

Globalisation and the Emerging Development Paradigm

The First Henry Volken Memorial Lecture,
October 27, 2006

Prof. Praful Bidwai



Occasional Papers

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INDIAN SOCIAL INSTITUTE
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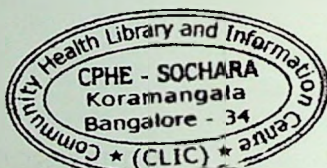
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Father Henry Volken, S J

(17 April 1925–3 May 2000)

"I was born on April 17, 1925 in Zermatt; I am the third of twelve children, the eldest of the boys." With these words, Henry Volken introduced himself in the Swiss Jesuit mission magazine. "When I was six years old, my father shifted his medical practice to his native town, Fiesch. The golden freedom of childhood passed by soon, schooling began: six months to learn, six to forget everything that is not important. After primary school I enrolled at the Collegium Brig. To become more familiar with French, I decided to finish secondary education in St. Maurice.

"Then came the decisive step. On a retreat, I found clarity for my way of life. I applied to the Society of Jesus, founded by St. Ignatius." In 1946 Henry entered the Jesuit Novitiate in Rue, Switzerland. In 1948, together with his companions Hermann Bacher, Domnik Zemp and Emil Baumann, Henry arrived in India.

First he had to learn Marathi language, followed by philosophy and theology in De Nobili College, Pune, where he was ordained a priest on 23 March 1956 in St. Xavier's Church.

In 1962 Henry returned from specialised sociological studies in Paris and began to work in the Social Institute, Pune, which soon was transferred to the capital, New Delhi. In 1964 the Social Institute sent

Henry to the refugee camps in Assam where about 170,000 Hindus fleeing from East Pakistan (now Bangladesh) found shelter.

He felt the urge not to write about sociology, but to meet the people. So he left Delhi and settled in Bangalore, where he started a branch of the Indian Social Institute, which addressed the social realities of India and became a training centre for social workers.

"The Training Centre of Indian Social Institute in Bangalore is very impressive," wrote the Swiss Ambassador after a visit in 1970. "Fr. Volken is able to make of Indians and foreigners a genuine team."

In the Centre, which enjoyed the support of the Swiss government, hundreds of social workers, men and women, of different castes, Hindus, Muslims and Christians have been prepared for their work.

After twelve years in Bangalore, Fr. Volken wanted to be even more directly connected with people in need. Together with Sister Sara and Ajoy Kumar, an agricultural specialist, he started the 'Mobile Training Team' (MOTT). This team could be found literally anywhere in emergency situations. So Fr. Hanggi met Henry after the floods of 1978 in Andhra Pradesh on the east coast of India, where the MOTT co-ordinated the first reconstruction work. The book, *Moving Closer to the Rural Poor* (1979), recounts experiences of the team.

Typical of Fr. Volken, his second book was, *Learning from the Rural Poor* (1985). "We want to come close to the poor, to help them in their need – till we realise that we must learn from them. We cannot teach the poor how they are meant to live, rather we learn from them how we have to live."

His work for the oppressed came to a climax in a Supreme Court judgement against landowners in the State of Orissa, which liberated two thousand 'bonded labourers'. This success, however, also marked

the conclusion of his work on the frontlines, and he withdrew from his leading position. By 1984 he was ready for a new start. Fr General Kolvenbach appointed him Secretary for the Social Apostolate in the Jesuit Curia in Rome.

The eight years in Rome proved to be very useful. Fr. Volken made his experiences in India fruitful for the wider world. He was in close contact with collaborators on all the continents. He proposed and discussed social projects, ever ready and interested to learn more. In 1989 he was named a Consultor of the Pontifical Council *COR UNUM*.

In 1992, Fr. Volken returned to his native Switzerland to serve as pastor of St. Boniface, the German-speaking parish in Geneva. His engagement for the poor and marginalised remained undiminished, along with his pastoral duties. As president of the NGO committee for development at the United Nations and as the representative of the Christian Life Communities (CLC) at the UN, he continued his social involvement.

Fr. Joseph Hug of the Jesuit community of Geneva summed up Henry's life at his funeral: "Due to his life and his experiences in India, where he shared his life with the poorest, Fr. Volken has given us the liberating and life-orienting understanding of the Bible. In sermons, discussions and courses, he convincingly tried to form our socio-political conscience. He firmly believed in the competence and strength of women. He knew and analysed the structures of sin in society and politics, the mechanisms of abuse and injustices in today's world, and fought against them with all his energy. In spite of this struggle, he was always optimistic and happy about the commitment of many people for a life worthy of human dignity here and everywhere."

With his whole heart Henry reached out to all people, to people of the most different kinds, to the poor and to victims of injustice. Fr. Volken had a special gift or quality of knowing how to share with people so different. He overcame all discriminations, or may be he had none,

whether of sex, race, belief or religion, intelligence or social condition. Whatever people's struggles, he tried to understand them. He worked tirelessly in solidarity, as an educator and organiser and priest, to transform unjust patterns and structures in the light of the Gospel.

