analyzed the effect of identity politics invoked by a Hindutva politician on support for the politician among Hindu and non-Hindu voters, respectively. Of course, invoking identity politics in an experimental context can by no means

replicate forms of ethnic politics that play out in real-world settings; nonetheless, the benefit of this approach is that I am able to hold constant a host of confounding factors that are correlated with ethnic mobilization and, in turn, parse out unambiguously the effect of identity appeals on the electoral preferences of voters. The evidence from this study can be triangulated with the observational evidence provided earlier to interrogate the validity of my theoretical assumptions.

In Experiment A, I provided respondents the following vignette (with my treatments highlighted in bold):

During a recent election, a politician named Mr. Sharma made the following speech: “India is a spiritual country. Our country is first and foremost defined by **[its many different faiths and cultures, which we have inherited from the past/ its Hindu culture, which we have inherited from the vedas]**. If you elect me, I will protect India’s **[many different faiths and cultures/ Hindu culture]**. I will also promote development and help business and industry. **[Jai Hind!/Jai Shree Ram!]**”

I then provided respondents the following question: “Of course, in reality, you may have more information about candidates during elections. But based on this politician’s short speech, how likely would you be to consider voting for the politician?” Responses to this question were coded on a five-point scale, from very likely (1) to very unlikely (5).¹¹⁰

Several aspects of this vignette warrant further explanation. First, I signaled indirectly by using a clearly Hindu-sounding name that the politician was Hindu. Note that in order to prevent priming and social desirability bias, I did not explicitly state the religion of the politician; yet his ascribed name would have been interpreted by respondents to have a Hindu connotation.¹¹¹ By fixing the religion of the politician, I am able to rule out the possibility that respondents associated the different treatments (pertaining to ethnic politics) in the experiment with politicians of different

¹¹⁰As I discuss below, in my politician- and firm-level surveys, I collected both ordered and binary responses to questions following my experimental manipulations. However, for my citizen-level survey, due to questionnaire length limitations associated with fielding a phone-based survey, I only collected one set of responses (either ordered and binary) per experiment, and report each of these results in what follows. In the citizen survey, enumerators marked out respondents who did not have an opinion on particular questions. Following Mansfield and Mutz (2009, 435) I assign respondents who stated that they could not provide an opinion the middle category. All of my results in the current and subsequent experiments hold, both in terms of substantive and statistical significance, if I exclude these respondents from the analysis.

¹¹¹Although there is arguably no surname that is used universally across the entire territory of the country, “Sharma” is a common Hindu name that appears in all four corners of the country, from Haryana to Karnataka, and from Maharashtra to Assam.

ethnic identities. The latter case would raise inferential hurdles, as any treatment effects could then plausibly be attributed to the phenomenon of *ethnic voting* (where voters simply choose a politician based on her ethnicity) rather than *ethnic mobilization*—which is the focus of my study. Second, I use subtle, real world terminology from actual speeches by Indian politicians in my treatments to indicate the presence or absence of ethnic politics. The prelude of the speech, “India is a spiritual country,” is a frequent refrain in Indian political discourse.¹¹² The secular politician appeals to the “many different faiths and cultures” of India and ends his speech by declaring “Jai Hind” (loosely translated into “Long Live India”). By contrast, the Hindutva politician promoting a pro-Hindu brand of politics emphasizes the importance of the vedas (religious Hindu texts) and Hindu culture, and ends his speech by stating, “Jai Shree Ram!” (a tribute to a popular Hindu deity).¹¹³ By employing concepts and phrases from actual political speeches, I attempt to recreate discourse that ordinary citizens might encounter over the course of an election campaign. Note, moreover, that these experimental treatments purposefully avoid overt religious baiting or vilification, techniques (though ubiquitous in ethnic politics) that I ruled out both for ethical reasons and for concerns surrounding the sanctity and plausibility of the enumeration process. Finally, the vignette ends with the politician pledging to promote development, business, and industry, themes that are common in campaign rallies in India, adding an aura of authenticity and realism to the speech.

Table 1 presents the results of this experiment.¹¹⁴ I break down the impact of the treatment

¹¹²Political speeches, for example, commonly include phrases such as, for example, “spiritualism is rooted in India’s heritage” and, “Mother India gave birth to many religious and spiritual streams.” “PM Modi’s Speech at Conference Organised by Christian Groups: Full Text,” *NDTV*, February 17, 2015.

¹¹³Both types of phrases have appeared commonly in political speeches in India. For example, at times, politicians make the following types of phrases: “My government will ensure that there is complete freedom of faith and that everyone has the undeniable right to retain or adopt the religion of his or her choice without coercion or undue influence.” “Text of PM’s address at the National Celebration of the Elevation to Sainthood of Kuriakose Elias Chavara and Mother Euphrasia,” Prime Minister’s Office, February 17, 2015. At other times, politicians emphasize the importance of Hindu culture. See, for example, Ajoy Ashirwad Mahaprashastra, “Polarisation, ‘Nationalism’ and Confusion: BJP’s Unholy Mix of Strategies in UP,” *The Wire*, February 27, 2017. The use of slogans such as “Jai Shree Ram” or “Jai Hind” can also be imbued with religious connotations. L.K. Advani used “Jai Shree Ram” during his political campaign to construct a Ram temple on the premises of the Babri mosque in Ayodhya in 1991, which resulted in widespread Hindu-Muslim riots; this phrase was also repeated five times by Narendra Modi in a speech prior to the 2016 Uttar Pradesh elections. By contrast, secular Indian politicians typically use the rallying phrase, “Jai Hind.” See, for example, Ashok Singh, “Why Modi Chanted ‘Jai Sri Ram’ During his Dussehra Speech,” *Daily O*, October 12, 2016.

