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# Development for Whom?

## An Interview with Jayati Ghosh

*Calls for a new development paradigm grow louder each day, especially in rapidly growing countries like India. Award-winning development economist Jayati Ghosh explores prospects for such a new model of equitable and sustainable development with Allen White, Senior Fellow at the Tellus Institute.*

### What drew you to the field of development economics?

I was interested in how societies function and how social change occurs, so I began by studying sociology. But it seemed that this discipline just skimmed the surface, that deeper underlying economic contexts and processes were crucial for understanding social change, and that without such knowledge, much would remain unexplained. So I switched to economics, where my perspective has always been that of political economy. I have never viewed development economics as a “separate” sub-discipline. From the beginning, economists have been concerned with development, defined as the evolution of economies and the processes of economic growth and change. So, to me, meaningful economics is necessarily about development, that is, human progress through economic and social change.

### How does viewing economics through such a social, political, and cultural lens help us to better understand and improve the human condition?

Just as I felt that it was not possible to understand a society without understanding the economy, so, too, do I believe that it is not possible to understand the economy without understanding society—including the culture and politics that shape social interactions and drive power relations, and the evolution of these forces throughout history. Isolating the “social sciences” into separate intellectual silos greatly diminishes what and how they see, eroding their explanatory power.

Unfortunately, much of the discipline of economics moved away from this broad perspective, and tried to interpret everything through a very limited and often misleading notion of “rationality” based entirely on a methodological individualism that presumes self-interest and private calculation drive all human economic behavior. I believe this is a false approach, and

when it is combined with so many of the other absurd assumptions of the models that continue to underlie much economic analysis today (like perfect competition and full employment), it is easy to see why the approach proves unsatisfactory for explaining how economies actually work and how they change over time. Recognizing the continuous interplay between economic forces and social, political, and cultural patterns provides far more useful insights into economic realities.

**You have received awards from the International Labour Organization (ILO) for your scholarship relating to “decent work” in the age of globalization. What is “decent work,” and what are the key challenges to its attainment worldwide?**

Work is central to human existence: it defines so much of how people live, how they value themselves and others, what constraints they face, and what capacities they are able to develop. The concept of decent work championed by the ILO is critical to ensuring that work occurs in conditions of freedom, equality, security, and human dignity. Decent work and the pillars that support it (e.g., fair income, safe working conditions, social protections) are fundamental not only to development but also to the creation of just and democratic societies.

So it is surprising that the concept of decent work took so long to be recognized in international discourse; even now it is barely given more than lip service. Globalization and the associated deregulation within nations have reduced the bargaining power of workers, thereby diminishing the possibilities of ensuring decent work. The decline of welfare states and the obsession with austerity and reduced taxation, the erosion of workers’ rights and protections, the magnified threat of capital flight or relocation of production that create a race to the bottom—all of these have had deleterious impacts on social cohesion. The result is growing inequality, material insecurity, and the hollowing out of communities. These phenomena, in turn, are now causing serious political fallout because they were ignored for so long by those in power. Now, more than ever, the focus on decent work needs to be brought back to center stage. Without it, we will face massive political, social, and economic instability.

**Do the policies necessary to promote decent work differ significantly for men and women? If so, how?**

In most societies, women (and girls) continue to be responsible for the bulk of work associated with social reproduction—what is today referred to as the “care economy.” This means that recognized employment or work participation rates are poor indicators of the actual work performed by both women and men. Globally, time use surveys indicate that women account for about 70 percent of unpaid labor time, and so most women are working whether or not their labor is recognized as such. This unpaid work is essential for the reproduction of society and constitutes a huge subsidy to the formal, or recognized, economy. The burden of such unpaid work can prevent women from participating in paid employment, thereby reducing their earning capacity. It also means that society tends to undervalue the work done by women even when it is paid for, and that women are concentrated in low-wage occupations, reinforcing gender pay gaps and harmful social attitudes toward both women and their work. Ensuring decent work

for women involves recognizing, reducing, rewarding, and redistributing unpaid work; ensuring adequate representation of such workers; and striving for gender parity in labor markets and workplaces.

