Ethnic Politics and the Distributional Effects of Trade Liberalization: Evidence from India

Abhay Aneja* Pavel Chakraborty† S. K. Ritadhi‡

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Abstract

Do globalization shocks affect ethnic politics? We examine this question in the context of India's 1991 trade liberalization episode, and study how tariff reforms contributed to the electoral success of caste-based parties during the 1990s. Combining industry-level tariffs with pre-reform employment shares in a shift-share design, we find regions facing larger declines in trade protection to observe increased political support for caste-based parties. Increases in both ethnic party vote share and total seats are concentrated in areas with low urbanization, low educational attainment, and larger concentrations of voters from marginalized "low caste" groups. Examining mechanisms, we find that tariff reforms increased the caste earnings gap, in large part due to the adverse consequences of tariff reforms falling on agricultural workers, and the over-representation of marginalized caste groups in farm work. The empirical findings are consistent with the explanation that the adverse effects of trade liberalization were disproportionately borne by historically marginalized citizens, who in turn voted for parties focused on their policy interests in targeted redistribution.

*University of California – Berkeley

†Lancaster University

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1 Introduction

Politicians and political parties that appeal to voters along identity lines such as ethnicity, race, religion, and language are prevalent worldwide (Chandra, 2004). Researchers have long debated whether these manifestations of "ethnic politics" – and minority ethnic parties in particular – are beneficial or detrimental to democratic governance. On one hand, political competition between ethnic groups may produce conflict due to disagreements over the allocation of public goods (Alesina et al., 1999; Lieberman and McClendon, 2013). Alternately, co-ethnic representation may enable redistribution or improved constituent services for socio-economically disadvantaged minorities (Chandra, 2005; Burgess et al., 2015; Amodio et al., 2024; Beach et al., 2024). Despite continued debate over the consequences of ethnic politics, there is less evidence on the causal forces contributing to the popularity of politicians who champion the interests of specific ethnic groups.

This paper adds to the literature by considering how the forces of globalization affect the popularity of ethnic political parties. To test how trade reform affects ethnic politics, we examine the impact of India's trade liberalization episode on electoral support for parties formed primarily on the basis of caste identity. India's unanticipated trade liberalization policies was initiated in 1991, and reduced import tariffs from 80% to 37%, in conjunction with dismantling other non-tariff trade barriers. While the set of reforms was widely credited with modernizing India's economy and enhancing productivity (Topalova and Khandelwal, 2011), the benefits of liberalization were not shared equally across society. Topalova (2010), for instance, documents that the pace of poverty reduction was slower in areas that were more exposed to tariff reform – driven largely by a decline in agricultural wages and sectoral immobility that harmed many poor households. Historically, the over-representation of marginalized caste groups in farm work (Hnatkovska et al., 2012) suggests that these communities faced greater vulnerability to the adverse consequences of trade reforms.

Broadly, caste is arguably the most important marker of social identity in India. An individual's caste is strongly predictive of their human capital, residential neighborhood, and occupation (Munshi, 2019). As a hierarchical system of "graded inequality," groups relegated to the bottom – namely the Other Backward Classes (OBCs) and Scheduled Castes (SCs) – fare significantly worse along economic and social indicators, and are also under-represented in public institutions (Pande, 2003; Chin and Prakash, 2011; Hnatkovska et al., 2012).

Against the backdrop of persistent and prevalent social inequality, Indian politics too have been

shaped by caste dynamics. For decades after independence, marginalized caste groups sought equity and redistribution by supporting the long-dominant Indian National Congress (INC) party. After the mid-1980s though, perceptions of persistent marginalization led SC and OBC groups to form new regional political parties that organized principally around demands for an expansion of affirmative action quotas and targeted redistribution. These parties (henceforth referred to as "caste-based parties) – most prominent among them being the Janata Dal (JD) and the Bahujan Samaj Party (BSP) – appealed primarily to voters on the basis of their marginalized caste identities (Jaffrelot, 2003).

While caste-based parties have played a critical role in Indian democracy over the past three decades, there is little systematic study of the causal forces explaining their presence in Indian politics. We fill this gap by examining whether the elimination of trade protection increased support for these identity-based political parties. We do so by using data covering two decades of state assembly elections and our original coding of ethnicity-based parties.[1] Our empirical strategy exploits a shift-share design to compare electoral support for caste-based ethnic parties in trade-exposed and unexposed districts before and after the 1991 liberalization episode. Similar to recent studies, we measure trade exposure based on variation in the initial employment structure across local labor markets (Kovak, 2013; Autor et al., 2020; Dippel et al., 2022).[2]

We find that districts facing greater exposure to tariff reforms witnessed immediate and persistent increases in popular support and electoral victories of caste-based parties. A 1 standard deviation (sd) loss in trade protection increased the vote share of caste-based parties by 1.7 percentage points (p.p.), and increased the likelihood of winning a seat by 4.6 p.p.[3] The results are robust to the inclusion of various fixed effects and a rich set of demographic and workforce characteristics. Following recent developments in the shift-share instrument literature (Goldsmith-Pinkham et al., 2020), we bolster the main finding using an event study design which confirms that electoral support for caste-based parties in trade-affected and unaffected areas evolved comparably in the pre-liberalization period. Furthermore, randomization inference exercises strengthen the identifying assumption that changes in industry tariffs were indeed exogenous (Borusyak et al., 2022).

[1] As we discuss below in Section 2.1, we develop this scheme in prior work (Aneja and Ritadhi, 2022a).

[2] We measure regional exposure to tariffs as the sum of average industry tariffs, weighted by the pre-liberalization share of workers employed in each industry within a district. Districts form the third administrative tier in Indian governance, after the federal and state governments.

[3] A 1sd change is equivalent to moving from a district at the 25th percentile of the $\Delta\ Tariff$ distribution (a "small change" in a district's exposure to import competition), to the 75th percentile (a "large change"). We use this standardized metric throughout to assess magnitudes.

Corroborating our main result, we find that increased support for caste-based parties was matched by a decline in political support for the center-left INC, which enacted the 1991 economic reforms, as well as the right-wing Hindu nationalist Bharatiya Janata Party (BJP).[4] Probing the sources of support for caste-based parties over this period, we find the positive effects of tariff reforms on support for caste-based parties to be concentrated in regions with a higher share of SC and OBC populations. Similarly, we find the electoral gains to be stronger in rural and less-educated districts.

We next probe the mechanisms through which Indian trade liberalization may have contributed to the electoral success of caste-based identity politics. Recent studies of western democracies have documented how voter preferences change because of the economic dislocation caused by globalization shocks (Choi et al., 2024; Rodrik, 2021). Contributing to this growing literature, we consider whether India's tariff reforms disproportionately affected workers from marginalized caste groups within the labor market. Using household survey data, we find that in regions facing a larger loss in trade protection, workers from marginalized caste groups fared significantly worse in terms of daily earnings, relative to workers from non-marginalized castes. In particular, SC workers in farm jobs were hardest hit (in relative and absolute terms) by the loss in trade protection.

If marginalized citizens voted for caste-based parties in response to a reform-induced decline in earnings, we would expect the increase in vote share to be more pronounced in areas where a greater share of the agricultural workforce came from disadvantaged caste groups. Consistent with this hypothesis, we find that conditional on the loss in trade protection, electoral support for caste-based parties was significantly higher in districts where SCs accounted for a larger share of farm labor. This supports our conjecture that the heterogeneous labor market effects by caste of trade liberalization contributed to higher support for parties championing their interests.

We also rule out a few competing explanations for our findings. First, we show that our results are not the by-product of increased voter turnout. Second, our findings are not a manifestation of anti-incumbency sentiment toward the INC. Finally, our results cannot be explained by a change in the quality of public services following economic liberalization. Conditional on the loss in trade protection, caste-based parties were successful across regions with both high and low levels of state capacity, as measured by households having electricity, clean water, and access to the public distribution system.

[4] However, the success of low caste parties did not reflect a general "leftward" shift in the partisan preferences, as we observe no detectable increase in support for non-identitarian "Left" parties.

Related Literature

Our paper relates to three broad strands of literature. First, we contribute to the large body of research on ethnic politics (Alesina and La Ferrara, 2005). Many papers have documented the effects of ethnic political forces on outcomes such as public goods provision and employment (Hodler and Raschky, 2014; Burgess et al., 2015; Amodio et al., 2024). Our paper, however, contributes to understanding the determinants of ethnic politics (De Luca et al., 2018). We show how globalization shocks can contribute to the rise of caste-based ethnic parties through the channel of economic dislocation. As marginalized caste groups were more likely to miss the welfare benefits of trade liberalization, these communities gravitated to parties and candidates with the promise of employment protection and targeted redistribution along caste lines.

Relatedly, we also add to the growing literature on the electoral consequences of globalization. Recent studies such as Autor et al. (2020), Dippel et al. (2022), and Choi et al. (2024) show that exposure to import competition in advanced democracies can shape politics. We differ from these studies in a few key ways. First, we study the impact of import competition on electoral politics in a multi-party democracy, in an emerging market.[5] Second and relatedly, rather than focusing on how import competition fuels support for conservative politics, we consider whether import competition affects the voting preferences of under-privileged citizens and parties with commitments to expand the representation of marginalized groups in political and public institutions.

Finally, by linking globalization shocks and support for ethnic parties through the labor market channel, our paper also contributes to the extensive literature studying the economic effects of import competition. Numerous studies such as Autor et al. (2013), Dix-Carneiro and Kovak (2017), Dauth et al. (2021), and Choi et al. (2024) show that exposure to import competition generates greater unemployment and lowers wages. Autor et al. (2014), Dauth et al. (2014), and Dippel et al. (2022) show further that the adverse labor market impacts are concentrated within unskilled workers. In contrast, recent studies by Kahn et al. (2023) and Hirata and Soares (2020) suggest that trade liberalization may *benefit* certain groups by facilitating group-level reallocation of workers to other economic sectors. Our paper advances this literature by showing that the costs of reform were disproportionately borne by

[5] To the best of our knowledge, the only other paper studying the political consequences of trade liberalization in an emerging economy is Ogeda et al. (2024). They however find lower support for Left parties due to a weakening of labor unions as a result of a decline in formal manufacturing wages.

ethnic minorities because of the concentration of these groups in agricultural work. Moreover, the lower human capital of these workers impeded sectoral mobility, and precluded them from benefiting from new skill-biased labor market opportunities.

The remainder of the paper is organized as follows: Section 2 describes India's trade liberalization process and the rise of caste-based parties. Section 3 describes the datasets used for the empirical analysis while Section 4 presents the empirical strategy for causal identification. Section 5 discusses our key empirical findings while Section 6 presents mechanisms.

2 Institutional Context

This section provides an overview of the role of caste in Indian politics, and also the 1991 trade liberalization.

2.1 Caste System and the Rise of Caste-Based Parties

The caste system – the primary basis of India's social cleavages – can be traced back at least 3,500 years. Drawing from ancient Hindu scriptures, this system of social hierarchy segregates society into four broad categories ("*varnas*") that determine an individual's social status, often based on occupation. In order of hierarchy, the broad caste groups are as follows: *Brahmins* (priests); *Kshatriyas* (warriors); *Vaishyas* (merchants/traders); and Shudras (menial workers).[6] The first three groups comprise India's dominant or "forward" castes, and the Shudras roughly map to what is today called the "Other Backward Classes" (OBCs). A fifth group, the "Scheduled Castes" (SCs, or *Dalits*), represent India's historically marginalized castes. These communities have for long been subject to extensive social discrimination for their traditional association with "ritually polluting work."[7]

Marginalized caste groups have persistently lagged behind across key indicators such as health, income, and wealth, although gaps have declined in recent decades (Hnatkovska et al., 2012; Munshi, 2019). Yet, despite the socioeconomic changes brought about by institutional forces (e.g., legally mandated representation in schools, public sector work, and political institutions), caste continues to play a major role in shaping both individual identity and socio-economic behavior (Oh, 2023).

Unsurprisingly given its ubiquitousness in society, caste plays a key role in Indian politics. Following independence in 1947, the center-left INC party (India's dominant party) relied on support

[6] Caste groups are further divided into endogamous *jatis* – another set of hierarchical groups (Munshi, 2019).
[7] "Ritually polluting" work involved menial tasks such as the disposal of human waste or the handling of dead animals.

from both SC and upper caste groups (Manor, 1998).[8] While the INC supported affirmative action quotas and targeted redistribution, SCs and other marginalized caste groups continued to advocate for further representation in both party leadership and India's political institutions (Jaffrelot, 2003).[9] Beginning in the mid-1980s, inadequate representation of marginalized caste groups in mainstream parties led to rising political assertiveness by the OBC and SC communities, culminating in the emergence of multiple regional political parties – most prominently the Janata Dal (JD) and the Bahujan Samaj Party (BSP). These ethnic "caste-based" parties appealed to the electorate along the identity of caste and made explicit commitments to advancing the interests of marginalized caste groups. They distinguished themselves from mainstream parties like the INC and BJP in their advocacy for continued (and expanded) identity-based redistribution through quotas or targeted welfare programs, and increased representation of marginalized groups in legislative bodies (Jaffrelot, 2003; Chandra, 2004; Jaffrelot and Kumar, 2009).[10] Using historical records, we classify a total of 8 parties as "caste-based" parties. Appendix A offers additional details on the upsurge in political mobilization for marginalized caste groups in India and the formation of caste-based parties.

Geographically, Appendix Figure A1 shows the rise in popularity of caste-based parties between 1987 and 1996, especially in northern India. This agrees with qualitative work by Jaffrelot (2003), who reported the mobilization of marginalized citizens to be the strongest in Uttar Pradesh and Bihar, accounting for a fourth of India's population. The electoral success of these parties over-lapped with the Indian economy's shift away from state planning to market reforms. As the dominant party in Indian politics between 1947 and 1996, the INC itself through the 1980s made gradual departures from its previous leftward slant. Subsequently, the federal government led by the INC spearheaded India's economic liberalization in 1991 – including trade liberalization.

2.2 Trade Liberalization in India

Faced with a severe balance of payments crisis, India embarked on an extensive program of economic liberalization in 1991, including trade liberalization, industrial deregulation, and financial liberal-

[8] Other minorities including Muslims and indigenous communities (Scheduled Tribes) also supported the INC.

[9] There was limited representation of SCs in senior positions of the INC during this period (Jaffrelot and Kumar, 2009). Mainstream parties like the INC and BJP were also historically less willing to allow SCs to contest elections in "non-reserved" seats (Jensenius, 2015). As positive discrimination quotas for OBCs were limited, their under-representation in political institutions in particular was even more acute (Jaffrelot, 2003).

[10] Indeed, a key motivation for the formation of these parties was the persistent absence of marginalized caste groups from public office (Jaffrelot, 2003; Jensenius, 2015).

ization. As liberalization was undertaken in response to an external crisis, it was unanticipated by households and firms (Topalova, 2010; Ahsan and Chatterjee, 2017). We focus on trade liberalization, which primarily comprised of a sharp reduction in import tariffs and the harmonization of tariff rates across commodities.[11] Topalova (2010) reported a decline in average ad valorem tariff rates from 80% to 37% between 1990 and 1996. While capital and intermediate goods were liberalized first, future tariffs were uncorrelated with sectoral productivity up to 1997 (Topalova, 2010). This allays concerns that select industries were strategically protected from import competition during this period.

Much of the research on trade reforms has focused on the manufacturing sector, either in terms of import competition, or access to superior inputs or wider markets. In the Indian context, along with the slashing of import tariffs and the easing of quantitative restrictions for manufactured products, the agricultural sector too was heavily exposed to the forces of globalization in the first half of the 1990s. Topalova (2010), for instance, reports a sharp reduction of *ad valorem* tariffs on agricultural products within the first two years of trade liberalization. Second, Nayyar and Sen (1994) noted that quantitative restrictions for most agricultural products were also lifted by 1994, allowing them to be freely imported akin to non-consumer goods.[12] Due to fluctuations through the 1980s in global agricultural prices and an overall weakening of the rupee, domestic prices were relatively higher for crops for which the strategy of import substitution was assiduously pursued. Consequently, Nayyar and Sen (1994) estimated that producers of sugarcane and oilseeds, located mostly in northern and western India stood to lose the most from tariff reforms, as the domestic prices of these commodities were above world prices at the onset of trade liberalization. This is particularly relevant in our context as 60 percent of India's labor force and two-thirds of the SC workforce were engaged in farm work at the onset of liberalization.[13]

[11] A third aspect was trimming the list of products which could be freely imported. Topalova (2010) reports that prior to 1991, only 12% of products could be imported without a license.

[12] Quantitative restrictions placed a cap the volume of imports for each commodity.

[13] This is estimated from the nationally representative National Sample Survey in 1987-88.

3 Data

3.1 Elections Data

Data on electoral outcomes (our main outcome) comes from the Election Commission of India (ECI). We study elections to state legislative assemblies, conducted once every five years in each state.[14] States are divided into electoral constituencies (or seats), proportionate to their population. Candidates are nominated by parties to contest these seats, with the candidate securing the maximum votes being declared the winner.[15] The winner represents the constituency for a 5-year term. A simple majority in seats is required to form the state government, though party coalitions can also form governments. Our primary sample covers 48 state-electoral cycles across 16 of India's largest states between 1982 and 2000, totaling over 14,000 electoral contests.[16] The median state had 4 elections during this period.

We define the set of "caste-based" parties in the same manner described in Aneja and Ritadhi (2022b). Constituency-level vote shares for caste-based and other parties are constructed using ECI's detailed data on votes received by each party in a constituency. The 9-year post-liberalization period includes elections conducted since 1991, with the first major set of elections being conducted in December 1993 – two years after liberalization. Appendix Table A1 shows that the average constituency had 160,000 voters, with turnout exceeding 60%. Over the course of our sample, the INC received 30% of the popular vote on average, followed by the BJP (16%) and the set of caste-based parties (14%).

3.2 Tariff Data

To construct our explanatory variable of interest, we use data from the World Integrated Trade System (WITS), which provides commodity-specific measures of import tariffs and trade flows since 1988. We use data on ad-valorem tariffs for each commodity for the years 1988 and 1997. Industry-specific import tariffs are computed by mapping commodity tariffs to 4-digit industries.[17] Specifically, we define industry tariffs before and after liberalization as follows:

$$Tariff_{jt} = \sum_{k=1}^{n} \tau_{kt} \times M_{k,1988} \tag{1}$$

[14] Off-cycle elections may occur when a governing party no longer controls a legislative majority.

[15] Individuals unaffiliated with any political party can also contest as independent candidates.

[16] The states are Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal.

[17] Tariffs are mapped to 4-digit industries using the National Industrial Classification of 1998.

τ is the ad-valorem import tariff for commodity k, mapped to industry j, in year t. Average tariff for an industry is computed as a weighted average across commodities, with the weights being the volume of imports (M) of the commodity prior to trade liberalization (1988). Appendix Figure B1 shows a leftward shift of the tariff distribution following trade liberalization, consistent with the law reducing ad-valorem tariffs. In line with tariff harmonization across commodities, the dispersion of tariffs in 1997 shrunk considerably from 1988. Appendix Figure B2 shows the evolution of volume-weighted average tariffs over time.[18] In line with Topalova (2010), we see that average annual tariffs declined sharply – from over 60 percent prior to trade liberalization, to 40 percent within 1 year and further to 30 percent by 1996. The left-panel of Appendix Figure B3 shows pre-liberalization average tariff rates for 2-digit industries; the right panel shows changes in average industry tariff rates between 1988 and 1997.