¹¹⁴I present OLS estimates to facilitate interpretability and in light of methodological concerns about generalized linear models raised by Angrist and Pischke (2009). But I also replicated my analysis by using an ordered logit model

Table 1: Effect of Identity Card by Hindutva Politician on Decrease in Voters' Support for the Politician, by Respondents' Ethnic Groups (Voter Survey)

	Minorities						Hindus		
	All Minorities		All Hindus		Upper Castes	OBCs	Scheduled Castes	Scheduled Tribes	
	Muslims	Combined	Combined	Combined					
Politician's Invoking of Hindutva Identity Card	1.21*** (0.15)	1.01*** (0.13)	0.06 (0.06)	-0.08 (0.09)	0.09 (0.09)	0.31 (0.15)	0.43 (0.31)		
Constant (control mean)	2.40	2.55	2.51	2.67	2.39	2.39	2.33		
Observations	486	667	3,014	1,356	1,107	447	104		

Note:

Dependent variable takes a value between 1 (very likely) and 5 (very unlikely) based on responses to the question, "How likely would you be to consider voting for the politician?" Independent variable takes a value of 1 if the candidate played a Hindutva identity card, 0 if not. "OBCs" refer to Other Backward Classes. OLS coefficients shown with robust standard errors in parentheses.

invoking pro-Hindu ethnic politics among (a) non-Hindu minorities, and (b) Hindu respondents. Column 1 presents the effect of the treatment among Muslims, the minority group that has historically been at the receiving end of violence and persecution by Hindutva politicians. We see a sizable effect. Muslims are significantly more likely to withdraw support from the politician that makes a pro-Hindu speech. Whereas Muslims are on average more likely to *support* the Hindu-named politician in the control condition, their preferences flip and they become more likely to *vote against him* when he reveals his Hindutva stripes. In Column 2, I present the treatment effect among all minority religious groups (Muslims, Christians, Sikhs, Jains, Buddhists, and Others) combined.¹¹⁵ Minorities such as Christians, Sikhs, and neo-Buddhists have received their fair share of recrimination on the hands of Hindu nationalist politicians when one considers India's troubled history of inter-ethnic political strife. Note, however, that these minorities tend to be geographically concentrated within particular states, and hence are less central to the types of political contests over ethnicity that play out across the broader national landscape. We find a slightly attenuated treatment effect in this larger and more differentiated group, but the effect is nevertheless both qualitatively and statistically significant. Minorities en masse switch from supporting the politician to opposing the politician after he injects Hindutva politics into the electoral arena.

Columns 3–6 shift focus to the majority group in the sample—Hindus—breaking down the results by all Hindus combined, and then Upper Castes (UC), Other Backward Classes (OBC), Scheduled Castes (SC), and Scheduled Tribes (ST), respectively.¹¹⁶ Clearly, a very different pattern emerges among Hindu respondents compared to Muslims and other religious minorities. The treatment has a statistically insignificant effect on all categories of Hindus, irrespective of whether they are analyzed individually or collectively. I break down the results by caste, since caste is potentially a cross-cutting cleavage that serves to weaken religion-based camaraderie among India's

and obtained similar results, both in terms of substantive and statistical significance.

¹¹⁵In particular, these categories included respondents who identified themselves as: Muslim (Shiya); Muslim (Sunni); Muslim (Others); Christian (General); Christian (Others); Sikhs (General); Sikhs (Dalit); Jain; Buddhist/Neo-Buddhist; and, Others.

¹¹⁶These respondents classified themselves as Hindus, along with the respective caste categories: Hindu (UC); Hindu (OBC); Hindu (SC/Dalits); Hindu (ST).

majority religious group.¹¹⁷ Castes at the upper end of traditional caste hierarchies have historically been courted by Hindutva politicians, with SC and ST communities frequently positioning themselves in opposition to the pro-Hindutva movement. Yet, the tenor of the Hindu nationalist movement has shifted considerably over the years, with many political leaders striving to incorporate lower caste groups within a pan-Hindu political umbrella. By partitioning the sample by caste, I am able to study whether the Hindutva treatment effect varies across Hindus hailing from communities belonging to different rungs of traditional caste ladders.

The data indicates that the treatment effect is indistinguishable from zero for all groups. Hindus on average do not punish Hindutva rhetoric the way that minorities do. This is in line with my argument. The lack a commensurate *increase* in support for the Hindutva politician among Hindus in this experiment warrants discussion. Rational office-seeking politicians should—at least in theory—engage in ethnic politics only if they stand to derive some benefit from it. The real-world politicians whose rhetoric I borrowed to craft this vignette must presumably have expected to profit in some way from their identity-infused brand of politics. Speculatively, then, it may be that some respondents who have a proclivity for identity politics hesitate to reveal their preferences in the context of a survey. On the other hand, it could also be that the subtle appeals to religion in the vignette were not strong enough to rouse support among respondents who have a penchant for identity politics. Regardless, the key point to underline here is that the identity card has a markedly different impact on average levels of support among members belonging to courted and excluded identity groups, in line with the first assumption of my theoretical model.

