

Social Infrastructure

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NBER-NCAER Conference

January 16, 2006

“Social” “Infrastructure”

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Analogy to Physical Infrastructure

- Two big issues
- Uncontroversial: the major problem is in operations and maintenance, not construction
- Controversial, hot button issue: “privatization”



Analogy to Physical Infrastructure

- Problem in operations and maintenance
 - Yeah, well, in primary health and education it's all operations



Analogy to Physical Infrastructure

- Problem in operations and maintenance

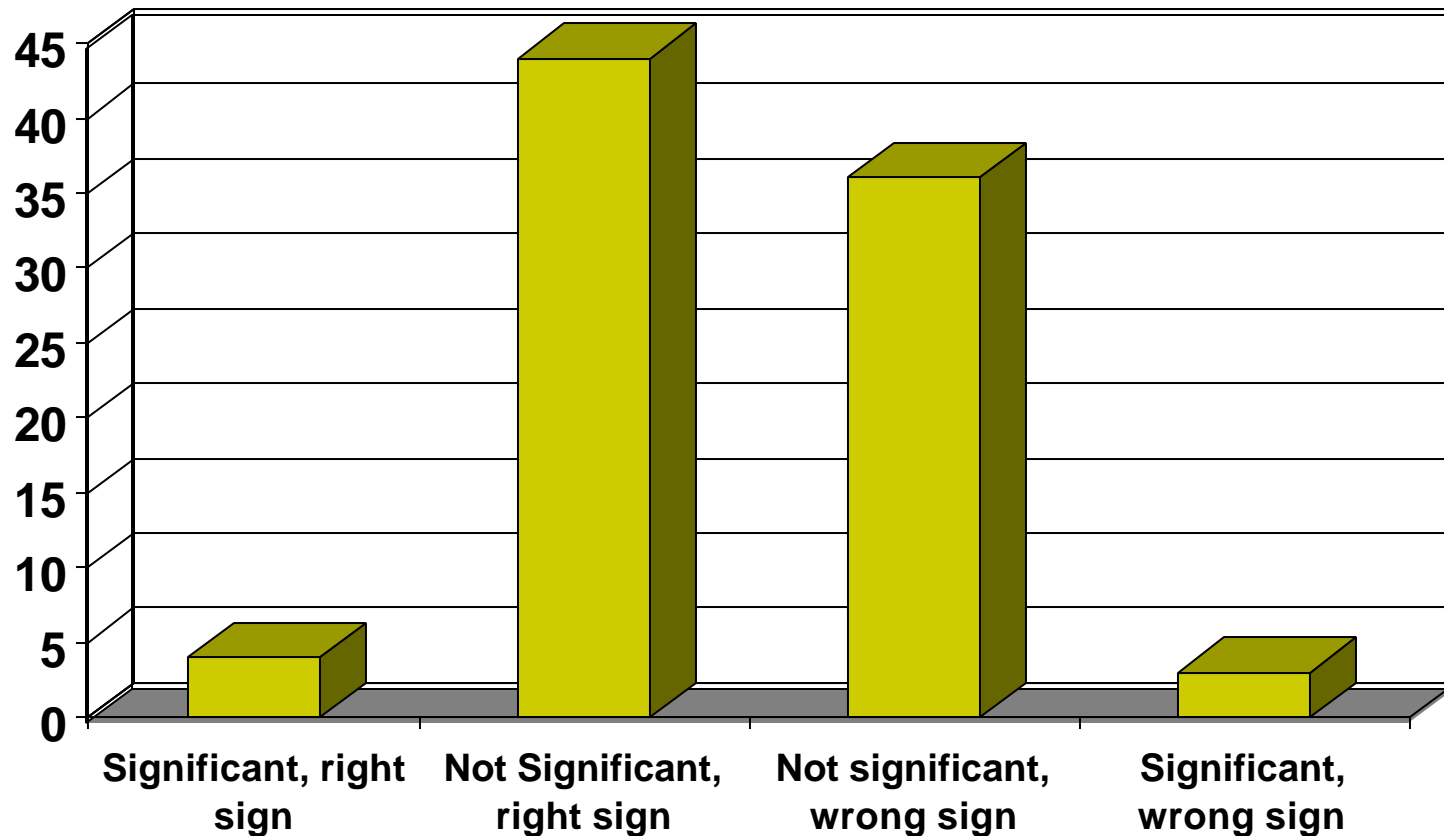
- Hot button issue: “privatization”
 - No one is selling public infrastructure in the social sectors but it’s being privatized just the same



In health, infrastructure certainly doesn't matter

- The physical presence of a public health care facility in a village has no effect on mortality of infants and children in that village

Distribution of t-tests of the variable “any public facility in village” on rural infant and child mortality. All states, various specifications, NFHS 1998 (propensity score matching*)



Source: Chaudhury, Hammer and Pruthi (2005)

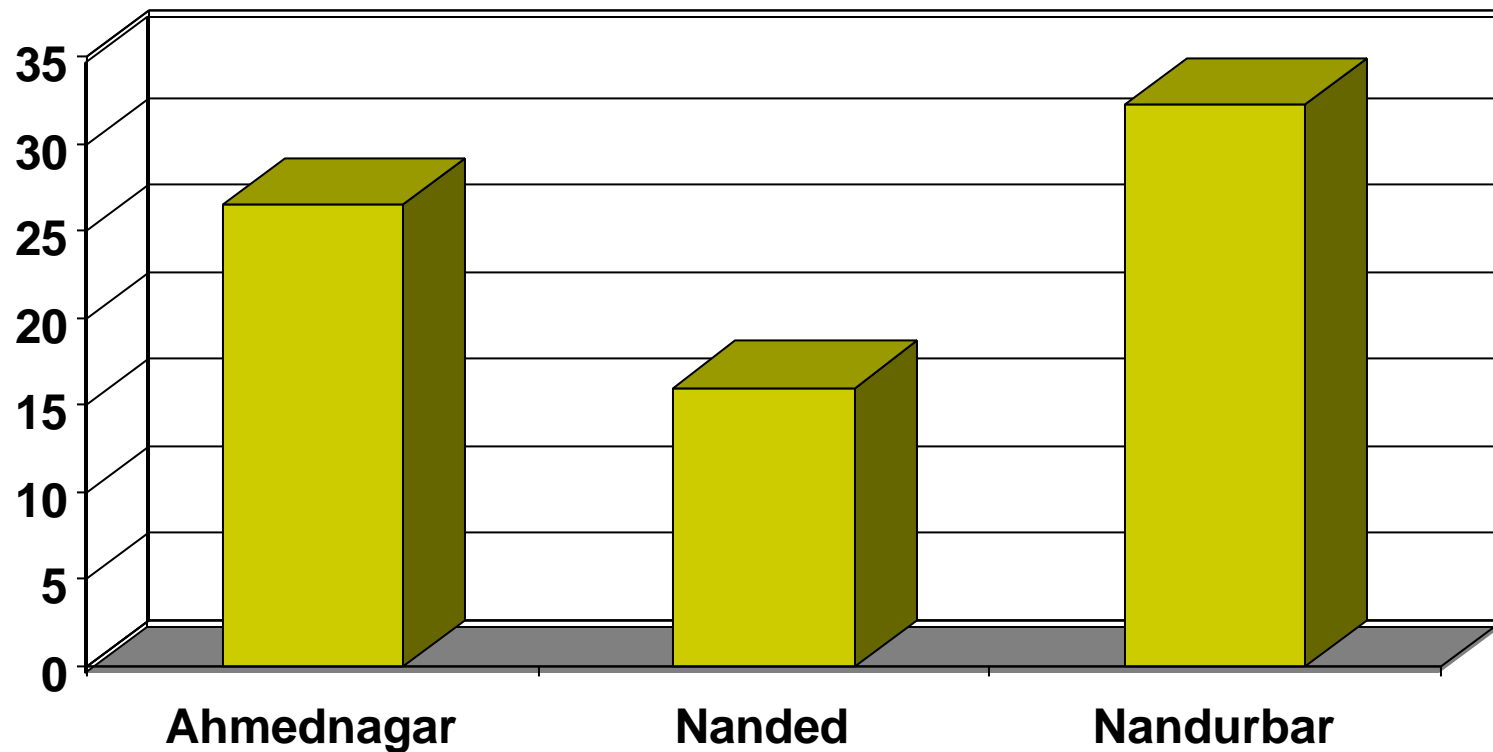


*Doesn't matter what data or method

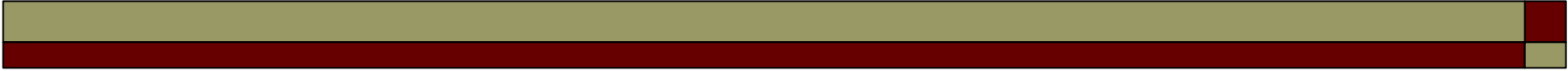
- NFHS I – no regression effect
- NFHS II – ditto
- Reproductive and Child Health survey (RCH) 1998 – ditto
- RCH 2001 – ditto