To compute regional exposure to import tariffs, we combine national changes in import tariffs with the pre-liberalization structure of local labor markets. Intuitively, for a given reduction in the average tariff rate facing industry j, districts with a larger share of the workforce engaged in industry j would be more affected by this loss in trade protection. To this effect, we use data from the 1991 population Census to compute the share of workers in each (3-digit) industry in a district. Next, we define a district's exposure to import tariffs ($Tariff_{dt}$) as the weighted sum of average tariffs across industries, with the weights being the district's pre-liberalization share of workers employed in each industry (prior to tariff reforms). Specifically,

$$Tariff_{dt} = \sum_{j=1}^{N} \frac{Workers_{j,d,1991}}{Workers_{d,1991}} \times Tariff_{jt} \tag{2}$$

$Workers_{d,1991}$ in Equation (1) denotes the total labor force in tradable industries for district d in 1991. $Tariff_{dt}$ thereby is constructed as a shift-share variable, and a district has a larger value of $Tariff_{dt}$ (higher trade protection) if a larger fraction of a district's labor force worked in industries facing higher tariffs. Appendix Figure B4 shows the variation in regional trade protection in the pre-liberalization period, with darker shades reflecting greater trade protection. Districts in the northern Indian states of Uttar Pradesh and Bihar – which also saw intense mobilization of marginalized caste groups – received the highest protection from import competition prior to liberalization, along with

[18] We compute a weighted average across ad-valorem tariff rates for all manufacturing commodities during the year. The weights correspond to the import volume of that commodity in 1988, three years prior to trade liberalization.

the eastern Indian state of Assam and some pockets of southern India (states of Andhra Pradesh and Karnataka).

3.3 Employment and Earnings Data

To study mechanisms, we use nationally representative household surveys conducted by the National Sample Survey Organisation (NSS) and explore the labor market impacts of trade liberalization. NSS surveys are conducted every 5 years as repeated cross-sections, cover every state and district, and samples over 100,000 households. They detail for every household member demographic characteristics, educational attainment, employment status, occupation type, and sector of employment.

We use 2 NSS survey rounds – round 43 (1987-88) and round 55 (1999-00). We restrict the sample to 700,000 working-age individuals, aged between 15-60. Appendix Table C1 presents workforce summary statistics. We see that three-fourths of the sample lived in rural areas, and a fourth hailed from historically marginalized SC communities. Only 15 percent of working-aged adults had completed secondary education. Conditional on participation in the labor force, Appendix Table C2 reports a low unemployment rate of 4 percent, and half the workers were self-employed. 60 percent of the labor force was engaged in farm activities, and 11 percent in manufacturing work. A fifth of workers were employed in trade or services. Appendix Figure C1 shows that overall employment trends remained comparable between 1987-88 and 1999-00. The top-left panel of Appendix Figure C1 shows that workers from marginalized castes were over-represented in farm work throughout this period.[19] Geographically, the top panel of Appendix Figure C3 shows that farm workers were concentrated in central, and northern India, while the bottom panel of Appendix Figure C3 shows that the share of SC workers employed in farm activities was concentrated primarily in northern India. These regions overlap closely with districts with high pre-liberalization tariff protection, and the areas witnessing the electoral success of caste-based parties.

The NSS inquires workers' earnings in the week prior to the survey, disaggregated by broad industry of activity, and days worked in each activity. Total weekly earnings is scaled by days worked to compute average daily wages for broad sectoral categories. Wages in 1987-88 are inflated to 1999-00 values using the Wholesale Price Index. Appendix Tables C3 and C4 show that while average daily wages increased by 1 percent per annum (in real terms), median real wages were stagnant. The fastest

[19] As the NSS surveys only classified OBCs as a separate category following 1999-00, we only show the share of OBCs in farm work for round 55, conducted in 1999-00.

growth was seen for non-farm non-manufacturing wages, while average manufacturing wages grew by 2.2 percent. Surprisingly, farm wages grew at a steady pace over these 12 years, but remained substantially lower than non-farm wages in magnitude.[20]

4 Empirical Strategy

Our estimation strategy compares electoral support for caste-based parties before and after India's 1991 trade liberalization episode, across districts facing a large loss in trade protection relative to those facing smaller losses. We measure the change in regional trade protection by aggregating industry-level tariffs to districts, using pre-liberalization district employment shares for each industry as weights. Conceptually, given a reduction in the average tariffs for industry j, we would expect a district to have greater exposure to import competition if a larger proportion of the district's workforce was employed in industry j. Similar to Topalova (2010), we employ a differences-in-differences (DiD) identification strategy with a continuous measure of treatment intensity:

$$Y_{cdt} = \alpha_c + \delta_{st} + \beta Tariff_{dt} + \gamma \mathbf{X}_{cdt} + \epsilon_{cdt} \tag{3}$$

Y in Equation 3 denotes a political outcome for electoral constituency c located in district d, observed in election year t. We focus on two outcomes: (1) the share of voters who casted a ballot for a candidate representing a caste-based party, and (2) an indicator for whether a caste-based party won the election. α and δ are constituency and state-election year fixed effects. The former accounts for time-invariant constituency characteristics determining local support for caste-based parties. State-year fixed effects absorb time-varying, state-level changes across constituencies in a state within a given election cycle, such as the passage of legislation immediately during the year of elections or aggregate growth in state gross domestic product. $\mathbf{X}$ is a vector of time-varying constituency and district-level covariates, including constituency voter turnout, as well as district-level demographic and workforce characteristics. District covariates are measured in the pre-liberalization period, and interacted with a post-liberalization dummy. The independent variable of interest is $Tariff_{dt}$, defined as in Equation 2. As the denominator in $Tariff_{dt}$ only includes tradable industries, the sum of sectoral employment shares do not add to 1, and we control for the share of workers employed in tradable industries in all

[20] In 1999-00, the median farm wage was less than half the median non-farm wage, while the average farm wage was a third of the average non-farm wage.

our specifications (Borusyak et al., 2022).[21] All specifications are weighted by the number of registered voters to account for variations in constituency size. Standard errors are clustered by district.

Our empirical strategy exploits two sources of variation for causal identification. Cross-sectional variation in trade protection arises from differences in the pre-liberalization employment mix across districts. Time-variation in trade protection emerges from the reduction in ad-valorem tariff rates due the liberalization episode in 1991. Consequently, districts with a greater pre-liberalization employment share in industries affected by larger tariff cuts faced greater exposure to trade liberalization. Consequently, these districts faced a higher-intensity treatment.

As the change in $Tariff_{dt}$ over time is negative, it signals a loss in trade protection, or higher import competition. Loss in trade protection for district d due to tariff reforms equals $\Delta Tariff_d = Tariff_{d,1997} - Tariff_{d,1988}$. Descriptively, the top row of Figure 1 shows that districts facing the largest decline in trade protection were concentrated in the northern Indian states of Uttar Pradesh and Bihar, along with the eastern state of Assam, and the southern state of Karnataka. For ease of interpretation, we discuss our results in terms of a standardized measure of tariff reduction. A one standard deviation (1sd) reduction in $\Delta Tariff_d$ equals .0898, which is comparable to the inter-quartile range of $\Delta Tariff_d$ (.0986). We focus on a 1sd change in $\Delta Tariff_d$ to assess the magnitude of the empirical results.

The identifying assumption for a causal interpretation of β in Equation 3 is that in the absence of the sharp reduction in import tariffs owing to trade liberalization, electoral support for caste-based parties would have been comparable across districts which were more protected from import competition (treated), relative to those which were less protected (control). As import tariffs were slashed nationwide, our empirical strategy cannot identify the average effect of the tariff reforms on electoral support for caste-based parties. Instead, we compare the relative change in electoral support for caste-based parties across districts which received higher protection from import competition in the pre-liberalization period, against those which were relatively less protected.

As our independent variable is in essence a "shift share" design, we adopt recent advances proposed by Goldsmith-Pinkham et al. (2020) and Borusyak et al. (2022) to validate our identification assumption and bolster the credibility of our causal estimates. In our context, Borusyak et al. (2022) requires the change in tariff rates to be exogenous, while Goldsmith-Pinkham et al. (2020) suggest that

[21] Approximately half of the labor force in the pre-liberalization period was engaged in the production of cereals and oilseeds, whose tariff rates remained unchanged between 1987 and 1997 (Topalova, 2010). Remaining agricultural products with varying tariff rates are classified as tradables and included while estimating regional exposure to tariffs.

the regional share of workers employed in each industry should be uncorrelated with unobservable factors predicting electoral support for caste-based parties. We provide evidence in support of both assumptions. With regard to the first, Appendix Figure B5 shows that changes in industry tariffs were highly correlated with pre-liberalization tariff rates. This can be attributed to the twin goals of tariff liberalization to both lower tariffs, and harmonize them across commodities. Consequently, industries with higher pre-liberalization tariffs faced larger losses in trade protection. As Gang and Pandey (1996) noted pre-liberalization tariffs to be quasi-exogenous, and determined primarily by the Second Five-Year Plan in 1957-58, the decline in industrial tariffs can also be argued to be quasi-exogenous. Formally, we verify this using randomization inference where tariffs are arbitrarily assigned to commodities.

Additionally, Appendix Tables D1a-D1d individually regress pre-liberalization district tariff exposure on pre-liberalization district observables, conditional on state fixed effects. Reassuringly, only 2 out of 30 district observables yield a statistically significant coefficient. Importantly, Appendix Table D1d shows that districts' pre-liberalization levels of trade protection was unaffected by electoral politics. Overall, the balance tests in Appendix Tables D1a-D1d alleviates concerns that the regional variation in pre-liberalization tariff exposure proxied for other local factors, which could also have been affected by the policies of economic liberalization.

The $Tariff$ measure in Equation 3 is similar in spirit to measures of import penetration used in the empirical trade literature such as Autor et al. (2013), Autor et al. (2020), and Dippel et al. (2022). These papers however use an instrumental variables (IV) strategy, where imports in the home country are instrumented using imports to other (similar) economies. We instead focus on the policy shock to tariff protection rather than changes in actual import penetration. The reduced form identification strategy is similar to several recent works on import competition, labor markets, and political outcomes, such as Choi et al. (2024), Dix-Carneiro and Kovak (2017), and Ogeda et al. (2024). These studies also rely on a reduced form approach, exploiting the quasi-exogenous nature of changes in import tariffs.[22] As Appendix Figure B5 indicates that the change in import tariffs in our context is likely to be quasi-exogenous, determined by industrial tariffs imposed decades earlier in the 1950s, we also use a reduced-form approach as our preferred empirical strategy. Appendix D.2.3 verifies that our results

[22] Choi et al. (2024) in particular contends that the exclusion restriction needed for an IV strategy is likely to be violated, making the reduced form strategy the preferred approach.

are not sensitive to this choice though: the primary results remain very comparable in direction and magnitude if we adopt the instrumental variables strategy proposed in (Topalova, 2010).[23]

Descriptive Trends

Before turning to the results, we present some preliminary descriptive findings. Figure 1 uses a within-district unconditional first difference estimator to map the loss in trade protection, against changes in electoral outcomes for caste based parties. Darker shades depict regions facing a greater loss in trade protection (increased support to caste-based parties). The top-right and bottom panels show that the increase in electoral success for caste-based parties was concentrated in Uttar Pradesh and Bihar, which roughly-speaking coincides closely with the regions facing the largest declines in trade protection (top-left panel). Appendix Figure D1 depicts the relationship shown in Figure 1 as a binned scatter plot. Both in terms of vote shares (left panel) and the fraction of elections won (right panel), we find a sharp downward sloping relationship: regions with relatively larger losses in trade protection (larger magnitudes of $\Delta Tariff_d$) saw increased electoral support for caste-based parties.

5 Results: Tariff Reforms and Support for Caste-Based Parties

We now discuss our key findings. We first document the impact of tariff reforms on the electoral success of caste-based parties. Subsequently, we explore the labor market impacts of tariff reforms as a potential mechanism for our electoral findings.

5.1 Main results

Table 1 presents our main results, estimating Equation (3) to identify how rising import competition affected electoral support for caste-based parties. The outcome of interest in columns (1)-(3) is constituency-level vote share for caste-based parties; in columns (4)-(6), an indicator equaling 1 if a caste-based party won the election.[24]

The results present a consistent picture: regions witnessing a larger loss in trade protection due to tariff reforms observe increased electoral support for political parties representing the interests

[23] Topalova (2010) suggests instrumenting a district's overall exposure to import tariffs using a district's exposure to import tariffs from tradable commodities. The instrument in Topalova (2010) is equivalent to the exogenous variable of interest in the main specifications of this paper. The endogenous variable is constructed in a similar manner to the instrument, but uses the total number of workers in each district to weight each industry's relative importance in the district.

[24] In constituencies where multiple caste-based parties contested elections, we use the vote-share of the most successful caste-based party.

of India's historically marginalized castes. Columns (1) and (4) present the baseline results with only constituency and state-year fixed effects. We identify a negative and statistically significant coefficient associated with our variable of interest, $Tariff_{dt}$. Columns (2) and (5) shows our preferred specification, where we add in district and constituency covariates, while columns (3) and (6) control for exposure to three other major liberalization programs concurrent with trade liberalization.[25]

We consistently observe that tariff reforms increased political support for caste-based parties in relatively exposed districts. Our preferred specification in column (2) suggests that moving to a district facing a 1sd larger loss in trade protection increased the vote share of caste-based parties by 1.8 percentage points (p.p.). This is non-trivial when considering that the average margin of victory over this period was 14 p.p.. The corresponding impact on the likelihood of a caste-based party win in column (5) equaled 4.7 p.p. – a 26 percent increase relative to the pre-liberalization probability of a caste-based party winning an election. The magnitudes are similar to those in Ogeda et al. (2024) in their study of trade liberalization and electoral support for Left party candidates in Brazil. The inclusion of covariates result in a slight increase in the point estimate, and controlling for other reforms has little impact on the coefficient of interest. Following Borusyak et al. (2022), the covariate vector includes the district's pre-liberalization share of workers in tradable industries, interacted with the post-liberalization dummy. Controlling for other liberalization policies in columns (3) and (6) further reassure us that our empirical strategy is capturing the impact of tariff reforms, and not other concurrent policies.

The independent variable of interest – $Tariff_{dt}$ – is a continuous measure of regional protection from import competition. Table 2 dichotomizes this continuous treatment to compare how trade liberalization affected the electoral success of caste-based parties across regions with high and low levels of pre-liberalization trade protection. We classify districts with an above median score on $Tariff_{d,1988}$ as "high tariff," or "treated" ($HighTariff_d = 1$), and the rest form the control group. Baseline results are presented in Columns (1) and (4) of Table 2; the remaining specifications add in covariates. We focus on our preferred specification in column (2). The vote share of caste-based parties increased by 3 p.p. in districts with high pre-liberalization trade protection, relative to districts with low protection – a substantial increase when compared to the pre-reform baseline vote-share

[25] Namely, these are : (1) opening sectors to foreign direct investment; (2) liberalization of sectors from stringent industrial "licensing" requirements; and expansion of products which could be freely imported without an import license. These controls are directly sourced from Topalova (2010) and constructed in a manner similar to $Tariff_{dt}$.

of 16 percent in control districts. Column (5) shows the corresponding increase in the likelihood of winning an election was 9 p.p. Columns (3) and (6) of Table 2 examine non-linearities, and suggests that the increase in electoral support for caste-based parties was concentrated in the top two quartiles of pre-1991 trade protection.

Event-Study Estimates

The identifying assumption for a causal interpretation of the $Tariff_{dt}$ coefficient in Equation 3 is that in the absence of tariff reforms, electoral support for caste-based parties would have changed at a comparable rate across regions with high and low pre-liberalization trade protection. Goldsmith-Pinkham et al. (2020) suggests corroborating this identifying assumption by verifying that the increase in electoral support for caste-based parties appears only *after* the tariff reforms takes effect. We demonstrate this using an event-study specification which assesses the presence of differential pre-liberalization trends in electoral support for caste-based parties across districts with high and low trade protection. As electoral cycles are staggered across states, we aggregate elections into eight two-year windows and estimate:[26]

$$Y_{cdt} = \alpha_c + \delta_{st} + \sum_{i=-3}^{4} HighTariff_{d,1987} \times \mathbb{1}(Period = i) + \delta \mathbf{X}_{cdt} + \epsilon_{cdt} \tag{4}$$

Figure 2 shows that for both caste-based party vote shares and electoral wins, there is a positive and statistically significant jump in the point estimates following the trade liberalization episode in 1991. While the likelihood of caste-based parties winning an election is the highest immediately after trade liberalization, the increase in vote shares remained stable through the post-liberalization period, pointing to persistence in electoral support for caste-based parties in areas facing larger losses in trade protection. Importantly, there is no evidence of rising support for caste-based parties in the three electoral cycles prior to trade liberalization, lending credence to our empirical strategy.[27]

[26] We use the following set of aggregations: 1982-84; 1985; 1987-1989; 1990-1991; 1992-1993; 1994-1995; 1996-1997; 1998-2000. We keep elections in 1985 separate, since 12 of 16 states had elections in that year. Elections conducted in 1990 and 1991 form the basis of our reference group (i = -1).

[27] Caste-based parties enjoyed electoral success in select states in the years 1990 and 1991. As these two years form our reference period, if the increase in electoral support for caste-based parties was attributed to unobservables correlated with trade protection, we would have expected a large negative coefficient for the point estimates corresponding to the three prior time periods. This reassuringly is not the case.

Alternate Specifications and Robustness

To further bolster the credibility of our main finding that trade liberalization increased support for caste-based ethnic parties, we conduct a number of robustness checks. Appendix Table D2 shows that our baseline results are robust to several alternate specification choices. We show that our results are stable to the inclusion of linear time-trends in pre-liberalization regional electoral support for caste-based parties (columns (1) and (5)), and district-specific linear time-trends (columns (2) and (6)). These results reduce our concern that district-level unobservable characteristics that are correlated with both districts' tariff exposure and political support for caste-based parties are driving our findings. Columns (3) and (7) show that the results are not sensitive to weighting regressions by the number of registered voters. Finally, columns (4) and (8) show the coefficient of interest remains statistically significant at the 5% level if we opt to cluster our errors more conservatively, at the level of state.