### **World Bank data show that over recent decades, India has reduced extreme poverty much less so than China. To what extent could a focus on decent work change this?**

There are several sharp differences between the Chinese and Indian development experiences. One of the most crucial is the relative absence of structural change in India, in contrast to China, where manufacturing's share of GDP and employment has increased steadily and significantly. India's inability to move much of its workforce out of low-productivity agriculture into higher-value-added manufacturing is related to many other failures of human development: low aggregate employment generation, especially in formal jobs; persistent food poverty; minimal expansion of education; and poor health indicators. The much vaunted emphasis on modern services such as ICT is insufficient to generate the required structural change or employment creation, as the sector accounts for less than one percent of the Indian workforce.

A basic problem in India has been the single-minded focus of policymakers on GDP growth without looking at the quality or pattern of that growth or considering quality employment as a goal in its own right. This has led to poor human development indicators, including insufficient public spending on the essential social services necessary for realizing the socioeconomic rights of citizens and decent work for all.

### **Can developing countries achieve wage- and employment-based growth while reducing environmental strain? Is this possible without abandoning the prevailing development model?**

Many economists and policymakers argue that economic development, by design, must be associated with some environmental strain. Meeting the basic needs of everyone on the planet will intensify resource use and carbon emissions. But this could be offset by reduced strain from richer groups and corporations in both advanced and developing countries. The environmental damage now occurring is neither necessary nor inevitable. In fact, it is largely due to the prevailing development model, which fails to adequately account for environmental costs disproportionately borne by the poor.

Achieving wage- and employment-led development led by wage and employment growth while reducing ecological damage requires jettisoning the current economic model. The first aspect that must be dropped is the obsession with GDP growth per se rather than the quality of growth and distribution of income and assets that result from it.

### **In this regard, some are advocating a Universal Basic Income as a response to poverty in India. What are your thoughts on this strategy?**

The development project in India is fundamentally incomplete, both in terms of structural transformation of the economy and in terms of achieving even the minimum level of human development. The role of the state thus remains critical to fulfilling development goals and ensuring basic needs and social and economic rights of citizens by providing essential physical and social infrastructure. A Universal Basic Income (UBI) can play *a role in* addition to these requirements, but it is by no means a *substitute* for the meeting of these basic conditions by the state.

Many in India interpret the UBI as a substitute for important forms of state provision, be it the food distribution program or the rural employment program or health and education services. Replacing essential public provision with cash transfers is not only a means of privatizing these services (and thereby rendering them even more unequal), but also a way of reducing poor people's access since the planned cash transfers are unlikely to be sufficient to meet their requirement for basic goods and services. The same Indian government talking about a UBI has still not seen fit to introduce a universal non-contributory pension scheme (surely, a must in a country where more than 95 percent of workers are not covered by pensions). The same government still provides only the paltry minimal pension of Rs 200 per month (around \$3.50) to those with incomes below the poverty line. Demands for a UBI must be seen in this context, and supported only if they do not involve reduction of existing public programs to ensure basic needs and employment to the poor. These programs must be expanded and strengthened, not reduced.

### **You have argued that the UN Sustainable Development Goals (SDGs) for 2030 will remain inadequate if they don't recognize the underlying processes that hinder their attainment. What are these processes?**