- Torture the data as much as you like and it still won't talk (in contrast: education, income proxies, water source, sanitation habits, pucca roads, etc., etc. all squeal at the slightest provocation – samples are very large)

In sanitation: it's behavior, not infrastructure



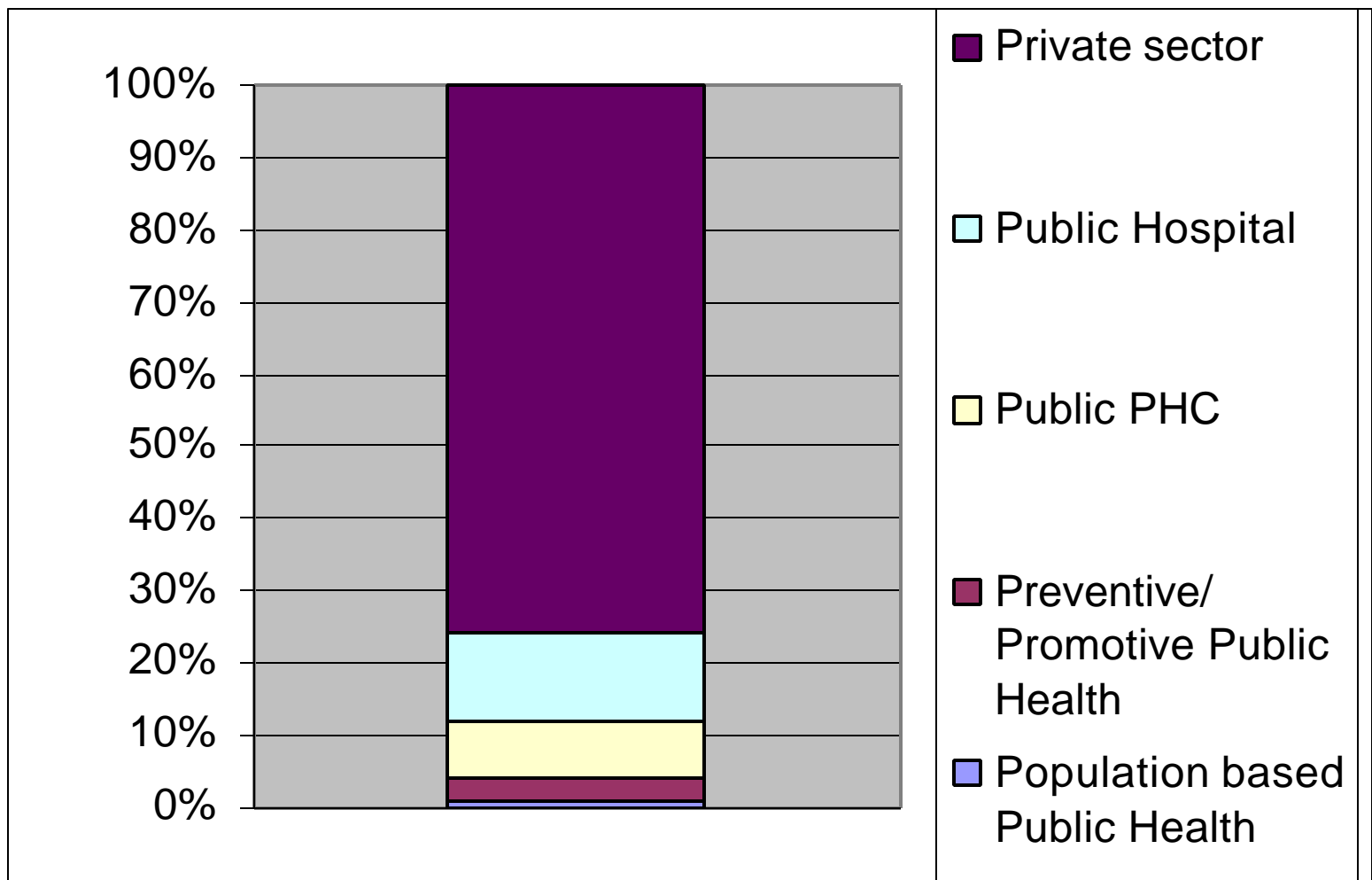
Percentage of people who defecate in open despite owning toilets in Maharashtra (2004)



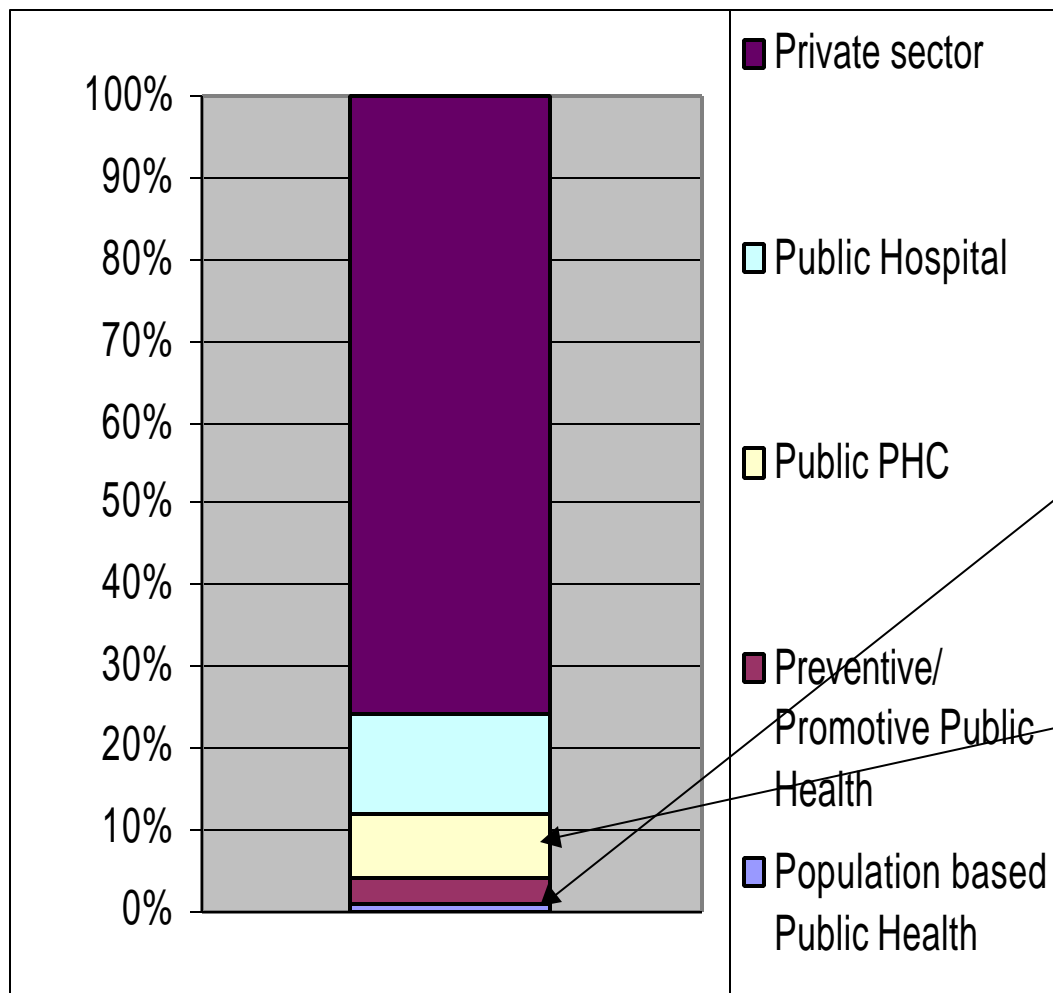
Privatization – people opting out of public health care provision