Fr. Henry was a person of incredible generosity, sharing the little or nothing he had and always with a smile. His every energy was to give something which the world finds hard to find. He never subordinated the poor to other interests, but showed them a preferential love and treated them as persons, each one with something to offer life.

A long-time colleague in India, Gaetane Gascon, wrote, "This humanist worked all his life to defend the poorest, and then he made his own passage of death in trust and without even losing his sense of humour, surrounded by the love of his family and friends. He inspires me to carry on the work."

Regarding the social apostolate today, Fr. Volken wrote: "I believe that, within a comprehensive perspective of human rights, we can best make the contribution of the Society of Jesus to the transformation needed for the survival of humanity: a transformation that makes human development possible, reverses the present trend of increasingly dividing humanity into rich and poor across the world, destroying the resources of the planet and fostering a culture of violence. We may work with people on both sides, provided our vision is clear and in tune with the requirements of God's dream of one united human family, living in solidarity and peace as universal brothers and sisters."

With the example of his life, Henry gave so much. He leaves a legacy of deep faith and boundless hope, dynamic energy and generosity, and a great sense of humour. Inspired by his example, may many others take up his commitment for building up a world of greater justice and stronger solidarity, more human and more divine.

Globalisation and the Emerging Development Paradigm

Globalisation means many things. We mean, of course, the globalisation of production, the globalisation of finance, the globalisation of peoples' movements across countries and continents, the globalisation of communication and media, the globalisation also of corruption and criminal transactions and in many ways, the globalisation of militarisation and war too.

Let us concentrate on economic globalisation in its present avatar, which is the neo-liberal avatar. Simplistically put, neo-liberalism is the free market ideology. It believes that the best way forward for the world is to rely on the market, on large corporations, and generally on capital, to bring about, not just growth but genuine development, including equity.

This fundamentally is a mistaken notion. There is something radically wrong with the ideology of neo-liberalism. It has produced a monster in the form of global capital which we must resist and must roll back. We need to create a world where there are emancipated human beings who relate to one another on the basis of justice, peace and equality. The present form of globalisation is incompatible with this vision of the world.

And yet we are told that globalisation is totally a new brand. It is 'sui generis'. Nothing like this has happened before, in the world. Secondly, we are told that the forces that drive globalisation are irresistible and inevitable. Globalisation is a given fact about which you can do nothing. Thirdly, it is good for the world's public.

Let us briefly examine these three propositions. To begin with, globalisation is not really all that new. What is new, as we shall see, is that it is a particular form of globalisation of capital and the intensity that it has acquired. By itself, globalisation is not new. If one looks at the classical period of colonialism, from the mid-19th century to the First World War, that is, roughly 1870 to 1914, there were very similar trends. For instance, world trade in that period expanded extremely rapidly. The share of exports in world output was as high as 21 per cent, whereas now it is in the order of 16 or 17 per cent. Even in the late 19th century, there was a huge amount of trade taking place across the world.

Again, foreign investment, which is a hallmark, supposedly, of today's globalisation was very, very high too. For instance, in 1914, foreign investment stocks across the world accounted to something like 9 per cent of the world's gross domestic output. And today, they are in the order of 8.2 per cent. It was higher in 1914 than it is today.

Similarly, the cross-border trade in securities, stocks and shares rose from 9 per cent to 17 per cent in the United Kingdom and from 10 to 27 per cent in Germany and it was about 20 per cent in the United States. In spite of a 15-fold increase in the past decade, today the share of these bonds, shares and securities, remains a little lower, 16 per cent, in most of these countries.

Again, between 1870 and 1930, about 50 million people migrated from Europe alone, which is about one-eighth of the entire population of the continent. They migrated to the white settlers' colonies of the United States, Canada, Australia, New Zealand and South Africa. At the same time, another 50 million people left countries like India and China for Europe, Africa, the Indian Ocean islands and the Caribbean. Many countries of the Caribbean were populated by people who were former slaves or agricultural labourers from India.

Today, you have more than 200 million migrants settled abroad and they are growing in number. But compared to the proportion of the world's

population, their number is smaller than the number of people who left their homes, their countries, their shores to go somewhere else in the late 19th and early 20th century. So, even migration is not really new.

What colonialism did is now being repeated in a different form under a non-colonial regime. The classic pattern has changed but some of the structural inequalities that defined the colonial period still persist in many countries. In some respects, they have grown worse. Let me give you a few examples before I talk about what is unique to globalisation today.

