

Engendering Inclusive Growth: Notes from the HBF and LSR Autumn School 2011

By Almut Büchsel*

The great financial crisis of 2008 produced shockwaves in the West, but in South Asia, many believe that the region has come out of the crisis largely unaffected. From this perspective, Europe's debt crisis may appear only as just one more indication of a sea change in the global economic and power structure. However, such a perspective overlooks the immediate impacts that the global crisis has actually had on the Indian economy, and it especially underestimates the exposure of weak and disempowered segments of South Asia's population to a global "financialized" economy.

'Global finance' is not just a far-away Western phenomenon; it has impacts throughout South Asian societies. On this background, the Lady Shri Ram College of Delhi University and the Heinrich Böll Foundation's India Office co-organised a 'South Asian Regional Autumn School' with the overarching theme of 'Global Finance and Human Security: A Gender Perspective'. It took place from 1st to 5th of November 2011 at the premises of the Lady Shri Ram College in Delhi.

The school provided a platform for 29 young professionals, activists and scholars from 6 South Asian countries to reflect discuss and engender ideas towards more inclusive economic structures in the region. The participants came from a variety of backgrounds, ranging from women's rights NGOs to staff of corporations, including also journalists, lawyers and representatives from the government. All of them were interested in joining two fields of analysis and action that often exist in rather separate worlds: macroeconomic analysis, and the struggle for gender equity.

This article summarizes some of the highlights from the proceedings of the 2011 Autumn School.

Development in the Age of Dominant Finance

The first day of the school looked at 'Global Finance' and its relevance for South Asia. C.P. Chandrasekhar, Professor at the Centre for Economic Studies and Planning at Delhi's Jawaharlal Nehru University (JNU), gave a historical summary of the financial system that had emerged after the collapse of the 'Bretton Woods' system of fixed exchange rates in 1971. From the 1980s, the growing 'financial economy' began to form an increasingly powerful alternative to economic growth in the real sector, growing on the liberalization of financial markets and debt-financed private consumption. Despite various crises, the system remained dominant until 2008.

Sunanda Sen, National Fellow of ICSSR and formerly professor at JNU, recalled how, since the 1970s, the uncertainties of a system of deregulated exchange rates caused companies to 'hedge' risks by spreading them beyond institutional and national borders. This process created ever more complicated financial

instruments, leading, in the end, to the U.S. subprime mortgage market crisis triggering the breakdown of an entire global financial structure.

Deepak Nayyar, Professor of Economics at JNU, outlined the financial crisis' impacts on the developing world where, with the slowdown of trade and investment, growth slackened and jobs were lost, especially in the low-wage sector. Nevertheless, India and other developing nations still fared much better than the West, due to generally higher growth rates, high currency reserves, and a limited reach of financial liberalization. Furthermore, certain aspects of India's social security system (such as the rural employment guarantee scheme) also helped to avoid more severe socio-economic impacts. According to Nayyar, the sheer size of the developing economies and their domestic consumption saved them from the worst, and the crisis also showed the efficacy of state intervention.

Human Security, Growth and Livelihoods in South Asia

"Human Security" was the second core concept of the Autumn School. Human security goes beyond classical, state-centred notions of security and instead assesses 'security' in terms of livelihoods. In a keynote lecture, Jairam Ramesh, India's Minister for Rural Development, contextualized human security in the South Asian region and asked what kind of growth it takes to ensure poverty reduction. He highlighted the '4 D's' of Development, Democracy, Dialogue, and Diversity, their interdependence and significance in the South Asian context, and stressed the necessity to put 'growth' in the right context, to not just measure its pace and size, but instead assess its degree of inclusivity. The fact that India who fares much better in terms of growth, it falls behind Bangladesh on the Human Development Index (an indicator that includes components of human security and livelihoods) shows that economic growth *alone* is not sufficient to bring about human development. As an example, Ramesh remarked that protecting employment does have to be a central part of every government's agenda. At the same time, protecting employment should mean more than applying traditional methods of safeguarding and reservation; new models of employment should be generated instead.