In Table 2, I interrogate my assumption about the differential rates of polarization among members belonging to the courted and excluded identity groups. Recall that following the experimental vignette described above, respondents had indicated their likelihood of voting for the politician on a five-point scale. I use this data to calculate two measures to compare the relative dispersion of support for the politician among non-Hindu and Hindu voters in the absence and presence of Hindutva politics, respectively. First, I study the relative concentration of preferences across the

¹¹⁷See, e.g., Dunning and Harrison, 2010.

answer categories chosen by voters by calculating the reciprocal of the Herfindahl Index (HI) of voter preferences. Here, the HI is the sum of the squares of the percentage of respondents in each of the five categories.¹¹⁸ If all respondents chose one single category (i.e., preferences were maximally concentrated), we would observe a score of one; by contrast, if they chose responses that were spread equally across all the categories, and were thus fully dispersed, we would observe a score of 0.2. The reciprocal of the HI provides a measure of the “effective” number of categories chosen by a group, producing a normalized dispersion range of 1 to 5, with higher values indicating more dispersion.¹¹⁹ Table 2 presents this measure for each of the social groups discussed in Table 1 under both the control and treatment conditions. We see that dispersion *decreases* markedly for Muslims and all minorities once identity politics is invoked. For Hindus, there is an *increase* in dispersion in the treatment condition as compared to the control condition. This *increase* is concentrated among UC voters and (to a lesser extent) OBC voters, but the spread of preferences among SC/ST voters does not change. This is an intuitive result. As discussed above, SC/ST communities have typically positioned themselves in opposition to the Hindu nationalist movement. It is thus reasonable to expect that polarization will be lower, and may even decrease among these groups, as compared to communities at the upper end of traditional caste hierarchies that have historically been mobilized by Hindutva politicians.

Second, I calculate the coefficient of variation (CV) for the variable capturing voters’ preferences for the political candidate in the vignette. The CV is calculated as the ratio of the standard deviation to the mean, multiplied by 100, with a higher CV indicating greater dispersion in the variable. It can be used to compare rates of dispersion for variables with unequal means in a more meaningful way than simply the standard deviation because it does not depend on the variables’ measurement units and the means about which they occur. I calculate the CV for respondents’ ex-

¹¹⁸Formally, this measure equals $1/\sum_{i=1}^N s_i^2$, where s_i is the percentage of respondents choosing each category, and N is the number of categories.

¹¹⁹If respondents were equally distributed across the categories, the reciprocal of the HI would equal the total number of categories ($1/0.2=5$). By contrast, if all respondents had chosen one category, the reciprocal of the HI would equal one; thus, for groups in which the categories chosen had unequal shares, the reciprocal would indicate the equivalent or “effective” number of categories. See Reuter (2017, 252) for a recent application of this measure in political science.

Table 2: Effect of Identity Card by Hindutva Politician on Dispersion of Support for Politician, by Respondents' Ethnic Groups (Voter Survey)

	Minorities						Hindus							
	Muslims		All Minorities		All Hindus		Upper Castes		OBCs		SCs		STs	
	C	T	C	T	C	T	C	T	C	T	C	T	C	T
1 ÷ Herfindahl Index (HI)	3.05	2.71	3.22	2.73	3.23	3.29	3.21	3.35	3.18	3.19	3.22	3.32	3.16	3.23
Coefficient of Variation (CV)	65.66	46.03	63.20	47.45	61.36	61.44	58.77	60.83	62.93	62.56	64.05	60.64	64.08	60.88
Observations	240	246	332	335	1,498	1,516	669	687	552	555	222	225	55	49

Note:

Column "C" refers to the control condition in which identity politics was not invoked, whereas Column "T" refers to the treatment condition in which the politician played a Hindutva identity card. The reciprocal of the HI equals 1 divided by the sum of squares of the proportion of an ethnic group that selected a particular category of support for the politician, with higher values indicating more dispersion. The CV is the ratio of the standard deviation to the mean, multiplied by 100, with higher values indicating greater dispersion. Dispersion is calculated based on five-point ordered responses to the question, "How likely would you be to consider voting for the politician?" The treatment in this experiment takes a value of 1 if the candidate played a Hindutva identity card, 0 if not. "OBCs" refer to Other Backward Classes, "SCs" refer to Scheduled Castes and "STs" refer to Scheduled Tribes.

pressed preferences for the political candidate both in the absence and presence of ethnic politics, and use this to study the spread of support among voters belonging to different ethnic groups. For Muslims, in the absence of ethnic politics, the CV is 67 percent. Yet, when identity politics is invoked, preferences become much *less dispersed* and the CV falls sharply to 48 percent.¹²⁰ Evidently, among persecuted minorities that typically bear the brunt of ethnic politics, political preferences coalesce when identity politics is present. But among Hindus, we do not observe marked changes in the CV.¹²¹ Note that these different measures conceptualize and measure dispersion in different ways, but they provide corroborating evidence to show that the identity card has a differential *relative* impact on the spread of support for ethnic politicians among members of elevated and persecuted groups. In line with my second assumption, the dispersion of support for ethnic politicians is relatively much lower among victimized minority groups than among majority groups courted by the politicians.¹²² Overall, these results help corroborate key assumptions that drive the micro-level dynamics of political competition in the theoretical framework presented in Chapter 2.

