

REVIEWS

Jean Drèze & Amartya Sen, *An Uncertain Glory: India and Its Contradictions*

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AUDIT BLEAK: COMFORT WEAK

Compared to the dismal record of British rule, the political economy of post-independence India has been an improvement. The last half-century of colonialism generated a near zero-growth economy, abysmal levels of poverty, backward and stagnant agriculture and a highly uneven industrial structure. Once the British were gone, growth rates hovered for three decades at around 3.5 per cent annually, rising to around 5 per cent in the 1980s and 90s, and then to 7–8 per cent after 2000; literacy more than quadrupled between 1950 and 2010; life expectancy doubled, from around 32 in 1947 to 65. Viewed against the performance of the Raj, this is not a negligible balance sheet. But if we measure it against a population that has nearly quadrupled, and change the frame of reference, growth rates become much less impressive: disappointing if we compare them to South Korea or Japan, or even some of the faster-growing Latin American countries like Brazil and Mexico, and an embarrassing contrast with China over the past quarter-century. So too when we consider outcomes in literacy and health, per capita income, poverty rates, or just about any measure of income and wealth distribution. Indian democracy continues to be institutionally stable, a significant achievement. But it is one disfigured by extraordinary disparities in political influence and access, the dismal state of the courts, naked displays of caste prejudice in the judicial system, and the increasing criminality of the political class.

It is thus with reason that a tone of measured sobriety pervades Jean Drèze and Amartya Sen's latest book. It is their third study of the Indian political economy, though they have also collaborated on other ventures. Sen is one of those rare economists who have won further fame as a social philosopher. Drèze—of Belgian origin but trained at the Delhi School of Economics and a naturalized citizen of India—has gained enormous respect as a public intellectual and activist in his adopted country. Both authors come equipped with a deep knowledge of their subject, as scholars as well as practitioners. Their new book is clearly intended to be a check to neo-liberal celebrations of Indian accomplishments in recent years: in the public arena, 'issues that affect the lives, and even survival, of those who have been comprehensively left behind tend to receive remarkably little attention'. There are few countries, in fact, where the class bias of the media—this is especially true of the English-language sector—has become so striking: rife with adulation of domestic millionaires and American economic models, contempt for any questioning of market fundamentalism, and dismissal of even the mildest forms of left politics.

Against all this, Drèze and Sen generate a quietly devastating indictment of the contemporary political economy of India by applying Sen's 'capabilities approach' to its development. This is a focus that calibrates growth not just by macroeconomic indices like gross domestic product, rate of investment or volume of trade, but also by the degree to which they increase the individual capacities of human life, which will depend essentially on two factors: firstly, the distributive consequences of the prevailing economic model itself—whether it increases the ability of the poor or the disabled to lead meaningful lives by channelling income their way, or fails to do so; and secondly, in the event that the model is good for growth but not for distribution, whether there are—or are not—institutions that compensate for its distributive failures. The concern for income distribution and redistribution that is built into the capabilities approach makes it more hospitable to egalitarian agendas than conventional economic doctrine tends to be.

Proponents of the neoliberal turn in India have pointed to the recent drop in poverty measures as evidence for its success, even with regard to distribution. Early on, Drèze and Sen point to both the conceptual and empirical weakness of this argument. Empirically, claims for poverty reduction are hard to square with the data on per capita expenditure, which has been exceedingly low—one per cent per annum in rural areas, and around two per cent in cities from 1993 to 2010; while over the past two decades, real wages have risen either very slowly or not at all, in both rural and urban employment. Measured as a share of value-added, wages in manufacturing have actually declined since 1992. Even if dubious empirical claims for poverty reduction are to be accepted, they are open to obvious conceptual

criticism. The Indian Planning Commission has famously declared that the cut-off for the poverty line is Rs. 32 per head per day in cities and Rs. 26 in rural areas (at 2011 prices)—an amount that it deems sufficient to provide adequate ‘food, education, and health’. Drèze and Sen correctly observe that this notion is laughable. The family budgets that Rs. 32 per capita (around fifty cents of a dollar) generate in urban areas do not cover even the barest necessities. A fall in poverty, if measured on these feeble criteria, amounts to very little. Indeed, if the official story is true, and small wage increases have generated a noticeable improvement in poverty rates, it means that there is an enormous clustering of the population around the miserable poverty line, such that small improvements in income show up as a ‘decline in poverty’. But this supposed decline does not amount to anything approaching a decent livelihood for those who have moved above the official benchmark.