The SDGs are somewhat more realistic than their predecessor Millennium Development Goals (MDGs) in recognizing the significance of policies and processes to their attainment. But the SDGs still put the onus on national governments to deliver on the stated goals without adequate recognition of how the international architecture and context, as well as national macroeconomic and trade policies, can inhibit states' capacities to realize their commitments. The most obvious constraint is financing: meeting the SDGs would require massive increases in state expenditure in most countries, but current systems of taxation (as well as rampant tax evasion) and the prevailing emphasis on austerity clearly put limits on such increased spending. International trade and investment agreements impose further constraints by tightening intellectual property rules and allowing investor-state disputes based on expanded notions of "expropriation" that preclude state attempts at regulation and taxation. Many of the features of the international economic and financial architecture cause greater inequality across and within countries, yet the SDGs include explicit goals to reduce inequalities. It almost seems as if there are two parallel and sometimes incompatible tracks: the declared global goals (SDGs) and

the existing international accords that limit what is actually possible even for the most well-intentioned of governments.

**Speaking of systemic constraints, you have written about the emergence of a distinctly twenty-first-century form of imperialism. How does it differ from earlier forms, and what has been its impact been on development?**

Early imperialism was explicitly related to colonial control; in the second half of the twentieth century, it relied on a combination of geopolitical and economic control derived from the clear dominance of the United States as the global hegemon and leader of the capitalist world. In the twenty-first century, imperialism increasingly relies on international legal and regulatory architecture—fortified by various multilateral and bilateral agreements—to establish the power of capital over labor. This trend has several implications: the end of the labor aristocracy in the core capitalist countries; the emergence of an implicit compact between different forms of capital in different parts of the world; the fall in wage share of national income in both advanced and developing countries; the inability of nation-states to meet their obligations of delivering social and economic rights to the people; and the erosion of democracy in different parts of the world. The economic results of this new order can be seen in the “stagnationary” tendencies in global capitalism and uneven to faltering development in less advanced countries.

**Rising populist and nationalist movements in both advanced and emerging economies threaten to upend the current global order. How do you see these trends affecting the prospects for sustainable development?**

The popular frustration and anger expressed around the world are predictable results of global and national economic processes unleashed by a neoliberal marketist approach that has exacerbated inequality, failed to deliver sufficient good-quality employment, eroded workers’ rights and citizens’ access to public services, and made material well-being for most people more fragile and vulnerable. Unfortunately, the political gains from such anger have mostly accrued to the far-right forces that pit workers of one country against workers elsewhere, blame migrants rather than plutocrats for their current plight, and fail to confront large capital in its various forms. This generates not just political instability but also increasingly unstable and violent societies in which older patriarchal and divisive traditions are celebrated rather than transcended.

**What signs of hope do you see for a Great Transition in the coming decades to a form of global development rooted in justice, equity, and ecological sustainability?**

I believe we must look to younger people for genuine movement towards a more just, democratic, ecologically sustainable, equitable, and progressive economy and society. It is clear that rigid and doctrinaire responses to the current global and national patterns based on past political allegiances are unlikely to be successful. But it is also evident that youth everywhere, forced to deal with a much more insecure and uncertain future, are also more open to creative approaches to change that recognize and seek to address various inequalities and injustices. I find evidence of such creative thinking among my own students, for example, along with a

willingness to think beyond the immediate future to the medium term for change. That thinking and willingness gives me hope for the emergence of a Great Transition.

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## About the Interviewee



Jayati Ghosh is a development economist and Professor at the Centre for Economic Studies and Planning at the Jawaharlal Nehru University in New Delhi, India. Her research focuses on globalization, international finance, employment patterns in developing countries, and gender and development. She is one of the founders of the Economic Research Foundation in New Dehli, a charitable trust devoted to progressive economic research, and Executive Secretary of the International Development Economics Associates, a network of economists critical of the mainstream economic paradigm of neoliberalism. She has consulted for a variety of intergovernmental organizations, including the ILO, UNDP, and UNCTAD. Her published works include the co-edited *Elgar Handbook of Alternative Theories of Economic Development*, *Demonetisation Decoded*, *India and the International Economy*, *Never Done and Poorly Paid: Women's Work in Globalising India*, and *The Market that Failed: A Decade of Neoliberal Economic Reforms in India*.

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## About the Publication

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