

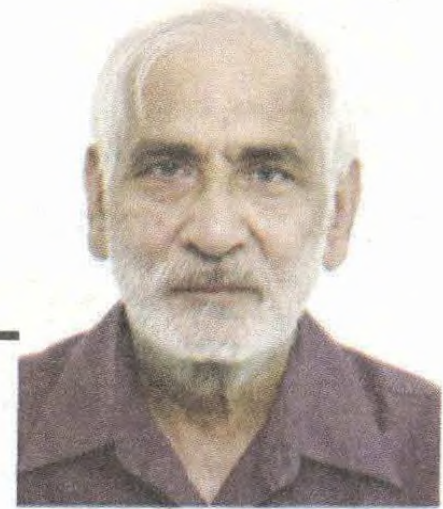
KEYNOTE ADDRESS

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The question of equity has been front-loaded in the global economic and developmental agenda for the past few years. Recall the US President Obama's statement in December 2013, when he saw 'inequality' as the 'defining challenge of our time'. In June 2015, both the IMF and the OECD have come out with special reports on ways and means to fight economic inequality. This reflects that inequality that characterized the developing countries has also started haunting the rich and the developed world. The IMF Chief Christine Lagard addressing a conference in Brussels on June 17, 2015, said: "If you want to see more durable growth, you need to generate more equitable growth".

For those who are concerned with global growth, attention on South Asia is inevitable. South Asia today is the world's fastest growing region. It has the world's largest working age population and houses a quarter of its middle class. It also has the distinction of holding the world's largest number of poor and under nourished people governed by a number of fragile and failing states.

In order to meet the global challenge of inequality, economic pundits and policy makers, have been advancing a number of policy interventions in critical areas of fiscal prudence and macroeconomic stability. They have been pushing for 'smart' structural reforms in the vital areas of education, health care, labour market, gender equality, infrastructure and financial inclusion. Many of these policy packages are not new and the Bretton Woods Institutions have been pursuing them with the developing countries for long. What is new however is the heightened concern for the lower strata of society, the bottom 20% and the middle classes. They, and not the top class, are seen as the drivers of growth if lifted economically.

We in South Asia have been struggling with many of these policy packages for the past nearly four decades. Some of our innovative measures for providing social security and entitlements like Bangladesh's Grameen Bank, Pakistan's Benazir Income Support Programme (BISP), India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Sri Lanka's Janasaviya and Samurdhi schemes have been globally appreciated. But obviously our efforts have not been enough. They have not been effectively implemented and have not often delivered expected outcomes. We need to streamline them and explore more. A lot needs to be done in the areas of education, health care and employment mobility, specially for the poorer and marginalized sections of our societies.

South Asia is a region full of diversities; even extremities, both between and within its constituent countries. For meeting local and regional specificities in evolving policy packages, adequate and authentic data on socio-economic conditions are lacking. Considerable investments and efforts are required to assess the ground reality and frame appropriate policies for targeted social groups. Such policies could be for short, medium and long-term spans.

The present sets of approaches to address the issues of equity deserve to be revamped and pursued continuously. They have been useful and we need more of them. But they are piecemeal and incremental. They take the bull of inequality by its tail at best. We need to take the bull by its horns. The roots of South Asian inequality are entrenched in our stratified societies, distorted polities and imported growth strategies. We need to target these roots by raising basic, though uncomfortable questions. May I draw your attention to two such areas?

One, we must revisit our neo-liberal growth strategy. This strategy caters to the demands of the market forces and the market only favours those with assets and endowments. Markets are generating and expanding inequality. It may however not be possible or even advisable to discard the neo-liberal framework of growth as it has huge potential to sustain South Asia's growth trajectory. But then, can we innovate on this policy to redefine it. May we also evolve and reinforce cushions to absorb the persisting and predictable regressive fall out of this strategy.

The second question is about our polities and political cultures. They are not inclusive either in their structures, or in their practices. How can we then create inclusive societies and deliver inclusive and equitable growth? For instance, most of the South Asian constitutions are not inclusive. They have acquired sectarian identity or ethos - of majoritarian, religious or ethnic nature. They have created and reinforced the social cleavages of minorities, marginalized and excluded groups. The politics flowing out of such polities has been playing upon these cleavages. How can they promote equity and pursuit of over all well-being? Political reforms are therefore intrinsic to the struggle for socio-economic equity.

These questions are tough and volatile. Shying away from them in the interest of a safer and convenient approach would amount to pursuing only a half-hearted fight against inequality.