We also test whether our findings are stable to alternate sample restrictions. Columns (1)-(2) of Appendix Table D3 show that our results are unchanged if we omit elections conducted prior to 1987. We conduct this test for two reasons. First, some initial policy steps toward trade openness were undertaken between 1980 and 1985. Second, our pre-liberalization measure of $Tariff_{dt}$ is based on import tariffs in 1988. Using elections conducted since 1987 permits a closer mapping between import tariffs and electoral outcomes. Columns (2) and (6) omit elections conducted after 1996, and the results suggest that the short and long-term impacts of tariff reforms are comparable.[28] Columns (3) and (8) show robustness to omitting elections conducted in 1991, which just preceded the onset of economic liberalization. Columns (4) and (9) undertake a placebo exercise, where we restrict the sample to elections conducted till 1991, and classify elections conducted between 1987 and 1991 as the ("pseudo") post-liberalization period. Reassuringly, the point estimates exhibit the opposite sign, are an order of magnitude smaller, and imprecisely estimated.[29] If district-level unobservables predicting the electoral success of caste-based parties were correlated with pre-liberalization levels of trade protection, we would have expected the coefficients in columns (4) and (9) to be similar to the baseline results.

We also probe the sensitivity of our results to our classification of "caste-based" parties. Section 2.1 described the JD and the BSP as the two major caste-based parties. While the former appealed to a

[28] We also note that Topalova (2010) suggests that the federal government strategically chose industries to be liberalized after 1997. This test thus provides an additional way to verify the robustness of our findings.

[29] The corresponding p-values are .202 in column (4), and .856 in column (9).

broad coalition of marginalized caste groups, the BSP in its initial years appealed almost exclusively to the SC community (Chandra, 2004). Consequently, we examine how variations in regional tariff exposure affected electoral support for the BSP, which (to an approximation) represented the most marginalized groups of Indian society. This permits a direct mapping of marginalized caste groups to parties, and allows us to test whether areas facing larger exposure to import competition saw greater support for a party appealing majorly to the SC community. Moreover, the BSP enjoyed all of its electoral success in the post-liberalization period, providing a direct link between globalization shocks and the rise of ethnic politics. Column (10) of Appendix Table D3 shows that moving to a district with a 1sd larger loss in trade protection increased the likelihood of the BSP winning an election by 1.7 p.p. – twice its pre-liberalization win likelihood. The vote share of the BSP was also significantly higher in trade-affected districts.

As a final exercise of robustness, we randomly assign import tariffs to commodities in each of the years 1988 and 1997 and re-compute $Tariff_{dt}$ with this arbitrary set of tariffs. We next estimate specification (3) and verify whether our baseline results can be replicated with the arbitrary assignment of tariffs. Commodity tariffs are drawn from the uniform distribution [40,250] in 1988, and [0,40] in 1997, and this process is repeated 1,000 times.[30] For both outcomes of interest, the cumulative CDFs in Appendix Figure D2 confirm that we are unable to recover the baseline coefficients from the randomized assignment of commodity-level tariffs. For caste-based party vote shares (wins), only 6 (0) out of the 1,000 coefficients are less than the baseline coefficient of -.200 (-.525). This lends support to our claim that changes to commodity tariffs following trade liberalization was quasi-exogenous.

5.2 Tariff Reforms and Electoral Performance of Other Parties

We also explore whether support for caste-based parties comes at the expense of mainstream parties. Event-study plots in Appendix Figure D3 show a significant decline in the combined vote-shares of the BJP and the INC following trade liberalization, along with a significantly lower likelihood of winning an election in districts with relatively higher pre-liberalization trade protection. There is again no evidence of a violation of the parallel trends assumption for these parties. Appendix Table D4 provides the difference-in-difference estimates, which unsurprisingly corroborate the story that the increase in electoral support for caste-based parties is accompanied by reduced support for both

[30] The endpoints of the interval correspond to the top and bottom 1% of commodity tariffs in 1988 and 1997.

the center-left INC and the center-right BJP. We do note, however, that unlike the persistent electoral success of caste-based parties beyond 1996, the decline in the electoral success of the BJP and the INC did not extend beyond 1996. A possible reason for this is that in light of the multi-party nature of Indian democracy, caste-based parties in later years displaced support for other third parties.

Collectively, our results indicate that voters in regions facing a greater loss in trade protection shifted their electoral support from both centre-left and right-wing mainstream parties towards kinship-based ethnic parties appealing to voters along the identity of caste. The loss in support for the INC echoes the findings of Choi et al. (2024), who showed declining support for President Clinton and the Democratic Party in areas more exposed to import competition from Mexico in the aftermath of NAFTA. However, the decline in support to the right-wing Hindu nationalist BJP is contrary to Dippel et al. (2022), who showed higher import competition from emerging markets to increase popular support for German far-right parties. Moreoever, unlike Ogeda et al. (2024), we find no impact of tariff reforms on the electoral success of Left parties. This rules out that the electoral support for caste-based parties emanated from an overall shift in electoral support for parties to the left of the political spectrum in response to globalization.

5.3 Heterogeneity by Regional Characteristics

We also explore different dimensions of cross-sectional heterogeneity to understand where the increased support for ethnic parties was concentrated. We start with heterogeneity by the presence of marginalized caste groups, since the primary support base for caste-based parties comprised of historically marginalized OBC and SC communities. For a given loss in trade protection, we would expect these parties to be more successful in districts with a larger share of historically marginalized populations. An empirical challenge is that the decennial Census does not separately enumerate OBCs, and the NSS also did not classify OBCs till 1999. We address this by assuming that the ranking of OBC population shares across geographical regions remained invariant between 1987 and 1999. Subsequently, we identify heterogeneity across regions with relatively high and low OBC population shares, conditional on the loss in trade protection.[31] A similar test of heterogeneity is undertaken for regions with a relatively large SC population share.

Summary statistics from the NSS' employment-unemployment survey in 1999-00 showed that

[31] The implicit assumption is that there was no substantial migration of OBC groups following trade liberalization.

SCs and OBCs collectively accounted for 64 percent of rural population, but 47 percent of the urban population. Similarly, while only 15 percent of SC and OBC working-age individuals had completed secondary education, the corresponding share for working-age individuals from non-marginalized groups was 45 percent. This leads us to explore heterogeneity across regional levels of urbanization, and the share of secondary educated working-age adults.

To test for heterogeneous effects of trade liberalization, the empirical specification is the following:

$$Y_{cdt} = \alpha_c + \delta_{st} + \beta_1 Tariff_{dt} + \beta_2 Tariff_{dt} \times HighChar_d^k + \gamma \mathbf{X}_{cdt} + \epsilon_{cdt} \tag{5}$$

$HighChar^k$ in equation (5) is a dummy equal to 1 if the district's share of marginalized groups (rural population/secondary educated individuals) exceeded the sample median.[32] β_1 identifies the relative effect of a loss in trade protection for constituencies located in districts with "low" values of the characteristic of interest ($Char_d^k$); conditional on the loss in trade protection, β_2 tests for differential effects across constituencies in districts with a relatively "high" value of the characteristic of interest.

Columns (1) and (6) of Table 3 combine both SC and OBC groups and identify a negative and statistically significant coefficient for the interaction term (β_2). Conditional on the decline in trade protection, caste-based parties saw significantly higher electoral support in constituencies located in districts with a relatively high share of SC or OBC populations. In such districts, a 1sd larger loss in trade protection resulted in a 1.7 ppt. increase in vote shares for caste-based parties, and a 4.7 ppt. increase in the likelihood of winning. While the interaction terms are not always precisely estimated, columns (2)-(3) and (7)-(8) identify differential effects separately for districts with relatively high SC and OBC population shares and report qualitatively similar results.

Consistent with the higher concentration of SC and OBC communities in rural areas, columns (4) and (9) identify a differential increase in electoral support for caste-based parties in regions with relatively low urbanization. In contrast, we identify positive interaction coefficients in columns (5) and (10) when identifying heterogeneity across the share of secondary educated individuals.[33] This is similar to Dippel et al. (2022), who showed import competition to affect voting behaviour in regions with a high concentration of low-skilled manufacturing workers.

[32] For the rural population and fraction of working-aged adults (15-60 years) with secondary education, we rank districts using data from the pre-liberalization NSS employment-unemployment survey, conducted in 1987-88.

[33] The interaction term is imprecisely estimated (p-value .155) in column (9), and statistically significant at the 1% level in column (10).

Broadly, the heterogeneity tests in Table 3 capture differences in regions' ability to cope with globalization shocks. Rodrik (2021) noted that lower levels of physical, financial and human capital hinders the ability of rural areas to cope with globalization shocks. This in turn can exacerbate urban-rural inequities and lower support for trade liberalization and political formations advocating such policies. Similarly, the lack of skills can limit workers' mobility, both geographically, and sectorally, reducing their ability to adjust to disruptions arising from trade openness. In the present context, the concentration of socially marginalized citizens in rural areas, combined with historical barriers imposed on access to public resources could have reduced these groups' ability to adjust to globalization-induced shocks due to inadequate human and social capital.

6 Mechanisms: Heterogeneity in Labor Market Returns after Reform

We briefly turn to the mechanisms through which declining trade protection could have increased electoral support for caste-based parties. Consistent with Rodrik (2021) and Dippel et al. (2022), the evidence suggests that support for caste-based parties likely reflects voters' response to trade-induced labor market adjustments. We substantiate this by first showing that India's trade liberalization had a disproportionately adverse effect on the relative earnings of workers from marginalized caste groups. Moreover, we observe that low caste workers were likely affected due to their over-representation in farm occupations, consistent with work by (Topalova, 2010). Finally, we document that the rise in electoral support for caste-based parties was most pronounced in districts where marginalized caste groups were over-represented in farm work – suggesting a potential link between the economic dislocation of low caste workers and a turn to supporting caste-based parties. We also rule out three competing explanations for our findings.

6.1 Loss of Trade Protection and Farm Worker Earnings

We first identify how the loss in trade protection affected labor market returns, focusing on heterogeneous effects by workers' caste identity. We do so by using individual weekly earnings data from the 1987-88 (pre-reform) and 1999-00 (post-reform) survey rounds of the NSS. The empirical specification is similar to Equation (3), but the unit of observation is the individual worker. Regressions include pre-liberalization district covariates interacted with a post-liberalization indicator, as well as

district, state-by-survey round, and survey quarter fixed effects.[34] We also control for worker age, worker location (rural or urban), and gender. Standard errors remain clustered by district.

Table 4 presents our results. Column (1) suggests an average decline in earnings within reform-affected districts, although the point estimate is not precisely estimated (p-value 0.13). Our main finding on heterogeneous effects by worker caste is presented in Column (2). We find that trade liberalization reduced the earnings of SC workers relative to non-SC workers. The $SC \times Tariff$ coefficient is positive and highly significant. Moving to a district facing a 1 sd larger loss in trade protection reduced daily earnings for SC workers (relative to non-SC workers) by INR 1.2. This effect is economic meaningful – equivalent to 6 percent of pre-liberalization monthly consumption for SC households.[35] Note that OBC individuals were not separately categorized prior to 1999-00, so the $Tariff$ coefficient in column (2) of Table 4 also includes the impact of a loss in trade protection on OBC workers. Given that like SC workers, many OBC workers lived in in rural areas (over 75%), we suspect that our analysis of the relative earnings declines experienced by low caste workers is an underestimate.[36]

Appendix Table D9 shows that our wage regressions are robust to a range of alternative specifications. We consider the omission of district covariates, controlling for the effects of other contemporaneous economic reforms, the inclusion of district-specific linear time-trends, and using an IV specification instead of the reduced form approach. Importantly, the wage regressions allow us to rule out a one alternative explanation for our electoral finding – namely, the worsening of caste discrimination. If political mobilization generated a backlash against disadvantaged caste groups, it could have aggravated existing caste fissures. If the rise of discriminatory practices was correlated with the loss in trade protection, increased support for caste-based parties could have resulted from marginalized citizens seeking protection from caste animus. We examine this Appendix Table D8 by testing for heterogeneity in the earnings of secondary educated SC workers, conditional on the loss in trade protection. The intuition is that if areas witnessing higher import competition also saw an exacerbation of discriminatory practices, SC workers would see lower returns on the labor market,

[34] We restrict the sample to workers aged between 15 and 60 years with positive earnings.

[35] Pre-liberalization per capita monthly household expenditures for SC households was INR 413. Assuming 20 working days, SCs' monthly earnings would reduce by (1.2×20), equivalent to 6 percent of household consumption.

[36] We offer suggestive evidence of this in columns (1) and (2) of Appendix Table D8, where we consider heterogeneity across rural workers, and workers with secondary education – of which members of SC and OBC groups represent at majority.

irrespective of their educational qualifications. Column (3) of Appendix Table D8 shows this to not be the case, ruling out that higher electoral support for caste-based parties possibly did not emerge in response to a widening of caste faultlines.

Next, we consider why SC workers were particularly vulnerable to economic disaffection during trade liberalization. We begin by noting that existing research suggests a dampening of agricultural wages in districts most affected by tariff reforms (Topalova, 2010). As seen in Appendix Figure C2, SC workers were historically overrepresented in farm work – suggesting one plausible reason for the relative reduction in SC wages. Column (3) confirms this by exploring heterogeneity in the impact of tariff reforms on overall worker earnings across the farm and manufacturing sectors. The triple interaction $Tariff \times Farm$ coefficient is positive and statistically significant.

If the decline in the relative earnings for SC workers was due in part to their over-representation in agricultural jobs (e.g., exposure to an affected industry in the form of a labor market channel), one might expect that controlling for agricultural occupation would absorb some of the heterogeneous earnings effect we observe in column (2). We confirm this to be the case in column (4), which repeats our analysis of heterogeneous effects by caste, now conditioning on tariff reform's effect on farm workers. We see that controlling for agricultural occupation reduces the SC earnings effect by around 60%. These results, while admittedly suggestive, are consistent with the disproportionate exposure of SC workers within particularly a vulnerable industry.[37] In contrast, column (5) repeats the exercise after conditioning on the differential impact of tariff reforms on manufacturing workers. The $Tariff \times SC$ coefficient is virtually unchanged relative to column (2), further corroborating that the relative decline in earnings for SC workers was driven by reduced farm earnings rather than changes in manufacturing earnings.

Trade theory posits that welfare gains from trade openness depend in part on how factors are reallocated across sectors and regions (Pavcnik, 2017). If workers could exit sectors or regions disproportionately affected by tariff reforms, the wage regressions in Table 4 would be over-stating the impact of tariff reform on workers' wages. Appendix Tables D10 and D11, however, offer limited evidence of worker mobility out of affected sectors. Similarly, Appendix Table D13 shows that workers from marginalized groups did not adjust to rising import competition by moving across regions. Overall district population, the share of rural population, the share of SC population, and the share of

[37] SC workers make up 25 percent of the overall labor force.

rural males in a district were unaffected by the loss in trade protection. This finding is consistent with inter-district migration being relatively low over this period (Topalova, 2010; Khanna, 2023).

We conclude this section by providing evidence that suggests caste-based parties emerged in places where SC workers were negatively affected by trade liberalization. If the relative decline in marginalized workers' earnings was the key channel through which tariff reform increased political support for caste-based parties, we would expect this to be greater in regions with a higher concentration of workers from marginalized caste groups (given what we have just shown). We thus explore whether the positive effect of trade liberalization on caste-based parties' electoral success was concentrated in districts with a relatively high pre-reform share of SC farm workers.

Re-estimating equation (5), columns (1) and (4) support the above hypothesis: the triple interaction coefficients are negative and statistically significant. For a 1 sd decline in trade protection, caste-based parties saw significantly higher electoral support in districts with a high share of farm workers from SC groups. In contrast, columns (2) and (5) identify no such heterogeneity across the pre-liberalization share of non-SC workers in the agriculture sector. Columns (3) and (6) combine both triple interaction terms and confirm that conditional on the loss in trade protection, electoral success of caste-based parties was significantly higher only in districts with a relatively high share of SCs in the farm sector. Finally, columns (4) and (8) include interactions of districts' tariff exposure with the share of SCs in farm work, and the share of SCs in the district population. The latter interaction is now substantially smaller in magnitude, indicating that conditional on the loss in trade protection, the differential increase in electoral support for caste-based parties was observed only in districts with a relatively high share of SCs in farm work.

Collectively, these results provide evidence of the role of a labor market channel in explaining the increase in electoral support for caste-based parties following trade liberalization.

6.2 Ruling Out Alternate Explanations

Our empirical results suggest that areas witnessing larger losses in trade protection saw increased electoral support for caste-based parties. As this section has shown (see above), one possible explanation is that workers from marginalized caste groups were disproportionately harmed by trade liberalization, and voted in favor of caste-based parties – consistent with recent work such as Dippel et al. (2022), Choi et al. (2024), and Rodrik (2021). We conclude by ruling out three competing explanations – changes in voter participation; the role of state capacity; local anti-incumbency against the INC Party;

and a worsening of caste discrimination.

First, the increased mobilization of marginalized caste groups could have increased these groups' participation in the electoral process, leading to higher turnout. This in turn could have resulted in higher electoral support for caste-based parties. However, Appendix Table D14 shows that voter turnout if anything declined in areas facing a larger loss in trade protection. Moreover, there is no evidence of heterogeneity across areas where caste-based parties enjoyed greater political success.

Second, our results may reflect the mechanical by-product of reduced incumbent support rather than an affirmative turn toward candidates representing low caste interests. Cole et al. (2012), for instance, showed that Indian voters were likely to punish incumbents during economic downturns, although incumbents could mitigate the decline in popular support through the timely provision of welfare transfers. If local state capacity was correlated with pre-liberalization levels of trade protection, it is possible that electoral support for caste-based parties emanated through citizens voting against the local incumbent due to inadequate welfare support following a (relative) reduction in earnings. We test for this by exploring heterogeneity across pre-liberalization proxies of local state capacity. We use data from a NSS household survey conducted in 1986-87 which enquires households about the availability of food grains from the public distribution system, as well as electricity connections and piped water supply from the government.[38] Conditional on the loss in trade protection, Appendix Table D15 offers no evidence that the increase in electoral support for caste-based parties was driven by districts with relatively low local state capacity. Relatedly, Appendix Table D16 shows that our results are not a mechanical manifestation of anti-incumbency against the Congress Party. Conditional on the loss in trade protection, electoral support for caste-based parties was actually lower in constituencies where the INC was the local incumbent.

Concluding Remarks

Does exposure to trade leads to rise in ethnic politics? We examine this question using India's Eight-Plan trade reform as a quasi-natural experiment. In doing so, we construct regional or district level exposure to trade reform before and after the trade liberalization by combining industry level tariffs with pre-liberalization employment patterns across districts. Our thought process is if a region

[38] Data from round 42 of the NSS survey titled "Survey on Maternity, Child Care, Family Planning and Utilisation of Public Distribution System" is used.

has had a higher share of employment in a certain industry ex-ante liberalization and if the trade reform induces a significant drop in tariffs for that particular industry, we consider that region to have a higher exposure to trade vis-a-vis other regions. We then use the proportion of seats won by different political parties in different elections during 1987–1997 and regress on our regional level tariff exposure.

We find that rise in trade exposure or drop in tariffs led to a significant increase in the share of votes and parliamentary seats for "caste-based" political parties who advocated the use of affirmative quotas in employment and higher education to broaden the representation of marginalized citizens in Indian public institutions. And, this rise in support for those parties was due to dampening effect of the trade exposure on manufacturing and tradeable services wages in regions which had predominantly higher proportion of people from the marginnalized sections with less than secondary education and living in rural areas.