- The public share of **institutional** deliveries (of babies) fell from 57.3 to 48.2% between 1992 and 1998 (NFHS I, II)
- The public share of **all** deliveries fell between 1998 and 2001 (RCH I, II) as the private sector's share rose from 9.4 to 21.5%
- Recall: Pay commission raises of 1997 makes this unlikely to be due to lack of money – health ministries are very labor intensive

In any case, health care is basically private



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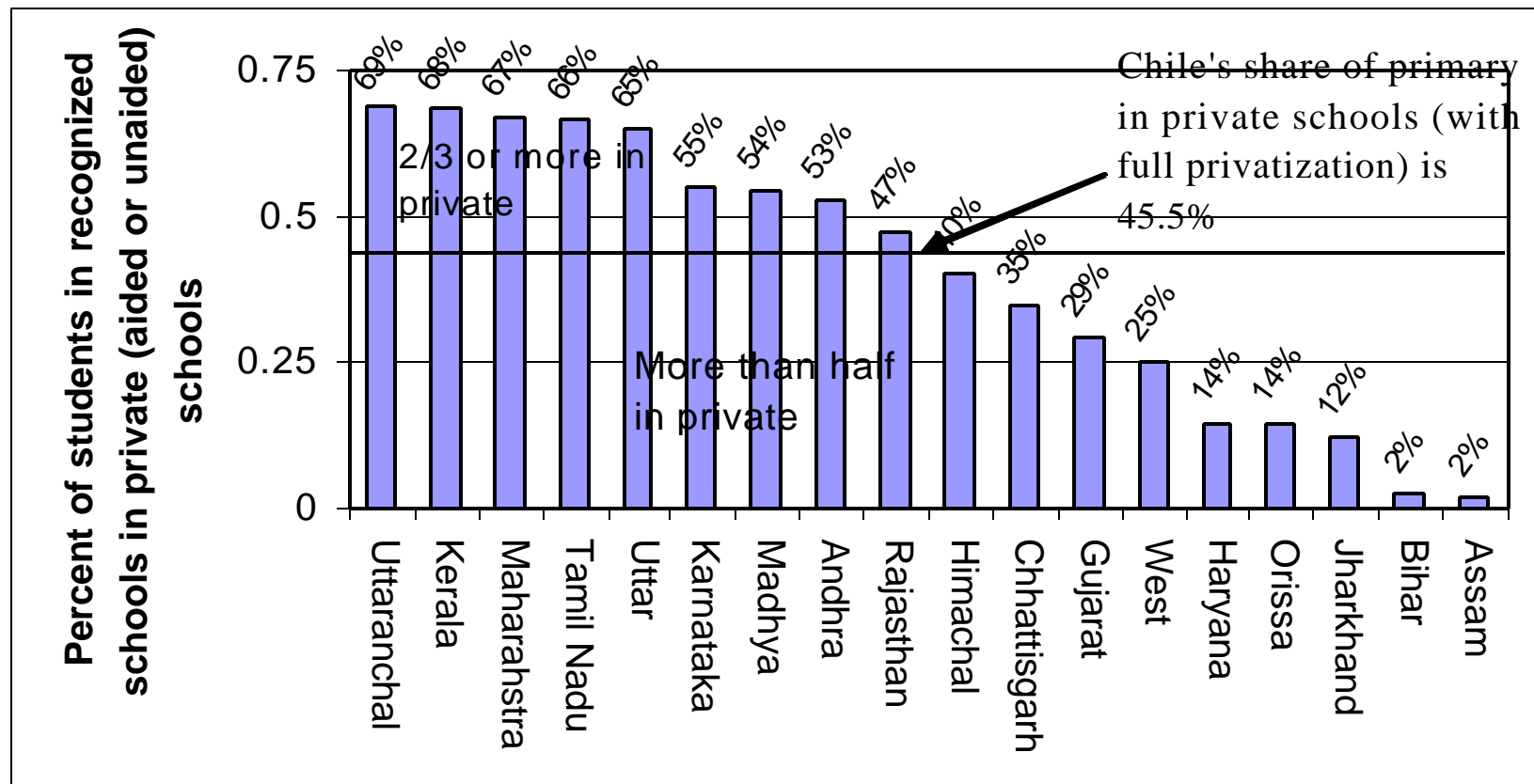
Hint for policy makers: Maybe you'd like to get public goods (non-excludable/ non-rival) done right before substituting for a private sector?



Privatization – people opting out of public education

- Education: According to DISE data, the absolute number of children in public primary schools has *fallen* in most recent year while private schools have expanded rapidly and total enrollments have risen.

Urban education is more private than Chile's fully private voucher system



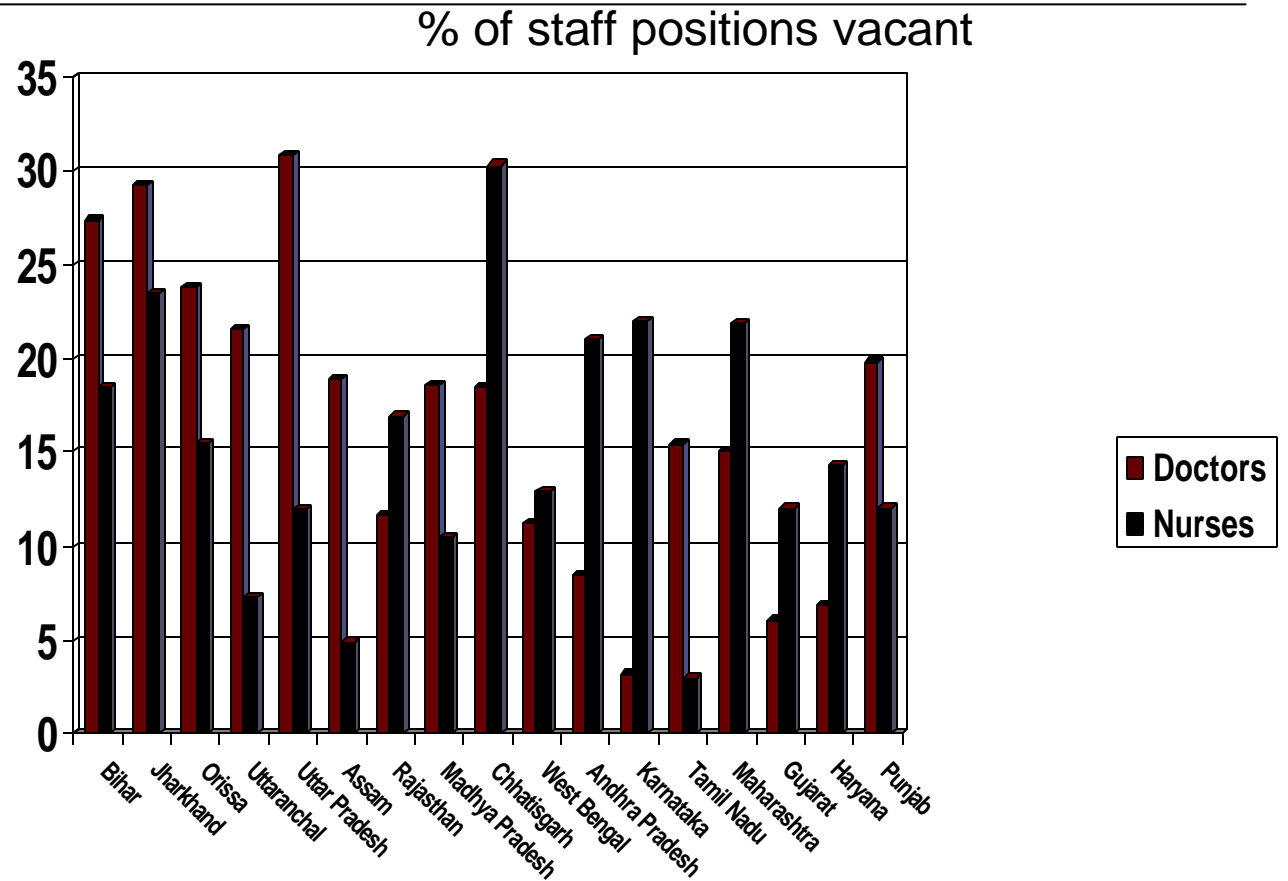
Source: Pritchett (2005) using DISE 2004 report card data



Why can't we give away stuff for free?

