

Day 1: November 3, 2014

C.P. Chandrasekhar (IDEAs, Jawaharlal Nehru University, India) welcomed the participants and invited **Emilia Molnar (SIDA)** to say a few words. She mentioned SIDA's involvement in this endeavour from the beginning to promote social sciences research in global South. **Ebrima Sall (CODESRIA)** also welcomed all and briefly told about the Institute's origin, progress and future growth possibilities – followed by another brief welcome by **Karina Bidaseca (CLACSO)**.

Session 1: Capitalism and Global Poverty

Prabhat Patnaik (Professor Emeritus, JNU, India) categorised capitalism in a historical sense in three phases – capitalism in its colonial phase, capitalism in its dirigiste phase (in which the nations in South became powerful enough to introduce protectionism, state expenditures, and planning for their own benefits), and capitalism in the current neo-liberal phase. His principal argument is that capitalism, except in its dirigiste phase, within itself has tendencies for accentuating absolute poverty in the global arena.

Per capita foodgrain absorption is lower than what it was in the early 1980s. There are counter arguments forwarded that with the increase in income the taste and pattern of foodgrain consumption change or decrease. That may be true, but historical data show that there is a close correlation between per capita foodgrain absorption and per capita real income; and per capita foodgrain absorption increases with the increase with per capita real income up to a certain point, and then it flattens out. The entire South is yet to be able to attain that level of income where foodgrain absorption will flatten out. The foodgrain absorption here is inclusive of indirect foodgrain ingestion. So, the decline in the foodgrain absorption in the South is quite substantial and that is well documented. This is indicative of growing hunger. If in a broader sense hunger is reflective of poverty then this can be interpreted broadly as a case of growing poverty as well. The situation is much the same as in the colonial phase of capitalism.

David Ricardo talked about the fact that accumulation of capital is not accompanied by the increase in the accumulation of foodgrains or other such products because of the fixity of land and resultant 'diminishing return.' He argued that if all workers have to acquire subsistence level wage and if such diminishing return occurs in agriculture then it will slow down the pace of overall accumulation of capital. He had a theory of falling tendency of profit because of this phenomenon. The profit rate in manufacturing will slow down because the terms of trade will move in favour of the sector where production is more difficult – that is, in agriculture. This "profit squeeze" theory is one of the most famous false ones if we consider the historical experience and data. The terms of trade has always historically moved in favour of manufacturing and against the primary commodity producers. The continuous capital accumulation would increase the money price of the primary commodities in a Ricardian world, where people would tend to hold wealth in forms of foodgrain or land if terms of trade shift continually in favour of the primary sector. In that sense, then it would be impossible to create a monetary economy in Ricardian world. Capitalism, which is a monetary economic system, cannot cope with such a situation where terms of trade will continually shift towards the primary sector which has a diminishing return.

How did the capitalism then cope with this issue? Capitalism under colonialism did this by coercively depressing the wages of workers in the colonies, and hence diminishing absorption of these goods. Apart from deindustrialisation, colonial taxation was the way to further depress this absorption. This taxation and squeezing of absorption freed goods and commodities which could be exported back to metropolis of capital – without any quid pro quo as a transfer of assets. If income is squeezed by taxation and absorption diminished then land utilised to produce primary goods can be utilised to produce export crops to metropolis and temperate regions where capital had migrated. This was necessarily accompanied by growing hunger and poverty.

But then questions may be asked about the reasons of the absence of land augmenting measures in such situations in colonies, semi-colonies or dependent regions of capitalism. However, land augmentation in these regions is dependent upon

state, and therefore state had to make such expenditures. Under colonial liberal (policy making) capitalism, this kind of land augmenting expenditure did not happen as balanced budget under international gold standard used to be the order of the day, and as a result in real terms there used to be budget surplus. Exactly similar thing is happening under current neo-liberalism; now fiscal deficit cannot be more than 3 per cent; public expenditure has to be justified in terms of return (of any kind) more than the spending cost; otherwise it has to be stopped. In this current era of neo-liberalism, hence, land augmenting public expenditure has also diminished or stopped. As trade is also opened up under the current dispensation, more land are used for products which have to be sent back (exported) to the metropolis of capital – at the cost of earlier mentioned squeeze in the tropical region (which is not the home of capital). So, the accumulation of capital is accompanied by a growth in hunger and poverty at the global South. Today, there is no colonial taxation system, but there are fiscal restriction imposed; the capital is also mobile and arrives at underdeveloped South to produce goods for the metropolis at lower cost – pitting the North workers against the South workers, and thereby worsening the standard of life for workers at both the North and the South. In simple words, if Northern wages are linked to the Southern wages then the Northern wages would also go down. As Stiglitz mentioned, in the United States the average real earning of a male worker (in absolute terms) is lower in 2011 than that in 1968. Given technological change and increase in labour productivity, this entails enormous increase in surplus generation. And this is a major source of growing economic inequality in the world, and it has gone beyond across-the-region or country level and reached a vertical stage where even Northern workers are feeling this squeeze on their living standards.

In the ensuing discussion, reacting to a question **Prabhat Patnaik** opined that African famine has not been adequately analysed in terms of foodgrain production pattern. Production of export crops played a role in that food shortage. The counter argument of importing foodgrains, if required, did not hold water as wide-spread importing would crash all kinds of foodgrain prices diminishing the abilities of individual countries' abilities to import. Moreover, in spite of having enough world foodgrains at that time, most of the African countries (individually) did not have the requisite foreign exchange to buy. Even if individual country had the requisite foreign exchange, there was not enough demand as purchasing power of the people were already deflated. To provide remedy to such a situation, the state had to either run a fiscal deficit or tax the rich to create demand, but those measures would have been unacceptable to the mainstream norms.

Reacting to another query on protectionism he said that many of the emerging countries are balancing their external account with the help of capital inflow due to quantitative easing in countries like the US. When these are tapered off then there will be huge pressure on those very (emerging) countries, affected by neo-liberalism, to further open up their economies to manage their external account. Protectionism cannot work without effective capital control, and effective capital control would herd away foreign capital. Hence, revival of protectionism remains a difficult proposition.

On the issue of relationship of domestic bourgeoisie and finance capital (or multinationals) he said that during colonial (liberal) capitalism manufacturing bourgeoisie in many developing countries supported anti-colonial struggles as national bourgeoisie. However, there were other intrinsic comprador elements for the older regimes as well (particularly in Latin American countries). The manufacturing bourgeoisie also had their own ambitions in some places where protectionism served their purpose. Process of globalisation or neo-liberalism, in a way, is part of the process of their integration with global capital because many of the third world countries' capitalists are now multinationals themselves.

Reacting to a question on policy response, **Prabhat Patnaik** strongly opined that the destruction of thought in the third world or the South is the most dangerous thing happening in today's time. For all these countries, the people occupying the finance ministries suddenly have become very important and without conforming to mainstream neo-liberalism it is very difficult to work there. Even, most of the employment opportunities are created on the basis of such education, the template of which is coming straight from the American universities.

Capital during colonial capitalism, in his opinion, also came to exploit cheap labour in colonies, but mainly in plantation and connected trade related and financial services. There was a colonial division of labour where first world was engaged in production of manufacturing goods and third world in production of primary products. The mobility of capital under neo-liberalism can be seen in two ways – first, metropolitan capital setting up manufacturing facilities in the South for goods

required in metropolis, and second, in the wide-spread financialisation of economy (mainly in speculative activities of the stock market). This mobility of capital to a great extent undermines the capacity of the state by the sheer threat of its outflow and its implication on the economy.

Talking about ways to get out of this poverty (and hunger) accentuating system, he said that first thing should be to get out of this global capital network so that the state is free from external pressure to create any alternative policy framework. Along with that, there is a need to garner political support for such alternative policy framework. However, the possible mass base for such political support is also consciously divided on racial, ethnic or some other basis to prevent the advent of an alternative state with alternative policies. To begin with, he argued for some amount of capital and trade control for that kind of delinking from the global capital network. However, such alternative state cannot be autarkic and has to promote development of the domestic market. Development of domestic market, above all, would mean promoting local foodgrain production; this may be done locally or through cooperation of a group of countries. Food security has to improve because expansion of food market will create the expansion in the economy and by fiscal redistributive measures inequality can be addressed in such a system. Whether set of such alternative policies will be acceptable to the domestic capital – is something serious to think about. If domestic capital does not comply then political support has to be garnered to isolate and delink them as much as possible from the political and economic sphere of the policy making. He later also clarified that by development of domestic economy he is not just talking about foodgrain or agriculture sector only. Alternative policies to reduce poverty immediately will bring in retaliation (from finance capital) and a situation where the domestic economy has to be developed in a fair amount of isolation from the outside world. In such an economy, industrialisation has to be based on the expansion of the home market alone. Otherwise if one has to export then in such a scenario there is always a possibility of stagnation in industry – if demand for industrial goods in the home market is not adequate. In most of the global South, the bulk of the population is still dependent on agriculture and it is difficult to absorb them in industry just like that. Development in such an alternative state has to be done in synergy – where agriculture develops, certain industrial goods' demand goes up, and those industries absorb workers from agriculture and so on. Only such a synergy between agriculture and industry can bring in development in such a system.

Reacting to a question on Chinese model as an alternative he posited that the improvement in the present condition of the poor in China in the current scenario is overstated – as the Chinese themselves revised their own poverty estimates recently. So, the Chinese model is not capable of removing poverty in a sustainable way. Secondly, there is a huge foreign exchange reserve which China accumulated, and that could have been used to improve the consumption standard of the domestic population. That did not happen in the neo-mercantilist type of policies that China pursues. Thirdly, the policies are devoid of political involvement or assertion of the people. The policies where workers' rights have to be restrained cannot be an alternative after all – though their growth rates and attaining income level of a fairly industrial economy are impressive. Though Chinese policies are different from a lot of developing economies, still he does not think that Chinese way is the way forward. Firstly, he believes that neo-mercantilist policies of China and neo-liberalism of the developed countries cannot simultaneously exist forever, and there will be some kind of a conflict somewhere in future. In that conflict, where would China go? His fear is that China may go the neo-liberal way.

Session 2: Indonesian Political Economy: Will neoliberalism persist or come to an end?

Hendri Saparini (CORE, Indonesia) started her presentation with the fact that being a democracy and consisting of numerous cities and municipalities, there seems to be always some election happening in Indonesia. National elections were held successfully in 2004, 2009 and 2014, but every time there has been disputes and conflicts between the winner and the loser. The disputes have often taken place on regional election results. There also has been a very slow progress in economic democratisation, and while rich become richer poor become poorer. Targeted reduction in unemployment and poverty rates could not be achieved, as a result. Though poor people are at 11 per cent in 2013, the near poor people constitute an astounding 43 per cent of the population, and any prolonged inflation will bring them down to the poor level. With the government having no control on the stock of foodgrain and private players bagging most of the market, runaway inflation always remains a possibility. Since substantial number of people spend 50 to 70 per cent of their income in consumption

expenditure and there is a persistent inflation in food prices, the real wages have bottomed out and stagnated sufficiently to offset any apparent increase shown in the nominal wages. However, the farmers of the country do not reap any benefit out of the inflation as there is no buying guarantee or pricing guarantee from the side of the government. Moreover, when private sector which controls the food market asks for permission to import usually it is granted. As a result, farmers lose prices for their products and are unable to sell. For example, in Vietnam the government guarantees a certain amount of profit (say, 30 per cent) which takes care of the survival of the farmers, but Indonesia has no such safety system for farmers.

The data from 2006 to 2013 for Indonesia show that mining, agriculture and manufacturing industry growth rates are way below the overall GDP growth rate. Manufacturing industry is mostly owned by FDI – almost 70 per cent of the total investment. Most of the manufacturing are labour intensive and as a result, provide bulk of employment to the economy. However, the sectors within manufacturing (for example, automobile or transport equipment) are heavily dependent on imports of raw material. This results into pressure on the current account deficit. This has become possible for the aggressive trade and economic liberalisation policies by Indonesia. While China exports almost 90 per cent of their manufacturing, Indonesia imports 70 per cent of its raw material. The tariff rates are low compared to BRICS countries and less amount of comparative protection is there for the domestic producers. Because of the low tariff, Indonesia also does huge import in agriculture as the market is in private hands.