In the last 50 years, we have seen the rise of inequality as never before in the world. In 1945, the rich earned 30 times more on an average, than the poor. By the mid-sixties, barely 25 years after the II World War, the ratio had become further skewed to 60:1. A person from the rich industrialised countries that are now called the OECD countries, earned 30 times as much as the average person living in poorer countries like India and China. Today, according to the UN Development Report which is published every year, the ratio has increased to more than 100:1. Let us examine what this means. What we inherited at the end of the II World War, was a tremendously unequal world. Many people thought the war's end would be the beginning of a new epoch in human history. When the United Nations was set up, its principal objective was to build a better world which would be free of the scourge of war and conflict, and where people would be free, they would live in democracies and they would prosper. That promise has been comprehensively betrayed.

Yet, in one major respect the pattern of globalisation is very different from what the world has ever seen before. This is the mobility of **finance capital** whose flows have acquired giant proportions. Speculative capital today crosses the borders of the world on a scale completely unimaginable earlier. We have a huge amount of money chasing different foreign exchanges, for what is called 'arbitrage'. That is to say, when the foreign exchange market opens in Sydney or Tokyo, the dollar sells at a certain rate viz-a-viz the Euro. Three hours later, the Singapore market opens.

There the dollar/euro rate may be slightly different. To take advantage of these slight differences, a huge amount of capital flows. Then the Bombay market opens, then the Frankfurt market, then the London market, and then the New York exchanges open. In these 24 hours, every day, something like \$1.5 trillion of money actually chase these tiny differences of exchange rates. This capital is completely speculative.

What is this \$1.5 trillion? It is 20 times the total physical output of the world, of all goods and commodities – industrial, agricultural, services put together. So, it is this aspect of finance capital movement, that is really quite new, and it is bound up with speculation by its very nature. It chases opportunities to make quick profits and then is destroyed very quickly.

The problem it can create is what we saw happen in the East Asian financial crisis of 1997–98, when sturdy, solid economies like South Korea, Malaysia, Thailand and Indonesia which were more developed than India's, went under. And many of them, in order to save their currencies from plummeting further, opened up the capital markets and allowed capital account convertibility. 'Capital account convertibility' is a process by which capital can freely move in, invest in anything it likes – shares, stocks, securities, bonds or real estate – and then pull out as quickly as it came. This is 'hot money'. And what we are seeing often is a series of jerky movements of capital which can actually lead to a huge, massive collapse of currencies.

Today, for instance, Japan and China alone have enough holdings of the US government securities, which if sold would lead to the collapse of the US economy. In fact, US economists are very worried at the prospect that this might happen. So, the world has become far more vulnerable to catastrophic events than before.

But this is not the only thing wrong with finance capital's domination. What is really wrong is that industrial capital is increasingly subordinated

to the demands of finance capital, and dominates corporate decisions about everything. For instance, today, something like one-third of all trade in the world takes place between branches of transnational regulations, which are not subject to the normal rules of import and export duties, negative lists and tariffs. They do what is called 'transfer pricing'. For example, a company like Pfizer or Glaxo imports the basic ingredient that goes into a drug that you and I consume here, which may be, say an antibiotic like Tetracyclin. Pfizer might import it from the United States, at a price which is rigged by Pfizer-US, in such a way that it maximises profits where tax rates are low and minimises profits where tax rates are high. So, on an average, some of the biggest corporations are paying one-third the rate of tax on their profits in relation to what is applicable to them in many countries of the OECD. They may route them through the Isle of Man, through Mauritius, through Panama, through a number of the so-called 'safe havens'. It could be even Singapore. You have no control over any of this movement.

Corporations have become so powerful that just 200 top companies of the world control nearly one-third of the entire globe's economic activity. Their combined turnover is greater than the entire GDP of the world, barring just 10 countries. Some of these corporations are bigger than any of the 100 small countries of the world, roughly one-half of the world. A big company like IBM or Shell, or Esso or Exxon, is several times more powerful than mid-sized and small-sized economies, in which billions of people live. This is the strange state of affairs. All these giant corporations play the money game, the finance capital game, in which their speculative operations are more important than just the production and distribution of industrial goods. So, what we see now is this particular form of globalisation, which wants to dismantle all barriers to the entry and exit of capital. We have countries like India which have once again come under pressure to make investment convertible on the capital account. In fact, the lesson from the East-Asian crisis is that only those economies survive and flourish which actually resist capital account convertibility. The only successful example of this is the East African

case in Malaysia, where Mahathir Mohammed, whatever else be his other faults, refused to make the *Ringgits*, the Malaysian currency, convertible on the capital account by resisting IMF pressure. The investment firms wiped out Indonesia, and took over a substantial chunk of the South Korean economy which had developed indigenous technology. The South Korean miracle which followed the Japanese miracle was based upon trying to control the market. It is this ability of the government and institutions including financial institutions controlled by the state to direct investment into areas that are relevant which has been key to rapid growth. This ability has been badly undermined in most countries of the world.

