Political competition can lessen ethnic discrimination in the allocation of public expenditure

The discourse among economists on ethnic discrimination has focused largely on explanations for the phenomenon and for its consequences—and much less on how to address this complex problem. But leading political theorists have offered a plausible solution, proposing proportional representation for the electoral system in divided societies. Under proportional representation, it is believed, strong electoral incentives force politicians in heterogeneous societies to seek votes outside their own ethnic group in order to win elections and maintain coalitions. The need to engage in such “vote pooling” is what encourages politicians to accommodate the interests of ethnic minorities and thus mitigate discriminatory practices. An underlying implication is that politicians may seek to avoid discriminating against minority groups when such groups are an important part of their party’s current core support base or when the overall electoral system is so competitive that there is a high probability that the governing party will need minority support to hold onto power.

Most of the theoretical observations on political competition and interethnic cooperation are normative and have not been put to an empirical test, mainly because of the lack of systematic data on ethnic discrimination. Using data on the allocation of government food stamps in Sri Lanka, a country with ethnic heterogeneity and many decades of ethnic turmoil, a recent paper by Sharif investigates how to address this complex problem. That said, there is always scope for manipulating the electoral system, and studies have yet to identify any variant of the proportional representation system that has succeeded in permanently minimizing ethnic divisions and discrimination. Each situation is complex, reflecting the constraints of the historical, political, and power dynamics in which it is formed and the negotiating skills of the parties involved. More research is needed to test the effectiveness of different political approaches that could be adopted to address ethnic discrimination.

The results also support models on pork barrel politics that suggest that incumbent governments “purchase” votes by allocating discretionary transfers to population groups considered to represent the swing or core electorate. These results suggest a fundamental tension in government-targeted transfer programs, where gains in social protection have to be weighed against losses caused by politicians who may prefer to favor undeserving groups in the allocation of transfers so as to benefit politically. For example, the spread of Samurdhi consumption transfers across the Sri Lankan population, if driven by political motives, could very well divert scarce resources away from the neediest groups. But this problem is not unique to ethnically heterogeneous societies.

The results of the paper are consistent with the predictions of research that certain types of institutions are conducive to ethnic harmony—and that democracy is one of them. That is, there is always scope for manipulating the electoral system, and studies have yet to identify any variant of the proportional representation system that has succeeded in permanently minimizing ethnic divisions and discrimination. Each situation is complex, reflecting the constraints of the historical, political, and power dynamics in which it is formed and the negotiating skills of the parties involved. More research is needed to test the effectiveness of different political approaches that could be adopted to address ethnic discrimination.