PHC's: What do people find when they get there?

□ Vacancies

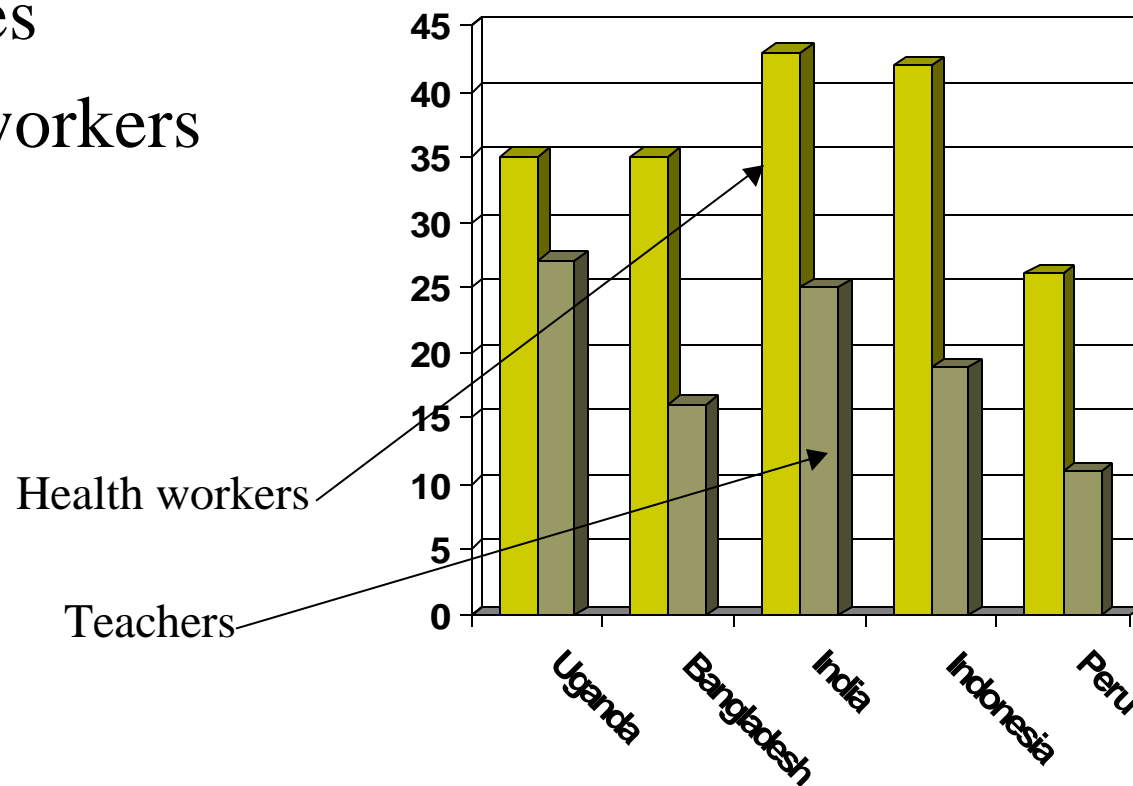


Source: Chaudhury, Hammer, Kremer, Muralidharan and Rogers (2004)

Public facilities: What do people find when they get there?

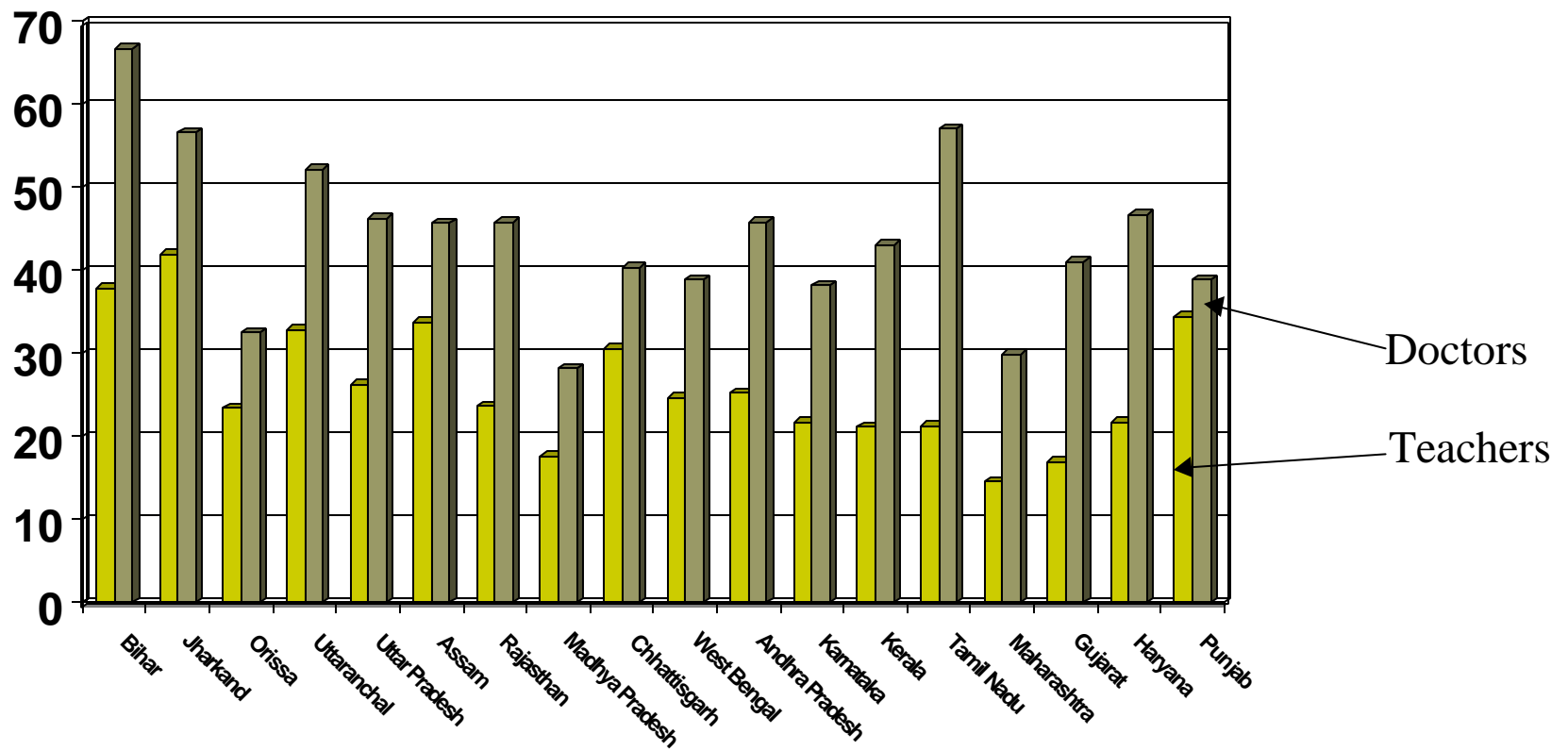
Absenteeism among teachers and health workers

- Vacancies
- Absent workers



Source: Chaudhury, Hammer, Kremer, Muralidharan and Rogers (2004)

Staff absences from public facilities: primary schools and primary health centers



Source: Chaudhury, Hammer, Kremer, Muralidharan and Rogers (2004)

