

Economy, Society and Development*

Mr. President, Ladies and Gentlemen,

It is quite a coincidence that I have the honour today of addressing this gathering of economists in the state of Maharashtra where seventeen years back I got the inspiration to quit economics from my interaction with the Bhoomi Sena movement in Palghar Taluka of this state. Bhoomi Sena told us that they held human dignity and self-determination above economic attainments. They rejected any external advice or material assistance that was paternalistic or infringed upon their autonomy to choose their own lives. The life that they lived and cherished was rich in fellow feeling and mutual share and care, in contrast to the economists' assumption of private self-aggrandizement as the prime motive of human action. They viewed nature as a part of themselves, not to own, exploit and harness but to relate to, love, nourish and exchange with.

We have by now about five decades of 'development' behind us of which we may not feel very proud. This has split societies or sharpened their divisions into rich and poor, privileged and underprivileged; concentrated social power into the hands of a relatively few facilitating their plundering of social resources to satisfy their private greed; ravaged natural resources to upset ecological balances; mortgaged futures of nations to foreign powers through the debt burden of 'development assistance'; put our youth into despair about their lives and futures and pushed them toward gangsterism and drugs; increased sales of women and women for private profits; destroyed rich indigenous cultures and ways of social life that were more humane. Economists and many other quarters have continued to call these societies 'developing', concerned primarily that 'development' is not being fast enough, at times may be also concerned that the benefits of growth have not been 'trickling down' to the poor to make a real dent on mass poverty.

As for the people, those with no privilege and status in society and who have been victims of such 'development', life has been an agonizing process of adjusting to or resisting the onslaughts on their own values and urges, often without much success. As the Coordinator of the ILO's programme on Participatory Organizations of the Rural poor I had invited a forest-based

popular movement in India to get together and jointly articulate their point of view on what had been happening to them in the name of 'development'. Their report [Dasgupta, 1986] which had to be published without mentioning the ILO, was a sharp rejection of such notion of development which had deprived these people of their habitat and imposed upon them concepts of life alien to their indigenous ways of living and thinking. Intellectual-activists working with popular forces in Latin America are rejecting the very term 'development' as a linguistic tool for domination [Esteva, 1990]. Popular movements in Africa give the term 'development' their own meaning that bear profound contrast to the meanings given by dominant structures as well as professionals: to popular groups in Zimbabwe development means "taking control over what you need to work with", "to stand up and go forward", "search for life", "to do it ourselves", "to support each other and get up" [Rahman, 1993:...] – meaning which express deep human urges for a kind of fulfillment in life which we have never tried even to understand not to speak of supporting them and building development thinking upon them.

The development theories as have built are rooted in the concept of material prosperity as the end of life devoid of any notion of human fulfillment from the act of living. There is nothing wrong with material prosperity insofar as it is associated with living an overall healthy personal and social life; but it is not necessarily healthy to become fat, usually a sign of maldevelopment. The Human Development reports of the UNDP are showing one of the fattest countries of the world by its consumption levels – fat by consuming its own as well the rest of the world's resources in a state of perpetual debt – to have the highest ranking in terms of indices of "Weakening social fabric": the rate of rapes, rate of drug crimes, number of prisoners in relation to population size, the rate of divorces. We have not stopped calling this country as highly 'developed' country.

Development economics has taken its own turns and twists over the decades. Born as a part of the "Truman Design" in response to the emerging cold war, the concept of development was soon embraced by economics, and strategies of development started being conceptualized. In an initial phase it was all economic growth, pleading for shelving all questions of distribution "for the distant future". Distributionalists fought and were able to create space for themselves, but obviously a theory of growth with distribution within the framework of a 'free' society could not be found. This, along with an assessed shortage of competent private initiative, enhanced the rationale for the state emerging as a major actor in development, a rationalization also