Government's contribution in the GDP stands at a low 15 per cent signifying the dependence on private sector for growth. However, the government debt is rising as government bonds have return of 8.6 per cent, a very high rate compared to other ASEAN countries. So, while on one hand government's earning is going down the government debt burden is increasing.

The win of the new Indonesian President Jokowi provided a lot of hope to the people as his party have campaigned consistently against the neo-liberal policies. There has been a general enthusiasm, and hope marked his political ascendancy. However, just a few months after his win enthusiasm has subsided a bit after some questionable appointment of ministers in his cabinet – particularly the Finance and Industry Ministers who are seen as supporters of neo-liberal policies. Due to political and other compulsions related to coalition, Jokowi possibly is making quite a few adjustments and compromises which may not be seen favourably by his supporters.

There is also an argument to cut subsidy, which is been provided and supported by multilateral organisations like World Bank. Though Indonesia has a large oil reserve its oil production has gone down over the years. This is because the fuel prices are kept low as many poor and near-poor families have to use oil because there is a complete lack of public transport, and most of the population own at least a motor cycle. The demand to open up the prices are been made with the usual argument that the extra revenue can be utilised in providing basic necessities like health, education or infrastructure. However, given the fact that public investment in manufacturing is negligible and that most of the oil production is in private hands, the chances of that extra revenue landing into the coffers of private players are greater. Similar arguments are being also forwarded for agricultural subsidies while 47 per cent of the population is still dependent on agriculture.

Data show that Indonesia is dependent on import even in agriculture. So, **Hendri Saparini** argued for import substitution even in agriculture, and that cannot be done without public investment and government intervention. But the current dispensation is pitting that import substitution strategy against export-led growth strategy. For example, Indonesian government has created six different economic (regional) corridors for different sectoral development. While FDI will be invited to develop these corridors, the basic amenities or human development indicators like education and health are often getting ignored in the process. For example, Papua-Maluku Islands corridor in the West Indonesia is earmarked for development of food, fishery, energy and national mining. This region has the worst possible poverty and unemployment figures in the country. Relying entirely on FDI to develop this region may not integrate the people with that growth story, and there can always be possibility of conflicts in such a scenario.

Though huge proportion of indigenous manufacturing is in the small and medium sector, there is a serious dearth of credit for them. The ownership of most of the banks has shifted from the government to the private players. Foreign players can now hold 99 per cent of ownership in these banks, and in most of the banks owned by foreign players are indeed holding that kind of ownership. Naturally, they would not have any incentive to provide credit to the SMEs, neither the government can direct

them to do so. So, privatisation of the banks also played their adverse role in worsening the situation. In that direction, she put forward a case for bank nationalisation – particularly for the sake of credit delivery to agriculture and the SMEs.

In the following discussion, **Hendri Saparini** emphasised on the importance of actively participating in policy formulation while she agreed that political participation may not necessarily result into radical policy shifts. However, the road towards change is quite complex and difficult, and efforts should not be abandoned. She is of the belief that still some policy spaces are left in Indonesia on agriculture and industry related issues. However, given the current global integration process of Indonesian financial structure she is realistically not very hopeful on influencing policy matters as far as financial sector is concerned. She is against the use of blanket jargons like ‘neo-liberalism’ as those possibly hinder the activism at the ground level. The policies which are going to benefit people more should be highlighted; and according to her the priority sectors are to be identified where people oriented development can be done for a broad based development. She also mentioned the difficulty in funding social welfare with present emphasis on cutting the subsidies. The argument is always made that by cutting subsidies through taking out so called “undeserving” population out of the beneficiary pool the extra money would be utilised in funding health, education and other social sectors, but the reality is always just the opposite in most of the countries in the global South, and hence inequality keeps on rising.

Day 2: November 2, 2014

Session 1: Inequality in the Age of Neoliberalism

Jayati Ghosh (IDEAs, Jawaharlal Nehru University, India) noted that inequality is often posed as a necessary ‘cost’ of economic growth, with the argument of Kuznet’s Curve stating that inequalities are expected to rise up to a certain level of per capita income after which it would fall. Such ‘constructive’ inequality in the early phases of income growth is argued to be necessary as it rewards higher productivity and provides an incentive to work. However, in reality, asset concentration and excessive rentier income for the rich often act as disincentives to growth, as is now evident in the richest countries with high inequalities. Inequality actually hampers the growth process in a number of ways. In asymmetric and imperfect financial markets, inequalities of assets worsen the imperfections. In the real economy, high inequality can lead to fall in aggregate demand because of reduction in income of the majority, which in turn can be a big disincentive for investment. Trying to artificially boost demand in such a situation by providing cheap credit is ultimately unsustainable and can lead to the kind of financial crisis that we are presently witnessing. Thus, even for the growth based paradigm, inequality is not really a desirable feature.

Inequalities can be measured by different methods – Gini coefficients of income distribution being the most commonly used. However, Gini coefficients across countries are often incomparable as many countries do not have estimates of household or personal income but use consumption expenditure as a proxy. Other ways of measuring inequality include looking at the functional distribution of income, comparing wage and profit rates, inequalities in asset ownership, inequalities in access to basic social and economic rights like health, education etc.. All of these inequalities can be assessed vertically or horizontally, that is in terms of rural-urban or other regional divides. A popular approach is estimating global income using national survey data (which is segmented usually in deciles) and then using the Purchasing Power Parity (PPP) to weight all global incomes. PPP is deeply flawed, both conceptually and also in terms of calculations, because it effectively overstates the incomes of the less well-off. Despite these limitations, it remains the most commonly used tool for deflating per capita incomes for cross-country comparisons.

International inequality measures show that despite recent improvement, inequality levels today are higher than in the 1980s, and around half of that is accounted for by inter-country inequalities. Absolute gaps between rich and poor countries have increased significantly, having doubled even between the low and middle income countries. Global inequalities have increased significantly also because of rising inequalities within countries – caused by falling wage shares of national income in both developed and developing countries. Latin America and Africa have some of the worst inequalities. However, some countries have actually witnessed falling inequality in both these continents. Thus, even though there is a broader trend of rising inequality in the present day world, there is no reason to assume it to be inevitable, as some countries have been able to

arrest the trend. Most of the countries showing such declines are countries with historically very high inequalities, suggesting that some reductions were driven by social responses that made reduction a policy priority.

There are several reasons for the rise in inequalities. Opening up of global trade has increased the global supply of labour that is integrated in global production, lowering its bargaining power and thereby wages. On the other hand, greater mobility of capital has raised its bargaining power. With finance capital imposing restrictions on fiscal policies to tax the rich or run high deficits, the ability of states to engage in public spending that improves social welfare has been curtailed. Technological changes have increased the demand for highly skilled labour relative to unskilled labour. However, one cannot simply blame technology, since wage suppression has been greatly enabled by domestic economic policies, such as deregulation of labour markets. Commercialisation of basic utilities like water, electricity, education or health services has resulted in many of these services becoming less affordable for a large section of society, leading to further inequalities.

But examples of declines in inequality show that the picture can be different even in the current globalised world. In Latin America, there was land redistribution in Venezuela, Argentina, Ecuador and Bolivia, as well as the imposition and enforcement of minimum wage laws and increase in minimum wages. The focus on regulating labour markets (increasing the possibilities for collective bargaining and workers' associations and providing better worker protection) is evident in the countries that witnessed reductions in inequalities. Nationalisation of natural resources like oil, forest resources and mining, as well as change structures of royalty and taxation, have provided scope for increased fiscal expenditure on social welfare. Industrial policies are making a comeback, along with greater realisation of the need to regulate trade patterns.

For developing countries, growth must be linked with growth of domestic demand, and for that wages must increase along with labour productivity – with wages broadly defined to include remuneration for the self-employed and small-scale activities. Progressive fiscal policies are a key element as the secondary distribution of income makes a big difference to experienced inequality. Social welfare schemes should be universal as targeting has proved to be highly inefficient. Universalism creates wider public demand for better quality of public services, which in turn enables more progressive tax collection that flattens income distribution further. Finance has to be regulated, as unregulated finance adds to concentration of incomes and ends up dictating domestic economic policies to suit its interest. Special focus needs to be given to prevent asset concentration, including ownership of land and other resources, so inheritance taxes and wealth taxes are necessary, along with openly redistributive policies for assets.

Wage inequality is a crucial element. Much of the reduction in inequality in Latin America can be attributed to reduction in wage inequalities, even though the rich remain very rich. Andrea Cornia argues that the increased spending on education in the previous decades has helped reduce wage inequality in Latin America by reducing the skill premium. The East Asian experience also teaches us that expansion of good quality education helped to reduce inequality and also enabled rapid industrialisation.

During the discussion, the issue of remittances was raised and **Jayati Ghosh** clarified that the nature of remittances plays a big role. If the remittances are directed to the poorer sections of society, like the remittances sent home by Filipina or Sri Lankan female migrant domestic workers from Europe or USA, the remittances help reduce inequality. But when remittances come to those who are relatively better off, like those from Indian software workers, it can add to the inequality. Public spending is crucial to ensuring socially desirable levels of output and diversification.

Productivity increases in recent times in some developing countries have taken place only in a few select sectors, because of which they have not been able to affect overall wage levels in these economies. Often they are in sectors with high level of technology and very low labour absorption, because of which there are relatively few linkage effects with the rest of the economy. Thus, we should always look at average productivity rather than sectoral productivities. Another important aspect of inequality is that the rich entrench themselves in political power, which results in onslaught on the democratic rights of the people and perpetuates other kinds of inequality in society. Mainstream economists and politicians do raise concerns about inequality, but usually there is a lot of double-speak involved, as the policies that they implement in the name of reducing inequality are often neoliberal policies that actually worsen it.

Session 2: Democracy under Neoliberalism

Ebrima Sall (CODESRIA) said that much of the news in present times from Africa are about the acute political crisis, especially in countries like Liberia, Sierra Leone, New Guinea which also have deep economic crisis. While most of these countries have been facing civil war in the recent past, one of the strongest movements in these countries is their respective workers movement. The recent Ebola scare from these countries is a result of the weakened healthcare system in these countries, which is a result of the structural adjustment programme enforced in these economies. Burkina Faso recently witnessed the overthrowing of its incumbent president, who had come to power by replacing a very popular leader who dared to challenge the new-liberal diktats of Europe and IMF. The incumbent president had been one of the strongest allies of the West, and played the role of a mediator at their behest for many of the political crises in other countries in the region. What happened recently in Burkina Faso is a reflection of what has been going on in many parts of Africa, including the Arab Spring. Many of the movements have names like 'Citizen's Broom' or 'Enough Is Enough' and started almost simultaneously with those in Tunisia, or Egypt and other parts of Africa. The movements are openly inspired by one another, and they adopt similar mobilisation tools as well.

These movements are in a way linked to the protests against 'One Percenters' or the 'Occupy' movements, and all these movements have started in and around 2010. These are movements where the youths are challenging the neoliberal policies, inequalities and mass unemployment in Africa. However, even after the leaders were deposed or removed out of power, there was a continuation of the same neoliberal policies in most of these countries – creating a strong tension between democracy and neoliberalism. Defining democracy in Africa has always been a challenge. Neoliberalism too has a long history, going back to the 1930s. The concept has taken newer meaning over time but the most common usage now is identifying it with market fundamentalism. Chile is perhaps the best example of neoliberalism followed by authoritarian regimes seizing power in a country. Neoliberalism in Africa was forced by the IMF, World Bank and USAID in the 1980s when the 'adjustments' were enforced. What led to these adjustments was an economic crisis that had a longer history with connections to the slave trade and colonialism. Under the 'adjustment' regime, the major source of employment was the army and police. The model regimes in those times were authoritarian regimes like that of Ghana and Uganda. There were also cases of civilian governments implementing such policies, but these democracies were really 'choiceless democracies,' as there were no alternative economic policy options.