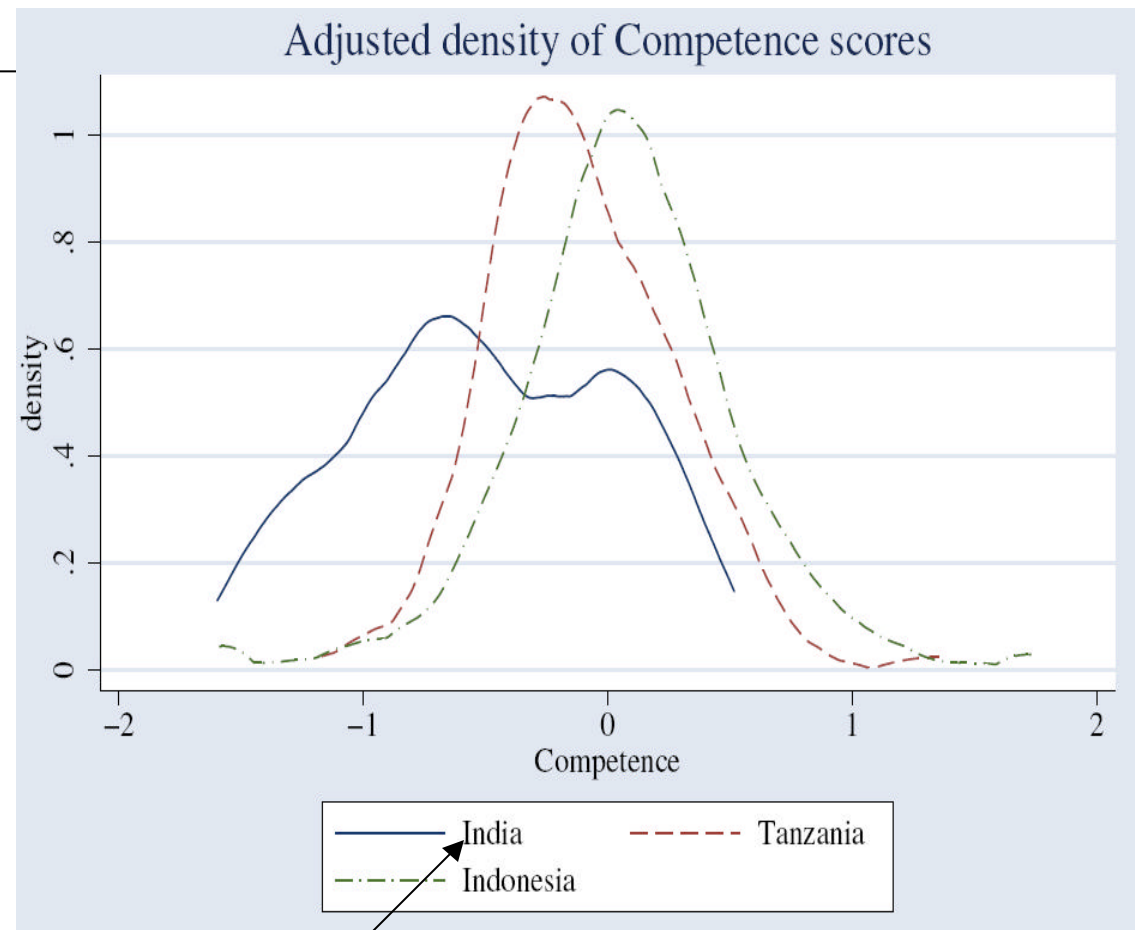


Evidence?

- For medical professionals
 - Regular official monitoring increased the percentage of open facilities (easy to observe) but not attendance conditional on being open (hard to observe)
- For teachers
 - Regular official monitoring (such as it was) increased attendance
 - Regular parent teacher meetings increased attendance

PHC's: What do people find when they get there?

- Vacancies
- Absenteeism
- Low capability

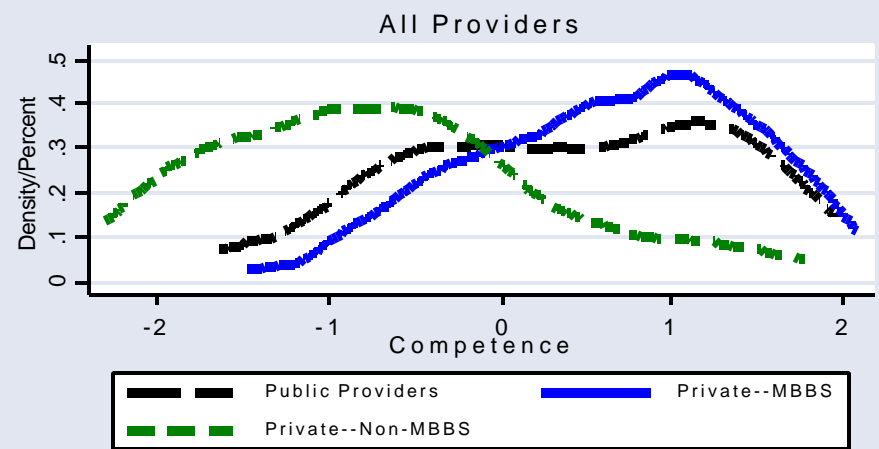
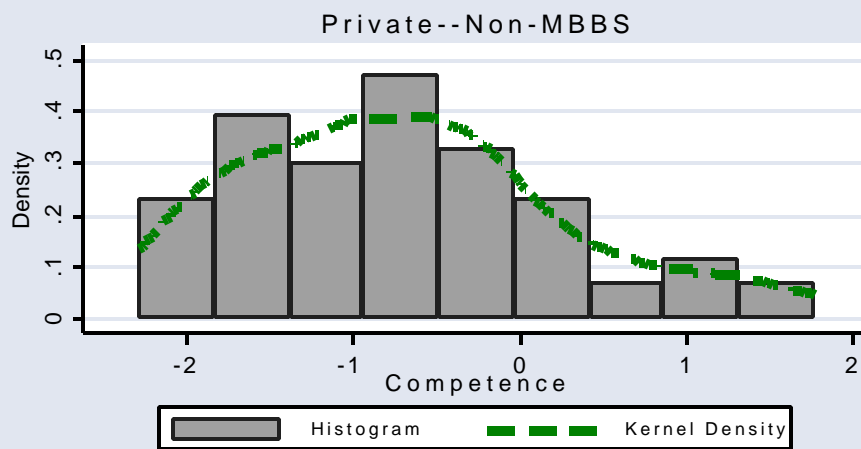
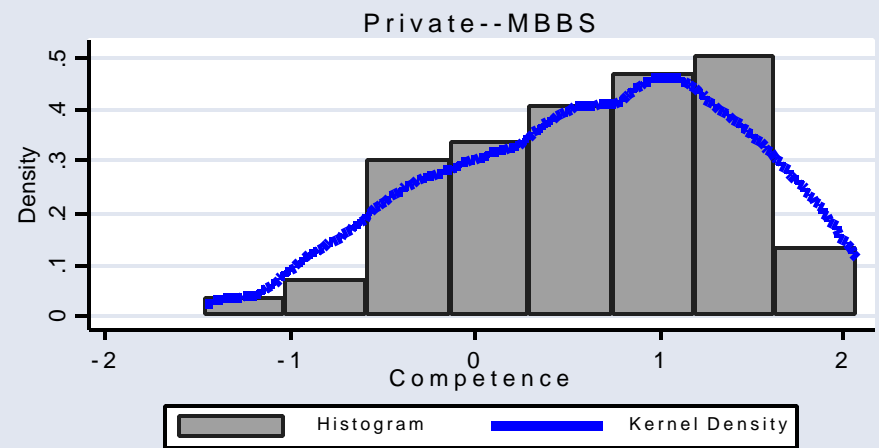
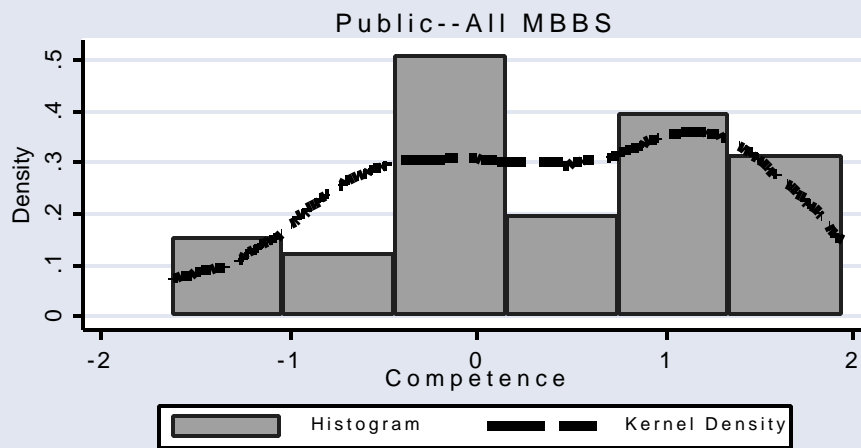


Just Delhi!

