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Electronic version

URL: <https://journals.openedition.org/samaj/3564>

DOI: 10.4000/samaj.3564

ISSN: 1960-6060

Publisher

Association pour la recherche sur l'Asie du Sud (ARAS)

Electronic reference

Matthew McCartney, "R. Nagaraj (ed.), *Growth, Inequality and Social Development in India: Is Inclusive Growth Possible?*", *South Asia Multidisciplinary Academic Journal* [Online], Book Reviews, Online since 24 July 2013, connection on 02 October 2022. URL: <http://journals.openedition.org/samaj/3564> ; DOI: <https://doi.org/10.4000/samaj.3564>

This text was automatically generated on 2 October 2022.



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Nagaraj R. (ed.) (2012) *Growth, Inequality and Social Development in India: Is Inclusive Growth Possible?*, Geneva: Palgrave MacMillan, 2012, 256 pages, ISBN 978-1-137-00075-0

- 1 A wit (I forget who) once explained the contrasting economic fortunes of India and East Asia by the fact that former unlike the latter had lots of very good economists. I wonder if there are any parallels with the study of poverty? India has wonderful data. India has wonderful scholars studying poverty and its correlates. India is a competitive democracy where most of the voters are poor. But the more we know about poverty the more stubborn and intractable the poverty problem in India seems to be.
- 2 I picked up my copy of *Growth, Inequality and Social Development* with an initial sensation of jaded inevitability. Our host (the editor) would probably pen an introduction and write a chapter on employment and jobless growth (a long-standing research interest of Nagaraj). Angus Deaton and Jean Dreze would produce estimates from adjusted the official poverty figures and find that yes indeed poverty had been declining since 1991. Perhaps Utsa Patnaik would challenge this and argue poverty was much higher than commonly realised because average calorie consumption had been trending down for most income groups. Somebody else, probably Martin Ravallion, would have written a chapter estimating the poverty elasticity numbers for growth and find them lower in India than other developing countries or lower in Bihar than in Kerala. Perhaps then a few more specific case studies, that would inevitably conclude, women, low castes and rural areas have higher poverty than the rest. A rather glittering line up of scholars would conclude that not all of India is shining. It would be clever, authoritative, and

distinguished scholarship. I would add the book to a reading list for students next year as a key text but I would come away with that jaded anticipation having become jaded familiarity. But. My eyebrows raised slightly in surprise. The scholars in this book I know most, Chibber, Kohli and Nagaraj are more familiar as writers on industrial policy and economic growth. Others such as Shah (Member of the Planning Commission) or Shankar (water) or Sen (health) have much broader research interests than just poverty. I began reading more intrigued than jaded.

- 3 Nagaraj notes in the preface that he had 'the freedom to shape the details of the research questions and the choice of writers'. This freedom was usefully if not fascinatingly used, gathering a group of notable and diverse scholars to step outside their more usual realms of research and say something new about a big question. I liked this. With a bit more central direction in shaping the details of the research questions this book would have been excellent, as it was I had to deduct just a few marks. I will explain...
- 4 The aim of the book is clear. It seeks to discover 'if there is an identifiable relationship between policy regimes and the record of poverty reduction in a country' (p.xi). As befits a scholar who has made seminal contributions to the economics of GDP and industry; Nagaraj in Chapter 2 sets out the framework for the book. There are no great surprises here and nor really should there be. The chosen policy regimes were, The Planning Era (1950-65), Shocks and crisis (1966-80) and creeping liberalisation (1980 onwards). There may be some minor quibbles. Did liberalisation start in 1980? or 1975 or 1985? How about a post-2003 regime defined by globalisation, rapid growth and conscious efforts to make growth inclusive? But these are minor; the framework is standard and widely accepted. But why then did so many of the contributors feel they had to spend large chunks of their contributions effectively repeating this. Policy regimes were described again in Chapter 5 (p. 138 onwards), Chapter 6 (p. 172-), and Chapter 7 (p. 199-). I felt a grimace every time I read yet again that the heavy industry emphasis under Nehru did not create much in the way of employment so made little dent in poverty. Had the 'details of the research question' been framed by a more (benevolently) dictatorial editor then one introductory chapter could have set the dates and big pictures of the policy regimes in stone. The contributors taking the framework as given could have focused on answering their big questions. I couldn't help thinking that a scholar of Kohli's eminence to take a long break from his analysis to run through well-known stories describing Indira's Gandhis' populism (p. 203) or rehearsing the reasons why India liberalised (p. 206) was a bit of a waste.
- 5 The idea that growth is not everything or that high levels of poverty, illiteracy and low-weight babies have persisted despite rapid economic growth are profoundly important questions but now very familiar ones. I liked the new angles the book threw up. Think for example of the difference between a donor/activist campaign highlighting child poverty and one highlighting the lack of toilets in India. The first would lend itself to powerful imagery and perhaps award winning photography and the latter to rather more uncomfortable mental images. But for sanitation, ensuring clean water is available for drinking, for personal dignity, empowerment, persuading girl children to attend school toilets are crucial. That 85% of villages in even Gujarat had no 'sewerage facilities in 2004' and that government subsidies should be at least 6,000 rupees per toilet constructed are crucially important facts for the purposes of making growth inclusive. I also liked the effort (Chapter 3) of trying to measure changing patterns of

inequality with admittedly very imperfect data on consumption. The author was bluntly honest about the problems with the relevant data. The analysis of the liberalising era was here disappointingly brief but, again, it was a new angle on an old question. The finding of declining rural inequality (by this measure) between the early 1970s and late 1980s is an intriguing and provocative one. Kohli (Chapter 7) posed some interesting research questions about why the Southern States have been relatively successful in reducing poverty despite (Kerala aside) not having social-democratic state governments. His call for proper comparative research to try and explain why the quality of the state-level bureaucracy in the south 'has generally been superior' is an intriguing one.