In the late 1980s and early 1990s, while there was a process of political liberalisation all across the continent, especially in West African countries like Benin, Togo, Mali, and Zaire, there was also a series of violent conflicts in some other countries in the region. There was the Rwandan genocide and the South African change of government simultaneously in 1994. But across all the countries, the economic policies remained the same. In those countries where democratic forces came to power, popular protests against the economic policies forced these regimes to turn autocratic and repressive. While the World Bank argued that it was structural adjustments that allowed these democratic transitions, it was actually the protests against these policies that actually helped strengthen democracy in Africa. The personnel who assumed power in most of these countries, even those which experienced democratic transitions, were former international civil servants or employees of the World Bank or the IMF, like in the case of Benin or Ivory Coast, where the newly elected Prime Minister or Presidents were former employees of the IMF. Besides, Ministers of Finance, Central Bank officials were all coming from these international institutions. These people were obsessed with creating favourable business environments, by adopting policies that would encourage FDI to come in. Thus, all projects of a 'developmental state' were abandoned for growth and development.

The present popular movements are much more ambitious than simply protesting against current regimes. There is a deep interest in formal political processes, with slogans like 'my ballot, my weapon,' or 'hands off my constitution' that belie many of the arguments about youth apathy towards politics. The movement in Senegal, for example, is exploring values of citizenship, with issues of morality being discussed, which is more than asking for voting for a new government. The seeds of such movements were sowed back in the 1990s, when the popular movements like that in Ivory Coast sought to create highly democratic spaces for debate within the polity. There are newer levels of civic engagement to ensure that formal political process is brought under democratic control. During elections, civil societies brought together academics, political analysts,

NGOs to monitor the proceedings from every polling station, and it helped check rigging or other malpractices to a great extent.

There are all kinds of movements coming up as a result of the injustices and inequalities, and some of them like the religious ones are extremely conservative, while the militant terrorist movements are highly damaging. But one has to understand these movements in the context of obscene wealth in the hands of few while a large section reels under abject poverty. Thus, there are a lot of newer developments taking place in Africa in the context of neoliberalism. However, the lack of an economic alternative to neoliberalism exposes the poverty of politics for all political parties. There are very few political parties with serious political alternatives to neoliberalism, and hence even if elected a newer party will try to run the same economic policies and will end up facing the same problems. Thus the serious challenge to democracy in Africa, at least, is the economic policy. Without a concrete alternate economic policy that truly challenges the global neoliberal paradigm, there cannot be a true democratic transition, despite all popular upsurges.

The discussion session saw questions being raised about ways to deal with the external pressure of international agencies and Western Governments that actively support the authoritarian governments while punishing any movement that tries to be democratic. **Ebrima Sall** responded that the answer has to come from within, with greater accountability for those in power, and also with regional level cooperation between countries to collectively resist such pressures. There was much greater African solidarity earlier, while nowadays even the progressives are occupied with national level issues and operate at micro levels. Movements like Boko Haram show how movements against inequalities may change over time with changes in ideologies, power equations within the movement, as well as from influences of funding sources. Many of such religious movements start as a reaction against the Western society or what they perceive as attempts to force Western societal structures and values on them in the form of the neoliberal policies implemented.

Imposing democracy in developing countries is often a challenge especially if the countries do not have traditional or historic notions of democracy – as democratic structure is often perceived as a Western imposition. Africa has a long history of democratic structures. The Manden Charter or Kouroukan Fouga predates the Magna Carta by 50 years. The colonial encounter brought the Western form of state which was later borrowed by Africa, as was the university form of education and many other such social institutions. The present generation movements is not claiming to go back to those old practices, but only want to ensure these institutions serve their true democratic purpose. At one point of time there were talks of African democracy or African socialism, but over time they became excuses to cover for authoritarian regimes. As there is a demand for true democracy, if the political structures come with political conditionalities like as it often happens with aids packages, then it is a problem.

The South African example is an extreme one but not an exception. South Africa came out of an extremely inhuman system of apartheid, and the process of addressing political and economic inequality was initially the main agenda. However, the issue of land distribution or other economic rights took backseat over time. The black economic empowerment programme allowed some black people to amass huge amount of wealth and lead extravagant lifestyles, while the majority still persists in inhuman economic conditions. Thus for South Africa the real problem is of transformation. Similarly, in Sudan, the original movement talked about empowerment of the Southern Sudanese who were poorer and it was not about a political split. However, the movement resulted in a split with the leaders of South Sudan engaging in oil deals with the MNCs even before they attained independence. Thus it was again a case of narrow elite interests and preoccupation that let the people down.

It is argued that democracy is often restricted to drafting constitutions and constitutional institutions which are then forced on people, which makes the whole process quiet undemocratic. There is no problem with forming constitutions. Constitutions are agreements which people have agreed to take as a basis of their being together. But in reality, constitutions are often compromises made in negotiations, usually between the rich. The key lies in ensuring safeguard of all the rights and facilities in the constitution itself. However, if people who come to power can keep changing the constitution periodically, then it is a problem.

Session 3: Is Development a Good Thing?

John Crowley (UNESCO) started by saying that his focus would not be on giving a simple Yes or No kind of answer to the question, but rather in exploring the criteria for the relevance of such a question. The most obvious response to such a question would be 'it depends.' Thus, the whole point of this discussion would be to understand and agree upon what it would actually depend on. Many perceive 'development' to be the problem or as part of the problem, to which we need an alternative. There are four possible reasons why development may not be unreservedly a good thing. Firstly, development relies on a philosophically loaded concept of 'change.' Secondly, development is defined in practise by the inadequate proxies of measuring it. Thirdly, development as social dynamics or debates leads to a distorted political economy with detrimental consequences. Fourthly, development, in its conventional sense, is incompatible with environmental constraints.

The first point of development being a philosophically loaded concept is so familiar that it often goes unnoticed. The notion of development is philosophically a change that brings about unfolding of potentials over time. Historically philosophers, especially Western ones, since the time of Aristotle have been obsessed with an acorn, because of the qualitative and quantitative change involved in the process of a small acorn giving rise to something as big and differentiated as an oak tree. Philosophical obsession with tree as a metaphor for life is a philosophical trope that has not properly been investigated. An alternative concept currently popular is that of a rhizome. The philosophical difference lies in the metaphorical (or to a certain extent, normative) difference in social structures; either in the form of vertical hierarchical structure like the oak tree from an acorn, or a horizontal one like that of a rhizome. It is very fashionable presently to view the present world as a hierarchical one (acorn like), with radical social movements trying to achieve a more horizontal one (like a rhizome). This Aristotelian trope of an acorn and an oak tree is not just limited to the study of theoretical history of philosophy, but is deeply embedded in the political consciousness of modernity, in particular through Hegel. The focus is on how a quantitative growth (in volume or mass) does give rise to a qualitative change (in structure and form). It draws a parallel with the concept of a developmental state, the nature of an economic transformative process, where something new can be created by reshuffling. The traditional answer lies in exploring the relationship between quantitative and qualitative change. Thus, development is something more than mere growth. As things become bigger, they change in structure and logic.

On the second point, he argued that development is measured by the numerous proxies so much so that the proxies have now come to define development. Development has been reduced to capital accumulation, which in turn has been reduced to accumulation of physical capital. If development as a process helps realise the potentials in a society such that the quantitative changes bring forth qualitative change, then the best way to measure the qualitative changes is by measuring the quantitative changes. In recent past, this notion has been reinforced by the emphasis on a more consumption driven view of development and modernity, with material possessions or technological gadgets becoming the new proxies of measuring our levels of development. This has led to many rejecting the notion of development itself, as it is almost impossible to see development beyond these proxies. If development is defined in terms of accumulation of capital, then it is based on extraction of surplus. Irrespective of the source of this surplus (and different philosophers have interpreted this source as labour, environment or the future in the form of debt), accumulation is essentially about storing this extraction for future use. A good metaphorical example of such a process is mining, where actual physical extraction takes place. Such extraction distorts the political economy because it leads to sharp political imbalances between the beneficiaries and those having to deal with the consequences of this extraction. Such extractive industries or even agriculture today is highly globalised as the only way to realise these extractions is exports, barring in some very large countries with domestic economies large enough to absorb it. Balance of Accounts, an accounting identity, then dictates that such exports lead to obligations of imports. One of the pathological problems of such a system is the 'Dutch disease.' Such an extractive process has an intricate relationship with debt. Capital in an abstract sense is debt, as it is using resources mortgaged on future income streams. If one looks at the balance sheet of any infrastructure, past accumulations are never enough to leverage such investments, and thus debt is an inherent part of capital intensive developmentalism.

The last point is about environmental constraints. Historically there has been an indifference towards environmental concerns in developmental discourses. Nature has always been seen as an inert medium of resources available for plundering, and even the sustainable development discourse is hinged on this belief. This bias is already globalised. All notions of economic

development were pretty uniform in this regard. These four concerns converge on developmentalism. It is not about which route to development but the idea that development should be pursued under any political economic framework. Thus all models of development are internally incoherent, practically disruptive and conceptually unsustainable.

Logically, if these are the pathologies of all forms of development, what should it be replaced by? If it is argued that we do not need any overarching idea as development, the argument needs to be established first. What would be the parameters of a non developmentalist development? The third possibility is to correct the pathologies recognised above within the developmentalism by establishing these are historical accidents that can be corrected without changing the basic structure of the system. The school of ethics of development fuse these three options by proposing a model of development based on something else, and correct the pathologies by using ethical standards like human rights etc. In theory, they seek to flip the extractive bias to a right driven bias. Developmentalism as a political economic concept is extremely powerful because it fuses What, How and Why. It defines what should be achieved, how and why it should be done in meeting the human needs of any society. Thus developmentalism, by fusing these three questions, provides a well structured political project for an agent, the state. The risk of rejecting developmentalism is not having any political project around which the society can be structured. Developmentalism and neoliberalism are like estranged twins as they share many of the same assumptions, operate at the same rhetorical political conceptual level and correspond to similar collation of interest. Oppositions to neoliberalism often seek to adopt similar traits to take the battle to the enemy, but such strategies have its pitfalls. There is a tendency to mirror modes of thinking about organisations in ways that may actually defeat the purpose behind setting up the organisation. Theoretically, the decentralised free market has similarities with the horizontal rhizomic social structures that many left radicals seek to establish.

So, can development be rejected? Politically, it may be just impossible as the right to development is enshrined even in the UN doctrine and any attempts to challenge this notion trigger sharp responses, especially from low and middle income countries. For example, the debate on climate change is essentially about ethical issues of sustainability, which is about the right for human beings to satisfy their needs balanced with the duty to preserve the fragility of the environment. However, any attempts to portray climate change as an ethical question was univocally rejected by many of the major developing countries as it was seemingly incompatible with the right to development. Secondly, rejecting developmentalism could result in neglecting the problems of extreme poverty and its eradication, even though development is not synonymous with eradicating poverty. There is also the problem of inequality, whereby denying some to achieve what others already have is done by the process of developmentalism. Thus development cannot be fully rejected.

Can the pathologies be resolved within developmentalism? The idea of green economy, for example, is a theoretical attempt to resolve the problem from within. For example, just measuring GDP in terms of market based variables gives a bad proxy, which can be improved upon by taking in other non-market variables like ecosystem services or social capital. Internally, developmentalism is strongly connected to a messianic state centred model, which in turn connects to an authoritarian form of populism. There is vast literature on developmentalism being a state project and the various forms the state needs to take to fulfil this project. However, a truly democratic political structure where 'opting out' is available as an option, a different form of developmentalism has to be established. Externally, it is difficult to break out of the idea of 'one best way.' The political identity of 'we' need not necessarily be equated to a state, and can well be applicable at local levels or indigenous populations as well. This often creates a conflict that cannot be answered by the present form of developmentalism.

