

CHURNING THE EARTH – THE MAKING OF GLOBAL INDIA – ASEEM SHRIVASTAVA AND ASHISH KOTHARI

Reviewed by

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Neo-liberalism and globalization, the twin pillars of the post-1991 Indian economic reforms, are the critical focus of this thoughtful work by two environmental economists. Even as the Indian system is under so much fire for its laggardly approach to the second generation of economic reforms and for its environmental controls hobbling several infrastructural projects, the book advances a contrarian thesis. It is that some of the economic reforms have been wrongly conceived, that they have gone too far in pushing the market economy and that the maximization of economic growth that we are seeking is increasingly in conflict with the goal of ecological sustainability and social equity.

The fact that the authors are environmental economists may predispose some readers of this review to imagine that it is the familiar doomsday argument of the environmental community. That would be a mistake. What the authors set out is a comprehensive critique of India's development strategy since 1991 and what they voice is a plea for attempting a more discriminating and informed approach to globalization. Central to that approach is a recognition that India of the cities, the rural India and the India that is represented by its fauna, flora and ecosystems would need to be assured of their sustainability as we respond to the challenges and opportunities of globalization. The authors affirm that they do not argue against globalization, but rather against "the unsustainable globalization that lies behind the rhetoric of free markets and is at the bottom of so many of the problems that the world faces today".

The Indian growth story is dazzling, admit the authors, but there are also some sobering realities to it. Only a narrow segment of the population has benefitted from it, witness the lowly figure of 31.3 million tax payers among the entire Indian workforce of 480–550 million in 2006-07. (The figure in 2010 that the reviewer may cite is 35 million). The McKinsey Global Institute's estimate of the Indian middle class at 5% in 2007 apart, even the National Council for Applied Economic Research (NCAER) does not put it higher than 11.4% and certainly no other estimate higher than 25%. As for the rate of economic growth, while it rose to 6-9% between 2003 and 2008, for the rest it is closer to the 5-6% achieved before the reforms between 1974 and 1990. There has no doubt been a vast expansion of foreign trade, but it has been more in terms of import liberalization than growth in exports (all the more so in the last two years). Much as foreign capital inflows have become a significant feature of the economy, these have contributed less to productive investment than to the “extraction of high, exploitative returns from India, something which would have been the envy of colonial Britain”. FIIs now own significant stakes in Indian corporations and as Indian external accounts become increasingly bound up with foreign capital inflows, the country has had to adjust to “the terms set by the world's wealthiest investors working through a long network of funds, credit rating agencies and of course the International Financial Institutions”. In all this, India may be mirroring a worldwide trend in which there is a shift of the centre of gravity of the economy from real production towards finance. But the fact remains that jobless growth, dramatic expansion of subsistence self-employment and employment in unorganized services, the future prospect of an ‘unemployment explosion’ and the entrapment of 420 million people in the unorganized sector subject to minimal labour market regulations – all this and more represent the downside of the second highest growth economy of the world. Much of this indeed is the staple of the leftist critique of Indian economic reforms and to that extent the authors are saying nothing new.

To the widely accepted economic proposition that creation of national wealth through saving and investment should come first and that trickle-down has been the dynamic manifested by all high growth economies in history, the authors respond by adducing a whole lot of evidence to show that things have worked out differently in India. The World Bank poverty line of \$1.25 per day would bring 456 million Indians below it; the Indian government's poverty line of Rs.18/12

per day would still make more than half that number poor and if one were to go by the findings of the government committee NCEUS, 836 million people of India live on less than Rs.20 per day. According to the multi-dimensional poverty index (MDI), that takes account of indicators besides family income like child mortality, nutrition, drinking water, sanitation etc., not only is 55% of India still poor, but 8 important Indian states led by UP have more poor people than in the 26 poorest African states combined. India's position in the Human development Index is even more disconcerting, at 134 in 2007 (and 132 as of now).

Shrivastava and Kothari contend that India's economic policies since 1991 have contributed to a growth in the incidence of hunger in the country. Neglect of agriculture, policies on acquisition of land and diversion of land from food crops are the principal causes. Other developments that have led to rural distress through debt trap and impoverishment of numerous millions that live off land – not to mention the farmer suicides – have been the drying up of government credit to agriculture and small industry and the consequent perpetuation of the dominance of rural moneylenders and the dubious role of microfinance institutions. On the other hand, the government's dilution of the public distribution system for food grains, its continuing failure to curb inflation and its poor score on public health care [the authors quote a 2006 WHO study to the effect that 43% of the low income Indian families had to go into heavy debt or sell off their assets to meet their rising medical bills] underline the wide deterioration of the country's socio-economic conditions even as its GDP has been making impressive strides. The forlorn hope offered by the trickle-down theory is that the increase in government's tax collections resulting from rising GDP will be channelled in a sustainable way to the neglected areas of welfare-creating public expenditure. MGNREGA is such an example which the authors commend, but they believe that the record of the government's devoting large fractions of revenue collections on social spends is 'dismal'. The proposed food security bill and the evolution of a national pension scheme, however, should make some difference to this argument.