- 6 The most interesting and challenging aspect of this book revolves around the least interesting word in its title. 'Is'. Is inclusive growth possible? It is not difficult to find studies that show growth in India hasn't so far been very inclusive. The proportion of babies born underweight, the slow spread of literacy, the slow growth in agriculture, farmer suicides, aggressive land displacement instigated by mining corporations in Orissa, the rise of the Maoists.....the list goes on and few would disagree with the general idea. If not all of India is shining is it possible? That is interesting. Unfortunately that is exactly the point at which the quality of the debate in the book becomes most uneven. Some chapters place the 'is' at the centre of their analysis others treat it as a rather casual afterthought and others ignore it entirely. Chibber and Kohli make for a fascinating comparison. Both are rather pessimistic about the prospects for inclusive growth. Chibber focuses on the relation between organised interests and the state. The 'stable polyarchy' of the 1950s and 1960s for example he suggests became a 'competitive polyarchy' by the 1980s that allowed some substantive, but tightly circumscribed efforts to emerge to make growth more inclusive. During the 1990s these efforts ebbed as the 'hold of dominant groups tightened' and wages fell relative to profits, lockouts increased relative to strikes, employment growth remained slow and political support for welfare declined. Kohli from a more statist perspective ends with depressingly similar conclusions. A state that once 'flirted with socialism' and was only 'reluctantly pro-capitalist' increasingly became after 1980 a 'capitalist state with a neo-liberal ideology'. This has he argues resulted in faster economic growth, dismal efforts at direct redistribution (land reform, education, employment via public works) and a narrowing priority of the state to promote growth by focusing on the needs of corporate capital. There is more statist analysis here than with Chibber. Kohli places central importance on the lack of commitment of state elites to redistribution rather than economic growth and the poor quality of state level bureaucracies to implement even the modest formally enacted redistribution programmes. He is even a big sceptic about the National Rural Employment Guarantee Programme (NREGA) that many others have praised. Behind a bare statistic such as the fact that the poverty-elasticity of growth is four times higher in Kerala than Bihar (p. 209) are the big issues of political economy that must be engaged with to explore the 'is'. Kohli and Chibber do it admirably with good strong and all too rare political economy analysis. As a result Chibber is almost hopelessly pessimistic: 'And the space for labouring classes has narrowed, as their political muscle has waned, and their presence in the policy apparatus has been more precarious.' (p. 191).
- 7 Kohli is realistic about what is needed for the 'broader programme of asset redistribution' necessary to 'successfully reduce poverty'—namely social democratic politics but is pessimistically realistic about the practicalities of this occurring as the

state aligns ever more closely with capital. Nuggets of hope he suggests are possible in that democratic rulers can be forced to accommodate broader social interests to build an electoral majority. But whether they do so through trying to make growth more inclusive or mobilising on the basis of religious, caste or regional contempt's and rely on passionate rhetoric and fermenting violence is an open question.

- 8 Compare these chapters then with the utter absence of 'is' in Chapter 3. Here there is lots of data on consumption to show inclusive growth has generally not occurred in India but nothing on whether or under what circumstances it could be possible. Chapter 4 is replete with data showing (again) that inclusive growth has not happened. There is some interesting discussion on why social security has proved easier to implement in Latin America than India (more deprivation and more informal sector in the latter) that could have been expanded into an engaging discussion but the chapter sort of fades away into calls for 'more state spending on social security', 'more attention to women', 'more consistent policy' and 'more social solidarity'. The most egregious example is Chapter 5, which again calls for 'a heavy dose of public investment' and finishes with a rather vacuous statement that the best way to achieve universal social protection is to target efforts at where the problem is most acute (p. 161). Whether growth can be made inclusive here is entirely for the accountants. Governments should spend 6,000 rupees per new toilet, there are almost 70m households without toilets. Hence to make growth inclusive would cost (including upgrading existing toilets) 557,190 rupees. Over five years this would amount to only 0.3-0.4% GDP p.a. therefore inclusive growth is affordable so is possible. The conclusion is vacuous because it completely ignores any context, politics, constraints or more broadly political economy.
- 9 With 'the freedom to shape the details of the research questions and the choice of writers' Nagaraj has made the most of the second. Combining scholarly distinction with a fresh perspective on an old question was accomplished admirably. Shaping the details of the research project was more of a mixed success. The authors collectively refreshed the debate examining the relationship between economic growth, policy regimes and poverty and clearly showed that economic growth is not enough. In terms of engaging with the sub-title of the book 'is inclusive growth possible?' and to propose the 'policy regimes or institutional conditions' (p. xi) to make growth inclusive some produced pessimistically properly political economy answers while others completely ignored the challenge.
- 10 To paraphrase another (wit?) there were a lot of efforts to interpret the world, but not quite enough efforts to propose how to change it.

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