'Eminent domain,' a legal provision by which sovereign states have complete authority over natural resources within their territories (with full sovereignty of designing and enforcing domestic laws determining property rights over such resources) gives state, as a political agent of developmentalism, complete autonomy over all extractive prospects, while the extraction industry itself is globalised. This, according to some, prevents any coherent alternative approach to global poverty. This also connects to corruption as the incentives to best utilise this provision – 'eminent domain.' This then connects to debt, and authoritarianism, and populism as already discussed.

If these arguments are taken to be even indicative (if not decisive), what are the possible alternatives? One possible title could be sustainable human need satisfaction. This structure has to be democratic and not state centred. It must recognise the

possibility, in principle, of over-development, in terms of accumulation and consumption beyond need satisfaction. This is difficult as it would require an objective approach to needs, opposed to the subjective approach to preferences that we currently work with in welfare economics. Moreover, such an alternative approach has to be pluralistic. It cannot simply be about rejecting developmentalism or neoliberalism and imposing a third alternative. It has to recognise that different human societies under different circumstances choose to adopt different strategies for their own fulfilment of interests and thus there has to be an element of democraticism and flexibility in this new form. This alternative also has to integrate environmental constraints, taking it as an external constraint within which this new path has to be planned, rather than seeing it as an internal constraint that has to be programmed for within this new path. Such an alternative approach will have to take the issue of inequalities as a central issue. It needs to have politically realistic ethical underpinnings, which is simply human rights. Human rights is often neglected as mere rhetoric, but even in the present world human rights are enshrined in legal provisions to varying degrees, which can be used as a powerful tool for triggering a change, if only used properly. Such an alternative would also require a systemic approach to the background conditions, recognising the connections between local and global processes through the multiple channels like trade, financial markets, as a system that operates as one.

Would this alternative be in some sense development, or do we end up rejecting it altogether in the attempt to produce a credible alternative? If so, then development can be good thing although indexed by a whole range of caveats. Another big question is what do we call this new process? Conceptually it is difficult to retain the language of development to now refer to something very different, but politically there are strong reasons to keep the language. In essence, this too is a political project to undermine both developmentalism and its neoliberal twin, in order to preserve and promote the good aspects of development in a framework quite different from the present. This in turn gives rise to a whole new set of questions. For example, the issue of internationalism and its current decline, even amongst those forces who should be more committed to it. Internationally, the left has diverged from internationalism which was originally an intrinsic part of its doctrine, while most in Europe have turned inward looking trying to protect themselves from innumerable threats like climate change, epidemics, and outsourcing of jobs. Even if internationalism does exist, there is hardly any international system in the institutional, political, legal or normative sense that would permit the emergence of this agenda. The UN itself is in a secular crisis and whether it will survive or emerge transformed is a big question. The tides of decolonisation, the Cold War and the Washington Consensus, the three pillars on which the UN stood on till 2000 have all collapsed and nothing has taken their place. However, in the absence of any such international platform, formulating an alternative to developmentalism is perhaps a bigger challenge.

Day 3: November 5, 2014

Session 1: Neoliberalism and the Developmental State in Asia

C.P. Chandrasekhar (IDEAs, Jawaharlal Nehru University, India) stated that since the Second World War, Asia in general (and in different periods – specific Asian countries) was seen as the success story of industrialisation of erstwhile colonial developing countries. After Japan, which was the first success story, there were three tiers of development – Korea and Taiwan in the first phase; Malaysia, Indonesia and Thailand in the second phase; and the recent example of China, with many claiming India too to be another example of this period. The success is read in terms of the share of industrialised countries in global manufacturing falling from around 87 per cent to 75 per cent during the period 1970 to 1995, and bulk of this difference accruing to countries in East and South East Asia, whose combined share rose from 4 per cent to 11 per cent during this period. In case of Japan, Korea and Taiwan, it was a strong developmental state tapping global export potentials. For the second tier countries, it was developmental state, but in collusion with a strong domestic capitalist lobby with strong neoliberal tendencies that led to the success. The crisis of 1997 shifted focus on crony capitalism (especially in the case of Korea and the relationship between the Korean state and the Chaebols) and any role of the developmental state was decried. China and the service sector of India were the poster boys for neoliberalism, where global finance capital in the form of FDI helped boost export sectors in the economy. Thus, with Latin America with its lost decade and Africa reeling under neoliberalism, Asia was seen as evidence of success.

Unlike the original industrialisers, the late industrialising economies in Asia could not bank on any patented technological innovation of their own, and thus the form of industrialisation was very different from the *laissez faire* form that the originals had experienced. In most cases, they bought or borrowed technology and relied heavily on learning by doing and reverse engineering to develop their industrial base. The state in its turn helped much of the private capitalist class to develop those so that it had a strong disciplinary control over this section. This allowed the State to use tools such as subsidies as an effective tool for allocative principles. Thus, the state identified the targeted markets, the technologies required and scale of operations, which the private capitalists had to follow diligently in order to receive state support in the form of capital infusion or other incentives. The underlying economic logic for such models was that the industrialisation of even the smallest of the countries was not constrained by the size of its domestic market as it could always export. The problem with developing countries was that they were not competitive internationally despite having low wages because of lower levels of productivity as they did not have adequate technology or capital. This was used as a counter argument to the alleged 'export pessimism' that countries in Latin America or even India was following at that time. Developing countries have been at the losing end of global trade because of heavy reliance on primary commodities and the subsequent unfavourable terms of trade. The fallacy of composition argument that stated that if every country tried to export the similar kind of products then global prices would fall further. Thus, some developing countries focused on developing their domestic markets, with very little engagement with the global market at that time. India is a prime example of a country that tried the alternative policy, but the end result was quite a disappointment, leading to a change in course since the 1990s. However, the Indian experience does not prove that the basic notion of growth based on domestic market is faulty; rather the trajectory that India followed over time had certain shortcoming in intent and implementation because of socio-political constraints.

The export led model too has constraints like eventual loss of competitiveness – often due to exchange rate appreciation, infrastructural bottlenecks, or opening up of the financial markets leading to boom- bust cycles. Japan, for example, was forced to sign the Plaza Accord with the USA under which its currency Yen was forced to appreciate, leading to a chain of events that unhinged the first Asian economic miracle. In the 1997 Asian crisis, even countries like South Korea that had already made the transition from developing to developed economy were not unaffected, while the others who were in the process of the transition had a premature stop to the process. The crisis resulted in massive asset deflation along with greatly devalued currency, resulting in huge takeover of South Korean assets by the US and other developed country entities. This has been an overall trend, and by 2009 the US origin firms were producing significantly greater share of total value added in Asian countries. It is no more domestic firm or domestic capital that really controls manufacturing in any of the industrialised Asian economies. The Asian crisis led to conquest of Asian firms by the very global majors they were challenging at one point of time. Much of this relocation of manufacturing was now (a) owned by MNCs originating from the USA or the developed North and (b) increasingly producing to cater to the domestic markets in which they were located, so that even in a period when the US domestic market was weak, the economic growth in the Asian economies ensured the MNCs fared comparatively better. Thus, this miracle growth strategy is difficult to sustain and hence continuously shifts location from Korea, to China to perhaps Vietnam tomorrow.

Before the age of finance, most developing countries could not access the private capital market and mostly had to rely on developmental aids, bilateral or multilateral, as they were perceived to be too risky. But with the accumulation of surplus funds in the financial sector of developed countries, these very countries became the choice of investment as their historical low exposure now made them attractive prospects. Suddenly developing countries now had a choice to attract foreign capital and every country pursued similar strategy. However, to attract foreign capital they had to attract the carriers of this capital which were the multinational financial agencies like banks, insurance funds, and asset management companies. For that, these countries had to change domestic rules governing the domestic financial sector, and thus is the tendency for a homogenised financial sector across countries.

In the current age of finance, exports as percentage of GDP for most of these Asian countries (barring Malaysia to a certain extent) is not significant, suggesting lesser dependence on export led growth. The driver of growth is high investment in the case of China and to certain extent India, and mostly final domestic consumption expenditure. Thus, domestic demand is fast

replacing exports as the driver of growth in these countries, but it is now being financed with debt. South Korea, for example, had such high levels of household debt that the government had to force the banks to restructure it. Similarly, India too has been witnessing very high debt to GDP ratios, mostly because of the excess inflow of foreign investment that increased liquidity in the domestic financial sector, with a major chunk of this credit used to sustain consumption levels. Lending to industry now mostly consists of lending to infrastructure and other construction sectors, which greatly raises liquidity mismatch risks for Indian banking sector. This is been done at the behest of the state that hopes to boost investment to regain momentum of the growth trajectory. Even in China, the high investment levels are being sustained by debt to a large extent.

C.P. Chandrasekhar concluded that the export based growth strategy for developing countries proves to be self defeating as it cannot be sustained and ends up in the conquest of domestic capital by international capital. Growth is then no more dependent on export market but is dependent on domestic market demand. However, this domestic demand is not based on raising domestic incomes, but on forced cheap credit. Even though such a neoliberal growth trajectory is unsustainable, the stream of previous perceived Asian successes mean that neoliberalism still holds sway with considerable credence in Asia while it has been thoroughly discredited in Latin America or Africa.

In the discussion session, the role of the state in the present context was discussed, and **C.P. Chandrasekhar** clarified the active role that the State is playing in China and India to keep this debt led growth trajectory rolling. However, this is not a developmental state but is rather the principal agent of neoliberalism. Very few states managed to attain the levels of success that South Korea managed, and the whole argument of 'middle income trap' is a poor excuse to cover for the fact that such export led growth strategies lead to several constraints that make the process unsustainable.

The USA enforced land reforms in certain Asian countries like Korea and Taiwan for example, while it strongly opposed and scuttled any such attempts in others. However, in the countries where the USA did enforce land reforms, it was done as a counter measure to control local political ruling classes which were mostly land based. For example, in South Korea, it was done to remove the Japanese landlords so as to create a power vacuum which then could be filled up by their choice. The issue of government expenditure mopping up liquidity as raised in the discussion was negated by him with the argument that there is no given amount of liquidity. Instead of crowding out, government spending actually leads to crowding in of investment in developing economies.

In every late industrialising country, there has been a developmental state of one kind or another. However, to argue that those who adopted export led growth models and had successes were the real developmental states whereas those who tried industrialisation through domestic demand generation were not simply because the experiment failed is fallacious. While South Korea had a very different class composition in the time of its start as the dominant classes had been abolished, most others had a combination of landlordism with differentially developed industrial classes. Thus each country had their own internal dynamics that allowed some to exploit successful import of technologies for industrialisation while others could not. Thus while all had developmental states, the trajectories that each country finally took were dependent on the political economy of class dynamics each faced internally. In certain parts of Africa, the inability of some of the resource rich countries to use the surplus for developmental purposes instead of falling for what is called the 'resource curse' is one of the main reasons for their failure to industrialise. But given the history of exploitation in Africa, there is a perception that they cannot go too much beyond primary production, but this is an ideological problem. The impact of China in Africa is better than the impact of other developed countries, but it is still a highly unequal relationship.

Session 2: Neoliberalism and Social Policy

Patrick Bond (University of KwaZulu-Natal, South Africa) started by saying that when there is social resistance from below, it generates lot of information about structural processes. Years of working on social policy while being involved with grass root activism has helped him understand neoliberalism as a global problem because of its tendency to commodify everything, and to accumulate by dispossession. There is a lot of rhetoric on social policies from the mainstream authorities, but there is a difference between tokenism and actually effective policies.

The problem of recurring crises in capitalism is not a systemic shortcoming, but an opportunity for capitalism to displace. Capitalism over-accumulates over time which intensifies ruinous competition. It does not solve it by devaluing (which would be a logical conclusion) but moves it around for spatio-temporal fixes. It moves from market relations to non market relations. It helps capitalism to shift its problems across base and stall it over time. It forces adopting latest technologies which are more capital intensive, thereby changing the organic composition of production, and leading to overproduction in the system, and it does this spatially, in terms of discovering newer markets or opportunities where it imposes its tenets. Such tendency of capital to spread out spatially leads to imperialism. Rate of profits from manufacturing declined for the US capitalist firms after the '70s, which triggered the need for searching newer markets to exploit, and this really gave rise to the whole process of globalisation. Earning profits out of financial services helped bolster overall profit rates while the profit rate from real activities remained low. There are blocks in the developing world that initially were absorber of surplus capital, but over time started generating surplus. They became the Southern blocks of imperialism, seeking out space for its own surplus capital. In a neo-dependency sense, they were not passively accepting imperialistic power but were actively collaborating with imperialistic expansion. The developmental banks of such Southern countries often engage in more extreme form of imperialism.