Our results provide important implications in terms of understanding the formation of ethnic or identity politics. We argue that one of the reasons for the significant rise of ethnic politics in India at the national level could be due to the trade reform that was undertaken as a part of the liberalization package. And, this external shock created winners and losers by redistributing economic surplus. The losers, in our case the marginalized people who were not educated and living in the rural areas, mobilized for redistribution through greater participation or representation in national politics. Therefore, any policy connotation that follows from our findings should focus on mitigating the inequality in terms of access to different resources across different groups in a multi-ethnic society like India otherwise any external shocks, like trade reform not only exacerbates those inequalities but in the process also creates separate endogenous identities that can serve as a precursor to future conflicts in the society.

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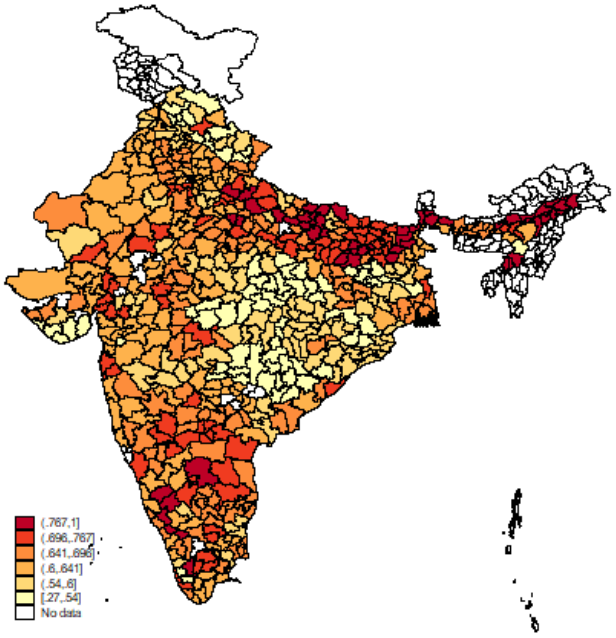
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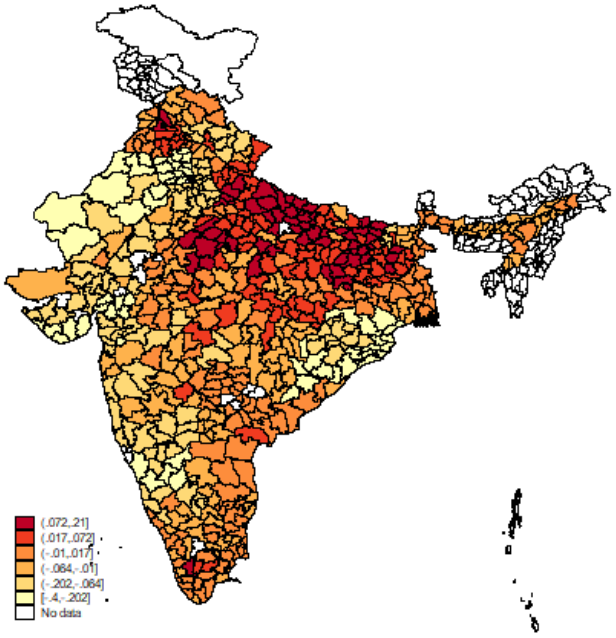
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7 Figures

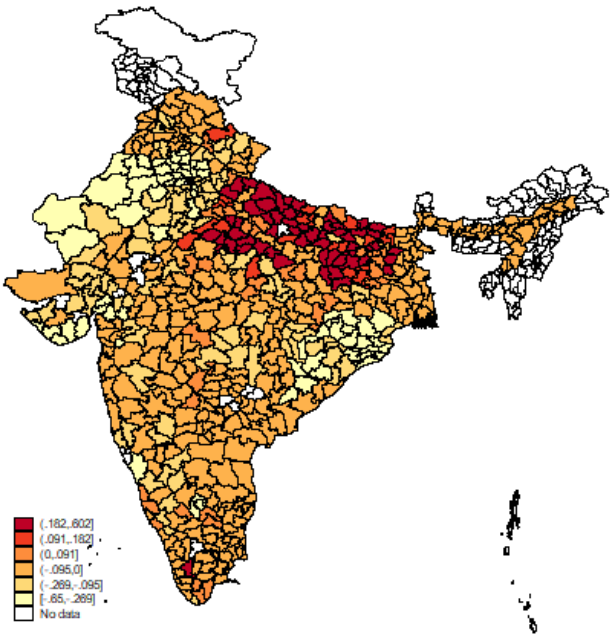
Figure 1: Loss in Trade Protection and Electoral Support for Caste-Based Parties: Geographical Distribution



(a) Loss in Trade Protection



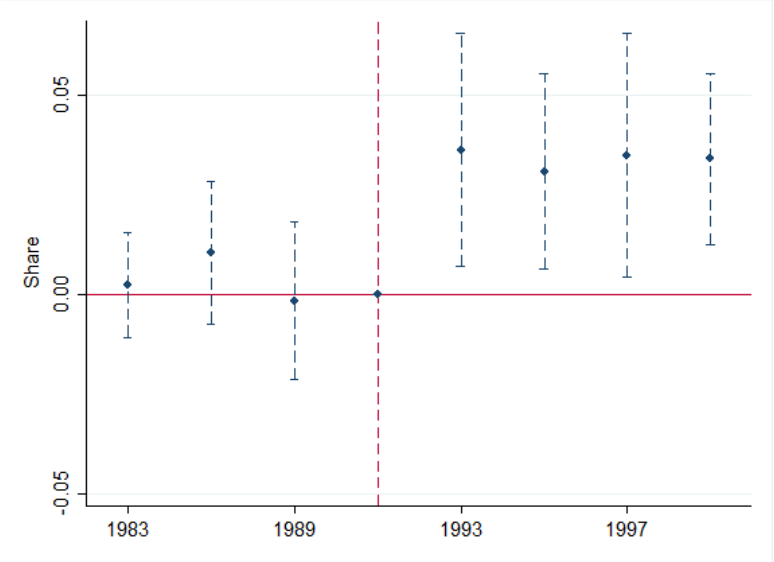
(b) Increase in Vote Shares



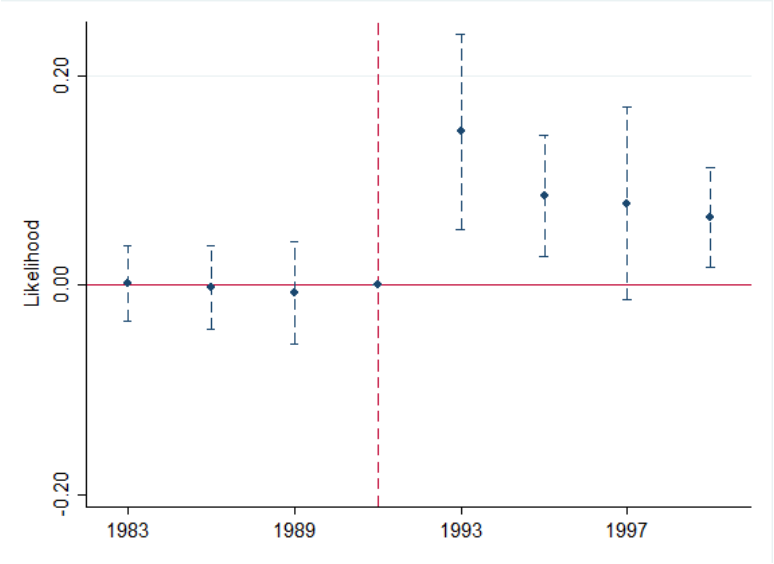
(c) Increase in Electoral Victories

Notes: The above figures show the loss in trade protection across districts, and electoral support for caste-based parties. The top-left figure shows the geographical distribution of the change in districts' tariff exposure following trade liberalization ($\Delta Tariff_d$). Darker shades reflect larger losses in trade protection. The top-right figure shows the change in vote shares for caste-based parties (as a fraction of total votes cast) before and after trade liberalization. The bottom figure measures electoral support in terms of fraction of elections won, before and after liberalization. Darker shades reflect higher vote shares (electoral support) for caste-based parties in districts. The breaks in the legend refer to the 10th, 25th, 50th, 75th and 90th percentiles of the distribution of each variable of interest.

Figure 2: Loss in Trade Protection and Electoral Success of Caste-Based Parties: Event-Study Plots



Panel a: Caste-Based Parties Vote Share



Panel b: Caste-Based Parties Wins

Notes: The above figures uses event-study plots to show how the loss in trade protection affected electoral success for caste-based parties. The event-study plots are based on estimating equation (4). The unit of observation is the electoral constituency. The outcome of interest in the left-panel is the vote share of caste-based parties; in the right-panel, a dummy equaling 1 if the caste-based party won an election. The circles show point estimates; the vertical broken lines, 95% confidence intervals. Loss in trade protection is based on districts' protection from import tariffs in 1987 ($Tariff_{d,1987}$). Districts with a relatively high (above median) value of $Tariff_{d,1987}$ form the "treated" group. Elections are aggregated into 2 year electoral cycles, with the first being elections conducted between 1982 and 1984. Elections conducted in the years 1990 and 1991 form the reference (omitted) category. The final time period includes elections conducted in the years 1998, 1999 and 2000. All specifications include constituency and state-electoral cycle fixed effects, along with constituency and district covariates. Regressions are weighted using the number of registered voters in the constituency. Standard errors are in parentheses, clustered by district.

8 Tables

Table 1: Loss in Trade Protection and Electoral Performance of Caste-Based Parties

	(1)	(2)	(3)	(4)	(5)	(6)
	Caste Parties Vote Share			Pr(Caste Party Win = 1)		
Tariff	-.147***	-.200***	-.220***	-.424***	-.525***	-.556***
	(.043)	(.047)	(.052)	(.111)	(.124)	(.136)
FDI			-.046			-.091
			(.044)			(.087)
Licensing			.050			.090
			(.034)			(.079)
NTB			.065			.012
			(.089)			(.207)
Observations	14843	14839	14839	14843	14839	14839
R^2	.75	.75	.75	.54	.54	.55
Control Mean	.15	.15	.15	.18	.18	.18
Covariates	N	Y	Y	N	Y	Y

Notes: This table shows the impact of a loss in trade protection on electoral support for caste-based parties. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(3) is the vote share received by caste-based parties; in columns (4)-(6), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects. Columns (2)-(3), and (5)-(6) also include district and constituency-specific time-varying covariates. Columns (3) and (6) control for the impact of other major liberalization policies. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table 2: Loss in Trade Protection and Electoral Support for Caste-Based Parties: Differences-in-Difference Estimates

	(1)	(2)	(3)	(4)	(5)	(6)
	Caste Parties Vote Share			Pr(Caste Party Win = 1)		
High Tariff, 1987 × Post	.021**	.030***		.064***	.088***	
	(.009)	(.010)		(.021)	(.023)	
Tariff Q^2, 1987 × Post			.003			-.006
			(.013)			(.028)
Tariff Q^3, 1987 × Post			.022*			.060**
			(.012)			(.028)
Tariff Q^4, 1987 × Post			.047***			.121***
			(.014)			(.033)
Observations	14843	14839	14839	14843	14839	14839
R^2	.75	.75	.75	.54	.54	.55
Control Mean	.13	.13	.16	.15	.15	.18
Covariates	N	Y	Y	N	Y	Y

Notes: This table shows the impact of a loss in trade protection on the electoral performance of caste-based parties using a reduced form differences-in-difference specification. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(2) is the vote share received by caste-based parties; in columns (3)-(4), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, and constituency and district-specific covariates. *High Tariff* is a dummy equaling 1 if the district's tariff exposure in 1987 ($Tariff_{d,1987}$) falls in the top two quartiles of the tariff distribution. $TariffQ^2$, $TariffQ^3$, $TariffQ^2$ are dummies corresponding to the 2nd, 3rd and top quartiles of the distribution of district tariff exposure in 1987. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table 3: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Heterogeneity by District Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Caste Parties Vote Share					Pr(Caste Party Win = 1)				
Tariff	-.149***	-.183***	-.156***	-.161***	-.199***	-.452***	-.469***	-.479***	-.408***	-.520***
	(.050)	(.049)	(.050)	(.049)	(.047)	(.133)	(.119)	(.134)	(.123)	(.121)
Tariff × High OBC/SC	-.044***					-.076***				
	(.013)					(.027)				
Tariff × High SC		-.014					-.046			
		(.014)					(.034)			
Tariff × High OBC			-.039***					-.052*		
			(.014)					(.031)		
Tariff × High Rural				-.040***					-.118***	
				(.015)					(.037)	
Tariff × High Educ.					.019					.100***
					(.014)					(.037)
Observations	14606	14839	14606	14839	14839	14606	14839	14606	14839	14839
R^2	.75	.75	.75	.75	.75	.54	.54	.54	.55	.55
Control Mean	.15	.15	.15	.15	.15	.18	.18	.18	.18	.18
$H_0 : \beta_1 + \beta_2 = 0$ (*p-val*)	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00

Notes: This table shows differential effects of the loss in trade protection on electoral support for caste-based parties across district characteristics. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(5) is the vote share received by caste-based parties; in columns (6)-(10), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. *High OBC/SC* is a dummy equaling 1 if the district had a relatively high share of individuals from SC or OBC communities; *High SC* is a dummy equaling 1 if the district had a relatively high share of individuals from SC communities; *High OBC* is a dummy equaling 1 if the district had a relatively high share of individuals from the OBC comunities; *High Rural* is a dummy equaling 1 if the district had a relatively high share of rural population; *High Educ.* is a dummy equaling 1 if the district had a relatively high share of working-aged individuals with secondary or higher education. Except for the share of OBC individuals, district characteristics are based on pre-1991 district characteristics. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table 4: Loss in Trade Protection and Worker Earnings

	(1)	(2)	(3)	(4)	(5)
			Daily Wages (INR)		
Tariff	18.056	12.452	-13.242	-11.802	13.364
	(11.893)	(12.024)	(12.717)	(12.496)	(11.964)
Tariff × SC		13.516***		5.047***	13.139***
		(2.225)		(1.914)	(2.195)
Tariff × Farm			42.116***	37.954***	
			(2.736)	(2.527)	
Tariff × Manufacturing			15.977***		-5.995
			(3.618)		(3.821)
Observations	107386	107386	107386	107386	107386
R^2	.32	.32	.37	.36	.32
Control Mean	61.63	61.63	61.63	61.63	61.63
$H_0 : \beta_1 + \beta_2 = 0$ $(p\text{-}val)$		.02	.02	.58	.02

Notes: This table identifies the impact of a loss in trade protection on daily wages. The unit of observation is the individual. The sample is restricted to individuals aged between 15 and 60 years, and reporting positive wages in the week preceding the survey. Daily wages are computed by dividing total weekly earnings by the total number of days worked during the week. Daily wages are in INR 1999-00 values. Self-employed workers are excluded. All specifications include district, state-survey round and survey-quarter fixed effects. Worker-specific covariates and time-varying district covariates are also included. *SC* is a dummy equaling 1 for workers from the Scheduled Caste community; *Farm* is a dummy equaling 1 for workers engaged in the farm sector; *Manufacturing* is a dummy equaling 1 for workers engaged in manufacturing activities. All specifications are weighted using household weights. The bottom row reports *p-values* from testing the null that the sum of the coefficients in columns (2)-(5) equal 0. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table 5: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Heterogeneity by Pre-Liberalization Farm Employment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Caste Parties Vote Share				Pr(Caste Party Win = 1)			
Tariff	-.159***	-.199***	-.155***	-.162***	-.446***	-.520***	-.446***	-.434***
	(.051)	(.047)	(.052)	(.051)	(.126)	(.123)	(.128)	(.123)
Tariff × High SC in Farm	-.033**		-.038**	-.035**	-.066**		-.065*	-.058
	(.013)		(.016)	(.016)	(.031)		(.036)	(.036)
Tariff × High Non-SC in Farm		.007	-.011			.032	.001	
		(.013)	(.016)			(.032)	(.037)	
Tariff × High SC				.003				-.017
				(.017)				(.040)
Observations	14839	14839	14839	14839	14839	14839	14839	14839
R^2	.75	.75	.75	.75	.55	.54	.55	.55
Control Mean	.15	.15	.15	.15	.18	.18	.18	.18

Notes: This table shows differential effects of the loss in trade protection on electoral support for caste-based parties across pre-liberalization district characteristics. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(4) is the vote share received by caste-based parties; in columns (5)-(8), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. *High SC in Farm* is a dummy equaling 1 if the district had a relatively high (above median) share of individuals from the SC community engaged in farm work in 1987-88; *High Non-SC in Farm* is a dummy equaling 1 if the district had a relatively high (above median) share of workers from non-SC communities in farm work in 1987-88; *High SC* is a dummy equaling 1 if the district had a relatively high (above median) share of individuals from the SC community. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Online Appendix

A Historical Background on Indian Politics and Caste-Based Parties

We provide a brief historical background on Indian politics and the rise of caste-based parties. Since independence in 1947, party politics in India was dominated by the Indian National Congress (INC), which was the party associated with the independence movement. Between 1947 and 1977, the INC enjoyed an uninterrupted rule at the federal level, winning seven consecutive national elections and enjoying support from at least 40 percent of the voters. The party was also in power across most states in the country. Over this period, the INC was a catch-all party, drawing support from a wide array of social groups including Hindu forward caste elites (mostly *Brahmins*), *Dalits*, *Adivasis* and Muslims. The party hierarchy, and legislators was dominated by Hindu forward castes, with limited representation of *Dalit* and *Adivasi* politicians beyond the seats "reserved" for them by India's constitution.[1].

The INC was voted out of power in a federal election for the first time in 1977. The loss of the INC also coincided with the first instance of Hindu forward caste legislators accounting for less than 50 percent of the legislators in India's Parliament. This is despite the fact that Hindu forward caste groups account for less than a fourth of the national population. Subsequently, the following decade saw an aggressive political mobilization of India's marginalized caste groups, beginning around 1985 and led by the Other Backward Classes and *Dalit* communities. The mobilization of these social groups resulted in the formation of two major parties – the Janata Dal (JD), and the Bahujan Samaj Party (BSP). While the former appealed mostly to the Other Backward Classes, the latter to the *Dalit* communities. In the 1980s, these parties were mostly opposed to the INC but in the 1990s, their primary opposition was to the right-wing Hindu nationalist Bharatiya Janata Party (BJP). Appendix Figures A1-A3 shows how popular support for these three parties evolved in the decade between 1987 and 1996. Throughout the 1990s, the JD split into a number of parties, which while regional in nature, maintained the JD's core agenda of social justice and increased redistribution for marginalized caste groups.

The political mobilization of India's marginalized caste groups was the strongest in the northern Indian states of Uttar Pradesh and Bihar, accounting for a fourth of India's population. However, the JD also spread in the eastern state of Orissa, southern state of Karnataka, and the western state of Gujarat. It also formed alliances with other left-of-centre parties such as the Communist parties in West Bengal, and the rationalist Dravidian Munnetra Kazhagam (DMK) in the southern state of Tamil Nadu.