Another very important difference that I must mention is that we have today powerful multilateral bodies like the financial institutions, the World Bank, the International Monetary Fund, and increasingly, the World Trade Organisation, which impose an agenda upon country after country. So, almost 140 countries – about two-third of the world's total number of countries – have been through some form of so-called Structural Adjustment. They were forced to adopt free market policies, a part of what has been called the Washington Consensus. In reality, it is not the governments of these 140 countries, but the international financial institutions which make their policies and vital economic decisions. Only two of them are based in Washington, namely the World Bank and the IMF. But they coordinate their activities and policies very closely with the United States government. Hence, the ensemble of their policy regimes is called the 'Washington Consensus'. This is the formula that country after country has followed, generally speaking, at the cost of causing great harm to the most vulnerable people in their societies.

It is very doubtful whether most countries have benefited from the free market policies or from the free trade. For instance, when the WTO imposed its agenda of trade liberalisation in 1994, its officials predicted very confidently that the Global South, that is the developing countries, would benefit to the extent of \$560 billion.

In fact, the opposite happened. In just five years, between 1995 and 2000, the First World robbed the Third World of something like \$500 billion. By raising protectionist barriers, the First World is denying to the Third World markets access to goods worth something like \$500 billion a year. \$500 billion is roughly the same as India's entire annual gross domestic product. It is a huge amount. It is roughly nine times higher than the flow of official development assistance which flows as global aid from the First World to the Third World. The total global aid is in the order of just \$60 billion. What the rich countries give with one hand they take away with the other hand. In fact, they take away nine times more than what they give. This is the reality that we see today.

So, what does the world look like under the domination of this globalisation? It is not as if the First World, as a whole, has gained from this either. The people in the First World have not necessarily benefited from this. In fact, unemployment in the European Union runs at 8 to 10 per cent. These rich countries have seen capital flee. Capital is running away from powerful industrial economies like Germany, and France, to countries which offer very low rates of taxation, or where there are fewer controls, fewer environmental controls, fewer labour laws, fewer restrictions on what can be produced locally and what can be imported.

The trend is so bad that most countries, even in the First World, are beginning to look like one-third to two-third societies. That means, one-third of their population is doing well and has a bright future. They have a decent saving and can hope to retire in relative comfort. One-third of the population of the developed countries, lives pretty dismally. They live very close to the poverty line, without adequate access to health care, which they once enjoyed, and access to education which used to be completely free until the school stage and very often, right into the University stage. The remaining one-third hover uncertainly between the two extremes.

Meanwhile, most Third World countries are beginning to look like icebergs or one-eighth to seven-eighth societies. Only one-eighth of

the top is doing well which is 12 per cent of the population, and most of the others are doing indifferently, if not badly.

What we are seeing in the world is of course reproduced in India. All these 15 years, the so-called Liberalisation has produced perhaps somewhat higher growth, though not very much higher than in the decade of the 80s. In the decade of the 80s as a whole, India's GDP growth was of the order of 5.5 per cent. Now it has risen to 6 or 6.2 per cent. It is not a big jump. Higher GDP means very little in terms of what it does to people. Is it producing jobs? No. Is it resulting in leveling of huge disparities between states? No. Is it reducing economic inequalities? No, not at all. On the contrary, inequalities are growing at an explosive pace in much of the Third World and also in the First World. For instance, in India today, the ratio between what the poorest 10 per cent of the population earn and the richest 10 per cent earn or get, grab or acquire, in some way or the other, is probably more than double the ratio that it was 15 years ago.

Today, a relatively small number of people have at least a \$100 million in financial assets, excluding real estates. The number of such millionaires in the world is about 2 million. India has 100,000 and the number is growing rapidly. Between them they control something like 15 per cent of the total wealth of India. Just 100,000 out of a billion people or more.

At the other end, we know how grim the Agrarian situation is. Today, we have lost whatever we had gained in the 70s and 80s, by way of minimal food security. This country is now importing more than 5 million tones of wheat, rice, and pulses. In fact, it was an exporter of food for the last 20 years. The availability of food is about 14 kilos lower today per household, every year. This means each household is eating roughly 1 kilo less of food grains every month. It is not as if the average household has switched to more nutritious food instead of cereals. It is just eating less.

So, we have what economists call, 'a low level equilibrium'. There is very little work, so there is very little expenditure of energy and so we

need very little nutrition and our health can go to the dogs. But we are eating less because we cannot afford to eat more. This is the reality of a significant proportion of our population. The government itself admitted that during the past decade, more than one lakh farmers have committed suicide. This is according to the National Crime Records Bureau's latest numbers. The Agriculture Minister himself in May, confessed this in Parliament. He said, a hundred thousand farmers have committed suicide in the last ten years. I asked a very famous historian, Perry Anderson, whether he had come across a similar number. One lakh people committing suicide is not a joke. They take their own lives out of most acute distress imaginable. This does not happen unless there is widespread famine and starvation. Perry Anderson said that not even in Stalin's worst phase in the Soviet Union, with forced collectivisation of agriculture in the late 20s, did such a large number of farmers or even a proportionately large number in relation to Soviet Union's population die, as have died in India now.