In the capitalist cycle of crisis amidst production and surplus extraction, the reproduction of labour power is critical and this is where social policies come into play. Crisis tendencies are intermediated by finance, and the capitalist and non capitalist relationships are changed in the form of technological changes imposed, environmental concerns raised, and so on. Social reproduction is altered in the form of consumer credit boom, mutual aid section, outsourcing of labour etc. State social welfare shrinkage leads to numerous problems like commercialisation, stigmatisation, and authoritarian policing. Thus legitimising capitalism and ensuring a steady supply of labour is the social policies under capitalism. Even though workers were a minority in the Scandinavian countries, their alliance with the peasantry helped set the stage for social democracy. In contrast, a weaker working class in the USA was demolished by McCarthyism in the 60s. The traditional social hierarchies in Germany or Italy were more conducive for a strong corporate culture in these countries where the alliance of the corporate sector with the State was the most dominant social force.

A case study of the water movement in South Africa was cited to highlight the contradictions of neoliberalism with the notion of rights. The South African constitution of 1996 had some of the most advanced set of socio-economic rights for the people and access to sufficient water is one of the most remarkable rights. It has two caveats: the State can meet this obligation over time as long as it does it progressively, and it can do so subject to budget constraints. However, privatisation of water in South Africa led to steep pricing. This led to a big social and legal struggle, with demands of progressive pricing so that revenues from the rich can be used to subsidise the poor. The World Bank intervened in this, advising the South African government to desist from providing free water to the poor as it would be market distortionary. Market determined prices actually suggest heavy users to be charged lower prices so that the rich end up paying less per unit of water than the poor. The logic by which the neoliberal market operates does not socio-economically consider water as a basic human right. Even though popular protests managed to ensure 6000 units of free water per family, the price rate for the next block of units were so high that poor families ended up having to pay high charges for their water, and disconnections became a major problem. Moreover, poorer black areas had prepayment meters, while the more affluent white areas got credit meters. The court case against prepayment meter was lost because it was deemed as temporary suspension and not discontinuation of supply. Lessons learnt from the movement suggest that rights based discourses are individualistic in nature, and therefore tend to ignore the larger polity, ignores society's class structures. A more recent development from Latin America has been the 'commons' discourse as better critique of neoliberalism. Water, for example, under 'rights' approach is an individualised consumption norm but under the 'commons' discourse is shared. Individual rights based movements are often co-opted by neoliberalism but 'commons' provide a stronger socio-political platform that is a stronger tool or platform for resistance. 'Commons' take into account the earth and the eco system, and also extend to the collective products of human labour and creativity like ideas, knowledge, and social codes. The copyleft movement on the internet against copyrights is one example of the commons movement.

The movement against intellectual property rights, especially against drugs companies on the HIV-AIDS issue, has been a big learning process in this regard. On the one hand, fiscal considerations prevented the South African government from providing free AIDS medicines while on the other hand big pharmas used IPR to block cheaper generic medicines. There was a big social movement built up to back the legal case and finally the government had to concede to produce generic drugs in South Africa, despite all attempts by the international pharma lobby to scuttle it. This alone raised average longevity from 52 years to 63 years in just a decade. The common versus IPR movement managed to decommodify lifesaving drugs from corporate owned products to public goods.

The recent campaign about Africa Rising is really a media campaign, and it does no good for Africa by taking a status quoist position of remaining a natural resource exporter as investments are coming in the extractive industries. The capital is coming to regions with high natural reserves and thus creating enclaves of investments. There is massive land grabbing in Africa, unfortunately led by BRICS nations. Rising GDPs, which by itself is a bad indicator of rising welfare, is being used to mask the stream of illegal flows in exploitative industries; and capital flight actually outstrips all inflows. The World Bank acknowledges that the savings and formation of human capital in Africa falls short of compensating for the depletion of natural resources under the extractive industry boom of Africa Rising. What are rising are corporate profits in the extractive industries, and popular protests. The workers movements in Africa are some of the most militant in the world. However, the state too is responding with violent means, leading to certain unfortunate incidents. Many institutions have been mapping the rise of social protests in relation to the rise of extractive industries in the world, Africa in particular. There are studies done on the basis of Karl Polanyi's 'double movement,' which tracks cycles of rise in social protests with the capitalist cycle.

The 'BRICS from Below' movement seeks to move beyond the standard transnational advocacy works that exist in silos of single issues in which certain groups have developed expertise. It seeks to build up a counter to the neo-imperial onslaught from the South that BRICS as a group tends to represent. However, in recent times the international NGOs have openly admitted that there have been shortcomings in their endeavours as they failed to realise the correlation between social policy advocacy and technocratic inputs. There needs to be concerted efforts from both within the system and outside – with access to the technocratic decision making processes of the system by making them more democratic, while ground level activists have to lead the protest from outside to delegitimise the system. Radical academicians need to align more organically with activists to have greater traction.

In the discussion session, **Patrick Bond** clarified that in most cities, the problem with water is less about actual scarcity and more about unequal distribution. So there is a rudimentary class angle to who gets water and who doesn't. But in terms of pricing there is future problem given climate change, and hence hedonistic luxury consumptions need to be charged higher. The movement in South Africa – started after the neoliberal policies were implemented – is the starting point for action, and also brainstorming. Intellectuals need to provide ideas to the movements about the future implications as at the ground level the activists are more aware of immediate realities. These individual issue based movements have to be joined on a common thread of transitional demands for new societies. Historically workers were central (because they were more systematically organized), mass democratic in their productive system, and institutionalised. At present, the working class is much divided as factory based mass production units have weakened. Thus whether it be transitional demands of reforming reforms, the strategy should be to maximise unity. In Scandinavia, the alliance between the urban working class and rural peasant parties managed to identify demands that were universal for both parties.

All the socialist movements in Latin America are hedging their economic policies based on revenues from the extractive industries, which is a problem given the ecological concerns involved, and also because such extractive industries lead to displacement on indigenous populations giving way to popular discontent against these policies. Some of the popular movements even in Latin America were like pop corn movements that flash up only to die out fast. Sometimes, these movements sway rightwards and become xenophobic, as in Africa. There are strong workers organisations in Africa, but unfortunately there is a tendency to create labour aristocracies and move upwards to seizing power and engaging in deals that subvert the movements.

Progressive intellectuals are susceptible to several potential sins – gatekeeping or hijacking the movement, replacing instead of augmenting the local understanding with own understanding, resorting to careerism through activism, making the issues confusing by bringing in too many technical or legal aspects, divisiveness arising from personal biases, and score settling tendencies to outright backstabbing by betraying the movements. We all should be very careful not to fall in these traps.

Session 3: Intersectionality and Migrations: Rethinking globalisation and social inequalities in Latin America

Gioconda Hererra M (FLACSO, Ecuador) started by saying that migration of people implies flows of ideas, money, information, and thereby a transformation of social life. It fosters connections and forces us to rethink issues like citizenship, culture, and democracy. It also forces one to rethink the role of the state in economic and social terms. Migrants are an important actor of globalisation, and through their experiences we can understand many of the inequalities in this globalised world. She intended to cover four major issues – how the international globalisation and migration are related and what we can learn about global inequalities from migration – the relationship between migration and development as it is an important discourse in the context of neoliberalism – especially in the global South, how to look at migration beyond this developmental discourse through the intersectional approach to social inequality, and finally how all these three issues derive on citizenship.

Migration has always existed, even during colonialism and after that, but in recent times it has become more global and diversified, more feminised and more politicised. Transcontinental migration has become easier with technological innovations in transportation and communications. Historically, migration has been seen as a one-way traffic, usually from the developing to the developed world. But the trend has changed today and more Southern countries are receiving migrants while at the same time sending out their citizens. South –South migration is today as important as South-North migration. The North still accommodates higher number of migrants than the South (latest UN reports suggest 136 million international migrants in the North and 96 million in the South) but the difference has decreased rapidly. Overall, around 3.2 per cent of total world population today is international migrants. This increase has continued despite more restrictive policies by the states, both in the North and the South. There is a global myth that only poor people migrate for economic reasons or to avoid social inequalities. Migrants are of different categories besides labour moving from South to North, such as refugees fleeing political or environmental tragedies, skilled workers as part of ‘brain drain,’ and also as victims of trafficking. All these categories reflect different forms of socio-political inequalities that lie behind these acts of migration. The economic discourse on migration often fails to take into account many of these social and cultural factors that play a relevant role in explaining persistent social inequalities.

Trafficking is a very important issue of concern, but it often subverts other concerns of equal gravity. Often state discourse just focuses on how to stop trafficking, and neglect social, political and economic rights of migrants. This is particularly important in the case of women’s migrant. Indeed, the feminisation of migration is a very important aspect. In terms of numbers, the feminisation of migration is not as strongly visible in Latin America as in Asia, as the issue is relatively new for Latin America while it has been a long practice in Asia. The migration flows from Mexico or Central America are still predominantly males. In other regions like Ecuador and Peru the feminisation aspect has become much stronger in the last twenty years. However, numbers are not that important as are the social conditions associated with female migration. Females not only migrate as companions of male migrants, but increasingly are migrating as individual or primary agents. An important outcome of increasing female migration is the global chain of family care-giving, what some authors refer to as transnationalisation of social reproduction. The gender divide of employment in host nations with the failure of the welfare state to address the issue of social reproduction has resulted in increasing number of female migrants from other regions coming in to fill the void in child rearing or old-age care-giving. This reflects a different dimension of global inequality in a qualitative form. Such migrations are more predominant in South-North migrations, but also increasingly in South-South migrations as well. Such phenomena are related to both the sexual division of labor within households and to structural inequalities in global markets.

The impact of migration is not just limited to the migrants, but also to the domestic and host societies, at community levels and also political level. Thus it is not only about individual experiences, but about social transformations at local levels. The rise in migration has thus captured greater political focus, with issues like xenophobia gaining momentum in the domestic

political discourses in many countries both in the North and the South. Migrant rights discourses are not politically popular because of electoral reasons. Even the most progressive political outfits often take extremely conservative positions on this issue. Thus there is a social paradox – with more and more people migrating globally, the global political discourse takes stronger anti migration positions. States are reluctant to take the issue of migration in a positive light as the issue somehow threatens its sovereignty.

This is ironic because states usually look at remittances send back by migrants from other countries to their homes as a positive development. There is the myth in the context of developing countries that remittances can be used as an effective tool to combat poverty. This argument is problematic on two grounds; firstly, it tends to pass on the social responsibilities of the states on to migrants, and secondly it fails to take into account the lost opportunity as these people who could contribute in economic activities in the domestic country are forced out as migrants. Moreover, the void in social support that these migrants fill in host countries are often worth more than the remittances they send back. Thus, the discourse on migration and development only looks at monetary remittances and do not take into account the social costs involved. This has led to portrayal of migrants as better agents of development than states, almost as a neoliberal acceptance of the absence of the state. Migration can lead to both exclusion and empowerment, and thus the relationship between migration and development cannot be seen as simplistically as is often portrayed.

