

We need to go beyond self-interest or we're doomed:

Jean Drèze

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The Indian education system would be a good place to start with reforms, says the development economist

Jean Drèze is possibly the world's most famous Belgian-Indian. He has lived in India since 1979, and is an Indian citizen. As a development economist and activist, he has helped draft some startlingly pro-people legislations, such as the Mahatma Gandhi National Rural Employment Guarantee Act, 2005, and the National Food Security Act, 2013. In his most recent book, Sense and Solidarity: Jholawala Economics for Everyone (January 2018), he makes a strong case for combining economic research with public action. In a freewheeling chat, Drèze spoke about, among other things, the problems with economists, his idea of success, nationalism, and activism. Excerpts:

In general, economists are a part of the problem and not the solution. Would you agree?

Well, economics can be a very useful discipline if studied critically. But if you are not critical, then it can become toxic. If you take economic models at face value, you could end up being in a world of your own.

But even as a discipline, economics seems biased against the poor.

It's not just economics. In many disciplines, if you look at the history of ideas, it is essentially ideas that are convenient for the privileged and the powerful that tend to flourish; they are the ones that get sponsored, the ones around which conferences are organised, and so on. In contrast, ideas that are deemed threatening to the established order tend to be sidelined.

Can you give an example?

Take the idea that competition is good not only for economic efficiency but also for social welfare. This is questionable even in terms of mainstream economic analysis. But the way it is taught is that, except in cases of asymmetric information or other market failures, there is general compatibility between competition and social welfare. On the other hand, ideas about the value of cooperation, which are equally important, have not been developed much. Another example is the concept of exploitation. We do not learn anything about it, and it is not even a word we use in economics courses. How can you understand the labour market in India, or the Indian economy without thinking about exploitation? Economic ideas like asymmetric information could help, but somehow they tend to be used for other purposes.

Isn't 'exploitation' a 'Marxist concept'? Maybe that's why it's not in mainstream economics?

It's not a Marxist concept, it's a common sense concept. But it is perhaps seen as something that doesn't belong in the discipline. We do have a conceptual tool to think about exploitation — the whole literature on asymmetric information. But this is just a big term to describe something as simple as, "I know something that you don't, and I won't tell you." In effect, this is just lying, but we don't call it lying.

So if economics does have a conceptual tool to study exploitation, where is the problem?

The problem is in how it is used. If you look at the literature on asymmetric information, it started focussing very quickly on the concerns of the privileged, primarily the employers, the lenders — what if the labourer does not do the work he is supposed to do, what if the borrower does not repay, and so on. The whole thing started being looked at not from the point of view of the exploited but from the point of view of the exploiter. So, by this process of selection of ideas, we end up losing sight of a lot of things that are extremely important, such as exploitation, cooperation, class, caste. That's why economists can end up, despite all their skills and brilliance, as not very reliable advisers on matters of social policy.

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It often happens that the same set of economists work in the corporate sector, then they go to World Bank or IMF and tell governments what to do, and later they join the government themselves. Doesn't this make them biased in some way?

Yes, this revolving door phenomenon is becoming a serious problem in the profession. When economists move around mostly in elite circles, their world-view can get coloured in a certain way. That's why I feel economists should spend more time engaging with popular organisations, and the [people](#) at large. What is also problematic is that more and more of economic research is sponsored either by the corporate sector or the government, thereby affecting the independence of

the economists.

As a development economist, how do you define development?

For me, development is about expanding people's freedoms.

[How do we expand people's freedoms when, in the capitalist society we all inhabit, self-interest remains the supreme mover, with everyone trying to maximise his or her gains at the expense of others?](#)

I don't know if it's true that people are living mainly by self-interest, though I do know that in economics there is a tendency to think like that. By and large, standard mainstream economics tends to conflate rationality and self-interest, though there is hardly any relation between the two. I think a lot of people have motivations other than self-interest, and these can be developed much more. But unfortunately, the schooling system, the economic system, and social norms tend to give more emphasis to self-interest as a motive, and that is a problem. If we want the human race to survive, we need to go beyond self-interest and foster different kinds of values and social norms. How to do that is a difficult question, but a good place to start would be the education system.

If you look at the Indian education system, there is a huge pressure to compete and come out on top, so obviously you are reinforcing the self-interest motive. Nonetheless, through education, democratic engagement, and social movements, you can still develop different ways of thinking and behaviour, and we have to do this somehow. Otherwise we are doomed.

I can't see this happening with the Indian schooling system, given the breakneck pace of privatisation.

We need a big movement in India today, both for radically improving the quality of education, and to halt the privatisation of education. In India, by 'private schools', we mean mostly commercial schools. Where I grew up (in *Belgium*), there were many private schools but they were mainly non-profit schools run by NGOs, churches, civic organisations. They had government subsidy and they performed extremely well. But in India, the private sector in education is mostly the commercial sector, and I don't think this is appropriate for elementary education.

Are you saying that market competition should not determine how educational goods are delivered?

That's right. Market competition doesn't work very well in the case of health and education, and this is not Marxian economics, this is something we learn from mainstream economics. There are good reasons why it doesn't work.

Why is market competition bad for the schooling system?

For competition to work, consumers must have a fair idea of the product they are getting. So if you are buying an umbrella, you can see what it's made of, open it, close it, and you'll have a good idea of what you are paying for. But illiterate parents sending their children to school — what would they know about the quality of education their children are getting? Also, it's not just a matter of efficiency but also of equity, especially in a country like India, which has a heavy historical burden of inequality of all kinds, such as caste, class, language, gender. A good schooling system would give all children, to the extent possible, a level playing field. But this objective is completely defeated by a commercial education system.