inspired by the offer of foreign 'development' assistance to nation states of the south. Lenin's concept of state planning was now borrowed in the 'free world' to become another playing ground for economics – to build theories of development planning in which it was now possible to include distribution or any other social objective, either in the 'objective function' or as a 'constraint'. The mathematical problem was now solvable, and exciting to play with. In reality, the lack of any effective accountability of states to their peoples turned the role of the state as one of enhancing the material acquisitions of the agent of the state and of their clientele within the society by appropriating society's resources as well as foreign assistance given in the name of development. Being primarily a foreign policy instrument, foreign 'development' assistance was well spent from the donor's point of view if it kept the trends for radical swings in the recipient countries in check, and as this was possible by means other than development, development was not really the imperative. The foreign policy interests of the donors were doubly served if at the same time such assistance enlarged the market for goods and professionals of their own countries, and this was facilitated by the progressive creation of an affluent class in the recipient societies within and outside the state agencies whose craving for the attractive goods from the 'developed' countries and advice of the foreign consultants was boundless.

The design should have been obvious, although many within economics chose to stay with this development paradigm considering the radical alternative to be more unacceptable. The socialist paradigm became the preoccupation of another trend attracted by its moral appeal strengthened by the march of social revolutions. Today the socialist paradigm has collapsed, and development economics is swinging back to where it started. The 'Structural Adjustment Programme (SAP) which the World Bank is pushing down the throat of its clientele with its attractive silver spoon takes us back to the growth first (or alone ?) ideology unconcerned with considerations of distribution, supposed to thje produced by unfettered economic freedom. SAP is now a talisman, the answer to the growth problem of all irrespective of the stage of one's evolution, one's history and culture, no matter what the disease is, and whether the patient is a infant or a teenager.

Many among economists, even many among those who previously held radical badges, are taking their cue and falling in line. This shows sadly how ethical as well as technical positions in economics are dictated by dominant social and international structures and adjust to changes in the glacial power balance. The irony, however, is that relatively few countries following SAP over the last decade or so have shown even much growth. In the majority of

these countries the expected surge of private investment has not happened [Sobhan, 1993:...], and economics has not analyzed a basic reason for this. Freedom for all permits the strong to appropriate social resources to satisfy their own urges. In the days of industrial revolution of the west these urges of the strong took the form of a burst of creative entrepreneurship to produce goods and services hitherto non-existent. Surplus had to be invested to push the frontiers of production and technology in order to move to a higher consumption frontier. In the process entrepreneurs remained thrifty themselves – it was more fulfilling, for themselves as well in terms of social recognition, to abstain from consumption of what the existing production possibility frontiers offered. Today the frontiers have reached a height, and the excitement for most among the privileged in the so-called ‘developing’ countries lies in consuming what they offer. The entrepreneurs-to-be in countries of the south in whose hands SAP is designed to concentrate social resources find it more fulfilling, both personally and in terms of social status, to show what they can consume rather than what they can produce. The products are already there, and the challenge is to find ways of creating one’s entitlement to them. Hence the plundering of social resources and racketeering with external ‘development assistance’, running away with bank finance signed for investment but never to be returned., all to push one’s own consumption frontier. There are exceptions such as the new industrial revolution of South-east Asia under strong guardianship of the state going against the prescription of SAP. But where SAP has prevailed, the ‘free society’ has unleashed forces of runaway consumerism rather than of creative entrepreneurship, and control over resources have gotten polarized in the free-for-all race for entitlement to the glittering consumables.

Once again, this is not to argue against consumerism as such – this is an exciting experience in life, to float thus high in the air, and it is a pride for mankind even to witness that it has reached this height of creativity. But economics needs to understand its implications. The kind of individual freedom that released a burst of creativity in the west in the days of its industrial and technological revolution, ruthlessly plundering social and international resources but using them to push the technological and production frontiers, may no longer achieve the same result in the countries of the south today when those who can command handsome capital by similar methods of plundering racketeering or otherwise can very well spend it to enjoy the luxuries of modern life without having first to create those goods and amenities.

