

'Fruits of globalization have so far been very unequally distributed'

Nobel Laureate **AMARTYA SEN** needs no introduction. A professor of economics and philosophy at Harvard University and until recently, the Master of Trinity College, Cambridge, Sen is the honorary advisor of OXFAM. Here, in a telephonic interview from Cambridge, England, with **SUJATA SRINIVASAN**, he discusses the impact of globalization on India's poor, as well as the opportunities for social entrepreneurship in poverty alleviation.

■ **Prof Sen, would you say that globalization is working in favor of those people in India who earn less than 30 cents a day?**

Well, globalization could work a lot better than it is working now for the poor groups in India. The main benefit of globalization, in the form of greater global contact, has so far tended to go to people who are in a position to make use of the opportunities of modern technology, and that requires training in higher education and specialized skill. There has been some general expansion of the economy, but the fruits of globalization have so far been very unequally distributed.

■ **If you were to pick the smartest and the worst economic policy that the Indian government has implemented since Independence, what would it be?**

I don't think that is a very good exercise to go into because the problems have been of many different types. I always resist the idea of saying "Just give us one thing", rather than many things. India's problems before the economic reforms were a combination of things. One, neglect of basic education, basic health care, land reforms and micro-credit. Two, while the government was very under-active in those areas (and these are areas where governments can be fruitfully active), they were over-active in some other fields, particularly in restrictive actions like needing license for everything (and the licensing process used to take a lot of time to clear through the government bureaucratic procedure). So the problem was a combination that the government at the time did far too little in those areas in which it could do well, and far too much in those areas in which it could not.

■ **What does India need today? Less or more government? How can free market-based public policy take into consideration the most vulnerable in society without reverting to socialistic ideals that have distorted markets in the past?**

Well, the first thing to be clear is that what you're calling socialistic ideals were mainly interventionist ideals; socialism can be defined in



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many different ways and I don't find that these labels are very helpful at all. The main thing was that the Indian Government, as I was mentioning, often intervened in areas in which its contributions were negative and counterproductive and did not do those positive, constructive things in which it could have done an enormous amount of good. So it's not a question of overall whether the government should be more active or less. It should be active in those areas in which its contributions will be positive, rather than in those areas in which its contributions are negative.

I think some correction has been happening from the beginning of the early Nineties to today. It is a refashioning of the role of the government, and this has actually happened to some extent. It can happen more. The government has to be more active, not less, in basic schooling, in basic health care, in land reform and micro-credit. Lot of the counterproductive features of the License Raj have been removed, but still, some further removals have to be done. You see, the market can do certain things very well, like the general expansion of the economy. It cannot do certain other things well at all, like providing health insurance benefit to all, as we know from the example of the United States, the richest country in the world. Despite that richness, in terms of health achievement, there are huge limitations which are reflected in demographic statistics of lower life expectancy and higher infant mortality than one would expect in a country of its level of prosperity. It's a question of applying the instruments we have, which include the markets, as well the government, as well as social enterprises including co-operatives and NGOs. It's a question of finding an appropriate balance of the role of the different institutions.

■ **So there isn't really an adequate economic**

incentive for the market to provide services, such as education and health care, to the poor partly because of the enormous scale of such provisioning?

Not because of enormous scale. Whether it's a small number of very poor or a large number of very poor, the market economy would be limited by the ability of the consumer to pay for the services that the market provides. The state and social enterprises have a role which has to go beyond the limits of the market. And yet, that's not to say that the market has no role in this case. If you can generate the income that the poor do not have, then the poor may be able to buy the commodity they need themselves without it being provided to them. So sometimes the best way might be to expand the income of these people and then allow the market to meet those demands. In other cases, it will be better provided by the government itself generating the supply of these commodities, like public schooling, which is still popular in the United States. Public schooling has played a major role in America, in Europe, in Japan and in East Asia in making the population educated. That role cannot be taken over by market-based school education. So it's a question of being intelligent about your policies as well as humane. What is to be avoided is some slogan which says "The market is always good," or "the market is always evil" because that way we get nowhere.

■ **Could you please comment on the growing trend of social entrepreneurship in India. What are its scope, limitations and challenges?**

Well, it's a complex question because when social entrepreneurship is done to encourage the poor to take more control over their lives and can be done with efficiency and success, then obviously there is a lot to be said for it. The micro-credit movement for example whether it's delivered through Grameen Bank as

in Bangladesh and in 60 other countries, or through BRAC also in Bangladesh and now also in Africa, or in a number of the enterprises we see in India, there are good examples where these enterprises have filled in the gap that public policy has left. Having said that, however, there are more things to say. First, public policy should not leave these gaps. Some of these gaps, particularly in education and health care, are filled by these ad hoc enterprises mainly because they can contribute a little, for the relatively affluent, to the expansion of these services. But that gap should not be there in the first place and the existence of these social enterprises should not become a barrier to the government and society taking the responsibility that they have towards the very poor and the deprived.

The second thing to recognize is that among the social enterprises, many are quite productive; some others are not so productive. Just to have a general attitude of being in favor of them or against them, again, is far too non-discriminatory and unhelpful. It's a question of giving each of the particular development, the particular activity, the informed consideration that each of them may deserve. So we have to recognize the role of public policy and social policy, and at the same time see, insofar as the gaps remain — and they will continue to remain for quite some time — to what extent and how productively can social enterprises fill that role. They certainly can fill that role in many cases, but that does not mean every type of social enterprise is necessarily extremely productive. I'm very much opposed to restrictions to be imposed that eliminate the good things along with the bad. Nor am I in favor of taking the view that all these things are so terribly good that any kind of critical question such as "Is this doing any good?" is not welcome. I think what we need is critical reasoning and decisions that are based both on reasoning and on humanity.