Most professionals, including economists and journalists, are disdainful of people who combine their work with activism. But you are an economist who has written a book on '

jholawala

economics'.

Well, many of the economists who take a dim view of activists are actually activists themselves — they are activists for the corporate sector or for the government. There are economists who write relentlessly in the news media, deliberately pandering to certain interests because they know that this is how their career will advance. This somehow doesn't count as activism. But someone who advocates minimum wages or the enforcement of environmental regulations suddenly becomes an activist. I think one has to be careful with the use of the term.

For me, economic research has always been a complement to action, a way of understanding the world and finding the means to change it. Research can lead to more effective action, and vice versa, too. Action can be a great learning experience for a researcher, especially collective action. It can help us deal with some of the blinkers we were talking about earlier. When you learn economics, you get trained to stop thinking about certain things. But when you are involved in actual policy discussions or social action, your eyes are opened to the very things you had forgotten or were made to forget. So I think there is a natural complementarity between research and action.

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What exactly do you mean by action?

It's a broad term that could mean many things. For me, it means using non-violent, democratic means to bring about change. It could mean legal action, taking to the streets, writing, or being a part of collective movements.

Coming to the state of the economy, why hasn't there been much growth in private investment despite the fact that we've had a highly pro-business government at the Centre for the past four years?

I'm guessing this is because of the crisis in the banking system and the reluctance of banks to lend when they are already so exposed. It's also interesting to look at the labour intensity of investment, because the present government is very focussed on the corporate sector and corporate growth. But those don't necessarily generate much employment. So I think this obsession with corporate investment is not very healthy. We need much more investment of a labour-intensive kind in the informal sector, in agriculture, and other sectors that generate employment.

There is this whole middle-class obsession with success, this anxiety not to be seen as a 'loser'. What is your idea of 'success'?

It's hard for me to answer this question because the whole idea of pursuing success is something that you have to question, I think. Do you mean personal success?

Individual success, yes.

I am not so much after personal success, but there are certain things that are important to me, certain causes. For example, the question of universal healthcare. If in my lifetime, India puts in place a system of universal healthcare that makes sense, as opposed to the token initiatives taking place today, I would count that as a success. At a more personal level, consistency between your beliefs and your actions, having a good rapport with your friends and family. I don't think this is a matter of success, however. These are just the kinds of things one would hope to see and achieve in one's lifetime.

What about success as a country?

At the country level, there are so many social, environmental and economic problems that I think success is too ambitious a term. I would prefer the term 'progress'. One can think of many areas that are important. Health and education are paramount, elimination of poverty, halting the growth of the communalism and irrationality that we see now. These are areas where we can aim for progress.

What you are saying seems disconnected from what most people want India to be. They want India to at least be a regional superpower if not a global player, the world's largest economy, and so on.

It is mostly the privileged classes that are thinking in those terms. I don't think the rickshaw-wala cares if India has a seat in the UN Security Council. He would just like to live better.

Speaking of universal healthcare, did you just brand the Pradhan Mantri Jan Arogya Yojana as 'tokenism'?

It has been projected as a health insurance scheme, but it is actually a hospitalisation insurance scheme. This is not necessarily useless, but at best it offers a very partial protection, and the money is not there at all.

Not even for hospitalisation?

Right now its budget is ₹2,000 crore, and we are told it will grow to ₹10,000 crore. But even with that, it comes to barely ₹200 per person. Some people have the illusion that because this is insurance, you can somehow magnify the money. But it doesn't work like that. What insurance does is distribute the money to those who need it more; it cannot transform ₹200 into ₹2,000. But the government is claiming a cover of ₹5 lakh. They are making it sound impressive.

[As a naturalised Indian, does the recent resurgence of nationalist sentiment leave you cold?](#)

By and large, yes. But I don't try to masquerade as a [desi](#) Indian anyway. There are many kinds of Indians, and I am a Belgian-born Indian.

If India plays Belgium in the hockey World Cup, who will you support?

Nobody. I don't follow hockey.

Let's say India and Belgium face off in the World Cup of whichever sport you do happen to follow. Who will you support?

If there is, say, a football match, I might support one team, but it won't be out of nationalist sentiment. I don't have a nationalist sentiment — either Belgian or Indian. These national boundaries don't mean much to me. I am very happy to be in India, and while I like many aspects of Indian

society,

there are also aspects I don't like. But for me, it's a good place to live and that's what matters.

How 'Indianised' are you?

In terms of learning the local language, trying to learn a little bit about the society, history, and culture, you could say I have become Indianised. But I think your childhood remains very influential throughout your life. I left Belgium when I was 17, but I still have a lot of habits that were acquired in childhood.

[A Belgian trait that marks you out as not very Indian?](#)

The sense of time, for instance. Indians are pretty relaxed about time, and that is not necessarily a bad thing. But Belgians have a different mindset. In my family, there was a very effortless view of time. If we say, okay, we shall have dinner at 7, then everyone will definitely be there at 7. Indians might wonder why should we have that kind of discipline in the family, that it makes no sense. But it doesn't feel like discipline — it feels like a kind of coordination mechanism. So yes, I feel this difference in the sense of time in India. There are lots of things like that.

So, despite all these years in India, you have failed miserably in developing an Indian sense of time.

That's right.

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