

Expanding Freedom: Towards Social and Economic Transformation

A three-day meeting at the Institute for Economic Growth earlier this year discussed a number of aspects of the challenges confronting contemporary India. A report of the conference.

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Freedom is much more than the right to raise your voice. It is the empowerment of every human, the satisfaction of needs and the development of potential. We speak, in this context, of empowerment in dimensions far beyond the formally political, something that we Indians in any case have already had for decades. It is about the transformation of the entire system, social, economic and otherwise, to make that freedom meaningful.

Modern India's founders had begun this process several decades ago. With periodic review and course changes, the goal has always been to move towards a free, equitable and prosperous society. In other words, simultaneously addressing the need for rapid growth and institutional coherence as well as equity and accountability of governance. There have been changes of direction from time to time like the ones in the 1980s and of course in 1991 and thereafter.

In a globalising world how does one transform a struggling society of hundreds of millions towards a freer and more prosperous direction? What do we do now to expand freedom swiftly, and for all, in this multidimensional sense? A three-day meet at the Institute of Economic Growth, Delhi deliberated on these issues.

Titled 'Expanding Freedom: Towards Social and Economic Transformation in a Globalising World', the conference was divided into eight sub-themes which included expanding economic freedom, shelter and livelihood, globalisation, foreign direct investment and technology, cultural policy and democratisation and the state's manner of addressing social movements.

Economic Parameters

There were interesting arguments on the basics of the economic parameters themselves. Yoginder Alagh set the ball rolling in his inaugural speech with a plea to "junk the (present measure of the) poverty line", as an outdated measure.

Alagh, who had been a part of the original effort which helped set it in place in the 1970s noted recent efforts by the governments of Gujarat and Kerala, among others, to capture the multidimensional nature of poverty and called for the design and validation of these and similar efforts at a national level. He argued that the revision in approaches to poverty would also have to unequivocally define the rights of sections of the population with a much greater emphasis on the rights of individuals and groups, on transparency and the right to information to protect vulnerable groups or the victims of marketisation.

While all the changes discussed are impacting the billion-plus Indians, the ability to keep pace with the new opportunities and challenges and to benefit from these is non-uniform, most speakers opined. The picture on inequality and poverty was an extremely sobering one, noted Kaushik Basu, at the opening plenary, as did Y K Alagh, Hanumantha Rao and T C A Anant.

Policy Changes

Reviewing the growth story positively, Arvind Virmani said he wished all academics would take up the issue of governance failure. The delivery of public goods and services, like basic education, urban planning and land use, water and sanitation is very poor, he said. The sub-themes buttressed these points in detail, offering insights into policy changes, even where participants had begun with only an academic aim. The sessions on expanding economic freedom discussed studies that examined if policy changes have triggered dynamic competitive change in the industrial sector. They have, but rules and regulations are still complex enough to deter many of them (T Adi Bhavani and N R Bhanumurthy). Other topics in the session include: the determinants of inter-firm differences in foreign institutional investor (FII) portfolio investment in India's hi-tech sectors (these are positively

correlated with salience within the industry, extent of modernisation and international exposure; B L Pandit and N S Siddharthan) if colonial trade patterns still persisted they still do, but are getting weaker with globalisation (Aditya Bhattacharjea and Rashmi Banga).

Nalin Bharti discussing the hurdles in the business of legal process outsourcing in India, came up with recommendations for a strong regulatory mechanism and a reform of police training and court procedures in cyber law. Bharti discussed the need for a common package of information technology (IT) law and criminal law if the country was not to lose an enormous opportunity.

While some made a strong case for accelerated privatisation and opening (Ketan Mukhija and Sheetal Verma), others made a forceful argument for more, not less, state intervention, of a focused kind. Arup Mitra's paper detailed the extent to which the surge in growth and job generation has benefited the upper income strata, with worrisome implications for social inequality and associated tensions. The paper makes a strong case for more comprehensive anti-poverty programmes, encompassing training and skill upgradation, credit and marketing assistance and a social security safety net. A related presentation by T S Papola noted that the concerns are not just about jobs; most of the poor have jobs. The problem of the working poor is a major one – under-employment, which is still large and also rising, and may have implications for initiatives like the National Rural Employment Guarantee Scheme. Amitabh Kundu analysed recent rounds of NSS data to illustrate that real wages may have decreased in some sectors even as employment growth rates have increased.

Empowerment of Women

Simrit Kaur opined that investment in nutrition improvement is not just a welfare measure. Her paper argues that it is one of the most profitable investments for a society. On the "human face" of development, post-1991, Siddhartha Mitra noted that Bangladesh had overtaken India on infant mortality and sanitation coverage though they spend the same amount as India does per capita, on health. They are also much worse off in population density, corruption, political instability and lack of curative health facilities, besides being far more prone to natural disasters. Other third world countries (Nepal is one) have made far more progress in raising literacy.

In her paper, Bina Agarwal showed the crucial importance of female property

ownership in checking violence against women at home, even in supposedly socially advanced states. Nilabja Ghosh argued that it is foolish to imagine that forest protection and poverty removal can get anywhere without focusing on training tribal women on how to supply raw material for forest-based industry.