3.5 Testing Prediction About Ethnic Demography and Identity Card

I now turn to discussing the main theoretical predications that my survey experiments set out to test. The first prediction pertained to the relationship between the ethnic composition of a constituency and politicians' incentives to invoke identity politics. In particular, the theoretical model predicts that as constituencies become more ethnically homogenous, politicians will face more incentives to court voters belonging to the majority ethnic group by using identity. I tested this prediction

¹²⁰A similar trend emerges among minority groups as a whole, where the CV decreases from 64 to 49 percent when the politician wields the identity card.

¹²¹Among all Hindus (UC, OBC, SC, and ST combined), the CV remains at 62 percent both in the presence and absence of ethnic politics. The CV measure should be interpreted with caution. A key concern with the CV is that it is better suited for data that is measured on a ratio scale and is less applicable for data measured on ordinal scales. Indeed, measuring dispersion in ordinal data is challenging for several reasons, and different measures offer their own advantages and disadvantages from a methodological standpoint. For the sake of completeness, I present the degree of dispersion in preferences among members of groups in my sample by using multiple measures.

¹²²Note that while we observe a marked shrinkage in the dispersion of support among persecuted minorities, we do not obtain a corresponding *increase* in the CV for Hindus in this experiment. Yet, Assumption 2 only requires that there is a *relative shrinking* in the dispersion of support for the ethnic politician among minority groups.

on my sample of elected politicians in India. Political candidates are particularly well suited for this experimental test because the prediction hinges on the electoral incentives that office seeking politicians face when competing for election in ethnically mixed constituencies.

Experiment B (Elected Politicians)

In this experiment, respondents were read allowed the following vignette:

Imagine an election in some other part of the country. Suppose a political candidate who is contesting the election belongs to a particular caste. In his constituency, [10 / 50 / 80] percent of voters also belong to the same caste.

Respondents were then asked, “How likely do you think it is that the politician will emphasize his caste background and identity?” Their answers were coded on a four-point scale, from “very unlikely” (1) to “very likely” (4). A binary choice answer scheme yielded results that were similar in terms of substantive and statistical significance.

This experiment was designed to test a key prediction of my model, namely, that as the proportion of an ethnic group (α) increases within a constituency, the politician who has an advantage in mobilizing that ethnic group by emphasizing identity will face greater incentives to engage in ethnic politics. A couple additional points are worth noting. The reference to an election in a distant location (rather than in the respondent’s own constituency) is designed to increase the likelihood of honest responses from survey participants. I offered three treatments pertaining to the demographic weight of the ethnic group being courted by the politician. At 10%, the first category clearly underlines the minority status of the ethnic group, while still leaving the possibility open that this group could be numerically important to electoral outcomes. In the middle category (50%), voters belonging to the ethnic group are on the verge of obtaining majority status; given that there are multiple caste groups in all constituencies in India, if any one caste reaches 50% of the electorate, it numerically achieves the greatest electoral weight among the different ethnic groupings. I chose 50% in this treatment in order to keep the possibility open that the remaining ethnic groups could (at least in theory) create a coalition to counter-balance the electoral weight

of this caste. This category thus serves as a good benchmark by which to evaluate how changes in ethnic demography shape electoral incentives for politicians to invoke identity based appeals. Finally, the majority size treatment specified that 80% of voters in the constituency belonged to the same caste as the candidate; I did not propose a higher percentage because there are no majority ethnic groups in India that exceed this proportion. If a significant proportion of voters in this social group banded together and supported an ethnic vanguard politician, then the identity card would deliver an electoral victory to the politician. Note that although these treatments evoked specific demographic percentages to fix ideas in the minds of respondents, they were designed to test broader concepts related to minority and majority group status.

Table 3: Effect of Ethnic Concentration Among Voters on Politicians' Incentives to Play Identity Card (Politician Survey)

	Decision to Invoke Ethnic Politics
<i>Effect of Ethnic Homogeneity (Baseline: 10 percent)</i>	
Treatment 1: 50 percent	0.36*** (0.12)
Treatment 2: 80 percent	0.56*** (0.12)
Constant (control mean)	2.84
Observations	420

Note:

Dependent variable takes a value between 1 (very unlikely that the politician will play the identity card) to 4 (very likely that the politician will play the identity card). Independent variable takes a value of 0, 1, or 2 if 10%, 50%, or 80%, respectively, of voters share the same caste as the politician. OLS coefficients shown with robust standard errors in parentheses.

Table 3 reports the effect of the treatment on candidates' likelihood to introduce ethnic politics during election campaigns. Overall, we find clear support for the theory's prediction: When the relative size of an ethnic group increases, holding all else constant, politicians in India report that their colleagues who are co-ethnic to voters in this group will be significantly more likely to

play the identity card during electoral campaigns. In the control condition (i.e., when the ethnic group is in a minority), respondents believe that co-ethnic politicians will be positioned between “somewhat unlikely” and “somewhat likely” to play the identity card. But when the group obtains majority status, this tentativeness all but disappears. Now respondents report that politicians will fall between being “somewhat likely” and “very likely” to engage in ethnic mobilization. In other words, an increase in the demographic weight of the ethnic group is associated with a significant uptick in the likelihood that identity politics will become prevalent in the election. Table 3 presents results without controls, but the results are qualitatively similar when pre-treatment demographic controls for age, gender, and education are added to the specifications.¹²³

Experiment C (Voters)

Next, I replicated a near identical version of Experiment B on my nationally representative sample of voters in India. In particular, respondents were read aloud the following vignette:

Imagine an election in some other part of the country. Suppose a political candidate who is contesting the election belongs to a particular caste or religion. In his constituency, [10 / 50 / 80] percent of voters also belong to the same caste or religion.