Even in the period we used to derisively call 'the Hindu rate of growth', with 3.5 per cent GDP growth, employment increased roughly by 2 per cent. Now with 6 per cent GDP growth, employment is rising by merely 1.1 per cent. So, this growth means nothing to large numbers of people. It is only relevant for a very small number of the elite, say 10-15 per cent of the population or only one-eighth, like in the iceberg metaphor. As we know, when the iceberg floats, we see only the top one-eighth and the rest of it remains hidden by the water of the sea.

That's the kind of situation we have, not only in India, even in a country like China, in spite of the miraculously high growth rate of 10 per cent and 8 per cent, sustained for decades. There are today 180 million people in China, who have absolutely no work. They are a migrant army, travelling from one province to another, illegally because they do not have the work permits. We have huge numbers of people again, driven to destitution because education is now being privatised in China. What was earlier available as free and good quality primary

education and modest but free housing are all withdrawn. So we actually have a huge amount of growing deprivation, as China globalises and as India globalises. There is something deeply wrong with this system of globalisation.

But this is only the pure hardcore economic side of the story. Look at what is happening to the environment. Today, we have a situation where energy consumption, the consumption of materials which contribute to the generation of carbon dioxide and other gases that warm the earth, has risen to a point which is resulting in a catastrophe. Low-lying countries like Bangladesh and Maldives, or for that matter, the low-lying countries of Europe, like Holland and Belgium will be threatened with complete inundation if the sea level rises just by half a metre. We could have a large number of people, something like a billion people, $\frac{1}{6}$ of the world's population, being threatened or wiped out. Agriculture would soon become impossible in some of these areas. Yet, there is very little being done to tackle the problem of global warming.

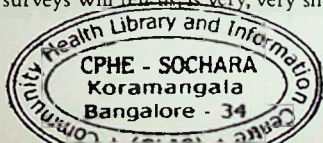
The only achievement so far is a very, very paltry and measly one which is the Kyoto Protocol. Under the Kyoto Protocol, the rich countries agreed to reduce their carbon dioxide emissions just by 5.2 per cent below the 1990 levels by 2008–2012. A simple calculation would show us that if we wanted to stabilise the greenhouse gas emissions that have accumulated in the world and not allow them to grow, we would need 30 Kyotos.

Yet, the implementation of the Kyoto Protocol remains totally unsatisfactory. As we know, the United States and Australia refused to sign it and US Presidents have said, one after another, that they are not going to accept any restrictions on the consumptions that would change the 'American lifestyle'. The American lifestyle is a way of life which is sacrosanct. It is their fundamental right to waste. They may be just 4 per cent of the population of the world, but they continue to consume 25 per cent of its resources. It shall be the same in the future as well!!

Regretably, countries like India and China are utterly irresponsible in the way they are consuming energy and materials. Yet they have refused to accept even this 5 per cent cut. At the last climate conference held in Montreal, both China and India refused to cut their consumption level. They took shelter under the banner of development. "We are extremely underdeveloped, and our people need to consume more. We are consuming only one-eighth or one-ninth of what United States and the prosperous European country like Austria consume. We must therefore be allowed to consume more." India and China are adding more and more to the greenhouse gas emissions. In fact, our energy consumption is rising dangerously faster, much faster than production. This is something to worry about.

In fact, this 'banner of development' is a totally opportunistic and false excuse. Our elite is hiding behind the poor. It is not the mass of the population that is consuming more and more energy and resources. It is the elite who consume more through the privatisation of transport, through the construction of ecologically unsound houses built with concrete and bricks and increasingly with glass fronts, which waste a huge amount of energy and which are impossible without air-conditioning and very expensive to air-condition. The shopping mall culture has spread like a disease now even to small towns. Wherever you go, there are malls. City centres have been ruined. We have shopping malls coming up which are continually air-conditioned. We have people who cannot afford to buy things in these Malls. Still they go and sit there because it is cool and comfortable to be there. A new form of consumerism is growing. So, it is not the mass of the population that is consuming. It is those who can afford air-conditioners, private cars, washing machines, refrigerators and plasma television sets who consume 9-10 times more electricity than ordinary people. Even ordinary large-screen television sets do not consume as much as the smallest of plasma television sets.

The number of such people who consume maximum of energy, consumer surveys will tell us, is very, very small. In a population of 1 billion-1000



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million people there will probably be something like 40–50 million who are the high-consumption middle class. They are on a spending spree. In fact, spending has become a status symbol and we now have this new term, like the 'glitterati', the 'spenderati'. The way they spend is amazing.

