

DECONGESTING ECONOMIC POWER

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Ideas are flying across nationally and internationally on both, the analysis and reasons for the crisis going back to critique of the economic paradigm that was being followed, but also going back to economic history experiences of various countries including India which might have lessons for dealing with it.

To recapitulate a few that is relevant to India. There is the mixed economy paradigm which had a partnership between private sector and public sector or what was called then, commanding heights, but which could be called leadership. Of course this is immediately demolished by the argument that the permit license raj, held back the reins of India's economic growth potential.

There is also the reference to the very large widespread entrepreneurial field that exists in India with some millions of small scale enterprises, often street vendors as also the widespread presence of Haats where brisk trade is conducted with a certain segment of the population being both buyers and sellers and of course other indigenously developed economic structures like the stock market , the money lenders and so on . Another important characteristic of the Indian economy which still exists, is the small land holding.

These features are often compared to economies where agriculture has become plantation economy or cash crop economies for trade. Or economies where the economic institutions were not so embedded in the economic history of the country

These economic spaces, it can be argued, can provide the stimulus package for regenerating widespread demand which in turn would fuel the production sectors.

Some of the tangible gains of such a response would be seen as perhaps greater food production since small farms by and large tend to become subsistence farms and it is now increasingly recognised that women are the main actors in food production in small farms worldwide.

Apart from the fact that according to official sources, only 12 % of India's GDP comes from its export earnings there are some other very exciting possibilities in the Indian economic scenario which has been pointed out by many of the commentators, which does not go into the tense or fragile issues of protectionism. The argument being put forward in this comment rests on a characterisation of the Indian economy, which is not very dissimilar from some of the economies of other developing countries, namely what could be called a somewhat differentiated two economies.

In the 60s this was called the Brazilian model, and brought to our attention by Dr K N Raj - the underdogs bought and sold to each other a self sustain circular self sustaining economy and the elites had their economy, also circular

So packages which are specifically addressed to these sectors and these categories of economic actors – packages which not only include credit, but which actually pamper them with the kind of pampering the economic policies provide to SEZs and Tech parks. In other words, infrastructure, the presence of technical support for backward and forward linkages, to ensuring supply and marketing with all the other ingredients such as power, credit, skill development could be an economic programme for a large county like India.

An extraordinary example of how an economy can exist and yet not be a party to international capital markets is Liberia which survived only through the women petty traders on the street. Today the Liberian economy rests on the women's market and it is the vendors in the women's market, who managed to vote in a women President who is now bent on rewarding them by strengthening their own economic capabilities.

There is much talk about bringing down the management of the flow of international capital, of other economic institutions such as the stock market, the credit agencies, into lower and lower levels of 'ownership and accountability'. This definitely would be a lesson from the phenomena that one hiccup up in the New York Stock exchange, could bring the house down . However in some economic spaces of debate, the regulatory mechanism is modifications of IMF governance, some rules for preventing the kind of defrauding that took place on a massive scale. The idea of melting down financial institutions has not received as much support. Such responses can be called tinkering with the edges, but not confronting the main space.

Another aspect of the south, is that there is no unemployment benefit in the south, and in certain sectors or spaces, retrenchment means hunger and death,[see sainath The Hindudate]There is now recognition that by dismantling labour laws and unions, in the name of competition, basically riding on cheapening labour, retrenchment has become deadly. There is need for a revival of labour legislation. Here again as in the lower end of the economy women are the majority of the workers, tillers in agriculture, workers in construction, in artisan and so on , attention to this . Space can be healing and productive . Thus attention needs to be paid to the labour market , not only the capital market

Another advantage in India, however fragile or challenged or controversial, is the administrative arrangement that is being attempted to be put in place by the 73rd Amendment to the Constitution, the local self government institutions, urban and rural.

Many of the intentions in translating that amendment into practice have been thwarted over the last almost 20 years, but many steps have also been taken in terms of putting on the ground the bricks that could, if given sufficient political and economic support, make that amendment work the way it was supposed to. For example, aruna sharma..... crores of rupees are to be transferred to the district development agency every years through the transfer of various central schemes to the district, in order that the districts may decide how those funds which has certain aims in terms of achievement, be actually

utilised is an important step, as it accommodates the extraordinary disparities and diversity of the Indian economic geography. Apart from the variations in terrain, there are huge variations in employment, natural resources and human resource endowments and historical evolutionary aspects.

District development planning as the first brick, of the state's plan which then has to go into the central plans, provides an opportunity to build the kind of economic programmes and economic governance, which might make a short circuit in one wire in New York, not hit a rural agricultural worker. Indeed it is affecting that last person, the Dharidra Narayani' of Gandhi's concept, in that the poorest rural agricultural worker who has migrated to the city in search of an insecure job, is also being sent back to an already incapable household because of the recent crisis.