A key departure of caste-based parties from mainstream parties such as the INC and the BJP

[1] To redress the socio-economic backwardness of historically marginalized and socially oppressed *Dalit* (Scheduled Caste) and *Adivasi* (Scheduled Tribe) communities, the Indian government embarked on an aggressive program of affirmative action since the adoption of India's constitution in 1950. This included the setting aside of a fraction of seats in India's federal and state legislatures for legislators hailing from *Dalit* or *Adivasi* backgrounds. Seats set aside were proportionate to the *Dalit* and *Adivasi* population. A large body of literature has spawned over the past two decades studying the economic impact of these quotas (see for instance Pande (2003) and Raghabendra and Duflo (2004))

was based on the political representation of marginalized castes. Relative to the INC or the BJP, the JD and the BSP were significantly more likely to nominate politicians hailing from the OBC or *Dalit* communities to contest elections to the federal and state legislative assemblies (Jaffrelot, 2003; Chandra, 2004). Drawing from the fieldwork of Jaffrelot and Kumar (2009), Aneja and Ritadhi (2022a) shows a strong positive correlation between the electoral success of caste-based parties such as the JD or the BSP, and the share of legislators hailing from marginalized caste groups in Indian state legislatures. Second, the JD and the BSP advocated an expansion of federal and state affirmative action quotas and the inclusion of OBCs as beneficiaries of positive discrimination policies in higher education and public employment.[2] Overall, these parties also supported policies of redistribution and were opposed to policies of global integration.

The JD enjoyed its first taste of political power when it dislodged the INC in the federal elections in 1989 and formed a coalition government with support from the BJP and the left parties. While the federal coalition government was short-lived and only survived for eleven months, it managed to enact a key piece of legislation, setting aside 27 percent of public sector positions for OBCs in the federal government. This was based on the recommendations of the Mandal Commission, which had submitted its report to the federal government in 1979, but two successive federal governments led by the INC refused to table the same in Parliament, or adopt its recommendations (Jaffrelot, 2003).

Despite the failure of the JD-led coalition government to complete its five-year tenure at the federal-level, the JD scored impressive electoral successes in the northern Indian states of Uttar Pradesh in 1989, and Bihar in 1990. Following the demise of the JD-led coalition government, the JD splintered into a number of regional parties. Despite the fragmentation of the JD, the regional parties emerged as powerful political forces. For instance, the regional fragment of the JD in Uttar Pradesh – the Samajwadi Party (SP), formed a pre-alliance coalition with the BSP and emerged victorious in the Uttar Pradesh elections in 1993, forming a coalition government till 1995. The regional fragments of the JD continued to retain the core policy agenda of the JD – namely increased political representation of marginalized caste groups; a widening of affirmative action quotas; and increased redistribution of public resources to marginalized castes. We list below the 8 parties which we classify as caste-based parties for the purpose of this paper, as well as their party acronym, used by the Election Commission of India.[3]

List of Caste-Based Parties

1. Janata Dal (JD)
2. Janata Party (JP, JNP)

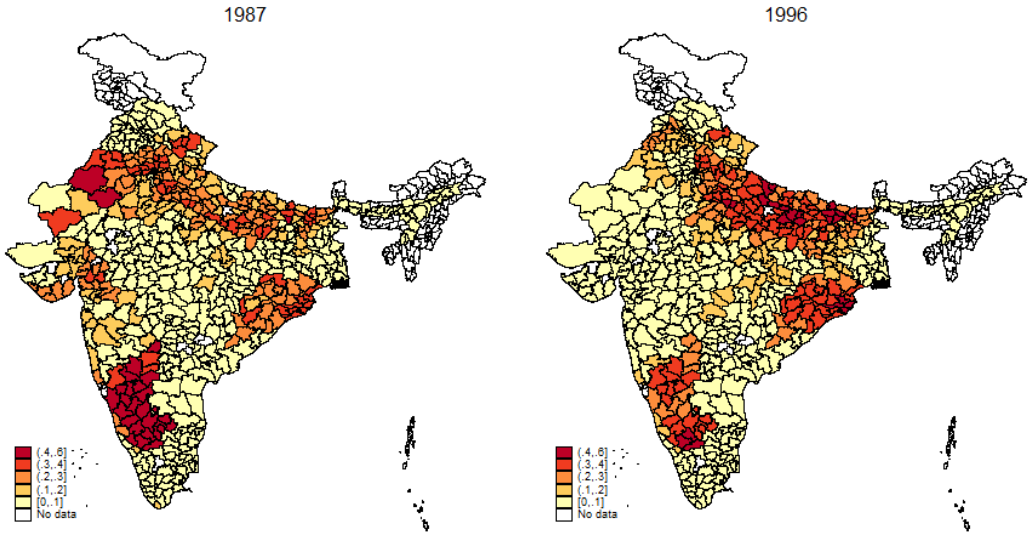
[2] While affirmative action quotas for SC and STs were constitutionally mandated since independence, their implementation had remained poor, leading to affirmative action positions being left vacant in public agencies.

[3] We omit 3 off-shoots of the JD when it was part of a pre-poll alliance with the BJP. This is namely the Biju Janata Dal (BJD) in Orissa; the Samata Party (SAP) in Bihar; and the Janata Dal (United) or JD(U) in Bihar. In unreported results, we confirm that our findings are unaffected if we opt to classify these three parties as caste-based parties.

3. Bahujan Samaj Party (BSP)
4. Rashtriya Janata Dal (RJD)
5. Samajwadi Party (SP)
6. Lok Jan Shakti Party (LJNSP)
7. Lok Dal
8. Janata Dal (Secular)

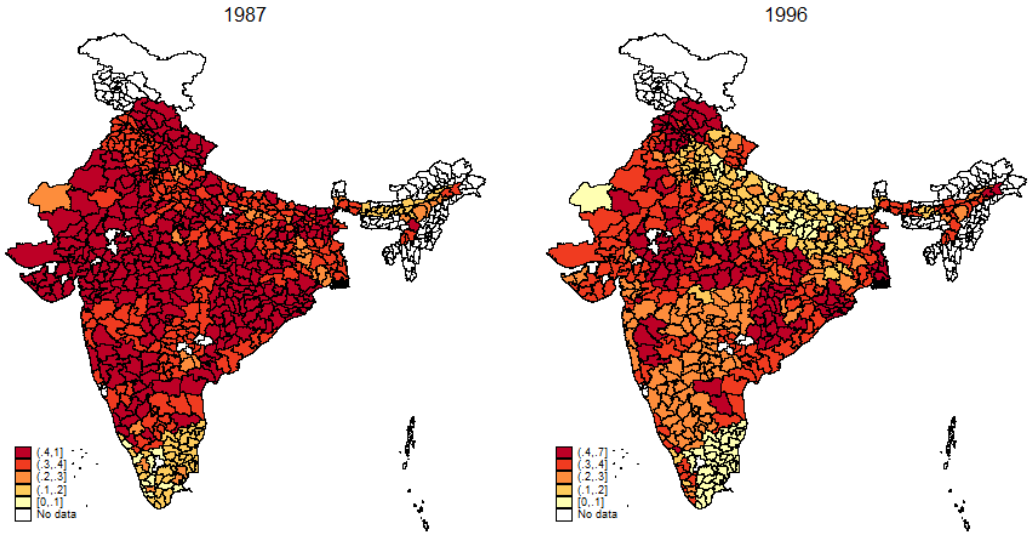
A.1 Figures

Figure A1: Electoral Support for Caste-Based Parties: Geographical Distribution



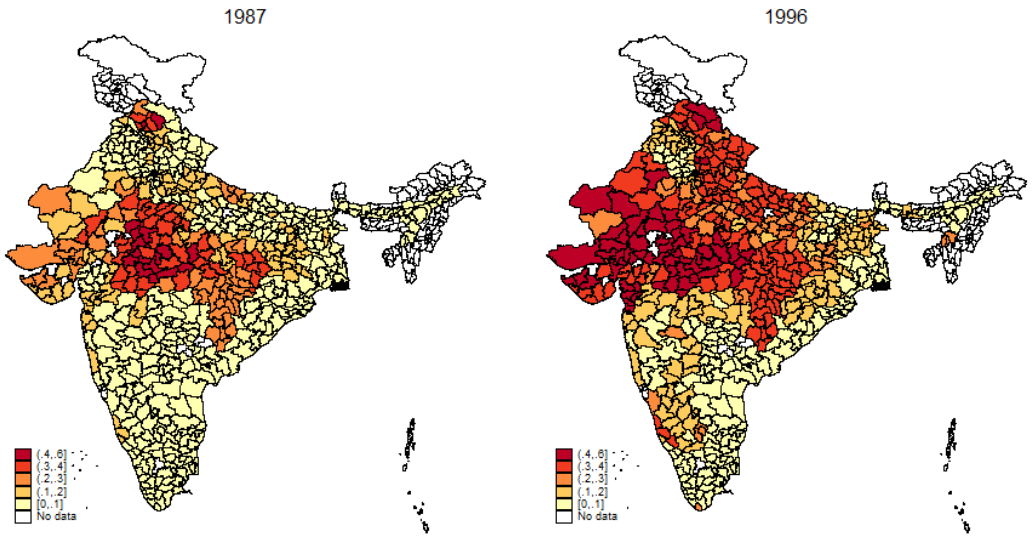
Notes: The above figures show the geographical distribution in electoral support for caste-based parties in the pre-liberalization, and post-liberalization periods. The former corresponds to the year 1987; the latter corresponds to the year 1996. Electoral support is measured as district-level vote share for caste-based parties. Only the highest vote share received by a caste-based party in an electoral constituency is used for computing district vote shares.

Figure A2: Electoral Support for Indian National Congress: Geographical Distribution



Notes: The above figures show the geographical distribution in electoral support for the Indian National Congress (INC) in the pre-liberalization, and post-liberalization periods. The former corresponds to the year 1987; the latter corresponds to the year 1996. Electoral support is measured as district-level vote share for the INC. Darker shades reflect higher vote shares.

Figure A3: Electoral Support for BJP: Geographical Distribution



Notes: The above figures show the geographical distribution in the electoral support for the Bharatiya Janata Party (BJP) in the pre-liberalization, and post-liberalization periods. The former corresponds to the year 1987; the latter corresponds to the year 1996. Electoral support is measured as district-level vote share for the BJP. Darker shades reflect higher vote shares.

A.2 Tables

Table A1: Summary Statistics: Electoral Variables

	N	Mean	SD
Registered Voters	14843	161795.141	75034.434
Turnout	14843	62.611	12.643
Reserved Constituency	14843	0.212	0.409
Effective No. of Parties	14835	3.145	1.116
INC Vote Share	14837	0.297	0.176
INC Win	14843	0.298	0.457
BJP Vote Share	14843	0.156	0.181
BJP Win	14843	0.184	0.387
Left Party Vote Share	14843	0.074	0.161
Left Party Win	14843	0.094	0.292
Caste-Based Party Vote Share	14843	0.143	0.178
Caste-Based Party Win	14843	0.180	0.384
Victory Margin	14835	-0.143	0.124

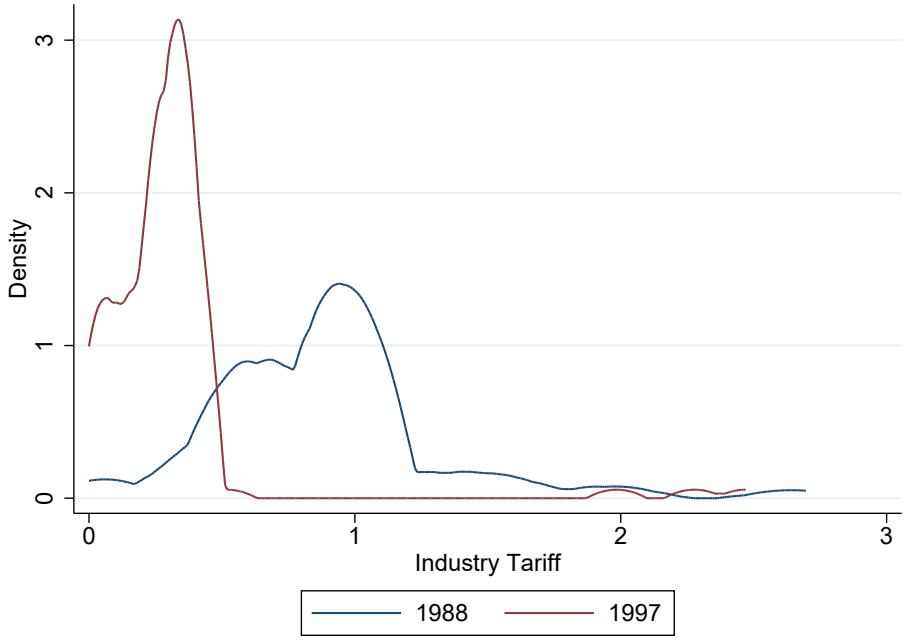
Notes: This table presents summary statistics from the electoral data. *Reserved Constituency* are constituencies which are reserved for *Dalit/Adivasi* (SC/ST) candidates. *Victory Margin* is the difference in votes between the winners and runners-up, as a share of total votes cast in the constituency.

B Descriptive Statistics of Tariff Reforms

This section presents descriptive characteristics of the tariff reforms.

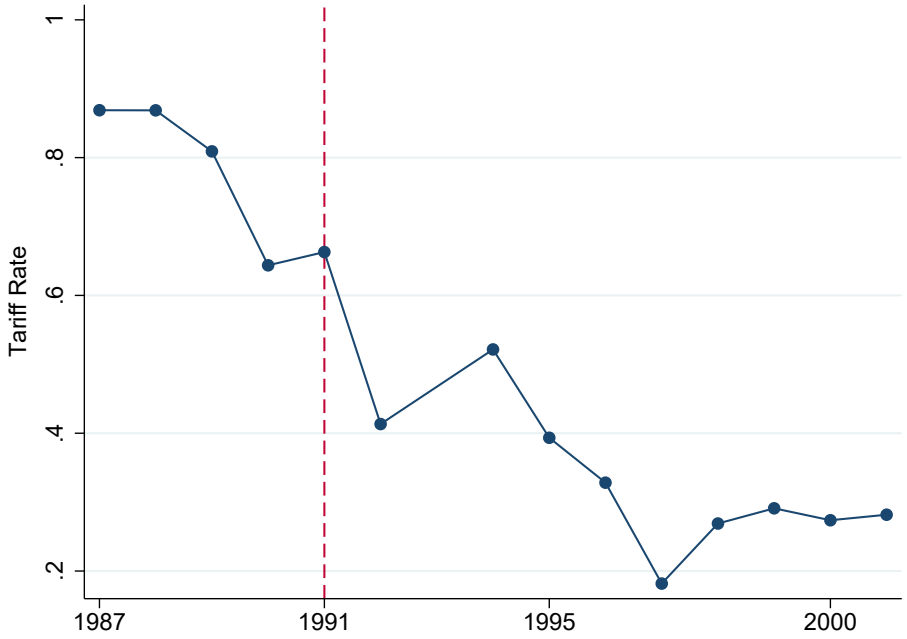
B.1 Figures

Figure B1: Distribution of Pre and Post-Liberalization Industry Tariffs



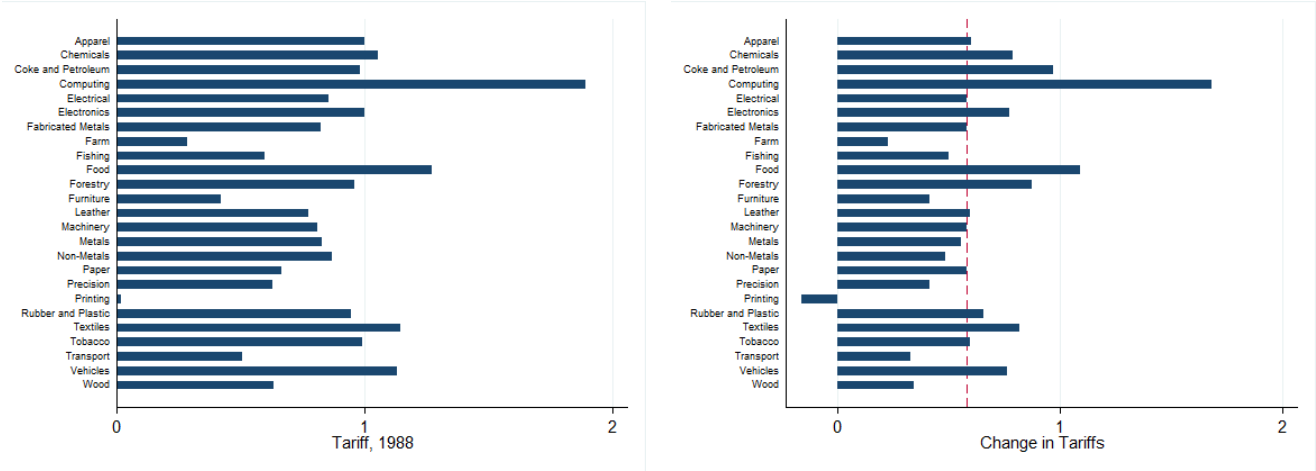
Notes: The above figure shows the distribution of industry-level tariffs before and after the episode of tariff liberalization. Pre-liberalization tariffs are computed using tariffs in 1988; post-liberalization tariffs are computed using tariffs in 1997. Industry-level tariffs are computed using a weighted average of commodity-level tariffs, corresponding to 4-digit (NIC) industry codes. The volume of imports for each commodity in 1988 is used for the weighting.

Figure B2: Average Annual Tariffs: 1987-2001



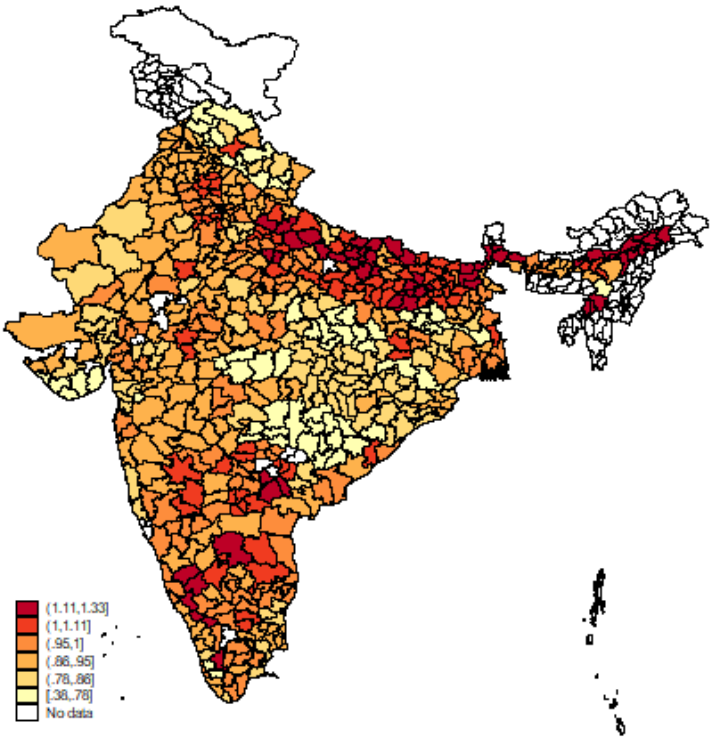
Notes: This above figure shows average annual tariff rates between 1987 and 2001. The red dashed line corresponds to the year 1991, the year of trade liberalization. Average annual tariffs are computed by taking a weighted average of tariffs on manufactured commodities, with the weights corresponding to the volume of imports of that commodity in 1988, three years prior to trade liberalization.