Source: Das, Gertler, Hammer and Leonard (2005)

The quality of care in Delhi is very low- in public and private sectors

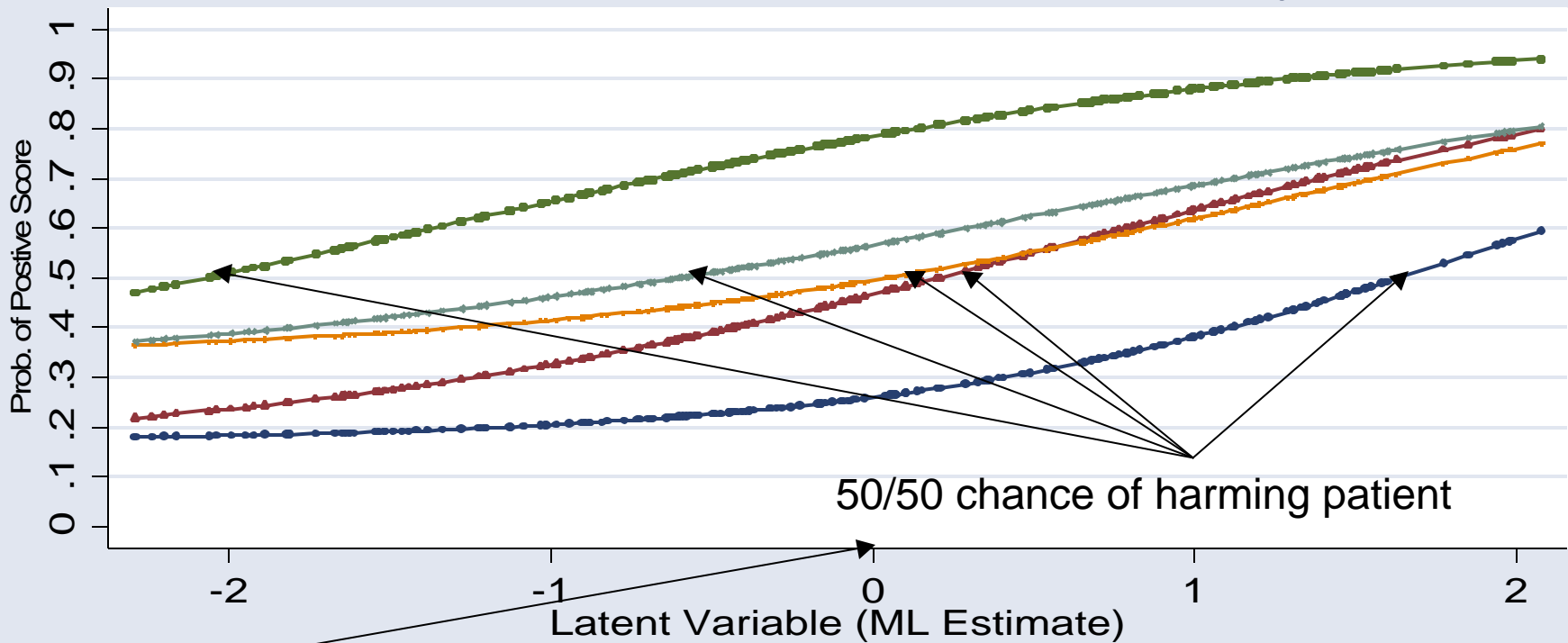
Distribution of Competence by Qualification



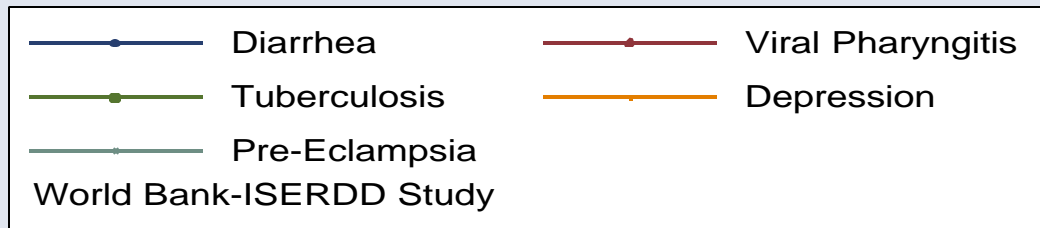
Source: Das and Hammer (2005a)

What does “low quality” mean?