The only difference between Experiment B and C is that while Experiment B states that the politician belongs to a particular “caste,” experiment C uses the phrase “caste or religion.” The benefit of focusing attention on only one type of ethnic category is that it helps make the vignette more concrete in the minds of respondents; multiple categories run the risk of being both more abstract and more likely to trigger social desirability bias if respondents perceive that they are being evaluated. However, a potential downside of focusing on caste alone is that it captures a treatment effect that might be particular to caste and that might not generalize to broader concepts of ethnicity. I attempt to address these concerns by testing both options across my experimental tests. I chose “caste” for the politician survey (Experiment B) because the vast majority of elected representatives in India are Hindu, and inter-ethnic competition among representatives typically takes

¹²³Table 3 presents results using OLS, but I obtained similar results, both in terms of substantive and statistical significance, when I replicated the analysis using an ordered logit model.

place along caste lines. But for voters (Experiment C), who draw from different caste as well as religious backgrounds, and who likely would have been familiar with mobilization on both caste and religious lines (given the grim history of both types of ethnic politics in India), I offered the option of “caste and religion.” Following this vignette, respondents were asked: “Based on your experience, do you think it is likely that the political candidate will emphasize his caste or religious background and identity?” Responses were coded on a three-point scale, ranging from “no, it is not likely” (1) to “yes, it is likely” (3).

Table 4: Effect of Ethnic Concentration Among Voters on Politicians' Incentives to Play Identity Card (Voter Survey)

	Decision to Invoke Ethnic Politics
<i>Effect of Ethnic Homogeneity (Baseline: 10 percent)</i>	
Treatment 1: 50 percent	0.29*** (0.03)
Treatment 2: 80 percent	0.24*** (0.04)
Constant (control mean)	2.35
Observations	3,681

Note:

Dependent variable takes a value between 1 (it is not likely that the politician will play the identity card) to 3 (it is likely that the politician will play the identity card). Independent variable takes a value of 0, 1, or 2 if 10%, 50%, or 80%, respectively, of voters share the same caste as the politician. OLS coefficients shown with robust standard errors in parentheses.

Table 4 presents the results of this analysis. We see a substantively and statistically significant increase in the likelihood that voters in India believe that Indian politicians will resort to making identity appeals when an ethnic group in the constituencies reaches majority proportion. When the proportion of an ethnic group shifts from 10 percent to either 50 percent or 80 percent, the vast majority of respondents report that they believe the politician will engage in ethnic politics.¹²⁴

¹²⁴Note that in the voter sample, there is no additional increase in the probability of ethnic politics emerging when

These paired experiments across politicians and citizens in India show that that both actors view the relationship between ethnicity demography and ethnic mobilization in broadly similar terms, providing strong support for the first key hypothesis that emerges from my theoretical model.

3.6 Testing Prediction About Identity Card and Economy Policy

The next prediction that I set out to test focuses on whether, and in what way, identity mobilization influences political competition surrounding economic policymaking. My theoretical model predicts that the presence or absence of identity politics creates a different set of electoral incentives for politicians seeking to win votes using distributive economic policies. In particular, when one politician courts a group using identity, the other politician will face incentives to win votes using economic policy. The following experiments tests this prediction.

Experiment D (Elected Politicians)

Experiment D examines whether the invoking of identity by one politician creates strategic incentives for the opposition politician to target voters with economic policy benefits. To interrogate this claim, I presented the elected representatives in my politician survey with the following vignette:

Imagine an election in some other part of the country. There is one major caste group in the constituency. The first political candidate belongs to this caste, **[and has repeatedly / but has not at all]** emphasized his caste and identity background during the election. Meanwhile, the second political candidate has promised to provide voters an economic policy benefit if elected.

Following the vignette, respondents were asked, “How likely do you think it is that voters would

the size of the electorate moves from 50 percent to 80 percent; that is, while the treatment effect of moving from 10 percent to 80 percent is statistically significant and large, the treatment effect of moving from 50 percent to 80 percent is indistinguishable from zero. In the politician survey, by contrast, shifting from 50 percent to 80 percent leads to a statistically significant increase in respondents’ perceptions of identity politics breaking out. One reasonable interpretation of this result is that politicians—who themselves must calculate whether campaign strategies based on identity politics are profitable—are much more attuned to how nuances in ethnic demography shape returns to ethnic mobilization. Voters, on the other hand, observe political entrepreneurs during elections, but are not familiar with detailed campaign strategies. Thus, they are able to clearly demarcate the difference that minority and majority group status has on the likelihood that a group is courted on the basis of ethnicity, but they do not distinguish between more fine-grained variations of ethnic demography within majority and minority-status categories.

choose the second candidate based on the promised economic benefit?” Similar to the previous experiment, responses were coded on a four-point scale, from “very unlikely” (1) to “very likely” (4). I obtained substantively and statistically similar results when analyzing responses to a binary choice version of the answer scheme.