Figure B3: Tariffs by Broad Industrial Sectors



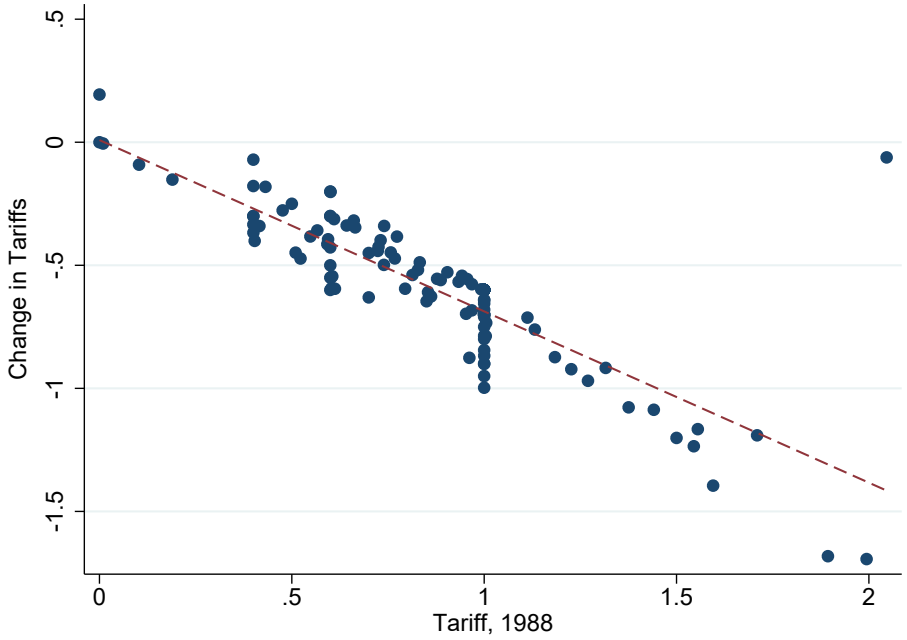
Notes: The above figure shows initial tariffs and the change in tariffs by broad (2-digit) industry categories. The left hand figure shows average aggregate tariffs for industries in 1988; the right hand figure shows the average change in tariffs for industries between 1988 and 1997. Average industry tariffs are computed by calculating the average ad-valorem tariff across all commodities corresponding to that industry, weighted by the volume of imports of that commodity in 1988 (pre-liberalization).

Figure B4: Pre-Liberalization Regional Variation in Trade Protection



Notes: This figure shows the regional variations in trade protection in the pre-liberalization period ($Tariff_{d,1988}$). Import tariffs are based on ad-valorem tariffs in 1988.

Figure B5: Unconditional Correlation Between Change in Tariffs and Initial Tariffs



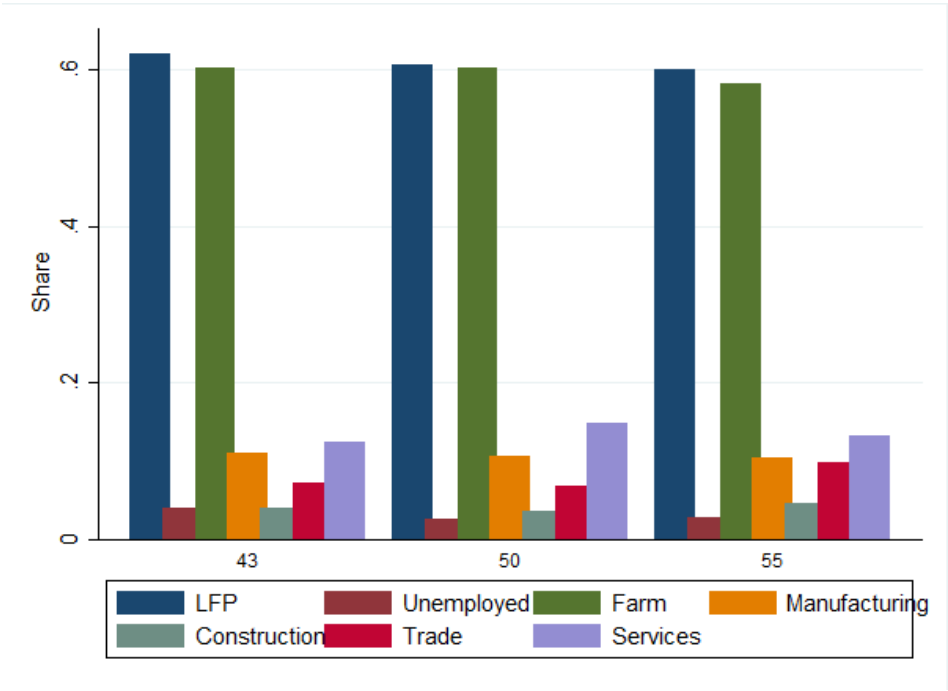
Notes: This figure presents the correlation between the change in 4-digit average industry tariff rates and pre-liberalization tariffs. The horizontal axis is divided into 20 equally spaced bins along the range of average industry tariffs in 1988. Each point on the figure represents the unconditional average change in tariffs between 1988 and 1997 ($\Delta Tariff$).

C Descriptive Statistics of Labor Force Characteristics

This section presents descriptive statistics on employment patterns in India over the pre and post-liberalization periods.

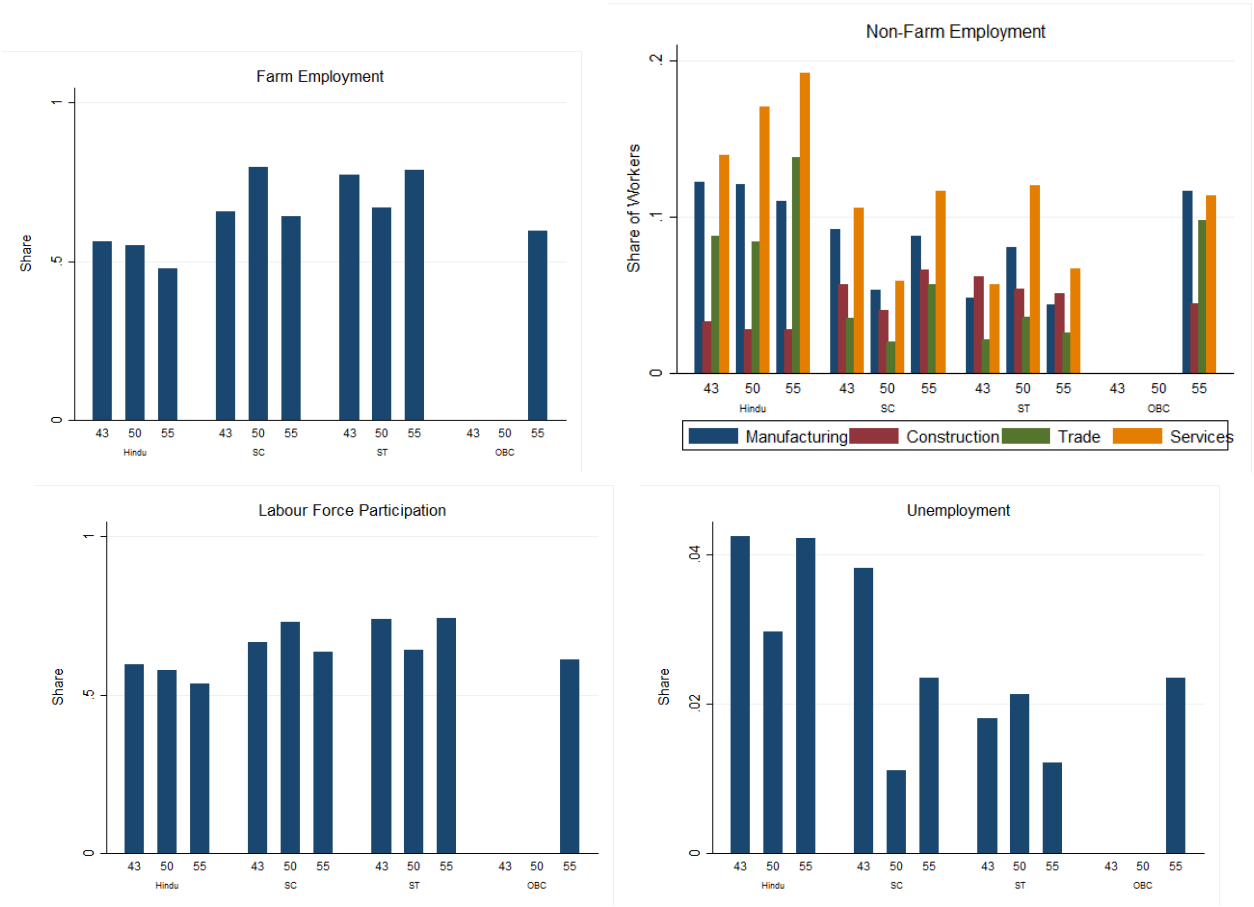
C.1 Figures

Figure C1: Broad Employment Patterns Over Time



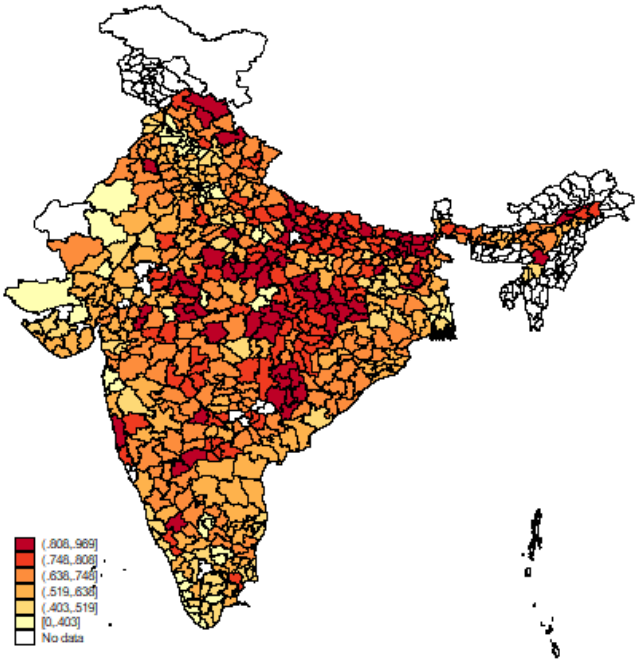
Notes: The above figure shows broad employment trends over three NSS survey rounds. The NSS surveys correspond to rounds 43 (1987-88), 50 (1993-94) and 55 (1999-00). *LFP* denotes the rate of labor force participation, and the sample covers all individuals aged between 15 and 60 years. The remaining categories are computed after restricting the sample to participants in the labor force.

Figure C2: Labor Market Characteristics Across Communities

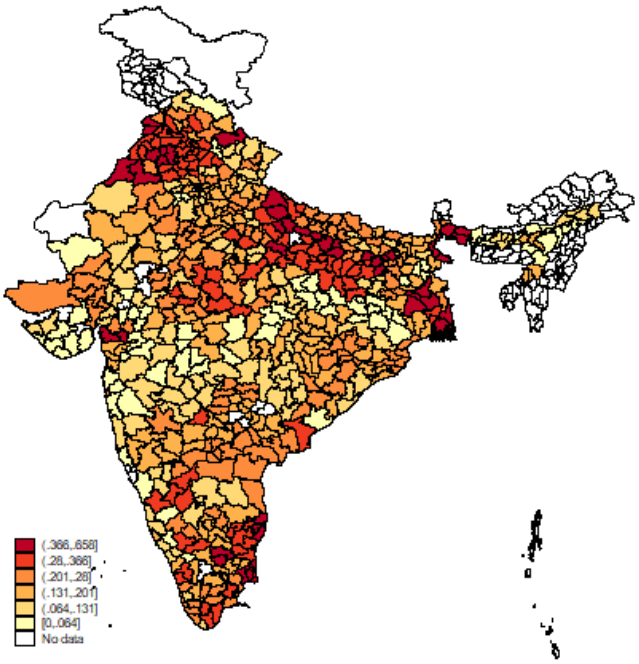


Notes: The above figure shows broad employment trends over three NSS survey rounds, across communities. The NSS surveys correspond to rounds 43 (1987-88), 50 (1993-94) and 55 (1999-00). The top-left panel shows the evolution farm employment across communities over time; the top-right panel does the same for various non-farm employment categories. The bottom-left panel shows average labor force participation rates; the top-right panel shows unemployment rates. The share of unemployed workers, farm and non-farm workers are calculated conditional on workers' participation in the labor force. *Hindu* refers to non *Dalit* (SC), non-*Adivasi* (ST) Hindu working-aged individuals. In 1999-00, workers classified as OBC are also excluded from the Hindu category.

Figure C3: Regional Distribution of Farm Workers and SC Farm Workers



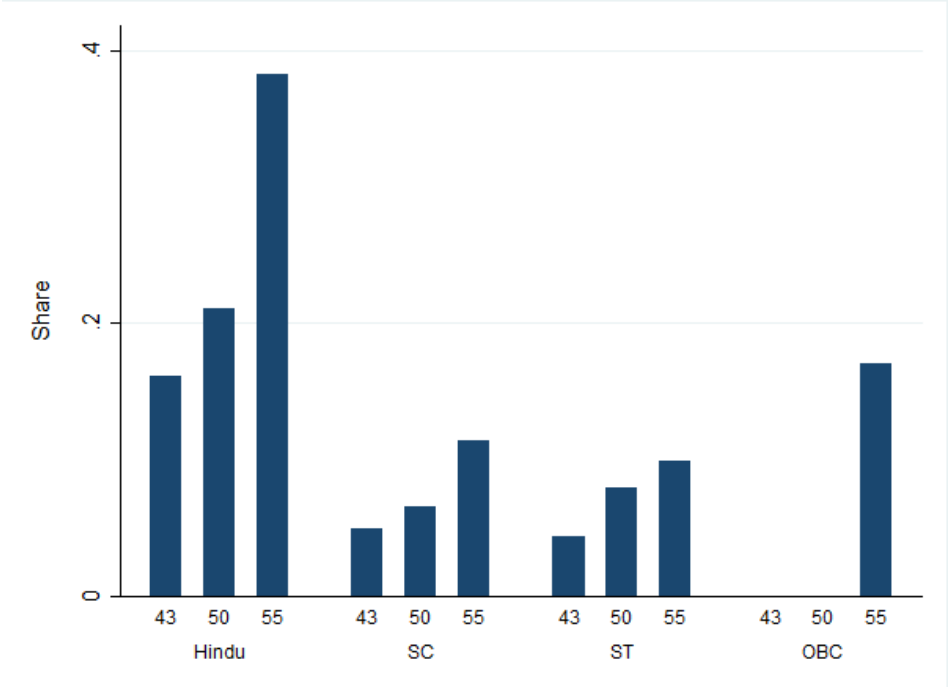
Panel a: Farm Workers



Panel b: SC Farm Workers

Notes: The above figures shows the regional distribution of farm workers and Scheduled Caste (SC or *Dalit*) workers employed in the farm sector in the pre-liberalization period. The data is from the NSS employment-unemployment survey undertaken in 1987-88.

Figure C4: Educational Attainment Across Communities



Notes: This figure shows the share of working-aged individuals who have completed secondary or higher education, across communities. Working-aged individuals refer to individuals aged between 15 and 60. The data is sourced from the 43rd (1987-88), 50th (1999-00) and 55th (1999-00) rounds of the employment-unemployment surveys conducted by the NSS. The NSS did not separately identify OBC individuals prior to round 55, conducted in 1999-00. *Hindu* refers to non *Dalit* (SC), non-*Adivasi* (ST) Hindu working-aged individuals. In 1999-00, workers classified as OBC are also excluded from the Hindu category.

C.2 Tables

Table C1: Summary Statistics - Labor Market Sample (Demographic Characteristics)

	N	Mean	SD
Female	693104	0.492	0.500
Rural	693104	0.747	0.434
Scheduled Caste	693104	0.182	0.386
Scheduled Tribe	693104	0.087	0.282
Age (years)	693104	32.693	12.635
Literate	693104	0.531	0.499
Primary	693104	0.256	0.436
Secondary	693104	0.132	0.339
Higher	693104	0.041	0.198
Labour Force Participation	693104	0.610	0.488

Notes: This table presents summary statistics from the employment-unemployment surveys conducted by the NSS. The data covers the 43rd (1987-88) and 55th (1999-00) survey rounds of the NSS. The sample is restricted to working-age adults. Working-aged adults are individuals aged between 15 and 60 years.

Table C2: Summary Statistics - Labor Market Sample (Workforce Characteristics)

	N	Mean	SD
Unemployed	403375	0.034	0.180
Self-employed	403375	0.488	0.500
Farm	403375	0.592	0.491
Mining	403375	0.007	0.082
Manufacturing	403375	0.107	0.309
Trade	403375	0.085	0.278
Construction	403375	0.043	0.203
Services	403375	0.128	0.334

Notes: This table presents summary statistics from the employment-unemployment surveys conducted by the NSS. The data covers the 43rd (1987-88) and 55th (1999-00) survey rounds of the NSS. The sample is restricted to working-age adults participating in the labour force. Working-aged adults are individuals aged between 15 and 60 years.

Table C3: Summary Statistics: Average Daily Wages, 1987-88

	N	Mean	SD	P10	P25	P50	P75	P90
Daily Wage	50660	60.88	52.42	13.57	19.38	40.70	90.43	144.71
Daily Wage, Farm	10360	21.14	10.09	10.85	13.57	18.99	27.13	40.70
Daily Wage, Manufacturing	9978	69.86	55.55	16.28	27.13	54.27	94.97	149.23
Daily Wage, Non-Farm, Non-Manufacturing	31406	39.23	292.03	7.14	12.67	26.60	43.29	64.29

Notes: This table presents summary statistics for average daily wages from the employment-unemployment surveys conducted by the NSS. The data covers the 43rd (1987-88) survey round of the NSS, and the wages are inflated to INR 1999. The sample is restricted to workers aged between 15 and 60 who report a positive daily wage. Daily wages are computed as total weekly earnings in the broad sector, scaled by the number of days worked during the week.