Probabilities of Non-Harmful Treatment by Illness

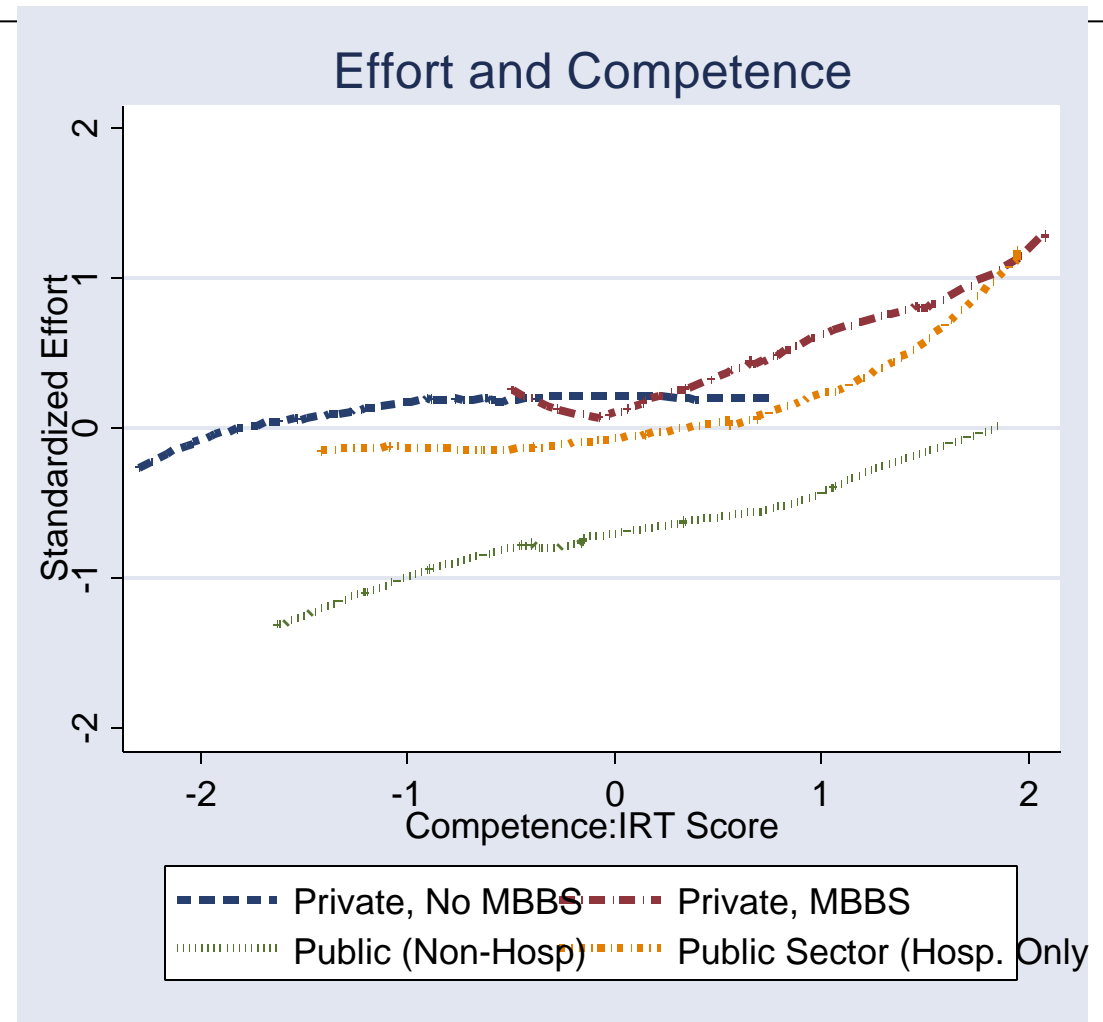


Average
Competence



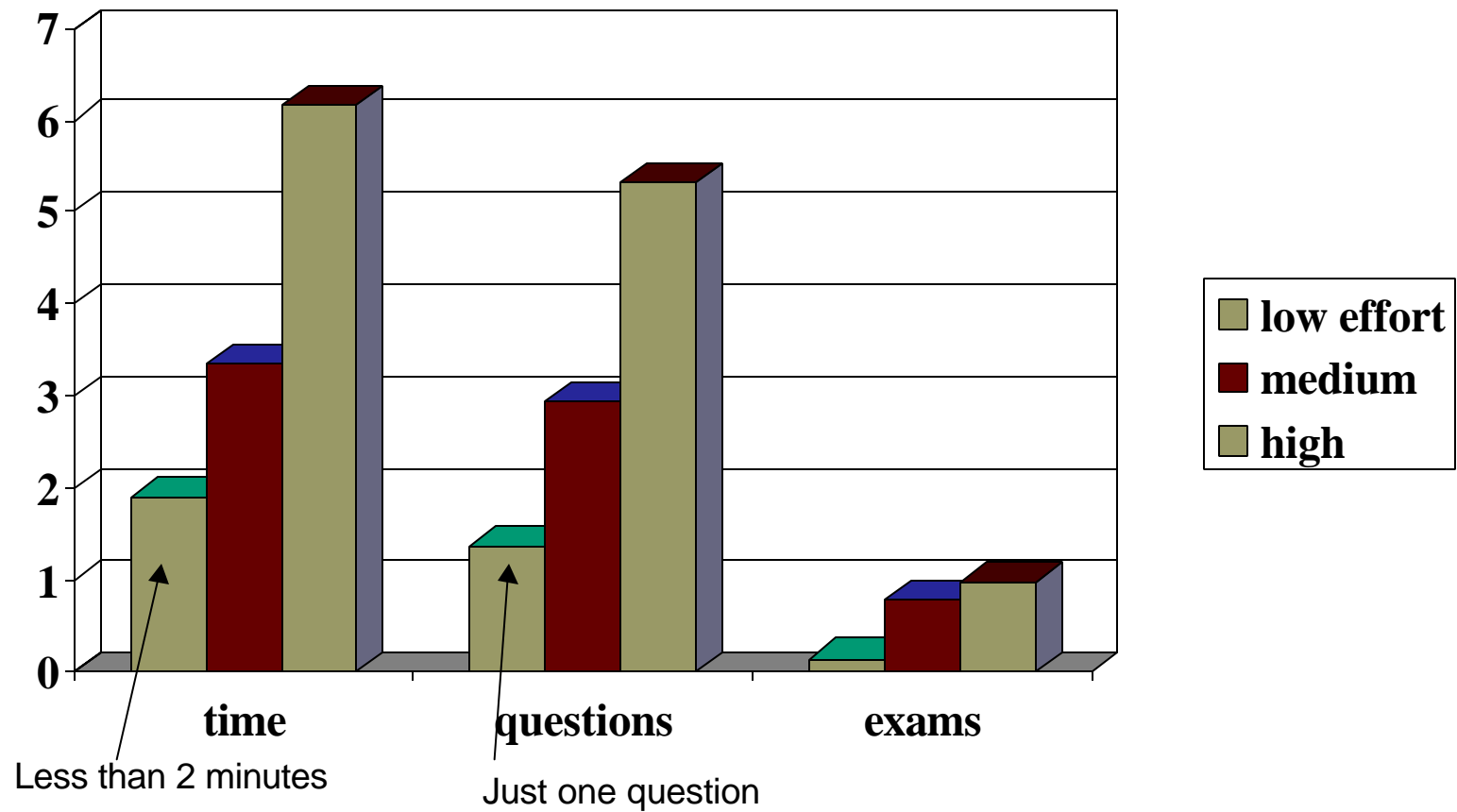
PHC's: What do people find when they get there?

- Vacancies
- Absenteeism
- Low capability
- Very little effort



Source: Das and Hammer (2005b)

What does “very little effort” mean?



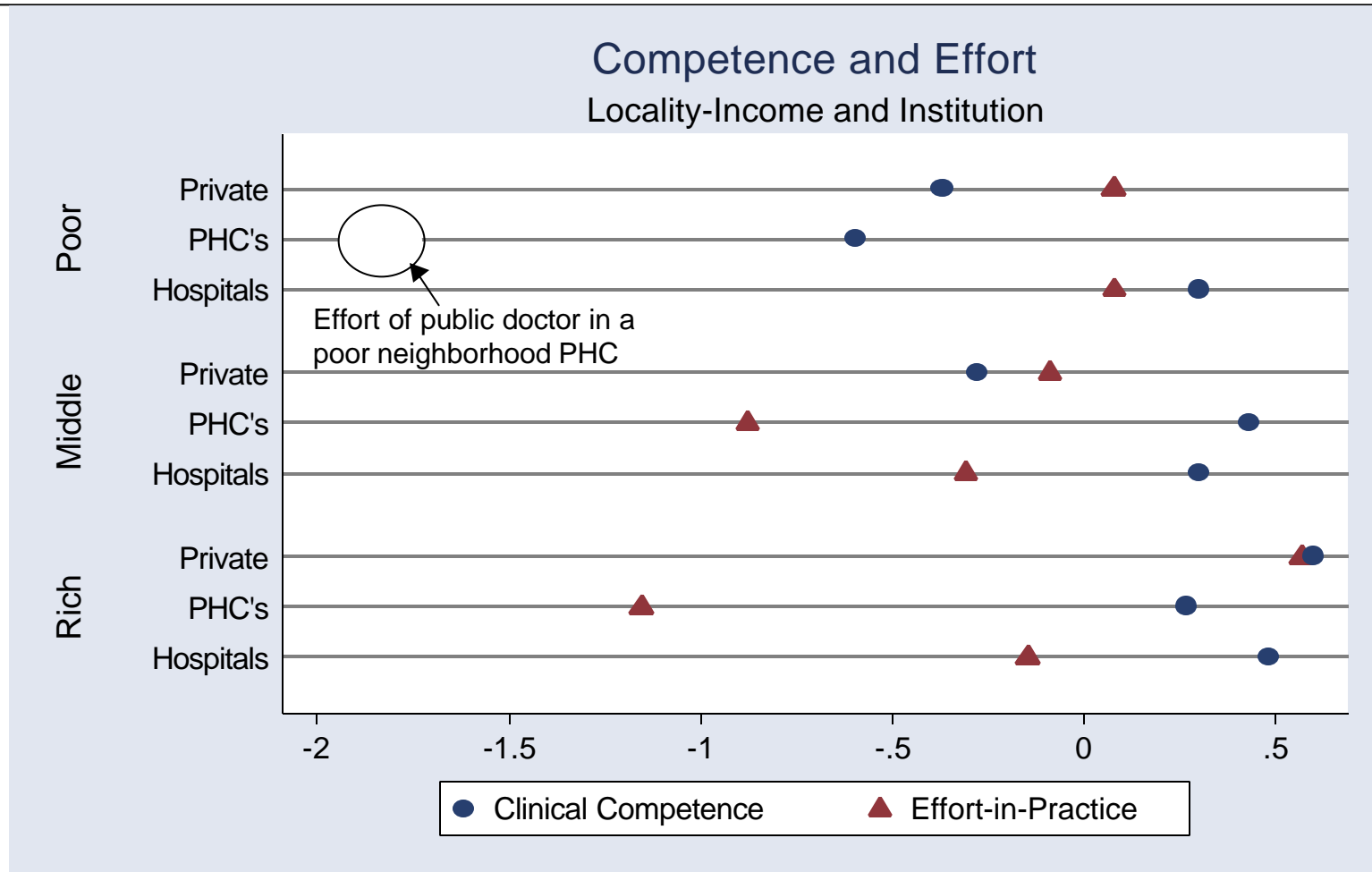


A word on “quackery and crookery”