Note that this vignette closely approximates key aspects of my model. Previously, I established that when the proportion of an ethnic group within a constituency increases, politicians face greater electoral incentives to court members of that ethnic group with identity politics. I now bracket that claim, and signal directly that in this scenario, there is one ethnic group that holds majority status in the constituency. I also mention that one politician shares the same ethnicity of this group—a point that warrants further elaboration. According to my theory, the politician who has an advantage in appealing to the identity background of the majority ethnic group will face greater incentives to play the identity card. To be clear, my theory is agnostic about the types of characteristics that can plausibly give one politician an advantage in appealing to the identity-related preferences of this group. That said, from an empirical perspective, one highly reasonable characteristic is shared ethnicity.¹²⁵ By mentioning that the first politician is a co-ethnic, I give respondents a concrete reason for believing that the politician will potentially be able to mobilize the majority group using identity.

The key experimental manipulation in this experiment pertains to the politician’s invoking of the identity card during the electoral campaign. While all other aspects of the vignette are held constant, by switching just a few words—“and has repeatedly” versus “but has not at all”—I am able to intimate unambiguously whether the politician has used identity as a technology to win votes during the election. The terminology that I used to convey the identity card is deliberate. By stating that the politician “emphasized his caste and identity background,” I convey in a measured

¹²⁵Note, of course, that it is entirely possible that a politician who has a different ethnicity than that of the voters being courted is able to successfully mobilize these voters on their identity. For example, a non-co-ethnic politician might be able to articulate the cultural ethos of an ethnic group better than others, and in doing so might be able to present herself as the cultural vanguard of that group. Identity politics also tends to be “sticky,” such that once a politician becomes the vanguard of a group—say, for example, simply based on a first mover advantage—he fosters a reputation of being the group’s champion, which is difficult to overcome in subsequent elections. Any of these or other features might give one politician an advantage at mobilizing a group on identity.

and understated manner that cultural pride was invoked and avoid sensationalizing the issue for respondents. It is thus reasonable to view the effects of this type of identity mobilization as a lower bound of the full effect of identity politics; presumably, a more extreme form of cultural mobilization (e.g., riots or lynchings) would heighten the electoral dynamics I sought to capture in this experiment.¹²⁶

Table 5: Effect of Identity Politics on Second Candidate's Choice to Target Economic Policy (Politician Survey)

	Second Candidate's Returns from Economic Policy
First Candidate's Invoking of Identity Politics	0.32*** (0.10)
Constant (control mean)	2.90
Observations	410

Note:

Dependent variable takes a value between 1 (very unlikely that the second candidate will be chosen on economic policy grounds) to 4 (very likely). Independent variable takes a value of 1 if the first candidate has played the identity card, 0 if not. OLS coefficients shown with robust standard errors in parentheses.

The treatment helps evaluate the “knock on” effect of identity mobilization on politicians’ strategic incentives to target voters using economic policy. Respondents are asked to gauge the likelihood that the other candidate will reap electoral dividends by advancing an economic policy platform. If cultural mobilization has no effect on the strategic incentives of politicians seeking to use economic policy to win votes, then the presence or absence of identity politics should in no way influence the returns to an electoral strategy that relies on economic mobilization. This is not the case, however. Table 5 shows that once one candidate invokes identity, the other candidate is better off employing a strategy to win votes that is based on an economic policy-focused campaign. The

¹²⁶Note that for the sake of simplicity, this vignette explicitly mentions that there are two politicians and a majority group of voters, yet by implication it is clear that the constituency also contains voters belonging to a minority group(s).

magnitude of this effect is substantial and qualitatively large. In the absence of identity politics, respondents on average believe that voters fall in between being “somewhat unlikely” and “somewhat likely” to reward the second candidate for an economic policy platform (i.e., the control mean falls in between these two categories). By contrast, when identity politics is present, an economic policy platform is electorally quite lucrative to the second candidate, with respondents believing that voters will be between “somewhat likely” and “very likely” to reward the politician for his policy pledges. Thus, a central mechanism of my model finds strong support in the experiment.

Experiment E (Voters)

I next replicated Experiment D in my voter survey. In a similar fashion to the test of Prediction 1, respondents were read aloud the identical prompt from my politician survey, with the term “caste group” replaced with “caste or religious group”:

Imagine an election in some other part of the country. There is one major caste or religious group in the constituency. The first political candidate belongs to this caste or religious group, **[and has repeatedly / but has not at all]** emphasized his caste or religious background during the election. Meanwhile, the second political candidate has promised to provide voters an economic policy benefit if elected.

I then posed the following question: “Do you think that **[you/your neighbors]** would prefer to choose the second candidate based on the promised economic benefit?” Responses were coded on a three-point scale, ranging from “no, prefer not to choose the second candidate” (1) to “yes, prefer to choose the second candidate” (3). The question posed to respondents in the voter survey experiment differed from the one that was posed in the politician survey. Recall that in Experiment D, politicians were asked “how likely do you think it is that voters would choose the second candidate.” The goal in that study was to analyze whether politicians perceive voters to respond in systematic ways to ethnic politics; if they do, then presumably they would fashion their campaign strategies to take advantage of the resulting electoral incentives that arise from identity mobilization. In this experiment, I flip the equation and test directly if voters themselves respond to ethnic mobilization in the ways that politicians think they do.

Table 6: Effect of Identity Politics on Second Candidate's Choice to Target Economic Policy (Voter Survey)

	Second Candidate's Returns from Economic Policy
First Candidate's Invoking of Identity Politics	0.29*** (0.03)
Constant (control mean)	1.99
Observations	3,680

Note:

Dependent variable takes a value between 1 (no, prefer not to choose the second candidate) and 3 (yes, prefer to choose the second candidate). Independent variable takes a value of 1 if the first candidate has played the identity card, 0 if not. OLS coefficients shown with robust standard errors in parentheses.