The relationship between migration and social inequalities has two major perspectives. The structural perspective is the more familiar, which sees the connection of how labour migration flows are related to dynamics of accumulation. In a sense, migration is another form of extractive activity that the developed countries engage in, and human resources are as tradable as natural resources. The intersectional perspective, derived from the black feminist discourse, tries to look at how class ethnicity, race, and gender intersect to produce a different level of oppression. This perspective helps in going beyond the nation state in analysing the impact of migration, especially in the receiving countries. The anti migrant discourses, whether in Europe or USA, usually talk in terms of nationalities of migrants. This leads to depoliticisation and homogenisation of social groups. The class compositions amongst different nationalities are an important factor that needs to be taken into account. Intersectionality helps to have a multidimensional understanding of the inequalities faced by migrants. It helps in realising the hierarchies that emerge even within migrants of same nationalities. Migration Management, as endorsed by the UN, seeks to achieve a win-win solution to the issue of migration. There is this concept of a 'good migrant,' who is, irrespective of his or her status and conditions, is respectful of the law, flexible to market needs, and eager to contribute to the development of his country of origin. This is the basis of state agreements on quotas for labour migrations. Irregular migrants without proper paperwork are obviously regarded as a problem, but it has nothing to do with the recipient country as it is really about lack of opportunities in the home country. Even though the receiving countries are often willing to accept the labour inputs of such irregular migrants, they refuse to give social recognition to such migrants. Often, illegality is due to the state in receiving countries setting very low limits that do not commensurate with the actual labour needs, which leads to illegal migrations taking place to fill in the void. In the case of illegally migrating children, much of the discourse is on poverty and political problems in the host country, and very little is said about restrictive policies in host countries regarding family reunification of migrant labour that force them to bring in their families illegally. The role of transit countries is also important as they can prevent much of such illegal migration by controlling their border control activities.

In most cases, nationality or the place one is born determines a person's future in terms of the opportunities that the person can avail since childhood for the betterment of life. Migration seeks to break this structural limitation and thus migration is a marker of social exclusion. This raises questions on how to define citizenship, and it cannot be restricted to just the state or a geopolitical boundary. Migration can transcend the classical definition of citizenship and can be a valuable social capital. Moving is a privilege that is sought to be restricted and people even die for this privilege. It is time to think of citizenship in global terms, or in terms of cosmopolitan locations.

The discussion that followed raised the aspect of the global human tragedy in the form of displaced populations due to wars. The refugee camp conditions are almost inhuman and international aids to deal with these situations are inadequate to address the problem, as these refugees are almost forgotten as if they do not exist. While much of Latin America witnesses

rural to urban migration, Brazil has bucked the trend and now there is urban to rural migration in Brazil. Globalisation has facilitated mobility of capital but not of humans. One as to look into the agencies involved while talking about the multiple forms of oppression that migrants face. Portraying migrants essentially as victims is erroneous, because it reduces the discourse to that of protecting passive agents who are in a way victim of circumstances. For example, the issue of feminisation only talks about victims of trafficking and ignores those who take a conscious decision to migrate and then face gender oppressions at the host country. Often, pregnant women migrate to give birth in the host country as nationality will be a big capital for her child. The kind of risks these women take in the process of migrating during pregnancy only highlights the struggle humans wage for better lives for their children. Religion often plays a big role in migration. The first migrants from Latin America to Spain and Italy were taken by Catholic intuitions. Catholic religion itself spread through the migration of missionaries to the colony states during that period. Religion plays a big role in the construction of new identities and forging a sense of belonging for migrants.

Often, naturalised migrants take regressive positions on migrants. Those who are fortunate enough to be accepted by their host society often take positions with the regressive sections of those societies only to protect their interests. But it is not always the case and there are numerous examples of naturalised migrants who still hold on to their original cultural identities and are very sympathetic to migrants. Dual citizenship is an important issue in the context of defining citizenships. States have historically been reluctant to think of citizens in a transnational sense. Only recently have states extended voting rights to non residential, and that too in only few countries.

Day 4: November 6, 2014

Session 1: Panorama of the Social Situation in Latin America under Neoliberalism

Laura Tavares Soares (FLACSO, Brazil) started with the inequality prevalent in Latin America and the social policies initiated under neoliberalism. The worst heritage inherited from neoliberalism, according to her, is that people have to prove their poverty to access social welfare measures. The inequality in Latin America is also marked by historical root from capitalist development in underdeveloped economies. For example, Brazil had slavery and even today embroiled in different racial problems. Those roots combine amongst themselves and their structural components in the history of the Latin American countries. Even when a country changes its political regime the seed of neoliberalism remains. The change in the social policy along with the changes in structure of the economy had always been deep-rooted in Latin America.

She also feels that the role of the state in making social policy is also undermined by the involvement of the NGOs in those activities. She emphasised the need to change the policies of the state but put a word of caution that no other agency can substitute the state either. When analysing the recent evolution of the social panorama in Latin America we can identify two great movements – reproduction of social inequalities and widespread (extensive) pauperisation of Latin American population – configuring a social picture that can result in tragic choices from the point of view of social policies.

However, substituting state intervention in social sector with private players has its ill effects on all countries of Latin America. These social policies resulted into impoverishment and widespread unemployment in Brazil. According to latest reports, almost two million people lost factory jobs in Sao Paulo. However, the present government has, according to her, sufficient representation from the middle class and people who are sympathetic to the causes of the common people, and that is where she finds hope for the people of Brazil.

Later, the role of middle class in Brazil came up in discussion. **Laura Tavares** said that the middle class in Brazil and Mexico are historically privileged, but politically probably they are losing quite a bit of their privileges under the new dispensation, and the class overall became uneasy in co-existing with the upcoming aspirations of the people. Historically, in other countries of Latin America also the middle class (or what some are now calling “new middle class”) always opposed people-centric policy measures. However, left section of the middle class has been quite consistent in responding to every political and social upheaval like a military coup – even on the streets.

There have also been different views on the speaker's comment on NGOs and other non-state actors in Africa. While one view was supportive of that argument that in most of the countries the state failed, there was another view which looked at the problem from another perspective. According to that perspective, the state's and the elite's compliance to the neo-liberal policies have made the works of NGOs look relevant and may be even greater than what they are. There are anomalies and frauds in the operations of the NGOs, but without being critical of the neo-liberal state and their policies assessing the NGOs' role as detrimental would be a bit harsh. However, **Laura Tavares** responded positively to the latter view but cautioned to judge the role of extra-governmental players carefully. According to her, there cannot be radical change in society without capturing the power and these non-state players ultimately may become hindrance towards that goal. So, the fight is really about politics. Public policy needs to have impact and continuity which may not be possible with the NGOs. She took the example of universal pension policy that has been undertaken in Brazil, and how that policy is making so many poor people's lives comfortable. However, she cautioned that the recent victory in election is a big victory for the people, but this victory has to be followed with serious and radical policy changes. Otherwise, the victory will be lost in immediate future, but she also feels that Dilma Rouseff's victory is very significant, particularly for the left.

Session 2: Thailand I: Inequalities of Income and Wealth

Chris Baker intended to mention three fundamental facts about history of Thailand. The country has been historically a 'put-together' country, expanding itself in the North, North-East and South in as late as 19th century. These regions were different in terms of languages, cultures and societies, and the expansion may be called a sort of internal colonialism in the last 100-150 years. Second fact is that Thailand was not historically rice cultivating agricultural mass of land; the addition of land (by claiming forest area) is a phenomenon of last 150 years or so. As a result, land was expanding faster than population up to 1980s – leading to numerous smallholder family farms which changed the social composition of the country. Still today around 35-40 per cent of the population are dependent on agriculture. However, the urban society has seen migration from outside, particularly from China, when there was an outside imperial onslaught on China. Unlike in migration elsewhere in the world, the mildness of Buddhism could be shared in most of the places in South-East Asia even with the migrants. During Chinese post-revolution period, there had been around 30 years of breakdown of relationship between Thailand and China, which resulted into further integration of this Chinese migrant population in Thailand. Starting from business and trade, later they entered education and other sectors, and over time became a dominant community in urban Thailand.

Pasuk Phongpaichit (Professor Emeritus, Chulalongkorn University, Thailand) began with the facts that Thailand was one of the least developed countries in South-East Asia, and the development era came in the country under US patronage because Thailand was an ally of the US in its fight against communism during cold war period. As a result the US contributed substantial amount of grant and aid to Thailand. In fact, the First and the Second Economic Plans of Thailand, beginning in 1961, were written by the experts provided by the US and those plans were underpinned by the World Bank guidelines. Early development period were marked by agricultural exports (resulted from the expansion of land frontier) and some import substitution policies; the shift towards export orientation came in the 1980s which was spurred by the FDI from Japan and other South East Asian nations after the Plaza Accord of 1985. Export oriented policies were a success based on repression of labour, resultant cheap labour and other cheap natural resources which led to primitive accumulation of capital. In the entire process, Japan became the major investor and also the source of export market along with the USA; later China and other regions also started contributing as overseas export market. The good growth rates of GDP in this period is also reflected in the figures – as in one generation or roughly 30 years Thailand's real per capita income trebled to US\$3700.

According to 2005 data (the recent data may change a bit but not drastically), 41 per cent of the labour force participated in agriculture and 26 per cent in the urban informal sector. However, there is a large intersection between them as people keep on switching both the sectors with seasonal variation. Around 8 per cent were engaged in industrial work (the recent figure may increase up to 12-15 per cent), 15 per cent were engaged in white collar jobs, and 10 per cent in other jobs. If one compares Thailand with Japan in this regard, then one can starkly see the contrasting nature of the development as Japan at a similar stage had much more people contributing in industrial jobs.

As development happened, the inequality also rose in Thailand – putting the country just behind South Africa, the US and some other Latin American countries. Historical data show that before East Asian crisis when the growth and development was at its peak the inequality (Gini coefficient) was also at the highest. So, high development was accentuated with high incidence of inequality. After 1992, the Gini coefficients fell and some commentators try to attribute that to the market forces, but on the contrary the fall in inequality after 1992 show the effect of various social welfare measures taken in the aftermath of the crisis – the most important being the universal healthcare programme introduced in 2002. Health services are provided free of cost to everybody, and that made difference in the lives of the people in the lower rung of the society. However, the comparison of Gini coefficients of household expenditures in neighbouring countries show that Thailand has the maximum amount of inequality compared to Indonesia, Cambodia, Laos, Vietnam – even compared to Philippines and Malaysia. However, inequality in Indonesia has risen sharply and went above Thailand after 2012. Income data of Thailand during 1988-2011, however like many other countries, show more than 250 per cent increase in income of the top 1 per cent of the population. Income of the top 5 per cent of the population kept on increasing – giving rise to their disproportionate influence on economic, political and social power. The top 20 per cent contribute almost 80 per cent of the savings in the economy; the top 5 per cent also has abnormal income or profit from rent (through stock market and other influences) as well. They grew a powerful network over the recent years to influence policy measures so that those very policies benefit themselves. Even though there have been improvements in education but still access to education is extremely unequal in Thailand – worse than even Philippines and Malaysia in some aspects.

The top 40 wealth holders in Thailand have increased their total wealth two or three times in the last 6 years. The provinces outside Bangkok are seeing rapid economic, social and political changes in the recent past. The turbulent political atmosphere in the country is a testimony to that. With China coming into the picture, more changes are expected in the coming years, but the immediate future will be turbulent nevertheless. In a way, the coup is a manifestation of the effort of Bangkok to contain the turmoil and change in the provinces.

Clarifying about the distribution of lands and landholding pattern in the following discussion, both **Chris Baker and Pasuk Phongpaichit** made the point that the actual land data are very hard to come by. But the landholding pattern data are based on actual ownership deeds which many of the small land users are not having. Moreover, the aggregate land data is not categorised according to use (industrial, agricultural or something else) – creating further confusion. However, since rice cultivation has become less and less profitable in the recent past a lot of other plantations producing cash crops or fuel crops have also come up, and in those plots of lands also the official ownership pattern is unclear.

After the Second World War, Thailand was one of the poorest countries in the world lagging behind Asian countries like Myanmar or Philippines. The country was never colonised by the western or other imperial powers like many other Asian countries, which implies that Thailand was a primitive colonial feudal state at that time. Reacting to a query the speakers said that of course the development and standard of living are not at all comparable with present time. Life expectancy was much lower; health was a big problem as well, Thai people in those times possibly had more health issues than today. However, in terms of control of Bangkok in outlying areas probably there was more freedom in the provinces compared to present time.

