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State, market and civil society in the era of globalisation

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While globalisation and the increasing clout of the market hold forth the promise of prosperity, they also have an underside. The global market place is not a level playing field, it is dominated by developed countries that use their political clout to adopt protectionist measures and deny these to the poorer countries. IMF styled cuts on public spending then have an adverse effect on the poor. The State, in this context, needs to ensure that the market behaves humanely, apart of course from its role of providing stability, law and order, which are needed for the market to function in the first place. The State however is influenced by vested interests and does not necessarily act in the interests of the people. It is in this context that civil society – that section of society that is distinct from the State and the market, must seek to ensure that the government is transparent and accountable and upholds human rights.

Nobel laureate Stiglitz defines globalisation as '... the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, service, capital, knowledge, and (to lesser extent) people across borders' (Stiglitz 2003:9). Globalisation, which began a century ago, circa 1870, and gathered momentum until 1914, when it came to an abrupt end, was marked by an absence of restriction on the movement of goods, capital and labour across national boundaries, and minimum government intervention in economic activity (Nayyar, 1997). New forms of industrial organisations, information and knowledge based organisations have given a fillip to globalisation today.

Globalisation is painful for many poor countries because the rules of the game are not fair and are created to benefit only a few. The governments of the richest countries dominate global trade negotiations, because they have to please powerful lobbies at home who contribute to party coffers (Clark 2003). The global market is not as free and competitive as it is made to appear. For instance, while poor countries are forced to cut vital subsidies, the rich are allowed to increase theirs. India is under pressure like other developing countries from the WTO to reduce subsidies and lower tariff barriers but the industrialised countries are constantly raising theirs tariff and subsidies and access to their markets is still difficult. Agriculture, textiles, and garments are the sectors that developing countries are most engaged in accounting for 70 % of their

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export, these are the very sectors in which northern protectionism is stronger (Clark 2003:21). Added to this is the fact that international labour migration from developing countries to richer countries in search for employment, better living conditions, is not only resented by local labour but motivates the State in the industrial countries to pass new legislation to arrest the labour inflow (Melkote 2001).

To an ever increasing extent, third world countries sell cheap and buy dear. IMF-style economic adjustment to curtail public spending then has an adverse effect on the poor in developing countries like India. 'The reduction of subsidies to basic amenities such as sanitation and water supply, public health facilities has not only reduced wage-earners' house hold incomes, but has put an extra burden on women' (Gosh 2001: 90). Moreover, Intellectual Property Rights (IPRs) have furthered the interest of the rich. Demand for better intellectual property protection has primarily come from the developed countries and the reason is simple and obvious earning on royalties will increase, their exports will face less competition (Debroy 1996). Research is an expensive affair, which many of the countries cannot afford, therefore one should not be surprised that the vast biological diversity of the developing countries, whether discovered or altered and adjusted, would become the intellectual property of private interests. There are some however who argue that though there are dangers and disadvantages, a country like India can overcome these limitations over time. However given the strong negotiating interest of the developed countries and the economic and political power they wield along with the effective use of unilateral trade law weapons to silence developing country opposition, it is clear that, however much some developing countries like India, had attempted to strategise, they could not made much gains in global market forums (Watal 2001).

STATE AND MARKET

There are those who suggest that a market driven economy will bring prosperity to all. It is strongly argued here that governments are incapable of intervening efficiently in the market, therefore it should keep off the market as much as possible. In a way this view reflects the 'State failure theory'. People wedded to this model suggest that such policy regimes would provide the foundations for a global economic system characterised by free trade, unrestricted capital mobility, open markets and harmonised institutions. The ideologues believe that such globalisation promises economic prosperity for countries that join the system and economic deprivation for countries that do not (see Stiglitz, 2003; Gosh, 2003).