Table C4: Summary Statistics: Average Daily Wages, 1999-00

	N	Mean	SD	P10	P25	P50	P75	P90
Daily Wage	76323	71.16	76.82	20.00	30.00	42.00	71.43	170.00
Daily Wage, Farm	31546	37.65	21.62	20.00	25.00	30.00	45.00	60.00
Daily Wage, Manufacturing	10600	91.13	83.12	28.57	41.67	64.29	106.67	186.71
Daily Wage, Non-Farm, Non-Manufacturing	35915	120.49	224.67	30.00	42.86	74.29	161.43	260.00

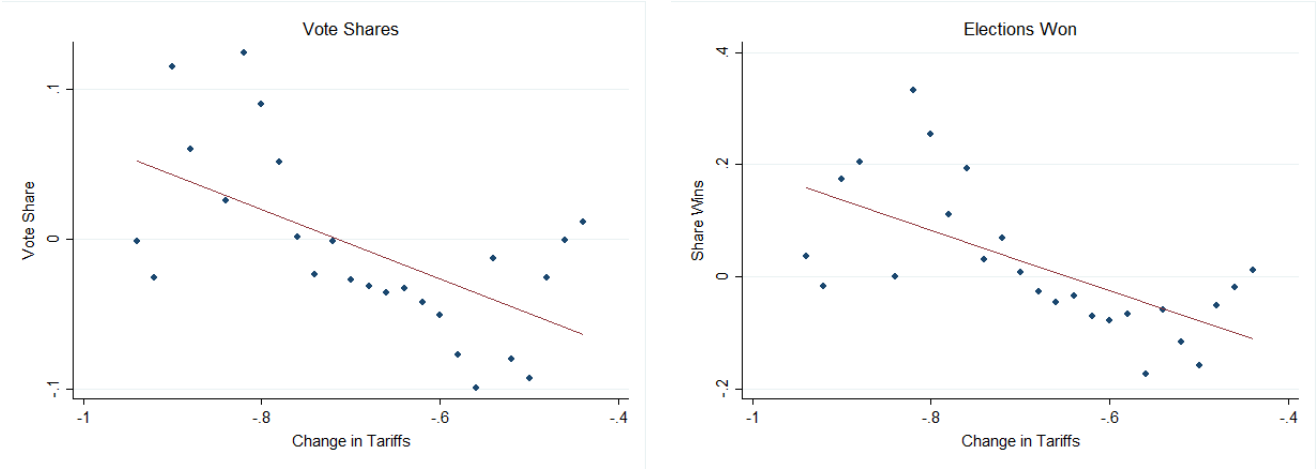
Notes: This table presents summary statistics for average daily wages from the employment-unemployment surveys conducted by the NSS. The data covers the 55th (1999-00) survey round of the NSS. The sample is restricted to workers aged between 15 and 60 who report a positive daily wage. Daily wages are computed as total weekly earnings in the broad sector, scaled by the number of days worked during the week.

D Additional Analyses & Results

We provide several additional analyses and results below. Details can be found in the main text.

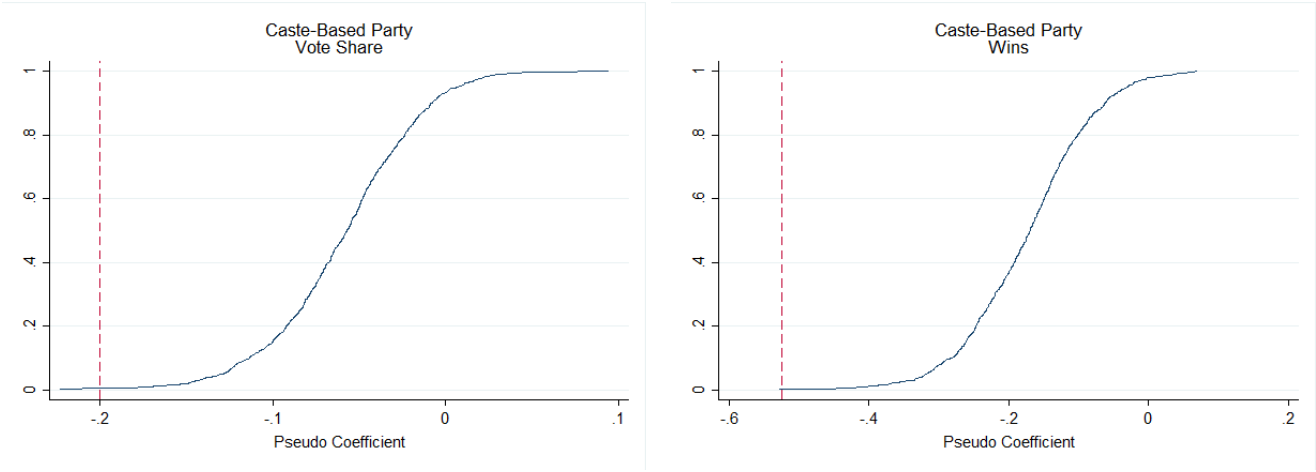
D.1 Figures

Figure D1: Loss in Trade Protection and Electoral Success of Caste-Based Parties: Unconditional First Difference Estimator



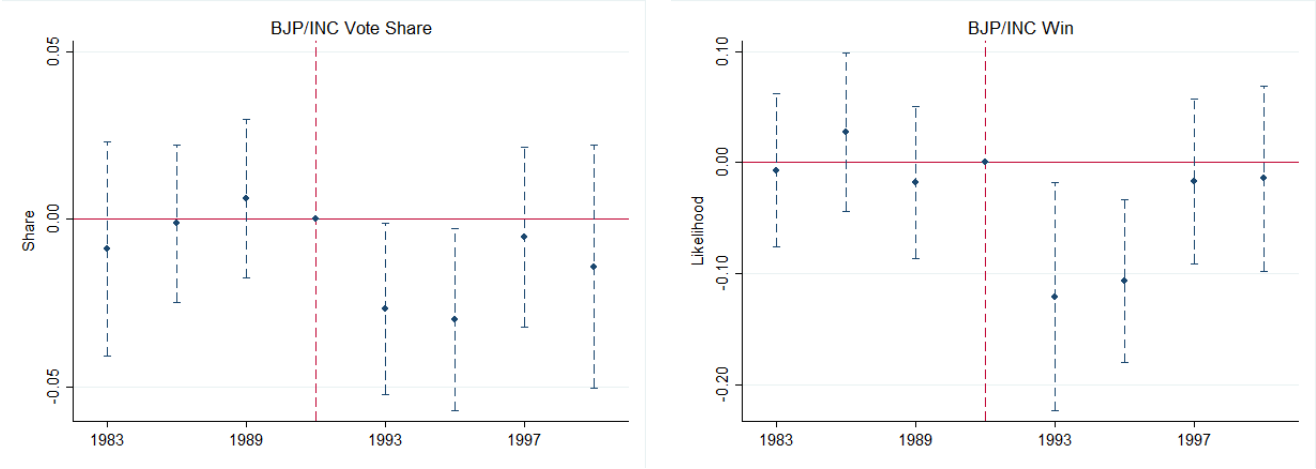
Notes: The above figures plots the change in exposure to import tariffs ($\Delta Tariff_d$) against the change in electoral support for caste-based parties. The unit of observation is the district. The outcome of interest in the left-panel is vote shares; in the right panel, fraction of electoral wins. The horizontal axis is divided into 26 equally spaced bins along the support of ($\Delta Tariff_d$): the long difference in the district's tariff exposure between 1997 and 1988. Each point on the figure reflects the unconditional average long difference in electoral outcomes, before and after trade liberalization, corresponding to each bin of $\Delta Tariff_d$. Larger values (in magnitude) along the horizontal axis reflect larger losses in trade protection; larger values along the vertical axis reflect increased electoral success of caste-based parties after 1991.

Figure D2: Randomized Inference: Empirical CDFs of Caste-Based Party Vote Shares and Likelihood of Winning



Notes: The above figures show empirical CDFs of the coefficients obtained from the randomization test discussed in Section 5.1. The outcome of interest in the left panel is vote shares of caste-based parties; in the right panel, the probability that a caste-based party wins the election. The red-dashed vertical line corresponds to the "true" coefficient, obtained in columns (2) and (5) of Table 1. The coefficients are obtained from estimating a regression where commodity tariffs are randomly assigned in both the pre, and post-liberalization periods, and $Tariff_{dt}$ is recomputed each time. All specifications include constituency and state-electoral cycle fixed effects, along with constituency and district covariates. Regressions are weighted using the number of registered voters in the constituency.

Figure D3: Loss in Trade Protection and Electoral Success of Mainstream Parties: Event-Study Plots



Notes: The above figure depicts how the loss in trade protection affected the electoral success of mainstream parties as event study plots, estimated using equation (4). The unit of observation is the electoral constituency. The outcome of interest in the left-panel is the vote share of the two mainstream parties – BJP and INC; in the right-panel, a dummy equaling 1 if either the BJP or the INC won an election. The circles show point estimates; the vertical lines, 95% confidence intervals. Regional exposure to traded tariffs is based on exposure to tariffs in 1987 ($Tariff_{d,1987}$). Districts with a relatively high (above median) measure of $Tariff_{d,1987}$ form the "treated" group. Elections are aggregated into 2 year electoral cycles, with the first being elections conducted in 1982 and 1984. Elections conducted in the years 1990 and 1991 form the reference category (omitted). The final time period includes elections conducted in the years 1998, 1999 and 2000. All specifications include constituency and state-electoral cycle fixed effects, along with constituency and district covariates. Regressions are weighted using the number of registered voters in the constituency. Standard errors are in parentheses, clustered by district.

D.2 Tables

D.2.1 Balance Tests

This section shows results from tests of covariate balance, showing that pre-liberalization district tariffs are not predicted by district covariates.

Table D1a: Predicting Pre-Liberalization District Tariff Exposure with District Demographic Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	District Tariff Exposure						
Fraction Rural	.030						
	(.059)						
Fraction Female		-.480					
		(.296)					
Fraction Hindus			-.017				
			(.071)				
Fraction Muslims				.064			
				(.079)			
Fraction SC/ST					-.165**		
					(.076)		
Fraction Literate						.019	
						(.088)	
Fraction Secondary Educated							-.034
							(.178)
Observations	362	362	362	362	362	362	362
R^2	.31	.31	.31	.31	.34	.31	.31
Predictor Mean	.81	.49	.84	.10	.28	.42	.11

Notes: This table shows that district exposure to import tariffs is not predicted by district demographic characteristics. The unit of observation is the district. The outcome variable is pre-liberalization district tariff exposure – $Tariff_{d,1987}$. District demographic characteristics are sourced from the employment-unemployment survey conducted by the NSS in 1987-88, prior to the trade liberalization episode. All specifications include state fixed effects, and are weighted by the district's population in 1987. Standard errors are in parentheses, clustered by state. Significant levels: *10%, **5%, and ***1%

Table D1b: Predicting Pre-Liberalization District Tariff Exposure with District Labour Force Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	District Tariff Exposure									
LFP	-.101									
	(.059)									
Unemployment Rate		-.306								
		(.276)								
Fraction Self-Employed			.097							
			(.090)							
Fraction Salaried				-.067						
				(.136)						
Fraction Farm					.066					
					(.086)					
Fraction Manufacturing						.033				
						(.145)				
Fraction Construction							-.338			
							(.329)			
Fraction Trade								.098		
								(.205)		
Fraction Services									-.049	
									(.130)	
Fraction Tradable										.050
										(.228)
Observations	362	362	362	362	362	362	362	362	362	362
R^2	.31	.31	.32	.31	.32	.31	.32	.31	.31	.31
Control Mean	.67	.03	.54	.14	.63	.09	.04	.06	.12	.11

Notes: This table shows that district exposure to import tariffs is not predicted by district labour force characteristics. The unit of observation is the district. The outcome variable is pre-liberalization district tariff exposure – $Tariff_{d,1987}$. Labour force characteristics are obtained from the employment-unemployment survey undertaken by the NSS in 1987-88, prior to trade liberalization. Fractions represent the fraction of workers engaged in the sector concerned. All specifications include state fixed effects, and are weighted by the district's population in 1987. Standard errors are in parentheses, clustered by state. Significant levels: *10%, **5%, and ***1%

Table D1c: Predicting Pre-Liberalization District Tariff Exposure with District Economic Characteristics

	(1)	(2)	(3)	(4)
	District Tariff Exposure			
Household Consumption	-.000			
	(.000)			
Banks Per Capita		-.029		
		(.042)		
Free Import Exposure			-.316	
			(.335)	
Licensing Exposure				-.103
				(.095)
Observations	362	362	362	362
R^2	.31	.31	.31	.32
Predictor Mean	366.70	.65	.01	.34

Notes: This table shows that district exposure to import tariffs is not predicted by district economic observables. The unit of observation is the district. The outcome variable is pre-liberalization district tariff exposure – $Tariff_{d,1987}$. *Free Import Exposure* is the share of commodities which could have been freely imported without a license prior to liberalization; *Licensing Exposure* is the fraction of industries which were under the pre-liberalization industrial licensing regime. *Banks Per Capita*, *Licensing Exposure* and *Free Import Exposure* are obtained from Topalova (2010) and aggregated to the district as a weighted average, based on the share of workers in the district employed in the industry. All specifications include state fixed effects, and are weighted by the district's population in 1987. Standard errors are in parentheses, clustered by state. Significant levels: *10%, **5%, and ***1%

Table D1d: Predicting Pre-Liberalization District Tariff Exposure with District Electoral Characteristics

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	District Tariff Exposure								
Vote Share, Caste-Based Parties	.150								
	(.173)								
Vote Share, INC		.307							
		(.189)							
Vote Share, BJP			-.073						
			(.181)						
Elections Won, Caste-Based Parties				.089					
				(.069)					
Elections Won, INC					.096				
					(.059)				
Elections Won, BJP						-.080			
						(.100)			
Voter Turnout							.385*		
							(.202)		
Effective No. Parties								-.008	
								(.034)	
No. Candidates									.002
									(.001)
Observations	361	361	361	361	361	361	361	361	361
R^2	.32	.32	.31	.32	.32	.31	.34	.31	.31
Control Mean	.15	.33	.12	.18	.38	.13	.60	3.11	11.36

Notes: This table shows that district exposure to import tariffs is not predicted by district electoral characteristics. The unit of observation is the district. The outcome variable is pre-liberalization district tariff exposure – $Tariff_{d,1987}$. Electoral characteristics between 1982 and 1991 are aggregated to the district All specifications include state fixed effects, and are weighted by the district's population in 1987. Standard errors are in parentheses, clustered by state. Significant levels: *10%, **5%, and ***1%

D.2.2 Electoral Results

This section shows additional results for our main outcomes, which are political outcomes. These results include several robustness checks.

Table D2: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Robustness of Baseline Estimates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Caste Parties Vote Share				Pr(Caste Party Win = 1)			
	Caste Party Time Trends	District Time-Trends	No Weights	State Clusters	Caste Party Time Trends	District Time-Trends	No Weights	State Clusters
Tariff	-.206***	-.177***	-.169***	-.200***	-.534***	-.540***	-.454***	-.525**
	(.042)	(.063)	(.050)	(.062)	(.117)	(.184)	(.125)	(.186)
Observations	14834	14839	14871	14839	14834	14839	14872	14839
R^2	.80	.78	.75	.75	.57	.57	.55	.54
Control Mean	.15	.15	.15	.15	.18	.18	.18	.18

Notes: This table shows robustness of the baseline results to alternate specifications and sample choices. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(4) is the vote share received by caste-based parties; in columns (5)-(8), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, and constituency and district-specific covariates. Columns (1) and (5) include linear time-trends in the 1985 level of electoral support for caste-based parties; columns (2) and (6) include district-specific linear time-trends; columns (3) and (7) do not weight the specifications using the number of registered voters in the constituency; columns (4) and (8) cluster the standard errors by state instead of district. All specifications with the exception of columns (3) and (6) are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district, with the exception of columns (4) and (8). Significant levels: *10%, **5%, and ***1%

Table D3: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Robustness to Alternate Samples and Definition of Caste-Based Parties

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Caste Parties Vote Share					Pr(Caste Party Win = 1)				
	Omit Post-1996	Exclude Pre-1987	Exclude 1991	Placebo	BSP Only	Omit Post-1996	Exclude Pre-1987	Exclude 1991	Placebo	BSP Only
Tariff	-.172***	-.220***	-.196***	.056	-.052**	-.548***	-.548***	-.537***	.016	-.190***
	(.050)	(.053)	(.049)	(.044)	(.025)	(.137)	(.141)	(.121)	(.089)	(.051)
Observations	12586	10668	13536	8581	14839	12586	10668	13536	8581	14839
R^2	.77	.79	.75	.84	.70	.57	.60	.56	.67	.40
Control Mean	.15	.16	.18	.13	.03	.18	.21	.24	.14	.01

Notes: This table shows robustness of the baseline results to alternate specifications and sample choices. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(5) is the vote share received by caste-based parties; in columns (6)-(10), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, and constituency and district-specific covariates. Columns (1) and (6) restrict the sample to elections conducted till 1996; columns (2) and (7) restrict the sample to elections conducted since the year 1987; columns (3) and (8) exclude elections conducted in the year 1991 – the year of trade liberalization. Columns (4) and (9) conduct a placebo test where the sample is restricted to elections conducted till the year 1991, with the pre-liberalization period comprising of elections conducted between 1985 and 1988, and the post-liberalization comprising of elections conducted between 1989 and 1991. Columns (5) and (10) consider only the Bahujan Samaj Party (BSP) as a caste-based party. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D4: Loss in Trade Protection and Electoral Performance of Other Major Parties

	(1)	(2)	(3)	(4)	(5)	(6)
	Vote Share			Pr(Win = 1)		
	Indian National Congress	Bharatiya Janata Party	Left Parties	Indian National Congress	Bharatiya Janata Party	Left Parties
Tariff	.068*	.057	.000	.253***	.199**	-.021
	(.035)	(.039)	(.017)	(.094)	(.098)	(.042)
Observations	14833	14839	14839	14839	14839	14839
R^2	.70	.81	.89	.48	.56	.76
Control Mean	.33	.11	.09	.35	.13	.12

Notes: This table shows the impact of a loss in trade protection on electoral support for other major Indian parties. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(3) is the vote share received by the party of interest; in columns (4)-(6), a dummy equal to 1 if the mentioned party won the election. *Left Parties* refer to a collection of 8 parties, most of which emerged from the undivided Communist Party of India. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

D.2.3 Instrumental Variables Specification

This section replicates our key findings in Tables 1, 3 and 5 using an instrumental variables (IV) specification. Similar to Topalova (2010), we construct regional exposure to tariffs using both tradable and non-tradable industries, with non-tradable industries such as trade and services being assigned a tariff rate of 0. Unlike equation (2), the denominator now includes all workers in the district, and not just workers in tradable industries. Similar to Topalova (2010), we instrument this rescaled measure of tariffs including tradable and non-tradable industries with the our measure of tariff exposure constructed in equation (2) using only tradable industries. Our empirical findings using the IV strategy is very similar to our main findings.