On the issue of foreign ownership of land, they mentioned that there are still very stringent laws against foreigners owning lands. However, there is a nominee system by which multinationals and other foreign entities are holding lands for their purpose – bypassing the laws.

On the issue of education, **Chris Baker** said that historically there were not enough efforts to educate people in the lower section of the society. However, after globalisation when foreign companies (particularly Japanese) set up their factories in Thailand they needed lots of workers – cheap but with a minimum set of skills. But, those skills were absent in the labour force and subsequently the state rushed to establish a free and compulsory 12-year education system. As expected in this kind of panic reaction, the quality of education suffered, and there is a huge gap between the quality in Bangkok and outside provinces in this regard. The need to channelise at least 10-15 per cent of the educated into vocational training and education is also felt now. So, it is not very uncommon to find qualified people in informal odd jobs. This also implies that unemployment figures may be underestimated.

Session 3: Thailand II: Politics of Inequality

Chris Baker intended to start with the recent coup, which according to him is something different than the 19 coups that Thailand has seen since 1930s. He described it as a "coup-ed coup" in the sense that lots of people had been detained selectively to stage this. It was nastier than any other coup that has happened in Thailand since 1976.

Though Thailand was never colonised by outside powers, by the end of the 19th century the country "auto-colonised" itself by putting up a centralised modern state complete with bureaucracy and military and also by the monarchy. Moreover, there has not been any break in this historical continuity. Unless existing ruling class gets discredited through any kind of crisis like war or economic collapse, the new movement for replacement for such a class is quite often not possible. In Thailand, there are three unreformed but very powerful institutions – monarchy, bureaucracy and military. Monarchy got strengthened in the recent past although before middle of the 20th century it got sufficiently weakened. One reason of such strengthening of the monarchy comes from the age of the monarch. The longer a King lives – somehow more greatness is added to that particular period of monarchy. With the age comes an edge to the monarch as the embodiment of morality; and that perception also becomes popular. The King becomes morally more upright than the democratically elected politicians. On the other hand, agencies and individuals in the ruling class also have the benefit of acting "on behalf of the monarchy" on contentious issues and demand obedience in return.

The second institution is the bureaucracy which developed under the tutelage of monarchy in the early 20th century and before the recent democratic experiments ruled the country for a substantial period of time. So, a sense of "specialness" is shown by them in different ways – by always wearing separate uniforms, by myriad rituals, by erecting administrative buildings all over the country in a typical architectural fashion (a mix of medieval and modern), and thus by creating almost a separate caste for themselves.

The third such unreformed institution is the army. The army was established at the beginning of the 20th century by the monarchy, and it ultimately started running the country in 1932 and ruled for 50 years. So, they also claim some "specialness" on the basis of that ruling stint and claim an automatic right of intervention in politics. Military claims to be "independent" of any business or commercial influences unlike the politicians. Of course, that is not true but the myth adds to its so-called "specialness." The military also developed and still has considerable hold on media – as most of the television channels are controlled by them.

Between 1973 and 1992, business and middle class started backing democracy to move military out of power. With globalisation, the clamour for a democratic set-up to enhance the business atmosphere in an American way (or to conform to the international standard) started increasing. In 2001, an extraordinary politician, Thaksin Shinawatra, came into power through elections. He came as a representative of business and he probably thought that he was challenging the bureaucracy while trying to run the country like a company. He promised to take Thailand to OECD level within 20 years. However, he quickly found out that challenging any one of those three institutions implies challenging all, as he was hit by a sustained fictitious campaign that he is anti-monarchy. However, his tenure was marked by a politics of social change also. He came in a situation where starting from around 1985 per capita real GDP trebled in 15-20 years of time. Rural Thailand were no more dependent only on agriculture but started working not only in Thai urban areas but also in places like Laos, Malaysia, Taiwan, Hong Kong, Japan and Netherlands. With the increase in income the aspirations of the rural people also took different direction where they wanted to access and ensure social benefits like education and health for their family and children. Rice cultivation was not the only option in front of them. Almost by mistake or accident, Thaksin found a huge support from this section by introducing social measures like universal healthcare. People found out that their vote can make some difference and address their aspirations. Earlier there was apathy to vote. So, when Thaksin was ousted in 2006 there had been, for the first time, protests and rallies by the Thaksin supporters in Red Shirts.

Existing inequalities, economic, social and political, fuelled these movements further. The protestors wanted more democracy and legal, political and educational fairness. The double standards of the elites while dealing with the poor were highlighted during these protests. The divide between the Bangkok people and people elsewhere also came to the fore. However, anti-

Thaksin protests (in Yellow Shirts) also subsequently built up with the support of Bangkok middle class – in defense of bureaucracy, military and monarchy. The reaction of middle class was caused by the apparent propaganda and perception that Thaksin government was taxing and squeezing middle class for its populist policies meant for the poor while letting the rich get away. As most of the population in Bangkok has some Chinese connection in the past and no linkages with the rural or outskirts in Thailand - the Bangkok middle class is quite detached from plight of the rest of Thailand. Rather the Bangkok middle class identifies itself more with the so-called 'rising' urban Asia. Secondly, this urban middle caste population with Chinese past believes in a construct that their ancestors came from China with nothing and made their fortunes by sheer hard work and dedication. The flip side of this myth is that they also believe that rural Thai people are too lazy to make their lives better - without actually knowing much about the rural Thailand. That, in a sense, strengthens their loyalty to the monarchy. This middle class is also unaware of the big rural transformation that has happened in the last few decades. However, this class actively pushed for the coup as a solution to this unrest. This support also got reflected in the media. Though many in Thailand deny it - this is ultimately class politics that is getting unfolded in the country now.

Though inequality in wealth distribution is playing its role, many of the Red Shirts do not recognise that as the principal contradiction as they also have their own aspiration to become rich. On the other hand, the pro-establishment people show that they have different values while they describe the Red Shirts as 'uneducated.' That also implies that different people deserve different political rights. That also gives legitimacy to the perception that certain people can use money to deny rights to others. However, the fact that Thaksin's party still managed to win consecutive elections even after all allied efforts and deportation of Thaksin himself unsettled the elite and the middle class. Thus, the recent coup has come as an effort to change the system itself in the ruling class's favour.

There is an increasing tendency among the elites also to steer away focus from this ongoing transition from a pre-democratic political system towards a democratic one. To counter the 'transition' argument the notion of hybrid regimes is highlighted, where there will be democracy with some undemocratic institutions. In this direction, "China model" is often cited as the counter to build up an open economy with an authoritarian political system.

In the ensuing discussion, **Chris Baker** also highlighted the ability and flexibility of the ruling class to co-opt new elites (coming from rapid capital accumulation) into the system by various means like creating new networks through short term training courses specifically for the elites and subsequent bonding through alumni and other networks. Apart from the transition and the role of the major three institutions, this process is also going on. Reacting to another query on paralysis in economy and society due to the coup, he said that there was and there is no paralysis. The economy is running in the open-economy mode and moreover the coup was not an impulsive one but pretty well planned, and thus helped the continuity in open market policies.

On the issue of decentralisation, he said that there is indeed an apprehension of rollback in the decentralisation process. However, there is a resistance also because at local level lots of works had been possible in the last 10 years due to decentralisation. There are cases of corruption, but in local governments it is easier to find out the corrupt ones and within a democratic set-up they can be isolated through elections. And that creates the resistance against any possible move to stall decentralisation. The military also has intersections of interests with the business and the ruling class. As Thaksin was pro-business (national business) he often took position in favour of them – sometimes even ignoring the big (multinational) business. So, the big business finds a government under military rule easier to deal with. However since the time, people and society – all have changed, the effort to subvert the system to favour the elites may not succeed after all.

Day 5: November 7, 2014

Session 1: Recent Development of World Capitalism and Its Crisis

Andong Zhu (Tsinghua University, Beijing) very briefly traced the frequency of crisis in capitalism in the beginning but quickly came to the recovery process in the US and elsewhere. The data show that the recovery process is slow and weak not only in the USA but also among most of the advanced countries. In terms of percentage of GDP per capita in 2013 with 2007 as base, France and the UK are yet to recover. Some of the emerging economies including China, India and Argentina seem to have

recovered. However, the growth rates in these countries are also below the 2003-2007 average. So, the growth is weak and uneven. If one looks at the ILO data on employment, then there were 31.8 million more unemployed persons around the world in 2013 than in 2007, along with 23 million discouraged workers. So, in terms of employment also there has not been any recovery at all. The crisis-related global jobs gap, measuring the number of jobs lost in comparison to pre-crisis trends, widened further to 62 million workers in 2013.

In 2013, there were 45.3 million people in poverty in the USA – according to the US Census Bureau. The 2013 poverty rate was 2.0 percentage points higher than in 2007. In Europe, 17 per cent of the population in the EU-28 in 2012 was at-risk-of-poverty after social transfers (25.9 per cent before transfer). So, the real economy is down but in the financial sector the bubble is getting developed – both in real estate and stock markets. And this he describes as a “stag-bubble” scenario. The upbeat stock markets across the world do not show any synchronisation with other economic fundamentals. As we know, big multinational financial companies (so called “too big to fail” entities) were bailed out by most of the advanced countries’ governments.

He even posited that the sovereign debt crisis in parts of Europe is not so much public debt crisis, rather they are external debt crisis. While Japan had a government debt of 204 per cent of GDP in 2011, while Spain had 74 per cent and Greece had 130 per cent, but nobody heard about any sovereign debt crisis in Japan. This is simply because most of the Japanese public debt was domestic. When the gap between government revenue and expenditure widens then there are only two ways to deal with that. The first way of cost cutting is adopted by most of the countries, but the second way of increasing the revenue by taxing the rich is taken by almost no country. It is also politically impossible in advanced countries like the USA as any talk of increasing tax is unfortunately treated as a ‘socialist’ policy and then is discarded summarily. So, then cutting expenditure remains the only option and across the countries the first cut is always done on social welfare. During a crisis period, it is the poor who needs most of these welfare measures and as a result of the welfare cut the poor bear most of the brunt of a crisis. No wonder that with the poor of the country languishing in poverty the economies are unable to generate consumption and hence demand.

So, alternatively the countries affected by crisis resorted to what is called “unconventional” monetary policies. With cutting down interest rates to near-zero level and through “monetary easing” the central banks pumped in money into the system with the hope that consumption and real investment will increase. In the bargain, the central banks had to buy a lot of securities, bonds and mortgage backed securities (most of them are financial junks). But in spite of the extra liquidity in the system neither the banks were willing to extend credit nor were the investors interested in borrowing and investing in real economy during a period of crisis. As a result, the extra money in the banking system came back to Federal Reserve in America as idle deposits. Thus, the unconventional monetary policy failed to boost the real economy; however the extra money of the system made its way to financial market – particularly the stock markets of the core and emerging economies (as hot money). That explains the heightened activities in stock markets worldwide. While even IMF is now feebly advocating fiscal intervention to revive the world economy, the sheer might of the financial capital is withholding any such initiative.

Underlying these policies is the control over the political, economic and cultural process by financial capital. In 2013, the 6 biggest US Banks’ assets were worth 9.6 trillion USD, which is equivalent to 57 per cent of US GDP. The financial capitalists and organised interest groups in the US and other developed economies have substantial impact on policy making while the common citizens have almost none. So, almost all the times whatever is good for Wall Street is regarded also good for the United States. According to him, while the financial capitalism is muddled with stagnation, crisis and chaos, there remains a possibility of industrial capitalism to come back. The socialism as a political and economic system also has the possibilities but then the working class has to get mobilised and organised towards that goal.

In the following discussion, providing answer to a question on China **Andong Zhu** said that though there are capitalist mode of production in around two-third of total (rest is in socialist mode under government), and there are ideological tussles within the communist party, but still he believes that there is ample opportunity for socialism to flourish in China as an economic system in future. He thinks that China is entering into a new era where the trends in investment and energy and resource usage are getting increasingly unsustainable. If at all there is a financial crisis in China, according to him, the country can still survive because of its capital control measures and other policy tools. There is also more space for fiscal intervention in China

than in other countries. However, the growth pattern needs to be changed towards more sustainable ways. In another query on defining 'working class' in today's times, the discussion veered towards the ownership of means of production – in the sense that even today 'working class' has to be defined in terms of those people who can not in any way rely on the ownership of means of production for a living, therefore has to sell her labor power to survive.