The second group does not deny the role of globalisation and the market economy but it does not support the above approach entirely. They do not believe that the market left to itself is capable of bringing about human development and ensuring the well being of all. It rejects the simplistic view that government is part of the problem and should simply get out of the way, liberalise trade, and get the prices right and development would follow (Martin 2000;

Clark 2003; Stiglitz 2003). On the contrary they argue that the State has a very important role to play in economic decisions for social and economic development, more so when there are large sections of communities and people who have been socially, economically and politically marginalised. This group believes that economic structures are often used to enhance political power and cultural hegemony (Clark 2003). So in the market not all players are equal and not all have equal opportunity – ‘the major economic powers use international forums selfishly, loading the dice against those who could truly benefit from a more integrated world’ (Clark 2003:10). Hence this group suggests that the market, left to itself, with efficiency and profit as its goals, will not and cannot bring about social and economic development, and that the State will have to ensure that market behaves humanly so as to ensure that the benefits of development are not cornered by some.

‘Profitability and efficiency are worthy goals because their realisation is foundational to the development of the business as a whole’, but they are not adequate. ‘The goal of human development must inform all the ends for which the company is organised and run’ (Alford and Naughton 2001:45). So the government and the State¹ must ensure that organisations and institutions in the market adhere to the goal of human development, besides those of profitability and efficiency.

Another salient aspect is that the market needs stability, rules and regulations. It does not function in anarchy and chaos. Joseph Stiglitz argues that the market *needs* government; ‘government aids the development of market economics in that it either helps provide infrastructure of a regulatory structure that ensures the private provision of infrastructure at reasonable prices; often plays a vital role in developing and transmitting technology, such as through agricultural extension services and can help promote equality and alleviate poverty’ (as quoted in Martin, 2000:8). The State and the government help provide stability, law and order required for market to function. It should therefore not come as a surprise that ‘... the development of the market mechanism during the industrial revolution in Europe closely followed the establishment of the law and order that could provide security to business and economic operations’ (Drèze and Sen 1998:19).

The juxtaposition of ‘market’ and ‘State’ is in fact not as stark as it might appear. The market mechanism and government action, ‘the two forms of economic decisions are so thoroughly context-dependent that it makes little sense to espouse a general ‘pro state’ or ‘pro market’ view’ (Drèze and Sen 1998:17). The debate is not about one form or the other, it is about how much autonomy, dependence and intervention there must be between market and the State

¹ The State is, in many ways, a broader concept, which includes the government, but also the legislature that votes on public rules, the political system that regulates elections, the role that is given to opposition parties, and the basic political rights that upheld by the judiciary (Drèze and Sen, 1998:17).

for trade, and business to flourish, employment to be generated, human development to be created.

It however needs to be emphasised, in this context, that 'governments do not always act in the interests of people at large. Indeed, governments are frequently sectarian in their actions and interventions as they seek to promote or to protect the interests of the classes, or groups, whom they represent. Sometime, if not often, they may manipulate on behalf of groups who can exercise influence' (Nayyar 1998:22). Recent history provides enough example of the dangers. The terrifying success of Khmer Rouge in Cambodia at the cost of a million people, Adi Amin's brutality in Uganda, the enormity of the Nazi atrocities and genocide in Germany (Drèze and Sen, 1998), the gender unjust and oppressive regime of the Taliban and recently genocide in Gujarat by the Hindu fundamentalist organisations – the Sangh Parivar supported by the Narendra Modi regime belie the belief that government interventions are necessarily guided by demand of social progress and human development. On the other hand, market and the 'economic agents' operating in the market 'do not act (at least economically) for common ends or common goods (in other words, community is not a term of economic analysis)' [Cortright and Naughton 2002:24]. The market therefore, left to its own, can be dangerous; 'cornering by a few operators of goods in short supply – leading to a massive accentuation of shortage and suffering – has happened too often to be dismissed as an imaginary nightmares' (Drèze and Sen 1998:17).