Among the outstanding feats of development in this century we may single out two, from two different levels: Japan rising from the ashes of Hiroshima and Nagasaki, and China rising from the filth of Sanghai. Economics has as yet shown little interest in understanding the nature of Japanese culture and its chauvinism verging on cultural isolationism that have put off high-flying consumerism and disfavoured the display of personal wealth, and sustained a work ethic loyal to corporate glory rather than to the calculus of personal gain and loss (Christopher, 1983). The rise of modern Japan owes itself vitally to a dominance of the urge for creative accomplishment rather than for consumerism as the driving force in its national life. As for China, notwithstanding great mistakes of the great leader, this is the only country in this century that has lifted itself from conditions characterizing a 'least developed country' (LDC) to be stepping into the 21st century as a modern state and as one of the world's major powers which allows none to dictate terms to it. Mao achieved this, and suggest he was able to achieve this, by shutting China off from world consumerism and challenging the nation to show what it could accomplish by its creativity. The nation mobilized, and people set about to collectively transform what resources they had into producing what they needed – ultimately the consumables but riding only the bicycle meanwhile.

LDS of today have taken the name which China did not, for a different purpose, i.e. to maximize the flow of foreign resources opening the door to invite a different challenge, i.e. to consume without creating. Societies have been split as a result into the affluent and the well-to-do ('successful') on the one hand and the deprived and the "poor" (unsuccessful) on the other hand. The conceptualization now is around entitlement to consume, with enormous sympathy for the "poor" who lack the entitlements. As a matter of fact, the "poor" have a major contribution in augmenting entitlements of the affluent, in that their 'recovery' can be shown to the world to attract more international assistance the bulk of which can be intercepted. And of course resources of the poor can also be taken away, even in the name of 'development' as well as otherwise.

The result, in LDCs as well as in most other so-called 'developing' countries, is the consolidation of a set of structures and processes which augment poverty for many while they also pull some people upward as actors and associates of gainful activities. The aggregate result in terms of poverty alleviation may sometimes be a few steps forward; but the task remains one of moving up a downward-sliding escalator, and the aggregate statistics with which the poverty watchers are engaged do not even reveal the trade-off between the resulting gain and loss of misery. Sliding down a

given distance on the income scale adds more misery, than is shed by climbing up the same distance, so that aggregate misery may very well rise even when aggregate poverty falls.

The poverty-augmenting structures and processes are being supported today by political systems which are being hailed as 'democracies', in which it is sufficient to be the nearest relative of an assassinated previous leader to qualify to lead a nation. Unlike the democracies of the west in their days of creative entrepreneurship, parties are coming into power in the democracies of the 'developing countries of today which represent rent-seeking consumer classes and not productive classes in the society, and are unmotivated or incapable, therefore, to provide leadership for a revolutionary development of the productive forces.

Meanwhile, those who stay 'poor' or become 'poor' are struggling to survive, and they can only survive by being highly creative. Walking alone individually their creativity may not be very spectacular for acute dearth of resources; but examples of collective creativity of the poor abound and are well recognized, so much so that a new development jargon – 'participatory development' – is now widely in vogue. Almost all United Nations agencies are advocating it. For South Asian countries, The Independent South Asian Commission on Poverty Alleviation (1992) has assessed in fact that the growth potential of these countries lies in the hands of the low income producers, the 'poor', if they are mobilized for 'participatory development'. This assessment rests with the growing evidence cited by the Commission that thus mobilized the 'poor' are showing high marginal saving rates, low capital-output ratio (because of greater labour-intensity in their activities and direct transformation of their labour into infrastructure capital without mediation by the market mechanism), sharing and caring characteristics that reduce the cost of meeting their consumption needs, and values of 'simplicity and frugality' which were exhibited by the early entrepreneurs of the Industrial Revolution of the West but are no longer exhibited by the elite would-be entrepreneurs of our kind of countries. Some of these values are a part of their traditions. Some such as the sharing and other economizing activities through cooperation, are stimulated or strengthened by getting mobilized which show possibilities of improving their situation by collective initiatives, and it is the poor who have the material compulsion to be thrifty and efficient to improve their status in life. The Commission, therefore, has recommended a net transfer of resources to the 'poor' to achieve not only poverty alleviation but growth itself, a strategy fundamentally opposed to the spirit of SAP which merely wants privatization and 'free' markets for releasing the unfettered operation of the 'invisible hand'.