Panel and Open Discussion – Moderators and Participants

Ebrima Sall started the session and lauded the topic of the institute as an extremely important challenge the whole world is confronted with. According to him, the institute perhaps needed to address the issue of 'beyond neoliberalism' a bit more. Four main concepts were discussed in details, viz. democracy, inequality, development and neoliberalism. The presentations gave theoretical perspectives along with varying levels of emphasis on these factors which reflects the differing challenges that the regions were facing. There were fewer papers on democracy, and a lot on the dominant development model of capitalism and its criticisms. It would have been better if there was time to connect the different issues raised by the respective presenters and have a broader level discussion on them. Some presentations highlighted the role of the state which today is used as the main instrument even by agencies like the IMF and the World Bank to implement the neoliberal agendas in the countries. There needs to be greater focus on the nature of the state that we envisage in order to develop an alternative social discourse to neoliberalism, which would include the notion of commons, issue of public services etc.

The responses to neoliberalism in the form of social movements related to issues of land rights or employment were discussed extensively by the different young scholars. However, much of these movements are spearheaded by the new identity of NGOs, which are often equated with civil society which is problematic. The question of the role of the working class in the present context has been in debate for many years now. We are challenged in every instance to look at the processes unfolding before us, the forces confronting each other, the projects underpinning some of the struggles of aspirations. We have to make our own readings of the world with our own eyes and not through borrowed lenses in the context of our own realities. The Global South is a complex phenomenon with newer developments like the BRICS that change the dynamics of relationships even between the South countries. One has to look at these developments in terms of whether they strengthen the stronghold of neoliberalism or provide opportunities to challenge it. Despite the heterogeneity in the South, there are certain commonalities in the different challenges highlighted in the presentations, including with some countries in the North as well. Development is all about building a new civilisation which can address the common aspirations of better life for all. Those combating neoliberalism in different parts of the world want to see in its place better living conditions, sustainable environments and inclusive growth. All these are driven by a logic that is not always deciphered in terms of profits or commercial opportunities. There is a need to relook how we measure growth and development. Currently we measure it by GDP, but alternative measures like the Happiness Index as highlighted by our Indonesian friend suggest feasible alternatives that are already being practiced.

Challenging neoliberalism is not about denouncing historical progress and going back to a primitive lifestyle. The role of technology to improve living conditions has to be paired with preserving values that we cherish. We need to relook our relationship with technology, how it serves the purposes we want it to serve, and not necessarily the purpose of profit that drives it today. We need to think how we can use the productive forces to respond to the challenges of human needs, and how to organise society, the state, and our political processes to ensure that the powerful ones do not end up taking over and controlling everything to extend their narrow objectives.

Gioconda Hererra M. felt there was a lot of discussion on inequality and development, but less on democracy. There was rich discussion on the different perspectives of inequality and comparisons of development in the three regions represented here. The discussions on the role of the state were more related to economic policies and less on political conflicts or political reform. Neoliberalism has a lot to do with political reform and not just economic reforms. In Latin America, the present situation is an experiment in post-neoliberalism – not in all countries but in some of them. There are also critics to this post liberal model in Latin America, and thus a more thorough discussion on these issues could perhaps help the countries in Africa and Asia formulate their alternatives better. A comparison of country specific experiences would help us develop a better sense of an alternative to neoliberalism. Even if the cases seem diverse, methodological investigations can help find criteria of

comparisons and evaluation. The presentations in the group discussion sessions were intellectually stimulating and provide ample opportunities for such comparative studies in the near future.

Carlos Cardoso in his turn tried to focus on the limitations of the institute. He highlighted the issue of language that had been an issue for many of the participants and rued the lack of a common language for communication for the South. Another lacuna had been in discussing the theoretical concepts underlying many of the experiences that were shared. Such interactions should trigger certain levels of theorisation that would provide the common platform to relate the varied experiences. Mere narration of respective experiences without going into investigating the theoretical commonality would defeat the purpose of such interactions. There are two ways to looking beyond neoliberalism. One is to talk about experiences of going beyond neoliberalism in some chosen alternative trajectory. For example, the recent Latin American experiences are sources of inspiration and also lessons that we can learn. The second is to try and make future predictions of the social trajectories that can help go beyond neoliberalism. Another shortcoming had been in relating the individual researches to the general theme. For example, the presentations on land tenure did not explicitly relate enough to inequality and democracy. The conclusions to such research works should try to explicitly relate the findings to the broader issues. This could help make comparisons and theory building easier. The lectures by the resource persons were complimentary in nature and such should be followed in the future version of these events as well. However, in such forums one should refrain from talking about issues that they have not really mastered. Generalisations or sweeping statements on Africa, without knowing in depth the complexities of Africa is such an example.

Andong Zhu started by saying that this was a wonderful learning experience even as a resource person. He went on say that often predictions about economic crises or forthcoming revolutions are erroneous. However, that does not mean that the process of trying to predict should be abandoned. China has embarked on a neoliberal path since 1978, but even now there is a strong resistance even within the communist party. There are periodic protests against such moves, but unfortunately the process of neoliberalism is very strong. Besides the pressure of foreign and domestic capital on the economic front, there is an invasion of neoliberal economics in the academic front as well. In the 1980s, delegates from the World Bank visiting China had suggested China follows their policies in order to grow. In the 1990s when they saw China was growing economically despite not adopting their policies, they alleged the statistics were forged. Now they grudgingly accept the growth figures but allege that it will not be sustainable unless China follows their policy prescriptions. But China still continues to remain in the frontline of the resistance against the IMF World Bank diktats. There is a new discourse about Chinese imperialism, with the inroads made by China in Africa being highlighted. It is true that China has ventured into Africa and other such regions for oil and other natural resources. Private Chinese capitalists are often exploitative in these regions as well. However, compared to the role played by Western capitalists in these regions, Chinese capital is still a better option. It is up to these countries to determine what kind and form of capital they would like to allow in their countries, instead of trying to go for any foreign investor willing to invest.

C. P. Chandrasekhar said that for those who were brought up in the critical tradition, in the post Soviet era they were often asked the question – ‘what is the alternative now?’ One must not delude oneself that the critical position is obvious and known, even to the followers of the critical school. Even the most well intended leftists are often unconsciously influenced by neoliberalism. Spending time to strengthen the critique is as important a task as talking about an alternative. If alternatives refer to the kind of policy interventions required to achieve a more egalitarian alternative, such policies are already known. Issues like land reform, institutional reforms, policies required to bring about changes in asset distribution, etc. are taught even in the most basic levels of economic studies. However, if alternatives are discussed in terms of the nature or institutional frame of the state that should exist for an alternative society, or in terms of the social dynamics of class forces that will deliver such a state, that is where the problem of the unknown lies. The mainstream always tries to portray that the critics only know to criticise and have no real alternatives. It is only because the alternatives exist that events such as this institute are organised to help us understand the context better in order to find the roadmap to establishing the alternatives.

Laura Tavares started by saying that for research work, contact with reality is the most fundamental requirement. While theoretical study is important, dialectical contact with reality via empirical analysis, for example, is vital so as not to get lost in

impractical abstract ideas. Those in the professional field of academics in public universities are often entrapped in a comfort zone, surrounded by fellow academicians with whom one can engage in theoretical and abstract debates and discussions. But academics have an element of public commitment, and academicians have a moral responsibility of delivering to the common people solutions to their problems, based on the access to knowledge that they have but the general mass often does not have. There is also a political commitment of academicians, and progressive academicians have to reach out to people, engage in social movements, try and engage and influence political parties. Academicians have to actively engage in public spaces, and that includes government space as well. Knowledge is never neutral, and academicians can never remain neutral to the social dynamics and conflicts. The purpose of this kind of institutes is to allow academicians to exchange knowledge and enrich themselves. The experience of this institute suggests that there is a strong polarisation between the left and right forces in the world. Latin America has witnessed a cycle of leftist governments and the elites are now reacting. If not strengthened with new knowledge and understanding, the left in Latin America runs the risk of facing a strong onslaught. This is the time that the organic intellectuals really live up to the expectations. Across Latin America, Africa and Asia, the people have to actively engage in the debate on the State, and try formulating their own policies instead of looking up to international agencies or NGOs to shape it out for them. Any discourse on the alternative has to engage in seizing real power in order to make any difference. In Latin America, the elites are reacting because the alternative left is winning over state power. The same elements that welcomed the World Social Forum are today reacting because their material interests are now being threatened. Academicians are the contra-elites, who engage with the people in their struggles, continuously strive to learn from their experiences while at the same time provide the intellectual guidance to the people. Knowledge is constructed through contradictions and conflicts, and cannot be linear. Thus, true academicians have to actively engage in these processes to decipher true knowledge.

Jayati Ghosh stated that this institute had participation from some very bright scholars who engaged in lively theoretical and empirical discussions over the course of the institute. For quite some time, academicians have been stuck with a very archaic definition of the working class. It is often the standard male factory worker that many academicians are still working with. It only affects methodologically, but also affects how we analyse social change and social processes. In a broader sense, workers are those contributing in economic production without controlling the means of production. Thus, it includes not only landless peasants but the entire range of paid, under paid and unpaid labour, including women engaged in domestic work. This has to be included in the progressive discourse of social science and also politics. The future South-South interactions can perhaps delve deeper into such issues. We also tend to be absolutist, taking neoliberalism as given while even in the most neoliberal states some battles can be fought and even won. Alternatives need not wait for a grand revolution to displace the present class from power, but can be set up with small steps of progress. Often, the critical school puts very high standards for the alternative social system they seek to implement, with very stringent requirements for all alternatives. One should allow for mistakes, and as long as some such social form is broadly progressive, it should be supported. The role of the media and how it engulfs us today is often overlooked by academicians. Even political scientists or sociologists have perhaps not taken this factor in full cognizance. The field of the media and its sphere of influence has to be recognised as an important field of battle in this quest for an alternative. Young scholars like those present in this Institute need to be aware how inadvertently they are subjected to this onslaught of propaganda by an extremely class biased media.

The open discussion witnessed active participation from the scholars. The need of a balance that young scholar activists have to maintain between their academics and political activism was highlighted. The importance of people to people contact was reiterated, even in resolving major international disputes, without having to resort to the UN or some major political force as a mediator. The role of the media in the present context was discussed and it was argued that contrary to the popular belief, the internet has actually enslaved us instead of offering greater freedom. Every 'link' we share goes on to add to the profits of someone in the background. A participant observed that in a South-South interactive platform like this Institute, the discourse should be an unanimous engagement with the North, instead of the left and right divide amongst the South participants. The notion of left and right divide is a concept born from the North itself, and it is time the South develops its own perspective on the issues of development, democracy, and inequality. An alumni association for the participants was suggested so that this wonderful initiative of South-South collaboration can be carried forward by the participants. It has been witnessed, especially

in Africa, that even the most progressive movements often fail to produce leaders of the next generation who can take on the role of leadership. Intellectual capacity building in the South is a major shortcoming, and the initiatives of such Institute must be preserved and sustained to strengthen it. The importance of the exposure that such programmes provide to participants to perspectives of other disciplines of social sciences was lauded by participants. Such interactions also help young scholar realise that many of the academic notions are not as rigid as they seemed to be. Thus, the fight against imperialism is not just limited to fighting an US onslaught but also includes Chinese aggression; nations today are less represented by their states and more by the private capital that is based in these countries. The entire project of national sovereignty of the anti-colonial movement has somewhere ceased to work for most of the Southern nations. Instead of debating on who will be the vanguard in the modern era, it is better to go back to the original debate between the haves and have-nots. Many participants thanked the organisers for this wonderful opportunity to interact with fellow professionals from the other parts of the world, and everyone promised to carry forward the association in the future.