Predictably, the book takes issue with what it considers as a systemic disposition – government, bureaucracy and business – to ignore the rising environmental costs of the country's development strategy. With the focus of India's economic reforms being unswervingly set on the GDP, environmental policy and governance are

consigned to a lower order of importance. [Indeed, in current critiques of “the paralysis of decision-making,” the environment ministry receives much odium]. The authors seem to regard the two terms of the UPA government as having been clearly unfavourable to the environmental cause. The repeated violations of the environmental safeguards on mining across the country, the 2006 Notification of the Ministry of Environment embodying more diluted rules owing to pressure from industrialists and politicians, the changes in the Coastal Regulation Zone notification to the detriment of ecologically sensitive coastal areas as a concession to industrial and commercial interests, the exemption given to the tourism industry in respect of environmental regulations, the clearances issued by the National Board for Wildlife for a series of mining, industrial and irrigation projects, above all, the massive scale of land diversion under SEZs – all these are examples of government policies fraught with serious and long-term consequences for the country’s ecosystems and environmental health.

The authors make the important point that not once have the annual Economic Surveys of the government provided “an assessment or even an indication of the need to measure the economic losses caused by environmental damage”. This sounds alarming for a country that happens to be one of the most environmentally threatened in the world whether it is pollution in the metros, climatic balance, biodiversity, water bodies, underground water resources or wild life. For as the authors point out with the weight of environmental economics on their side, we are neglecting no less than the depreciation of the economy’s resource base while the government has its gaze fixed on the growth of GDP and the corporations of the stock values.

And in this GDP fetishism, agriculture hardly figures, although much of India happens to live off land or depend on jobs related to farming in one way or another. According to the authors, agriculture has been rendered unviable for over 80% of India’s farming population, the small and marginal peasants, because of low prices for their produce, paucity of irrigation, lack of credit [its flow is towards business and industry because they are regarded as the fount of GDP growth] and rising prices of production inputs. The consequences have been rural poverty, migration to cities and growth of slums that are home to half of urban India. Their conclusion: until the neglect of small farmers and agriculture is corrected by the state and

central governments over a wide front – land availability through a National Land Reforms Policy, bank credit, infrastructure, development of markets, government investment in agriculture, the nexus of rural poverty, farmer suicides, excessive urban migration and urban overcrowding would be a dominant reality of India's economy. That these issues are finally impinging on the government's attention is evident from schemes like the MGNREGA [which the authors approve], the RTI, the proposed law on land acquisition and the effort to evolve a national pension scheme.

Critical issues of land and resources are raging in today's India and how these will be resolved by the political class and the people will determine peace and solidarity in the polity. The authors combine different strands in their treatment of this theme. Multiple forms of land and resource grab from the rural poor by both the government and private mafia as part of the "development-induced displacement" that consists of mining, industrial and infrastructural projects, is one such strand. The other is the drive for Special Economic Zones [SEZ] which in terms of its exploitation of labour, ecological effects and exaction of revenues foregone has meant a vast misappropriation of resources by Indian and foreign capital. A third strand is represented by the issue of land acquisition and alienation in the adivasi areas of the country with the growing Maoist insurgency adding a dangerous dimension. There has also been successful non-violent resistance to the corporate bid for land and resources as in the cases of Mahamumbai SEZ, Posco and Niyamgiri Hills. And on the urban front, a process of replanning of Indian metros is under way with gated communities, secluded urban townships, luxury rises with captive infrastructure bidding fair to create "wealthy enclaves of privilege in the heart of the city, ringed by circles of receding affluence" and stretching out into the rural hinterland "where conflict and insurgency against the mainstream order of things" are foreshadowed. It is a horrifying prospect, but we could optimistically count on the vibrant democratic process of our politics to put paid to such scenarios evoked by the authors.

The book as a meta-narrative addresses areas of policy choices for the country. Its basic hypothesis is that "countries of the size of China or India cannot industrialize and reach anywhere close to the living standards of the western world without threatening the carrying capacity of the planet in the suicidal way". Framing

the issues in such a globalized context, the authors visualize three scenarios for India. One, business as usual and descent into visible insanity; two, slow transition to sanity and three, rapid transition to sanity. Their own belief is that the second course is the most likely for the country. For that to happen, however, the country would need to adopt what they call “a radical ecological democracy” [RED] that will require not only a fundamental change in political governance, but also in economic relations of production and consumption. Its key ingredients for “a more sustainable, equitable and just India” are, firstly a radical form of democracy in which each citizen and community has a responsible voice in decision-making and secondly, an additional element, the need for each citizen to be aware of and being responsible towards what it takes for ecological sustainability.

On the diagnostic side, the book provides some sharp insights into the conceptual baselines of our economic reforms as well as the outcomes that their implementation over the last two decades has brought forth. That the government is now taking pains to attend to the consequent socio-economic ailments that threaten to swamp the gains of economic reforms, even if electoral calculations may be the motivation, attests to the validity of the book’s narrative. When it comes to the authors’ own alternative to the current growth model, a good deal of it has the allure of a high-minded holistic approach to development issues but of limited utility to policymakers who for better or worse have to function in the real world of markets, voters, interests and coalitions.

For example, at the heart of the authors’ vision of a radical ecological democracy are the logical riddles and ethical conundrums that are posed to environmentalists. How should we measure the value of a highway demanded by people in an area against the damages caused by the exhaust from the cars and trucks travelling on it? Or, how do we persuade rulers and people alike to weigh their own needs here and now for goods, services and an efficient economic environment against the value they should place on the needs of other people fifty or one hundred years from now? To quote Eduardo Porter [whose thoughts I have echoed above] on the ultimate argument for the cause of sustainability, “We should consider the environment as inherently valuable as humanity. We should care for its intrinsic value because it is the only nature there is”.