In the last Dusserha/Diwali season alone, branded goods increased their sales over the past year by more than 40 per cent. I will give just one example: Nokia, the cell phone manufacturer, sold 400,000 (4 lakh) phones on one day – the 19th of October – a world record for Nokia. This amount is 4 times higher than what they managed to sell in the last so-called festive season.

We're all being taken for a huge, huge kind of con game by the Advertising and Sales Promotion industry. This does represent the free choice of the consumers. This is not an instance of the consumer being the 'king'. On the contrary, the consumer has become victim of the sales promotion industry through free gifts and prizes and 'scratch to win' competitions. Try to understand the mentality of hankering after free prizes and gifts. A gift is not something we choose. We are attracted to the gift simply because its there. It may not fulfil a need – I do not need a silver coin or I do not need free tickets to a destination that I may never travel to. So, these are basically needs and wants being manufactured. They are being created, they are being artificially conjured and thrust upon us and we are becoming victims of all these.

There is a big difference however, between, the developed countries and India in this regard. The developed countries experienced, for above 30 years or so, after World War II what was called the 'Golden Age of Capitalism'. That is to say, mass consumption grew with mass production and incomes grew across the board. Even the poor, relatively speaking, gained in this 'Golden age of Capitalism'. Public Services were expanded greatly. Countries of Europe which were devastated by war, saw free schools and hospitals being built. They had health care, they had the state coming in with insurance, with doles and unemployment

allowances for people who could not find jobs. There was generalised prosperity that spread during this Golden Age. So, the consumerism could be absorbed relatively, organically or naturally.

Nothing of the sort is happening in India. It is a very dualistic economy that we are building. We are actually engineering an expansion of inequalities. These inequalities are dangerous because they dis-enfranchise, they take out of the economy, and increasingly out of social processes, very large numbers of poor people who are excluded from the consumer economy and the branded goods economy. This is actually a degradation of democracy.

If we look at numbers provided by the National Endowment for Democracy in the United States, there has been an increase in the number of countries which hold elections of some kind or the other. If we define democracy purely on the basis of elections, about 160 countries of the world are democracies. In this definition, incidentally, they include Pakistan, because they did hold an election, to its parliament, to its Provincial assemblies which are, its local bodies, but, under the complete and absolute rule of the army.

Let us be generous and include all of these. But in these 160 countries, the participation of people in democratic processes, and their entitlements in terms of constitutional rights and freedom as citizens, have actually shrunk. They are increasingly excluded from political decision-making processes, or are dropping out. In many countries, voter turnouts in elections have fallen to unprecedentedly low levels. For instance, in the United States, it is now 40 per cent. The poor simply do not vote because they do not believe that voting will make any change. Whether you vote Democrats or Republicans, it is the same. There is basically just one party in the United States, masquerading as two. In any case, their policies are not very different. They are not going to help one very much. So, they do not vote. The rich and the middle class vote and the poor just do not vote.

This is spreading now in country after country. This, de-democratisation, this shrinking of democratic space of decision-making, has a lot to do

also with the loss of public control over economic processes. If corporations are going to be regulated by no rules other than those made by the WTO and other corporate-dominated bodies, then they cannot, by definition be subjected to nation-level controls by Parliament. That is exactly what is happening. We signed an agreement to accept patents on products in pharmaceuticals. For a long time we refused to have patents for products. We said, that it is in the public interest that a drug, irrespective of who discovers it, who invents it, who manufactures it cannot be patented. It should be made available to all. What can be patented is the process by which he or she makes that drug. So, if somebody else makes that drug with a better process, a cheaper process, an energy-saving process, involving fewer steps in the synthesis of a chemical molecule, they could patent it. But we said, that the patent must not last more than seven to ten years.

Now, under the WTO's rules, we have to accept product patents and for long periods, such as 14 to 16 years. What this means, is very simple. If we compare the prices of the same compound, manufactured and marketed by the same company, say between India and Pakistan next door, which had a product patent regime for a long time, the differences are roughly 10:1. The same drug, the same anti-diabetic drug, the same anti-blood pressure drug will cost you nine to ten times more in Pakistan, made by the same company that makes it here. And that is the big difference. We are going to see a sharp rise in the prices of medicines. In 1994, we said we would work against this, but we will do it in our own way. We will create special facilities for patent protection. The WTO said no to this. We had to enact a law. It is not for us to modify procedures for granting patents; we enact a law, and until we have enacted a law, we will be held in breach of the Trade Related Intellectual Property Rights (TRIPS) agreement. The same thing is going to happen now, if the Doha Round, which has run into some trouble, is completed. That will extend all kinds of monopolistic practices with respect to agricultural goods and services.