Table D5: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: IV Estimates

	(1)	(2)	(3)	(4)	(5)	(6)
	Caste Parties Vote Share			Pr(Caste Party Win = 1)		
Tariff	-.887**	-1.560***	-1.746***	-2.564**	-4.100***	-4.411***
	(.411)	(.402)	(.450)	(1.160)	(1.066)	(1.180)
FDI			-.053			-.109
			(.046)			(.093)
Licensing			.052			.096
			(.035)			(.082)
NTB			.117			.142
			(.092)			(.238)
Observations	14843	14839	14839	14843	14839	14839
R^2	-.05	.01	.01	-.06	.00	.01
Control Mean	.15	.15	.15	.18	.18	.18
Covariates	N	Y	Y	N	Y	Y

Notes: This table shows the impact of a loss in trade protection on electoral support for caste-based parties. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(3) is the vote share received by caste-based parties; in columns (4)-(6), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects. Columns (2)-(3), and (5)-(6) also include district and constituency-specific time-varying covariates. Columns (3) and (6) control for the impact of other major liberalization policies. Similar to Topalova (2010), tariffs are instrumented using a district's exposure to traded tariffs. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D6: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Heterogeneity by District Characteristics, IV Estimates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Caste Parties Vote Share				Pr(Caste Party Win = 1)			
Tariff	-1.379***	-1.392***	-1.117***	-1.679***	-3.954***	-3.581***	-2.797**	-4.672***
	(.435)	(.398)	(.425)	(.440)	(1.170)	(1.007)	(1.108)	(1.223)
Tariff × High OBC/SC	-.456***				-.847***			
	(.138)				(.281)			
Tariff × High SC		-.203				-.628		
		(.158)				(.387)		
Tariff × High Rural			-.543***				-1.594***	
			(.193)				(.504)	
Tariff × High Educ.				.294				1.423***
				(.193)				(.500)
Observations	14606	14839	14839	14839	14606	14839	14839	14839
R^2	.00	.01	.00	.01	.00	.00	-.00	.00
Control Mean	.15	.15	.15	.15	.18	.18	.18	.18

Notes: This table shows differential effects of the loss in trade protection on electoral support for caste-based parties across district characteristics. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(4) is the vote share received by caste-based parties; in columns (5)-(8), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. *High OBC/SC* is a dummy equaling 1 if the district had a relatively high share of individuals from SC or OBC communities; *High SC* is a dummy equaling 1 if the district had a relatively high share of individuals from SC communities; *High Rural* is a dummy equaling 1 if the district had a relatively high share of rural population; *High Educ.* is a dummy equaling 1 if the district had a relatively high share of working-aged individuals with secondary or higher education. Similar to Topalova (2010), a district's exposure to tariffs is instrumented by the district's exposure to traded tariffs. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D7: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Heterogeneity by Pre-Liberalization Farm Employment, IV Estimates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Caste Parties Vote Share				Pr(Caste Party Win = 1)			
Tariff	-1.272***	-1.561***	-1.214***	-1.239***	-3.509***	-4.101***	-3.481***	-3.311***
	(.416)	(.404)	(.428)	(.413)	(1.053)	(1.068)	(1.071)	(1.019)
Tariff × High SC in Farm	-.332***		-.398**	-.310**	-.680**		-.711**	-.546*
	(.121)		(.154)	(.132)	(.278)		(.341)	(.292)
Tariff × High Non-SC in Farm		.081	-.139			.327	-.066	
		(.120)	(.158)			(.295)	(.362)	
Tariff × High SC				-.063				-.381
				(.174)				(.410)
Observations	14839	14839	14839	14839	14839	14839	14839	14839
R^2	.01	.01	.01	.01	.00	.00	.00	.00
Control Mean	.15	.15	.15	.15	.18	.18	.18	.18

Notes: This table shows differential effects of the loss in trade protection on electoral support for caste-based parties across pre-liberalization district characteristics. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(4) is the vote share received by caste-based parties; in columns (5)-(8), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. *High SC in Farm* is a dummy equaling 1 if the district had a relatively high (above median) share of individuals from the SC community engaged in farm work in 1987-88; *High Non-SC in Farm* is a dummy equaling 1 if the district had a relatively high (above median) share of workers from non-SC communities in farm work in 1987-88; *High SC* is a dummy equaling 1 if the district had a relatively high (above median) share of individuals from the SC community. Similar to Topalova (2010), a district's exposure to tariffs is instrumented using a district's exposure to traded tariffs. All specifications are weighted by the registered number of voters in the constituency. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

D.2.4 Labor Market Impacts of Tariff Reforms

This sections shows the labor market impacts of tariff reforms, including robustness checks and extensive margin impacts.

Table D8: Loss in Trade Protection and Worker Earnings: Heterogeneity by Rural, Educated, and SC Workers

	(1)	(2)	(3)
		Daily Wages (INR)	
Tariff	-7.583	18.964**	15.621*
	(11.102)	(9.227)	(9.409)
Tariff × Rural	45.615***		
	(3.008)		
Tariff × Educ		-76.915***	-77.194***
		(2.341)	(2.352)
SC×Tariff			5.633***
			(1.785)
SC × Educ. × Tariff			23.373***
			(6.874)
Observations	107386	107386	107386
R^2	.33	.51	.51
Control Mean	61.63	61.63	61.63
$H_0 : \beta_1 + \beta_2 = 0$ $(p - val)$:	.00	.00	.00

Notes: This table identifies heterogeneity the impact of a loss in trade protection on daily wages for rural, secondary educated and SC workers. The unit of observation is the individual. The sample is restricted to individuals aged between 15 and 60 years, and reporting positive labor wages in the week preceding the survey. Daily wages are computed by dividing total weekly wages by the total number of days worked during the week. Daily wages are in INR 1999 values. Self-employed workers are excluded. All specifications include district, state-survey round and survey-quarter fixed effects. Worker-specific covariates and time-varying district covariates are also included. *Educ.* refers to workers who have completed secondary education. All specifications are weighted using household weights. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D9: Loss in Trade Protection and Worker Earnings: Robustness to Alternate Specification Choices

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Daily Wages (INR)									
Tariff	6.006	.529	15.892	10.056	18.056	12.452	29.211**	21.937*	108.898	75.714
	(13.093)	(12.775)	(11.542)	(11.595)	(11.893)	(12.024)	(12.105)	(12.348)	(73.534)	(73.710)
Tariff × SC		15.920***		13.490***		13.516***		19.404***		103.459***
		(2.242)		(2.214)		(2.225)		(2.325)		(18.842)
Observations	114211	114211	107386	107386	107386	107386	107387	107387	107386	107386
R^2	.32	.32	.32	.32	.32	.32	.32	.32	.22	.22
Control Mean	61.63	61.63	61.63	61.63	61.63	61.63	75.20	75.20	61.63	61.63
Covariates	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Other Reforms	N	N	Y	Y	N	N	N	N	N	N
District Time-Trend	N	N	N	N	Y	Y	N	N	N	N
Specification	RF	RF	RF	RF	RF	RF	RF	RF	IV	IV
Weights	Y	Y	Y	Y	Y	Y	N	N	Y	Y

Notes: This table identifies the impact of a loss in trade protection on daily wages. The unit of observation is the individual. The sample is restricted to individuals aged between 15 and 60 years, and reporting positive wages in the week preceding the survey. Daily wages are computed by dividing total weekly earnings by the total number of days worked during the week. Daily wages are in INR 1999-00 values. Self-employed workers are excluded. All specifications include district, state-survey round and survey-quarter fixed effects. All specifications include district covariates except for columns (1) and (2), along with individual worker covariates. *SC* is a dummy equaling 1 for workers from the Scheduled Caste community. Columns (1) and (2) omit district covariates; columns (3) and (4) condition for other contemoraneous reforms; columns (5) and (6) include district-specific linear time trends; columns (7) and (8) exclude multiplier weights; columns (9) and (10) use an IV specification, where tariffs by instrumented by overall district tariffs, defined in Topalova (2010). Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D10: Loss in Trade Protection and Labour Market Outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	LFP	Unemp.	Self Emp.	Wage Work	Salaried Work	Casual Work	Farm	Mfg.	Non-Farm Non-Mfg.
Tariff	-.087*	-.001	.014	-.099**	-.039	-.060	-.096**	.026	-.015
	(.048)	(.015)	(.048)	(.041)	(.028)	(.044)	(.047)	(.021)	(.023)
Observations	615455	615455	615455	615455	615455	615455	615455	615455	615455
R^2	.40	.04	.17	.17	.13	.15	.28	.06	.18
Control Mean	.62	.02	.31	.28	.09	.19	.37	.07	.16

Notes: This table identifies the impact of a loss in trade protection on labour market outcomes. The unit of observation is the individual. The sample is restricted to individuals aged between 15 and 60 years. All outcome variables are binary. The outcome of interest in column (1) is a dummy equaling 1 if the worker participates in the labour force; in column (2), if the worker is unemployed; in column (3), if the worker is self-employed; in column (4), if the worker is in wage employment; in colum (5), if the worker has a salaried position; in column (6), if the worker is engaged in casual wage work; in column (7) if the worker is engaged in farm work; in column (8), if the worker is engaged in the manufacturing sector; in column (9), if the worker is engaged in non-farm, non-manufacturing work. All specifications include district, state-survey round and survey-quarter fixed effects. Worker-specific covariates and time-varying district covariates are also included. All specifications are weighted using household weights. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D11: Loss in Trade Protection and Labour Market Outcomes: Heterogeneity by SC Workers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	LFP	Unemp.	Self Emp.	Wage Work	Salaried Work	Casual Work	Farm	Mfg.	Non-Farm Non-Mfg.
Tariff	-.091*	-.003	.022	-.110***	-.044	-.065	-.097**	.024	-.015
	(.048)	(.015)	(.048)	(.041)	(.027)	(.044)	(.047)	(.022)	(.023)
Tariff × SC	.017**	.006*	-.017*	.028**	.017***	.011	.013	-.000	-.002
	(.007)	(.003)	(.009)	(.011)	(.006)	(.011)	(.010)	(.005)	(.006)
Observations	615455	615455	615455	615455	615455	615455	615455	615455	615455
R^2	.40	.04	.17	.17	.13	.15	.28	.06	.18
Control Mean	.62	.02	.31	.28	.09	.19	.37	.07	.16
$H_0 : \beta_1 + \beta_2 = 0\ (p - val)$:	.12	.85	.91	.06	.34	.23	.08	.26	.49

Notes: This table identifies heterogeneity the impact of a loss in trade protection on labour market outcomes for SC workers. The unit of observation is the individual. The sample is restricted to individuals aged between 15 and 60 years. All outcome variables are binary. The outcome of interest in column (1) is a dummy equaling 1 if the worker participates in the labour force; in column (2), if the worker is unemployed; in column (3), if the worker is self-employed; in column (4), if the worker is in wage employment; in colum (5), if the worker has a salaried position; in column (6), if the worker is engaged in casual wage work; in column (7) if the worker is engaged in farm work; in column (8), if the worker is engaged in the manufacturing sector; in column (9), if the worker is engaged in non-farm, non-manufacturing work. All specifications include district, state-survey round and survey-quarter fixed effects. Worker-specific covariates and time-varying district covariates are also included. All specifications are weighted using household weights. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D12: Loss in Trade Protection and Labour Market Outcomes: Heterogeneity by Worker Location and Education

				Panel A: Rural					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	LFP	Unemp.	Self Emp.	Wage Work	Salaried Work	Casual Work	Farm	Mfg.	Non-Farm Non-Mfg.
Tariff	-.118**	-.004	-.051	-.063	-.031	-.031	-.116**	.044*	-.042
	(.048)	(.016)	(.045)	(.039)	(.028)	(.042)	(.049)	(.023)	(.026)
Tariff × *Rural*	.013	.001	.038***	-.026***	-.004	-.022***	.014	-.023***	.021**
	(.009)	(.002)	(.010)	(.008)	(.006)	(.008)	(.012)	(.006)	(.008)
Observations	567930	567930	567930	567930	567930	567930	567930	567930	567930
R^2	.41	.04	.18	.17	.13	.15	.27	.06	.19
Control Mean	.61	.03	.31	.28	.10	.18	.35	.07	.16
$H_0 : \beta_1 + \beta_2 = 0$	.03	.87	.76	.02	.21	.21	.04	.36	.38
				Panel B: Education					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	LFP	Unemp.	Self Emp.	Wage Work	Salaried Work	Casual Work	Farm	Mfg.	Non-Farm Non-Mfg.
Tariff	-.079*	-.001	.015	-.092**	-.035	-.057	-.093**	.026	-.011
	(.047)	(.015)	(.048)	(.041)	(.027)	(.042)	(.047)	(.021)	(.024)
Tariff× *Educ.*	-.086***	-.017***	.013**	-.081***	-.102***	.021***	.017***	.002	-.088***
	(.006)	(.004)	(.006)	(.006)	(.005)	(.004)	(.005)	(.004)	(.005)
Observations	615455	615455	615455	615455	615455	615455	615455	615455	615455
R^2	.40	.05	.17	.17	.15	.17	.29	.06	.19
Control Mean	.62	.02	.31	.28	.09	.19	.37	.07	.16
$H_0 : \beta_1 + \beta_2 = 0\ (p - val)$	.00	.25	.57	.00	.00	.39	.11	.20	.00

Notes: This table identifies heterogeneity in the impact of a loss in trade protection on labour market outcomes across worker characteristics.The sample is restricted to individuals aged between 15 and 60 years. All outcome variables are binary. The outcome of interest in column (1) is a dummy equaling 1 if the worker participates in the labour force; in column (2), if the worker is unemployed; in column (3), if the worker is self-employed; in column (4), if the worker is in wage employment; in colum (5), if the worker has a salaried position; in column (6), if the worker is engaged in casual wage work; in column (7) if the worker is engaged in farm work; in column (8), if the worker is engaged in the manufacturing sector; in column (9), if the worker is engaged in non-farm, non-manufacturing work.*Educated* is a dummy equaling if the worker has completed secondary or higher education. *Rural* is a dummy equaling 1 if the worker resides in a rural location. All specifications include district, state-survey round and survey-quarter fixed effects. Worker-specific covariates and time-varying district covariates are also included. All specifications are weighted using household weights. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D13: Loss in Trade Protection and District Demographics

	(1)	(2)	(3)	(4)	(5)	(6)
	Population	Rural	SC	Rural SC	SC Males	Rural Males
Tariff	-.179	.011	-.044	-.053	-.019	-.014
	(.172)	(.065)	(.049)	(.049)	(.014)	(.024)
Observations	716	716	716	716	716	716
R^2	.97	.93	.80	.81	.79	.85
Control Mean	1,518,399	.77	.17	.15	.05	.05

Notes: This table identifies the impact of a loss in trade protection on district population, share of rural population, and share of marginalized population. The unit of observation is the district. The outcome of interest in column (1) is logged district population; in column (2), the share of rural population; in column (3), the SCs in the population; in column (4), the share of rural SCs in the population; in column (5), the share of SC working age (15-60 years) males in the population; in column (6), the share of rural males (15-60 years) in the population. All specifications include district and survey round fixed effects, and district covariates. Robust standard errors are in parentheses. Significant levels: *10%, **5%, and ***1%

D.2.5 Alternate Explanations

This sections shows results ruling out alternate explanations to our findings.

Table D14: Loss in Trade Protection and Voter Turnout

	(1)	(2)	(3)	(4)	(5)
			Voter Turnout		
Tariff	.061**	.058**	.053**	.060**	.064**
	(.026)	(.027)	(.026)	(.026)	(.028)
Tariff × High OBC/SC		-.009			
		(.006)			
Tariff × High Rural			.008		
			(.007)		
Tariff × High Educ.				-.013*	
				(.007)	
Tariff × High SC in Farm					-.002
					(.006)
Observations	14839	14606	14839	14839	14839
R^2	.89	.89	.89	.89	.89
Control Mean	.61	.61	.61	.61	.61

Notes: This table show the impact of the loss in trade protection on voter turnout. The unit of observation is the electoral constituency. The outcome of interest is voter turnout. All specifications include constituency and state-electoral cycle fixed effects, along with constituency and district covariates. All regressions are weighted using the number of registered voters in the constituency. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D15: Loss in Trade Protection and Electoral Performance of Caste-Based Parties: Heterogeneity by State Capacity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Caste Parties Vote Share				Pr(Caste Party Win = 1)			
Tariff	-.201***	-.194***	-.206***	-.200***	-.522***	-.502***	-.545***	-.525***
	(.047)	(.047)	(.047)	(.049)	(.121)	(.120)	(.122)	(.126)
Tariff × Low Water Connection	-.003				-.009			
	(.016)				(.041)			
Tariff × Low Electricity		-.015				-.047		
		(.018)				(.044)		
Tariff × Low PDS Card			.016				.074**	
			(.013)				(.031)	
Tariff × PDS Unavailability				-.002				-.002
				(.011)				(.028)
Observations	14699	14699	14699	14699	14699	14699	14699	14699
R^2	.75	.75	.75	.75	.54	.54	.54	.54
Control Mean	.15	.15	.15	.15	.18	.18	.18	.18

Notes: This table shows differential effects of the loss in trade protection on electoral support for caste-based parties across measures of state capacity. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(4) is vote shares for caste-based parties; in columns (5)-(8), a dummy equal to 1 if the caste-based paty won the election. *Low Water Connection* is a dummy equaling 1 if a low (below median) share of households in the district had access to piped water connections provided by the government; *Low Electricity* is a dummy equaling 1 if a low (below median) share of households in the district had electricity connections; *Low PDS Card* is a dummy equaling 1 if the district has a high (above median) share of households who do not have a card to access the public distribution (PDS) system; *PDS Unavailability* is a dummy equaling 1 if the district has a high (above median) share of households who report that they could not access the PDS as the quality of food grains was poor, or food grains were unavailable, or lacking in supply. All specifications include constituency and state-electoral cycle fixed effects, along with constituency and district covariates. All specifications are weighted using the number of registered voters in the constituency. Standard errors in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%

Table D16: Loss in Trade Protection and Electoral Success of Caste-Based Parties: Ruling out Incumbency Effects

	(1)	(2)	(3)	(4)
	Caste Parties Vote Share		Pr(Caste Party Win = 1)	
	All Elections	Close Elections	All Elections	Close Elections
Tariff	-.278***	-.379**	-.725***	-.808**
	(.075)	(.153)	(.155)	(.364)
INC Win, Lag 1 × Tariff	.066***		.145***	
	(.011)		(.027)	
INC Win, Lag 1	-.032***		.009	
	(.008)		(.016)	
INC Close Win, Lag 1 × Tariff		.072***		.078
		(.026)		(.086)
INC Close Win, Lag 1		-.049*		.023
		(.026)		(.072)
Observations	14839	1111	14839	1111
R^2	.68	.79	.49	.65
Control Mean	.15	.16	.18	.23

Notes: This table explores whether incumbency effects against the dominant INC party can explain the relationship between the loss in trade protection and electoral support for caste-based parties. The unit of observation is the electoral constituency. The outcome of interest in columns (1)-(2) is the vote share received by caste-based parties; in columns (3)-(4), a dummy equal to 1 if a caste-based party won the election. All specifications include constituency and state-electoral year fixed effects, along with district and constituency-specific time-varying covariates. Columns (2) and (4) also control for the victory margin between the INC and the runners-up (winning party) in the previous electoral cycle. All specifications are weighted by the registered number of voters in the constituency. Columns (1) and (3) include all electoral contests; columns (2) and (4) restrict the sample to constituencies which witness a "close" electoral contest between the INC and the runners-up (winning party) in the previous electoral cycle. "Close" electoral contest refers to elections where the victory margin between the INC and the runners-up (winning) party is less that 6 percent of the total votes cast. *INC Win* is a dummy equal to 1 if the INC won the election in the constituency in the previous electoral cycle; *INC Close Win* is a dummy equal to 1 if the INC won the election in the constituency in the previous electoral cycle by a narrow margin of victory. Standard errors are in parentheses, clustered by district. Significant levels: *10%, **5%, and ***1%