Table 6 presents the results of this analysis. We see that by switching whether the first politician courts voters by not relying on ethnic appeals to relying on ethnic appeals, there is a marked increase in the probability that voters will reward the second politician for pursuing an economic policy platform. Similar to Experiment D, the magnitude of this effect is qualitatively consequential. In the absence of identity politics, voters are neither more nor less likely to reward the second politician for offering an economic policy platform; as the control mean indicates, an election between both candidates would result in a tossup. By contrast, in the presence of identity politics, a majority of respondents think that an economic policy focused campaign would reap electoral profits for the second politician. In other words, the returns to a campaign strategy focused on economic policy become clear to the second politician when the first politician engages in ethnic mobilization.

One important question that arises in the context of an experiment that probes respondents about their own voting habits is whether their answers are influenced by social desirability bias. Religion and caste are sensitive topics in India, and norms of egalitarianism might lead respondents to hide their preferences for ethnic politicians. Attuned to this concern, I introduced a second

experimental treatment in the question prompt following the vignette to test for the possibility of social desirability bias. Half the respondents were asked to convey their own voting preferences whereas the other half was asked to estimate the voting preferences of their neighbors, a group for whom social desirability bias concerns should be negligible or at the very least highly attenuated. I find that the treatment effect is positive and statistically significant in both groups, indicating that the second candidate reaps electoral returns from an economic policy platform due to broad shifts in voter preferences when ethnic politics prevail.¹²⁷

Together, Experiments D and E provide evidence to support another crucial link in my argument about the impact of ethnic politics on political competition surrounding economic policy-making. We see that once a politician who has an advantage in mobilizing voters based on identity politics decides to deploy the identity card, in a competitive electoral setting the second politician's best response is to try and win votes by fashioning an economic policy platform.

3.7 Testing Prediction About Demography, Identity Card, and Policy

I have thus far established that as the proportion of an ethnic group increases in an electorate, the politician who has an advantage in courting this group with ethnic politics will face more incentives to engage in ethnic mobilization, and that when this politician wields the identity card, the other politician's best strategy is to fashion a campaign strategy based on economic policy appeals. The next set of predictions that I set out to test focus on the relationship between the ethnic distribution of voters on the one hand, and the tradeoff between identity mobilization and trade and economic policy mobilization on the other hand. I will link two related concepts in these studies by asking the following question: Is the positive relationship between ethnic concentration and increased incentives for identity mobilization have an offsetting effect on economic representation? Put differently, I have already established that an increase in ethnic homogeneity generates more

¹²⁷The magnitude of the treatment effect is lower for neighbors than for respondents themselves, yet is nonetheless large and statistically significant. That said, one drawback of using neighbors is that respondents are less likely to know their neighbors' voting preferences (as opposed to their own preferences). Hence, there might be more noise in the estimates derived from neighbors' voting preferences.

incentives for identity mobilization, but I now want to study whether the “knock-on” effect of this relationship is to diminish incentives for economic mobilization.

To do so, I will use firm-level data to test whether ethnically concentrated industries tend to get mobilized on ethnicity and, correspondingly, whether ethnically fragmented industries tend to get mobilized on economic policy. I will also use voter-level data to study whether this relationship is emblematic of a broader tradeoff between ethnic and economic mobilization that political entrepreneurs routinely face. Recall from my theoretical model that in a “color blind” world—the type of setting that undergirds seminal electoral models of economic and trade policymaking—the identity profiles of workers *play no role* in influencing campaign strategies and competitive electoral dynamics. By contrast, my argument introduces ethnic demography as a key variable influencing when and how politicians choose to employ policy—vis-à-vis—ethnicity in their quest to court electoral support. In particular, Proposition 4 in my model holds that in the presence of ethnic politics, industries that contain a larger share of an ethnic group relative to the share of the group in the population are less likely to receive their preferred economic policy because workers in these industries will be mobilized on identity. This leads me to predict that ethnically homogenous industries will be mobilized on identity and ethnically heterogeneous industries will be mobilized on economic policy. My experimental tests set out to probe this claim.

Experiment F (Trading Firms)

In Experiment F, I tested the claim above using my sample of importing and exporting firms. In this survey, respondents were provided the following experimental vignette:

During elections, politicians sometimes try to win votes from workers by promising economic benefits. Other times, politicians try to win votes by making religion or caste appeals. Imagine there is an industry that employs a large number of workers. These workers mainly belong to **[one particular religion and caste/ many different religions and castes]**.

Respondents were then asked: “If you had to guess, do you think that politicians will be more likely to try and win votes from these workers by promising economic benefits or by making religion or

caste appeals?” Their answers were coded on a five-point scale ranging from 1 (more likely to promise economic benefits) to 5 (more likely to emphasize religion or caste background). I also collected binary responses to this question, which yielded qualitatively similar results.