In her valedictory address at the end of the Autumn School, Aruna Roy, member of the National Advisory Council and renowned political activist, offered a different perspective on the issues of human security and economic growth. Roy questioned the prevalent perception of the status quo as being "without alternative". Roy pointed out the extent to which the freedom of 'free markets' may be illusory, not taking account of the confining and often suffocating conditions by which many Indians' lives are determined. Free-market competition, often heralded as tool of liberation from social confinement, could in fact just become a device that rationalizes inequality, or simply ignores confinements such as gender, caste or class. According to Roy, the search for an alternative to this mindset cannot be left to quantitative economics. In order to find and formulate an alternative, we would not only have to ask ourselves how our own lifestyles impact upon the world, but also eventually have to be ready to change them.

Amita Bavskar, Associate Professor at the Institute of Economic Growth at Delhi University, introduced two other themes into the discussion on human security: environment and food security. According to

her, growth needs to be questioned as it happens at the cost of livelihoods and the environment. Even if India may not feel the effects of the financial crisis as powerfully as the developed world, the country is more vulnerable to the subtle, but irreversible environmental crisis. She reminded the audience of the principles non-violence, self-rule and self-sufficiency in Mahatma Gandhi's philosophy, requiring not only action in (and interaction with) the world, but also the examination and change of self. Today's capitalist consumerism entails violence, inherent in the process of food-production with its industrialized killing of animals, and in large-scale environmental destruction. According to Bavskar, our lifestyle is not just a product of consumerism, but defines it. It is for us to choose an alternative lifestyle that could be based on Gandhian principles.

The Micro-Aspect of Macroeconomics: A Gender Perspective

Jayati Gosh, Professor of Economics at JNU, brought in the third component of the Autumn School: gender. Linking gender issues with the concept of human security, she gave an overview of the condition of gender inequality in South Asia, exemplifying by facts and figures that narrate implications on the lives of girls and women at different stages of life. Highly disadvantaged in any stage of their life, women for example are most affected by the poor quality of education, by the lack of provisions for sanitation, and by still prevailing practices of discrimination rooted in culture. Jayati Gosh pointed out how Indian economic growth of recent years has in fact not succeeded in creating stable sources of employment, but instead has led to a massive increase of informal labour of which women, low paid and often self-employed, form a great part.

Usha Thorat, former Deputy Governor of the Reserve Bank of India, linked global finance and human security, analyzing them 'through the gender lens'. According to her, in order to achieve 'gender-inclusive growth', regulation of the financial sector needs to be reconciled with financial inclusion. She was optimistic about the possibility of economic growth to be made to trickle down by offering financial opportunities, especially by providing microfinance. In this, a balanced intervention by markets and government is necessary to benefit the poor.

Ratna Sudarshan, Director of the Institute of Social Studies Trust in Delhi, stressed that only a policy considerate of the intricate workings of international finance and the specific needs of the excluded can trigger change that translates into a better quality of living. Being 'gender sensitive' in South Asia entails being sensitive to the needs of a great number of invisible individuals who are not touched by economic growth and even fall through the safety nets provided by the state. 'Inclusion' means empowering women to actively take part in the growth process. Current social security programs as well as the growth strategy itself need to be reconsidered. Sudarshan underlined that granting poor women access to financial facilities does not necessarily make women entrepreneurial and self-responsible market actors, investment in a process that is also empowering would be more productive and sustainable. Christa Wichterich, an expert on gender and development presently lecturing in Vienna, noted serious limitations to the idea of financial inclusion being achieved through microfinance. Wichterich recalled how, in 2010, parts of India's lately booming microfinance sector collapsed, showing the risks of a merely business-like approach to financial inclusion. Undeniably, since the 1970's, saving and credit has

been one of the most effective instruments for women's economic and social empowerment and served a public purpose. But when the focus shifted from microfinance as a needs-based and community-oriented activity, to a service driven by markets and a business pursued by a growing number of competing institutions, the original aim of female poverty reduction was replaced by the need for profit and growth. Wichterich warned that commercial microfinance, the provision of loans and the eventual creation of a debt trap cannot substitute for any social policy, development programme or a wealth redistribution strategy. The immediate need to regulate the international financial economy on the macro level is mirrored on the micro-level with a similar urgency to regulate the institutions of microfinance.

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