But district planning not only for full employment, but for environmental protection and most of all linked to credit planning, to other forms of indicators, not merely the Sensex, to see how this is affecting not merely the poverty levels, but how it is affecting the GDP of that district, is a whole pattern of governance that can be put in place in India. Already banks have a scheme of doing what is called 100% population to be covered by banks. NABARD has district credit plans. But the meltdown has to be to reach that kind of area and people.

The flip side of such a programme is obvious. It may not simulate the purchase of motor cars - the motor car industry is upset that it is not getting sufficient incentives. Yet, as the whole world is screaming, more cars on roads is more pollution and the roads in turn are choked.

Today's highways which become crucial with so many cars, completely block other forms modes of transport such as bicycling, rickshaws, carts, pedestrians. It is only meant for high speed motor vehicles. It is tragic to see cities cut down trees and remove footpaths in order to accommodate the car. True, the car industry provides enormous amount of direct and indirect employment, but as was done in the Scandinavian countries at one time, during the life time of idealists like Alva Myrdal, armament factories were asked to reorganise their factories to produce peace goods. Similarly, we must find ways of getting the motor car industry, and other polluting industries which are not supplying basic goods to convert themselves into providing other items and the entire infrastructure not in terms of the highways, but flyovers need to be changed.

Another interesting what can be called the by-product of an approach of the kind described above is that it would be automatically 'inclusive'. It so happens that women predominate in most of these spaces which have been described above, especially the economic spaces. For example, they are the majority of the home based workers, the self employed, many of whom not only work on what is called the put out work which is exploitative, but who also produce goods for sale. It would have a beneficial effect on those who are producing for the traditional haats, who are by and large women.

In terms of the agricultural sector as has already been said, women are the predominant small farmers and organising their economic activities in such a way that there is food for self consumption, but also some form of organised supply to what is called the market. Food has a double take, food security for the less privileged households and food supply for the market .

Many experienced activists such as Smt. Ela Bhatt, through the SEWA model, has shown how area specific circular economy that is production for sale within an area, can work as a sustainable model engaging those who are living at that level, namely not the upper middle class. Even in urban areas such as in the city of Trivandrum, it was possible to arrange for producers and consumers to network, in order to sustain each other, again at the level of the lower economic income categories. Thus indirectly this kind of approach would not only benefit food security, energy conservation, but support the economic space of women.

It is being increasingly discussed that responses to the global crisis have been somewhat overpowered by the powerful, namely the financial institutions, especially the capital market controllers and the major manufacturers, especially those who manufacture international commodities. It would require enormous leadership to move it to other spaces and yet this is the time that it can be done.

Information from other countries, especially Latin American countries is increasingly revealing that those who had somewhat modest participation in the liberal economy paradigm have survived better because of their loose links, whereas India and China are more open , and more vulnerable . Yet, as we have seen from the latest figures of the Sensex, India is able to recover.

The idea of regional cooperation, especially economic cooperation is being discussed in many forums. At an IBSA India Brazil South Africa economic summit held in Delhi a couple of months ago before the crisis, several ideas for “owning” banks such as a South Bank which had earlier been proposed by the erstwhile South Commission as far back as in 1990 was revived as an important way of claiming freedom from being vulnerable to the dollar and the euro.

A second proposal that came out, which is even more important for those countries who are dependant on agriculture, was the idea of Grain Banks. The trade in wheat, rice and many primary commodities cocoa, tea etc. is cartelised and, by and large manipulated, if not regulated, by these cartels which are located in the capitals of the North. An idea that was proposed, was to decongest these cartels by having knowledge of grain production, south south through the internet

There are many South-South economic configurations currently whether it is the ASEAN, etc. and there is of course the umbrella organisation of the Non Aligned Movement and other institutions which have now been bypassed like the old G14 which was supposed to be an economic club of the South. There are many institutions such as the Research Information System in New Delhi . Any of these could become the holders

of the food grain South banks and like OPEC, control the prices and movement of the production of crucial grains such as wheat and rice and decongest their markets from the North.

There is need to strengthen the interdependence of supply and demand in lower and lower spaces, areas regions, similar product consortiums of the south, regional buying and selling ... any number of ways of decongesting the wires of economic power , which through over load sent shocks across the world ,

These political economy ideas need be put in place rapidly and especially through the Indian leadership. They would catch fire in the regions of Latin America, and Africa, who are also seeking ways of revitalising their own regions in new ways. So it is these models that we need to remember in a new programme for the developing countries.

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