Services have been so broadly defined, as to include primary education. We are not talking about Management education, professional education,

university education, but of primary and secondary education. Water is no longer considered a basic human need – it is a Service. The same is true of electricity and even forests. So, if this Round goes through, we are going to see the General Agreement, the General Agreement on Trade in Services being imposed upon us, so that we have to now allow multinational corporations to come and control water supply in India.

Already this process has begun, in spite of GATS not being in place yet. Several cities have already started privatising water. Many cities have done that with electricity. The whole state of Orissa did it and now Delhi is doing it. The whole experience is absolutely disastrous. In Orissa, they broke up the electricity board into three companies. All the three are running at a loss. The quality of electricity supply in Orissa has plummeted sharply, availability has decreased by more than 40 per cent, and tariffs have doubled. They are paying twice as much per unit of electricity and yet, all these companies are running at a loss. That is the story that will be repeated, again and again, as these processes are extended and as privatisation is extended to other parts of the economy.

All this involves a huge loss of public control over economic activity. Strikes are at the core of democracy itself. If they want real control over their own lives, the people must be able to control the economic processes that shape life, amongst other things. Once these are excluded and when capital is allowed to take over these, we are asking for serious trouble and this is the main thrust now of corporate-led globalisation.

But, let us come to the last section, namely the emergence of an alternative development paradigm. One thing about capitalism is that it provokes opposition, at all levels. The more globalisation we have, the more anti-globalisation movements we have. The more intrusions capitalism makes into areas like natural resources and water, the more people organise in countries, as varied as Bolivia, South Africa and even the United States and Germany. To fight privatisation, they demand **water** as a right. So, there is also a process of rolling back of water and of electricity.

On South Africa, there's a very good film. It's called, 'Lights Out'. And then, there's a sequel called 'Lights On'. It shows us how popular resistance is forcing governments to re-nationalise and take over electricity. People started smashing meters. They refused to pay. They went and gheraoed the payment collectors. Sometimes, violent conflicts broke out in countries like South Africa. But eventually, the government's will was bent by the people's resistance. If they wanted a fig-leaf of legitimacy, they had to bow to the people.

We have huge resistance in the form of an anti-globalisation movement which has begun taking a very organised shape in the form of the World Social Forum, in the last five years. It has now become a very important institution. It has recruited as many as 5 million extremely energetic, charged young people who have got radicalised, who say 'no' to corporate globalisation and who are talking about the rights of under-privileged people.

They are forming what they call a Rainbow Coalition. These are people from the trade union movement, there are people who are into environmental protection, into AIDS, there are people who are fighting on 'food safety', there are people who are fighting for corporate accountability, there are people who are fighting on labour rights and there are people who are fighting on women's rights. They all got together and this is very important. Right from the first protest in Seattle in 1999, when the WTO could not hold its meeting in the city in Washington state in the United States, the anti-globalisation movement has gathered tremendous strength and momentum. But it does not have an organised leadership. It does not have a specific manifesto and it does not have a clear ideology and a clear alternative.

It is this alternative in terms of ideas, policies, programmes and new paradigms that we need, and some of those paradigms are fairly clear. Very briefly, these paradigms are: Development, if it is to make sense to people, must address the concerns first and foremost of the under-

privileged and the poor and weak. Otherwise, it has no meaning. It is not enough to talk merely about the majority. We are talking about the poorest and this is in conformity with modern ethics and the work of a lot of philosophers in the last 20–30 years, who argue that it is not enough to talk of just the largest number of people benefiting, it is important that the poorest and the least privileged are actually empowered, and that they benefit. That is the true criterion of the success of a development programme.

It is not good enough that we have a dam which allows 10 million rich or middle farmers to ruin the lives of 2 lakh thoroughly indigent and underprivileged tribals. The criterion must be that these 2 lakhs who are the most vulnerable people in society must be protected, must do better. Rehabilitation for them must mean a life better than what they had prior to this situation.

In Bihar or Jharkhand, a single tree like sal is used for 40 different purposes by tribals. We will not even be able to comprehend the number of things that people get out of a single tree, without destroying it and while preserving it. This is still 'minor forest produce'. Unless you actually empower the underprivileged first and foremost, all development is meaningless.

Development must be ecologically sound and it must create a world that is sustainable. Globalisation has proved itself manifestly incapable of producing a sustainable economy anywhere in the world. On the contrary, we are heading towards total disaster and we are witnessing this weird climate events everywhere now, like snow in Dubai – right in the middle of the desert, 50,000 people dying in France from a heat wave in 2004. We know the reasons for this. We know that the great ocean currents and air circulations that determine the climate are all being violently altered because of the melting of the polar ice caps. Ninety nine per cent of the world's glaciers are receding. We, in India and in our part of Asia, must be particularly concerned about this. If we look at the Himalayan icecaps,

the Tibetan plateau is central. All the seven great rivers of Asia, including the Ganges, the Yamuna, the Brahmaputra, the Mekong and the Yangtze, all originate on the Tibetan plateau, and the plateau is melting faster than the Arctic icecap that we read about everywhere.