This experiment provides a simple and straightforward test of the hypothesis that during elections politicians use identity politics to court workers in ethnically homogenous industries, but switch to favorable economic policy to target workers in ethnically divided industries. The treatment in this experiment varies in no ambiguous terms the ethnic profile of workers within an industry: respondents are probed to imagine either an industry that is concentrated with workers belonging primarily to one identity group or an industry where workers share a multitude of identity backgrounds. The vignette offers a balanced introduction about the two types of campaign strategies that are commonly employed by politicians in elections in India: the promise of economic benefits and the appeal to identity. In both cases, respondents are informed that the industry’s workforce is sizable, indicating that far from being marginal, workers in this industry are likely important sources of votes during elections. This helps ensure that respondents will pay attention to the electoral dividends associated with the politicians’ campaign strategies. The focus on elections is further reinforced in the wording of the question prompt, which emphasizes politicians’ ability “to try and win votes” over the course of the campaign. By focusing on electoral payoffs, I am able to test specifically the predicted political mechanism by which my theoretical model links ethnic heterogeneity to economic policy outcomes. This is an important goal, as it helps rule out alternate theoretical channels by which the ethnic profiles of groups can influence policy outcomes—such as, for example, the ability to overcome collective action problems, foster trust, promote reciprocity, or foster self-regulation, which have been hypothesized in existing work.¹²⁸

Table 7 reports the results of this analysis. Simply by switching whether workers in an industry belong to “one particular” ethnic group versus “many different” ethnic groups, owners and managers of trading firms in India report that politicians will be significantly less likely to use

¹²⁸Habyarimana et al. 2007; Miguel and Gugerty 2005; Richman 2006; Robinson 2012.

identity-based appeals to win votes from workers.¹²⁹ When I add controls for key characteristics associated with the respondent’s firm—its number of employees, the number of years it has been in operation, whether it earned a profit or loss in the prior year, whether it primarily engages in exports, and its proportion of sales that can be attributable to exports, the treatment effect strengthens. Overall, this result indicates that when office seeking politicians have the choice to employ two technologies—identity and economics—by which to win votes during elections, they are more likely to switch from courting workers using identity politics to courting workers through preferential economic policies the more ethnically heterogeneous they consider the industry to be.

Table 7: Effect of Industry's Ethnic Heterogeneity on Candidate's Choice to Play Ethnic Card (Trading Firms Survey)

	Candidate's Decision to Invoke Ethnic Politics
Industry workers belong to different ethnicities	-0.51*** (0.19)
Constant (control mean)	2.72
Observations	253

Note:

Dependent variable takes a value between 1 ("more likely to promise economic benefits") and 5 ("more likele to emphasize religion or caste background"). Independent variable takes a value of 1 if the industry employs workers that "belong to many different religions and castes," and 0 if workers "mainly belong to one particular religion and caste." OLS coefficients shown with robust standard errors in parentheses.

Experiment G (Voters)

Finally, I replicated Experiment F on my sample of voters. In this survey, enumerators read aloud the following vignette to respondents:

¹²⁹The results are substantively and statistically significant when estimated using an ordered logit model.

During elections, politicians sometimes try to win votes from voters by promising economic benefits. Other times, politicians try to win votes by making religious or caste appeals. Imagine an election in some other part of the country. In this region, voters [**mainly belong to one particular religion and caste/ belong to many different religions and castes**].”

I then posed the following question to respondents: “If you had to guess, do you think that politicians will be more likely to try and win votes from these voters by promising economic benefits or by making religion or caste appeals?” Responses were coded on a three-point scale, ranging from “promise economic benefits” (1) to “emphasize religion or caste background” (3). The main difference between Experiments F and G is that while the firm-level study focused on a particular industry in order to probe how industry representatives view the relationship between ethnic heterogeneity and identity politics, the voter-level survey abstracted away specific industries and simply mentioned an election in “some other part of the country.” This was essential, as ordinary citizens might not have felt comfortable providing opinions about industry-level policies; nonetheless, if my theoretical model is correct, they should be able to identify the broad dynamics undergirding the relationship between ethnic demography, identity politics, and economic policymaking.

The results of this analysis are presented in Table 8. We see that when a constituency shifts from being ethnically homogeneous to being ethnically heterogeneous, there is a statistically significant decrease in the likelihood that voters think that politicians will engage in identity politics. Instead, they believe that politicians will find it more profitable to craft a campaign surrounding economic policymaking. Together, Experiments F and G provide evidence from a key set of constituents to show that the ethnic distribution of voters in an election is a key factor driving the tradeoff that politicians face between mobilizing workers on ethnicity versus mobilizing workers on economic policy.

In this chapter, I present a string of empirical results that help validate various building blocks of my theoretical model and, in doing so, stitch together a narrative that corroborates the overall argument that I advance in Chapter 2. The advantage of a succession of experimental tests is that I can isolate and probe various theoretical assumptions, mechanisms, and predictions in a thorough and rigorous fashion. Yet, how do these different theoretical components fit together within the

Table 8: Effect of Constituency's Ethnic Heterogeneity on Candidate's Choice to Play Ethnic Card (Voter Survey)

	Candidate's Decision to Invoke Ethnic Politics
Voters in constituency belong to different ethnicities	-0.12*** (0.04)
Constant (control mean)	2.18
Observations	3,681

Note:

Dependent variable takes a value between 1 ("promise economic benefits") and 3 ("emphasize religion or caste background"). Independent variable takes a value of 1 if the industry employs workers that "belong to many different religions and castes," and 0 if workers "mainly belong to one particular religion and caste." OLS coefficients shown with robust standard errors in parentheses.

confines of individual cases? To answer this question, I turn to Chapter 4.