Many questions can be raised on this phenomenon of ‘participatory development’, and need to be raised. The key to participatory development seems to be in the hands of agents coming from outside to ‘animate’ the people to mobilize for collective action and to provide them with a host of supporting services. If so, then there arises a new problematic of the possibility of generating new forms of dependence and domination, and many participatory development initiatives are indeed creating this kind of dependence susceptible to manipulation. Most of these outside agents are themselves dependent on foreign donor finance for their operation, and there is a question of accountability of their operations to their own societies. Such foreign dependence should also make a nationwide participatory development strategy, like the one recommended by the Independent South Asian Commission on Poverty Alleviation, impractical for most countries unless substantial domestic resources could be mobilized to finance the needed animation and supporting work with the people, besides the question of national self-determination even if foreign donor finance at such scales were available. Participatory development advocates as well as practitioners, therefore, have a lot to clarify their minds about, and have to discern and choose between initiatives which are self-reliance oriented both for the people as well as for supporting agencies, and those that are promoting new dependence relations at either or both these levels.

However, with all its internal confusion, a basic message is signaling in the march of popular initiatives as an ideology for social life and social effort. We have lived through a war between two rival ideologies, the capitalist and socialist ideologies, and are today left very confused. Capitalism has been a spontaneous reality in the march of human civilization which has only been glorified by its supporters but which did not need to be invented as a social system. The socialist ideology came, expounded by some of the world’s most powerful thinkers, in response to the horrors of capitalism which may not be disputed. But socialism as a social system had to be invented from scratch as an alternative scheme of things, and its engineers never agreed on the edifice to be built nor how to build it. One may question if what appeared as the ‘horrors of socialism’ causing ultimately its collapse in Eastern Europe had much to do with socialism as it was conceived by its original masters: it may not be disputed that in the scheme that was built there in the name of socialism the ‘working class’ was never making its own history as the ideology had conceptualized it – history had been seized by hands of bureaucrats technocrats and professionals with little manual labour to their credit.

At the end of the day it is the 'elite' who in one garb or another have revealed themselves to be dominating the people, whether under capitalism or under so-called socialism. This should be clarifying what the real ideological issue before mankind is –i.e. whether the people can live their own lives and 'develop', if they choose to, as they choose to, or whether they are to be dominated, and 'employed, to serve the affluent, the 'elite' and be granted merely some entitlements to consumption in return. The march of popular initiatives contains within it this ideological assertion, albeit with a lot of impurities, that the people should be masters of their own destiny.

And what does this mean? Fundamentally, it means that we have to change our ways of thinking about the people and about our relation with them. The agenda is much deeper than 'poverty alleviation', the new slogan that is in everybody's mouth today, in earnest in some, in deceit in others. The deceit is manifest in that the slogan has replaced the earlier slogan of "basic needs" satisfaction that was a favorite for about a decade among all dominant structures which, however, did not cede real ground for fulfillment of this promise. If they had done so, then 'poverty alleviation' as a new slogan would not have been necessary. But those who are earnest about this are also missing vital point. Poverty alleviation is possible on a national scale only by a strategy of high growth of a type whose benefits decidedly accrue to the low-income classes, not by a poverty-augmenting or at best 'trickle-down' macro growth strategy that the World Bank's SAP implies, with patchworks of poverty alleviation programmes to serve primarily as a 'safety net'. Even if one chose to stay within the conventional development paradigm, a serious concern for poverty alleviation would then mean going back to the search for a strategy of growth with distribution. The search might not be a long one today given, as discussed, that the affluent of today are capital-eaters and it is the low-income producers who seem to be offering the best promise to lead in a race for growth itself. One would, therefore, give this class the chance to lead, by redirecting social resources in their favour. One would let the surplus they are producing remain with them rather than be used to solve the 'poverty problem' of the elite. One would put such structural reforms as the agenda, and not reform programmes which are designed by foreign interests to serve these interests and that reveal no knowledge of nor faith in the achievements and capabilities of our peoples. The Peasant Charter of 1981 (FAO) signed by 145 governments only to be forgotten, might have been a good first page to open to move in this direction. One could look not only at China but also at South Korean and Taiwan to understand why Agrarian Reform remains the prerequisite of

development in rural economies where labour becomes ‘surplus’ only because perverse socio-economic structures reject and humiliate the available labour force unable to absorb them through cash demand, but which turns into a productive force driven by its own momentum when the needed social reform brings it back into a dignified existence with complementary agrarian resources under its own control (cf. Sobhan 1993). One would also ponder why some such reforms were even induced by world capitalism when it needed them, while such reform is no longer in its agenda for countries of the south after end of the cold war.