This means we are going to have floods and increased flows in the waters of these rivers, followed by prolonged droughts. Without the icecaps, without the accumulation of ice through cyclical processes every year, we are not going to get water. We are really heading for disaster at a very rapid rate, much more than anywhere else in the world and yet our governments say 'no', to limiting our own greenhouse gas emissions.

Environmental sustainability is an important aspect. Every water body in this country is polluted. Most of our rivers are sewers. One cannot bathe in any of them. It is just one vast *nalla* of filthy water. And the worst thing is that most municipalities take all the sewage and garbage and dump them in the nearest water body. This cannot go on. Ultimately, we have to reduce waste. It is not enough that we treat waste, we must reduce waste. This means a reduction in the average consumption of resources that goes into every unit of GDP growth. This is very important and there is no escape from this.

Today, the world has a carbon dioxide concentration in the atmosphere of 380 parts per million, which is more than twice the level that existed before the Industrial Revolution. If we want to even stabilise this at the level of the Industrial Revolution, we need to cut carbon dioxide emissions and greenhouse gas emissions as a whole, by 80 per cent. It is not good enough to cut it by 5 or 7 or 10 per cent. It is not good enough that only 32 countries of the world do so under the 'Kyoto Protocol'. This has to be the responsibility of all citizens in the world, including populous countries like China and India, with their fast-growing, burgeoning middle classes.

Another very important issue is that of **equality and egalitarianism**. Unless we have the fruits of growth distributed in an equitable fashion,

we are asking for serious trouble. Look at the growth of the Naxalite movement. In the past 20 years, there is not a single year in which Naxalite activity has not spread. It is now come to Karnataka which did not have Naxalites until five years ago. Now the government itself admits that out of 600 districts in India, 150 to 160 are affected by Naxalism. The Naxalites are not maniacs, they get popular support because the people of the most deprived districts are seeing the administration collapse.

The state is in a process of failure, the bureaucracy does not work, the police is in the pockets of the rich. There is no such thing as legal redressal of grievances. The justice delivery system has collapsed. The 'Right to Information' is a very important Act. It does not exist in some of these places and that is where the Naxalites are able to deliver a modicum of protection and ready justice. That is not the kind of justice we really want in the long run.

It is precisely because the justice delivery system and the administration have failed that we have seen rapid growth of crime in this country. Ultimately, how many fences can the middle classes and elite build around themselves? It is going to resemble a barbed-wire society in no time. If we look at the statistics of crime in this country, 60–80 per cent of those committing crimes are first-time criminals, relatively young people who are poor and have no way of survival. That is the kind of consequence of extreme inequality that we are going to see – collapse of law and order as anarchy in large parts of the country.

Take regional disparities. Half a dozen states claim all the investments coming from outside. The others are going to the dogs. Just outside Bombay we have the most gross and terrifying picture of deprivation and poverty. We have the highest number of suicides in Maharashtra which is India's most industrialised state. The disparities that exist even inside that state are mind-boggling. They are going to grow if we allow the market forces a free hand.

Most important is the role of **processes and policies** that empower the poor and those who have suffered generations of prejudice and

discrimination in the most horrific forms. Unless we are able to integrate Dalits fully into this society, unless we are able to make the religious minorities, who today feel threatened, in particular Muslims and Christians more secure, we are not going to be able to build an India that can survive with some coherence. Without social cohesions, our nation building will be a huge failure.

These are some of the paradigms and means that we need. We really have to attempt what somebody has called 'structural transformations'. The good people and the bad structures have to begin to transform those structures in every manner possible. Unless we do this, we are not going to live up to the ideals of the Freedom Movement. Those ideals still remain most relevant for the project of building a modern society which is free, which is truly democratic, which is peaceful, which is at peace with itself, which has a degree of social cohesion and where prosperity is shared. That was the vision of the Freedom Struggle. The idea was not just to get Independence from colonial rule.

The experience that we have of capitalist globalisation has shown that it is not capable of reform. We actually have to change it, we have to smash it, transform it. We have to impose controls on capital. If we give freedom to capital, it will rob freedom from the people. It is with this perspective and vision of empowerment of the under-privileged, of the institution and expansion of democratic rights and liberties for citizens, liberation from the oppressions of profit-seeking capital that we really need to construct a new India, and a new world. It is not enough to speak only of India. We cannot talk in these terms. The one thing that globalisation has made inevitable for us is that we link our own struggles here for freedom and human emancipation with similar struggles elsewhere.

Finally, we face an epochal and historic choice in this country. Either, we pursue the blind alley of globalisation, privatisation, corporatisation and liberalisation at the expense of our people. Or we make a clean break, disconnect from these processes, and seize control of our own destinies.

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