CIVIL SOCIETY

'Civil society' and 'society' are two terms loosely used here. However 'society' is used as a generic term while civil society includes individuals, groups, and not for profit organisations but does not include government and bureaucracy or profit making organisations. Broadly, the term civil society points to that section of society which is distinct from the State machinery and market and does not represent their interests. Clark (2003:3) defines civil society as the collective activities of citizens for purpose of social change rather than individual gain – it is far from homogenous, and not always civil. It must be noted that it is quite fragmented and often represents varied interests. For example, pressure groups of powerful and dominant people in the society have given priority to higher education at the neglect of literacy and elementary education for the masses (Drèze and Sen 1998). Public action for large scale subsidies (e.g. free power for farmers) and government giving in under political compulsion may actually adversely affect the overall development process. Therefore it is not uncommon to see some sections of civil society resisting while others endorsing some of the exploiting and oppressive elements of the market and the State (also see Dabhi, 2004).

Drèze and Sen (1998:98) argue that if economic policy involves a strong emphasis on promoting labour-intensive economic activity, on enabling disadvantaged groups to participate in the process of economic growth, on making

use of growing resources to expand public services and on developing social security arrangements, the reform process may provide a real opportunity to achieve greater equality as well as reduce poverty. Therefore, it is important to constantly assess the situation of the marginalised and deprived groups and communities and draw attention of people concerned in and through various fora. The need is to focus on both the social and economic inequalities and work toward exploring, suggesting and implementing creative ways and means to address them.

AGENDA BEFORE CIVIL SOCIETY

The responsible role of individuals and groups within civil society is to closely study the flaws and foul play in the market and highlight and expose them so that adequate action is taken. Above all civil society must support, challenge and ensure that government is transparent and accountable, acts responsible towards the vulnerable, marginalised and excluded groups and communities, and upholds human rights such as right to education, health, employment, dignity and not violated by the state, market and civil society itself.

Sadly, in the economic reform package in India, there is lack of political will as well as concerted attempt to link the process of the opening up of the market with reforms in the State apparatus by weeding out corruption at all levels of society, much worse the corruption that exists in the democratic and secular institutions of the country laid down by the Constitution. Civil society will have to collectively raise its head to expose corruption and spur strong action against the culprits.

Citizens' initiatives must create a political and civic climate that compels governments to stop treating abolition of poverty as election agenda gimmicks and to treat it as a programme of human rights of people. Translated into action it would for example demand of civil society that it get to stop the ruling circles from unnecessary bureaucratic financial waste and purchase of weapons until their needs for education, housing, healthcare, public distribution of essential food items, sanitation and drinking water have been met (Mishra 1999). Citizens have to challenge, and at the same time support the government in its efforts to make public sector more efficient and competitive, while at the same time allowing the market to come into play where the market is a better provider than government so that the government does not waste its time, energy and resources (for example in hotel industry).

Civil society, by various ways and means, needs to ensure that government plays the role of an umpire – allowing fair play in the market, equal opportunities for all, and blowing the whistle when it detects foul play. In our enthusiasm for change and good governance, we must not forget that 'civil society is no alternative to elected government; instead, it serves to make democracy more effective by constructing bridges linking decision-makers with the people most affected by their decisions' (Clark 2003:14). Transparency and accountability (social and environment audit) of market

and governments will enhance their social sensitiveness and responsibility.

Individual citizens, academic and premier social institutions, and the NGOs working with people must be able to confront the tendency that exist among some sections of civil society to collude with the government and the market in blaming the poor for disorder, unrest, and violence in society and branding the poor as opposed to economic and social development. Economic development which does not address the socio-economic disparities that exist in the society will invite unrest, 'for stark poverty and riches can never coexist for long without producing disorder and violence' (Deb 2001:418).

The role of civil society activism is not confined to influencing or challenging the decisions of the government but it can be directed towards many areas of social and economic activities such as monitoring school education (absenteeism of students as well as teachers), implementation of gram-panchayat resolutions, community management of natural resources and protection of environment, ensuring adequate and timely daily wages, etc. Civil society must increasingly examine inequalities not only from economic perspective though very important but also must look at them from social discrimination perspective – gender, caste, class, religion and region and as violation of rights of people to be human.

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