If any major reduction in poverty is questionable, performance in education, health and general social services is even worse. By any standard, India is an outlier on these issues, spending less than countries at comparable levels of development; while those services that are available to the poor are of such deplorable quality that they often provide little in the way of substantive relief. To drive this point home, Drèze and Sen offer a two-tier comparison of India’s record in delivering public goods. It is well known that compared with two other large developing countries, Brazil and China, India comes off badly. The PT government has made remarkable gains in education, health and poverty reduction, precisely those areas in which India continues to flounder, and it has done so in the context of enormous inequalities and corruption—factors often blamed for India’s inability to move forward. But Drèze and Sen show that Indian failure is not only plain in contrast to an example like this, but—more strikingly—is also pointed even within South Asia, if compared to the record in Bangladesh or Sri Lanka. Bangladesh, which has a per capita income little more than half that of India, does better in infant mortality, schooling, immunization, access to sanitation, and several other domains. Indeed, since 1990 India has *slid* in its regional ranking based on social indicators.

This bleak audit of Indian development naturally raises the question: what explains the duality of respectable growth rates on the one hand, and such lopsided results in welfare outcomes on the other? For Drèze and Sen, it appears to be corruption within the state and lack of accountability among holders of public office. Services crucial for any improvement in social indicators, like health care, education or food support, are provided by state or quasi-state agencies, which for adequate delivery must hew to minimal standards of bureaucratic efficiency, and their functionaries must be accountable and above-board in their handling of these resources. Notoriously, the Indian state fails to meet these tests. Officials divert funds,

sometimes into their own pockets, at other times to powerful patrons; transfer public assets to private interests; bend rules as favours or as paid services to interested parties. The upshot is that agencies supposed to compensate for market failures end up reinforcing them. To check this outcome, Drèze and Sen call for greater participation by ordinary citizens in both the machinery of distribution and the making of policies at the apex of the state, and for a wider ambit of ‘public reasoning’.

India would, of course, be better off with cleaner public institutions and a more inclusive public discourse. But how far is a primary focus on these issues likely to serve the end to which Drèze and Sen are committed—a significant improvement in India’s distributive outcomes? Take the issue of corruption. Manifestly, if public officials—both elected and appointed—pocket monies intended for the poor, if they skew prices in arbitrary directions, if they demand illicit payments as a precondition for service, this will undermine efforts at redistribution. But effective counteraction of inequality does not just depend on the internal culture of the state or the integrity of its officials. Even if all the shortcomings of these could be resolved with the wave of a wand, there would remain the question of the level of funds made available for redistribution in the first place. The problem in India has not just been the disappearance of monies into private hands, but—as Drèze and Sen point out themselves—the fact that the sums allocated to health, education and other services have been among the lowest for countries at comparable levels of development. To make the state more relevant to the betterment of its citizens’ life-chances, a massive redirection of priorities is needed. This is not a matter that can be addressed merely by institutional reform; it requires a shift in political culture and the balance of power in society.

The problem with Drèze and Sen’s diagnosis is not just that a focus on institutional reform is too narrow. It is also that the quality of state institutions cannot be analysed in isolation from the political and economic context in which they function. The authors are of course aware of this, observing time and again that the deviation of government agencies from the tasks assigned them is not random—rules are broken, prices skewed, favours dispensed, in a specific direction: to the benefit of the rich, and to the detriment of the poor. In practice, then, all too often state institutions entrench background inequalities, rather than reversing them. This is a fact of enormous analytical significance. But though registered, it does not acquire the necessary weight in their picture of Indian development.

The limitation of their optic can be seen in their remedies for corruption, long a feature of the Indian scene and given new salience by the emergence of the Aam Aadmi Party in 2012. Drèze and Sen call for greater transparency, moral suasion and a more vigorous prosecution of the guilty. But it is

clear from their own description that in India, corruption is often an expression of class power, and the form it takes is not just pilfering of monies: it extends across land grabs in forest areas, usurpation of public funds by local elites, collusion between officials and industrialists in mining areas, use of the state by politicians to acquire resources for themselves. On any definition of the term, these are all forms of corruption. But it is hard to see how they can be curbed through calls for greater transparency or moral rectitude. Of course, greater openness in state affairs will have some effect, as shown by the popular Freedom of Information Act of 2002, pushed through by a highly mobilized social movement. But many of the worst examples of corruption are not illicit, under-the-table deals. They occur in full view of the public, because those who benefit from them possess the political and economic power to act with impunity. In India the most egregious abuses of office, the biggest thefts of public resources, are often not concealed—they are open secrets. For the structure of the political system builds a culture of cosy deals and brazen criminality into public policy: elections are overwhelmingly financed by private money, all political parties depend on wealthy donors and patrons for their campaigns, monies are bestowed in exchange for favours to come. There is small chance that state institutions can be reformed so long as this broader nexus between politicians and economic elites remains unchanged.