Economics might come back to such concerns within its own paradigm. But it would still be far from the world view of people who are not economists but human beings. Once again I refer to the joint articulation of the agony of the five popular movements in India, and I quote:

“In most areas, before the destruction of the forests, people lived by growing crops, gathering food and hunting. All these were collective activities. Whether the product was distributed equally or not is immaterial. There are two good reasons why equality in distribution is immaterial. Firstly, the product was not a result of ‘labour’ but of enjoyment and of sport. Labour is regarded as an unpleasant activity in most modern societies where, at best, it is regarded as a necessary evil, which every person has to live with. To forest dwellers this was not the case, for they enjoyed their life through their work. Work was an integral part of the act of living. There was, therefore, no reason for evaluating either the quality or the quantity of work carried out by individuals ... The second reason why equality in distribution was not an issue is because there was no denial based on work ...” (Dasgupta, 1986: 98-99).

This is a rejection even of the concept of distribution equity, with a much more profound conceptualization that views life in its wholeness. In our discourses we are destroying the wholeness of life and talking of distributing some fragments of it crumbling the other fragments to give only pain from them, and then asking whether this pain could entitle one to the former fragments. This is the meaning of “employment generation” as an objective of developing without concern for what kind of a whole life the phenomenon of “employment’ gives. This is why the people are rejecting our concept of development.

We have a deep question here on the very paradigm of our discourses. To economists trained in the Anglo-Saxon tradition work is a negative

experience in life, to be suffered for entitlements to consumption. The purpose of life is to maximize one's time stream of consumption. One is poorer the lower is the level of consumption. Labour being disutility, if consumption can be raised by stealing, by begging, by perpetual borrowing, then why labour?

The people, those who have not been educated by us, have a different view of life. To them life is living, not just consuming. Living includes working that fulfils by creating, exchanging, sharing, with fellow humans as well as with nature; working together to enjoy the vibrations of togetherness in life's activities. The question of equity would then be not a question of mere distribution of entitlements to consume, but of the work as well as consuming. Poverty would be a lack of this opportunity in its wholeness. And 'development' – the articulation of the Zimbabwean popular groups challenge us to reconsider what we are after and to discover a role for ourselves as economists and social scientists in the people's development as they conceptualize it, if we claim to represent the people.

We are moving into the 21st century after decades of experiments with development most of which have frustrated more people than they have fulfilled. Today we have reduced people's to a mere category of poverty statistics and are asking them to sit on the other side of the "poverty line" for a periodic count of heads, promising them a path to cross over to this side through entitlements to consumption. The entitlements themselves are no more than prescribed calories and some other minimum amenities calculated essentially to see that the 'labour power' of these humans are maintained in order to preserve their productivity, denying them entitlement to the surplus they produce over this essentially "maintenance cost". We have not cared to consider how inhuman this view of the 'poverty line' is; nor cared about the inequity of wanting to see the poor only above the poverty line while their surpluses may be appropriated by the rich to augment their incomes without limit. This constitutes the total collapse of "development ethics". But the people themselves are trying to tell us more: i.e. that human beings are not born to solve their "poverty problem" – they are born to imprint their identity on the pages of history by living as they would themselves choose to live, and working, to produce and to build themselves, because this is what gives them fulfillment as humans. This is a message that most of us have not yet even begun to understand.

Before concluding, I want to share with you an exchange we had with Bhoomi Sena. I alongwith four other social researchers had a four-day dialogue with the Bhoomi Sena leaders and cadres in their office in

Junglepatti. during this period we lived with them in their office structure, are with them, bathed with them, slept with them on the floor as they did, and even cooked a meal or two with them. I had thought that we had come quite close to them. When departing after the four days I told them how much we had enjoyed being with them, and asked if they would consider us as their friends. The Bhoomi Sena leaders and cadres laughed, and replied:

“We acknowledge receipt of your application for friendship!”

You see, we have distanced ourselves from the people so much that even if we now turn back and extend a hand to reach out to them, that hand may not be able to touch them. And the distance is possibly greater today than it was when we asked them this question.

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