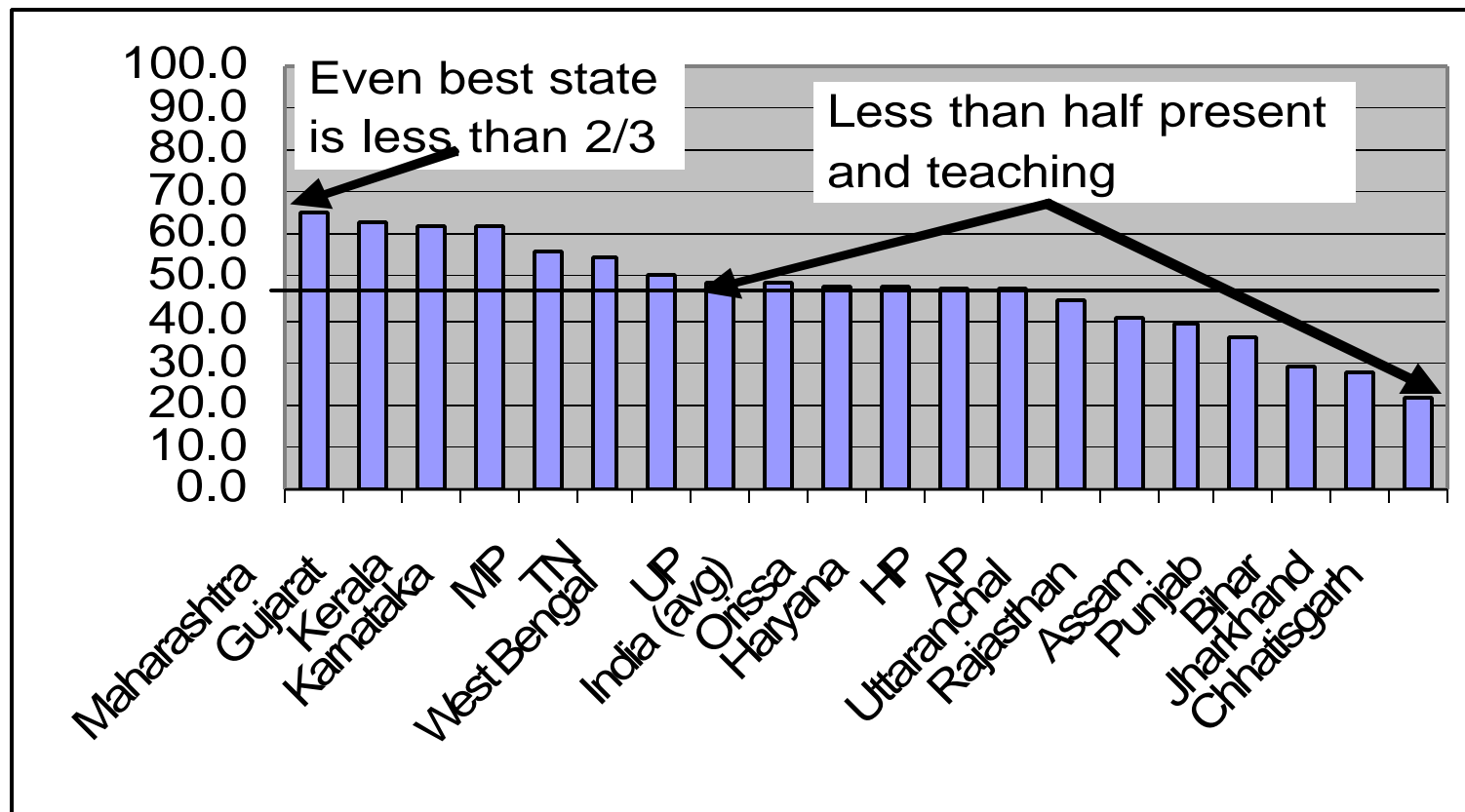
- The problem isn't public versus private
- The problem is rich versus poor

Quackery and crookery for the poor in Delhi

- no matter where they go



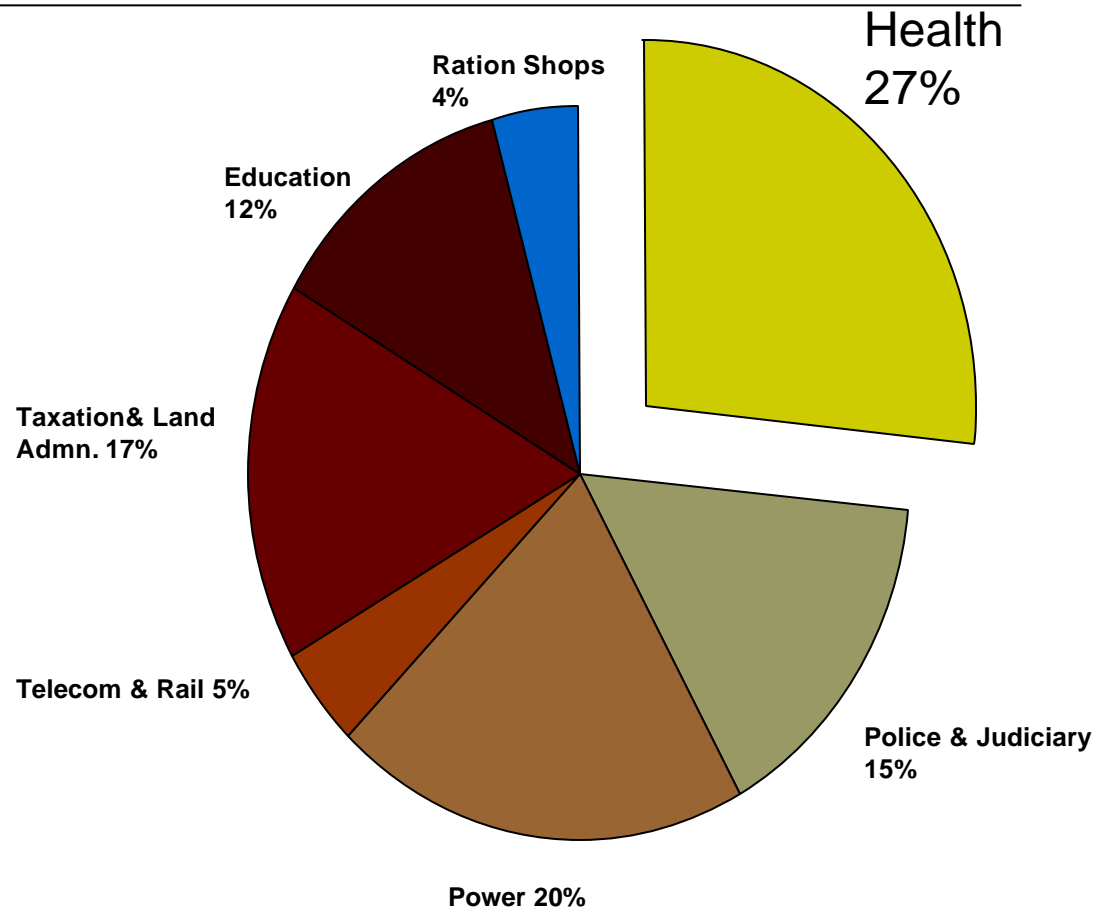
Children also find little effort from teachers:



PHC's: What do people find when they get there?

Money value of "donation" payments

- Vacancies
- Absenteeism
- Low ability
- Low effort
- "Donation" requests



Source: Transparency International 2005



Why is this? Let's look at incentives

- You are paid by salary
- You are not monitored by supervisors
- You will not be fired or have pay reduced under virtually any circumstances
- You are of much higher social status and have much greater political power than your clients – complaints don't touch you
- You have lucrative alternative work in the private sector

What would *you* do?



So: analogous to physical infrastructure

- social sector infrastructure has at least the same operations and maintenance problems
- the system is being “privatized” by the public sector: but not intentionally



What's “social” in social infrastructure?

- Accountability is the key – does the provider answer to anyone?
 - Accountability *could* be enforced formally by state or central governments' administrative procedures (but usually isn't)
 - Accountability *could* be market driven since health and education are private goods (but markets mess up, too)
- These two methods are “arm's length”, anonymous and don't always work – there are both government and market failures



What's “social” in social infrastructure?

- Accountability could be enforced informally by self-conscious “social” groups (when arm’s length methods fail)
 - PTA’s?
 - Special user or self-help groups?
 - Grama Sabhas if responsibilities lie with Grama Panchayats? (likely the most sustainable)
- People have to expect to get something for money spent in their name and put in the effort to make sure they do. How can outsiders help?
 - Information generation and dissemination
 - Evaluation – independent and results available to public



But that's a topic for a different talk
altogether...