If measures taken to improve bureaucratic culture or encourage greater probity are always likely to be undermined by counter-measures launched by elites to protect their control of the levers of policy, what might genuinely render officials more accountable? The answer is plain: only a prior shift in power relations on the ground—that is, a greater capacity of ordinary citizens to exercise real power over the state, as a countervailing force against the power that flows from money or public office. This is the lesson not only from what little has been done in India by way of administrative reform, but also from other parts of the world. But it doesn't sit easily with bland calls for 'decentralization' that often just mean devolution of power from national to local elites. What it entails is a redistribution of power from the wealthy to the poor. Demands for greater accountability in public institutions are facile unless they are accompanied by support for the organizational strength of working people. The current model of development in India militates against anything like this. The mantra in the era of liberalization has been the need for flexible labour markets—code for managerial despotism and attacks on the trade unions, legislatively and on the ground. So too in recent years the Indian state has opened a front against NGOs guilty of 'political activities'—that is, any kind of social mobilization. If the success of such pressures remains uncertain, their direction does not, which offers little comfort to the argument of *An Uncertain Glory*.

The title of the book hints at one of its weaknesses. Taken from a line in one of Shakespeare's most lightweight comedies—the reference is to no more than the weather of an April day—it strikes a curiously frivolous note for the subject matter it treats. But it isn't irrelevant to the project. For while *An Uncertain Glory* is a powerful indictment of the current economic outlook of Indian neoliberalism, how far does it move beyond the political outlook of a conventional Indian liberalism? The socio-economic record the book lays out, any reader is bound to conclude, is far from glorious. So where is the glory? The answer can only be: in the stability of Indian democracy. But for this to have proportionate weight, the book would have to deal with it in far greater depth than it does. As advisors to successive Indian governments, however, the authors are visibly inhibited in what they feel they can say about anything that is directly political. The Congress Party, BJP, armed forces, big business, Communist movements, Caste parties, courts and voters—the entire political system as such—is sidestepped. Four cautious pages tiptoe through 'breaches in democratic practice', as if these were merely scattered flaws in Indian democracy, rather than structural features of it. The vagueness and abstraction of the book's recipes for reform follow from its evasions of any hard look at the Indian political order.

Even at the serious core of the book, where it is at its best, without ideological trimmings, there is a paradox. Drèze and Sen show in how many respects the past couple of decades have witnessed either stagnation or outright retreat in the welfare of the poorest sections of the population. But in their analysis, the causes of these ills tend to be located either within state institutions, or in aspects of the broader culture—not, however, within the dynamics of the market itself. It is curious to find a vivid description of the stagnation in urban wages, but no links made to the massively increased power of employers over their labour force; or chapter-long descriptions of how the media has become a mouthpiece for the wealthy, but only the most fleeting mention of the wholesale privatization of television; an account of the indifferent record of rural welfare schemes, without reference to the veto exercised by agrarian elites over them. In these respects, *An Uncertain Glory* marks a shift away from the sort of political economy that was once common in India, and its replacement by various kinds of institutional or welfare economics. Whatever the virtues of these, they tend to evacuate from the market systematic inequalities of power, of which economists of an earlier vintage rarely lost sight.

That move away from an older political economy leads not just to analytical failure, but to a strategy for reform too anaemic to be effectual. Perhaps the greatest virtue of the older tradition was its insistence that production and distribution are linked systematically, and that the key mechanism binding them together are struggles over the pattern of distribution.

So changes in the latter were traced to shifts in the balance of power in the employment relation, and these in turn were connected backwards to structural alterations of economy and demography, and forward to their effects on social institutions. In this perspective, reforms could not realistically be envisaged without consideration being given to the political and structural conditions needed to make them possible. Drèze and Sen's studious avoidance of such an approach, and the questions it generates, occludes much hope for the distributive outcomes they endorse. Readers of their book will benefit immensely from its description of the Indian social and economic landscape. Those seeking an explanation of it, and a path towards a more equitable future, will have to look elsewhere.