Social Movements

The conference also saw animated discussions on social movements and cultural policy. One paper denounced special economic zones (SEZs) as “corporate totalitarianism” heralding a process that threatens the basis of both freedom and national welfare (Aseem Shrivastava); another discussed the “fight back” by industrial labour in Gurgaon (Rakhi Sehgal). She argued that efforts to give a new direction to the union and working class militancy were a welcome development for a freer society. The eviction of slum-dwellers in Delhi over the past decade (an estimated 10 lakh uprooted in a cruelly short-sighted policy) and entry regulation to elite educational bodies were also discussed.

Amita Baviskar detailed the fascinating story of the landmark national Right to Information Act, brought about by citizen pressure, discussing the importance of the need to take this forward. It can only be one strand in the process of empowerment, she said.

Many of these insights made common ground with those from the sessions on demography and health. The stories on health (and education) are, in fact, an integral part of the ones on development and growth. Reforms in the use of health allocations and delivery of services are priorities, Peter Berman noted. Many of India’s neighbours have moved ahead on key indicators, he said, adding that some form of general health insurance and access to affordable care for all seems to be crucial.

Healthcare is, argued Ashwini Saith, in a plenary session, the “huge, massive, unspoken gap...the biggest creator of poverty”. Insurance in India simply excludes all but the affluent on this. If you want inclusive growth, he firmly declared, some comprehensive form of health and job insurance is a must. He called for “out of the box thinking” in this area reminding us that 93 per cent of the workforce is in the informal economy. Barun Kanjilal found that an average of 3 to 5 per cent of residents in each of a set of Bengal villages he surveyed in a recent study, had mortgaged their homes to pay for healthcare in the preceding 365 days. In their paper, D Narayana and T R Dilip pointed out that

there was very little free healthcare in Kerala, even with a focus on only government and not-for-profit care providers. The extent to which healthcare in Kerala is not marked by subsidies is remarkable while the use of state allocations and accountability in quality is another depressing story, the study observed

K Srinivasan, who also addressed a plenary session, called for delinking of family planning clinics from the healthcare system, as focus on the former erodes the latter’s growth. In family planning programmes, decentralisation (to districts, panchayats) does not work nor does stress on targets and motivation outreach. Resources should be focused on having a well-run clinic separately in each block or lower down, offering a range of services, he suggested, urging people to stop worrying about motivation.

The paper on the severe imbalances in the child sex ratio in north-western India, thanks to widespread fetal abortion of girls (R S Bora) concluded that the solution has to include addressing concerns on income, health and old-age security. On ageing in India, Moneer Alam (IEG) shows that old-age health is critically dependent on socio-economic conditions, including access to public health, and that geriatric care and its financing have been almost completely ignored by state policy (though the 60-plus group will number more than 100 million by 2010).

Sustainable Development

Another set of papers underlined the significance of development with a view on the future, otherwise called sustainable development. M N Murty examined methods of accounting to measure the cost of sustainable use of resources, renewable and otherwise. Kanchan Chopra and Anantha Duraiappah emphasised building of innovative institutions to spur sustainable natural resource-based livelihood programmes. The determinants of success and limitations were emphasised. Scaling up, for instance, may run into severe checks from formal institutions like the law and the market, making it necessary to plan for synergies in advance.

E Somanathan examined why traditional cost-benefit analyses of projects causing displacement are so weak on distributional concerns and offered a logical way out, on the nature of importance to be given to the value of life and income streams of different income classes. The paper shows how this is very feasible using “a statistical value of life” approach.

A study by B N Goldar said corporate performance in handling environmental

impacts of their output is positively correlated with their profitability and market value; in other words, upgrading your own environmental standards helps a firm compete better. There have not been many studies confirming this for developing economies. Vikram Dayal et al explored the idea of urban water engineering systems to make payment to the forest ecosystem from which it draws on for supply of water.

Knowledge Revolution

At the concluding session, Niraja Jayal made an interesting examination of the conceptual approach to the notion of freedom, including the distinction between positive and negative freedoms. N S Siddharthan noted that half of all Indian children in the 11-14 years age group are not in school, even as the “knowledge revolution” unfolds. And the chief of the National Council on Educational Research and Training, Krishna Kumar, noting that 80 per cent of the minority who enter class IX fail to get beyond class XII, remarked that our educational and training system serves as an excellent instrument for the legitimising of social exclusion for the benefit of the privileged. Hence, meaningful reform (or “social inclusion” as Ashwini Saith had earlier termed it) is so slow and tortuous a process that the system works extremely well only for the already privileged and articulate sections and their kin.

Some of the best parts of the deliberations at the conference were not encapsulated in papers. We refer here to the oral accounts of many eminent speakers, of their struggles, experiences and concerns. Sadanand Menon spoke on culture reporting, Ebrahim Alkazi on how he built up the National School of Drama, from cleaning up filthy toilets to getting the establishment to tolerate new ways of breaking old moulds. The value of that sort of horizon widening is integral to the process of building environments and institutions in expanding freedom. Apart from the moulding of minds, which the entertainment industry is credited with, Sadanand Menon made a significant point when he stated that annual investment in this industry is already estimated at close to \$2 trillion worldwide – and growing at 6.3 per cent yearly. In India, the growth is close to an annual rate of 10 per cent, far more than that of any other sector. **EPW**

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