Frontier
Vol.42, No.52, July 11-17, 2010

INTERNAL COLONIALISM

Of Growth and Sustainable Development

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Inclusive growth, by it's very definition implies an equitable allocation of resources with benefits accruing to every section of society. Implicitly it means a non- exploitative and participatory form of economic activity.

The economic model of 'development' that has been widely followed by the developing nations, since mid-forties of the last century, is inherently quasi inclusive by nature. Its latest variant, the model of 'sustainable development' is not an exception to this reality. In this market driven exercise a large section of the population take part in the development process as a supplier of goods and services but not as a consumer. Thus their participation remains partial and they become increasingly vulnerable to market mechanism as economic 'development' also creates scarcity, robs off traditional knowledge, disrupts livelihood and deny access to common resources.

With the end of the Second World War, a new competition between capitalism and communism had emerged. Economic and social improvement of their citizens became the main goal of the newly independent nations. To create a superior vision of social and economic goals, compared to the claims of the Marxists, institutions like the IMF and the World Bank were designed.

In 1960, WW Rostow published his ambitious overview of economic theory, 'The Stages of Economic Growth: A Non- Communist Manifesto'. According to this model, which has laid the foundation of the development theory, all successful countries would pass through a series of stages, from traditional society through economic 'take off' to maturity and high mass consumption. The less developed nations therefore might hope to achieve the 'mature' states of the USA and Europe without the need for communist revolution.

Over the years, different models of development have been emphasized at different times. Though the original emphasis was on promoting more productive agriculture and industrialization, in the late 1970s, focus on basic needs was advocated which later inspired the creation of the Human Development Index (HDI). Then in 1980s, the focus shifted to 'structural adjustment' including liberalization of trade, eliminating government deficits etc. This led to the formation of another multilateral organization in WTO. And finally in the 1990s, the concept of sustainable development, which tried to address the inherent conflicts between environment and development, was popularized.

In simple terms, sustainable development could be defined as development which meets the needs of the present without compromising the ability of future generations to meet their own needs. This goal which has multidimensional objectives, expressed or implied, has made the entire issue more complicated. It has become difficult to balance the conflicting objectives and judge success and failure. And in this mounting confusion, global corporations have expanded the sphere of the market by turning the 'commons properties' like water and air, which were available 'free' from the beginning of the human civilization, into 'economic goods'.

In 2008, the global water market was estimated at $316 billion and transactions in the Asian market, the fastest growing water market of the world, were around $120 billion in a year. Like water, 'air' has also been turned into an 'economic good' through the enactment of Kyoto Protocol in 1997 . A systematic market mechanism to buy and sell 'emission' was incorporated in the Kyoto Protocol itself. In 1999, the emission trading market was $50 billion which is likely to reach $13 trillion by 2050.

Though development theorists have bench marked Europe and USA as ideal developed countries and advised the developing nations to follow their foot prints for a better future, it needs to be reminded that Europe achieved this high level of 'development' through large scale transfer of resources from colonies, India included. USA has also followed, though in a different way, the same model of exploitation and appropriation of resources. Unlike the super powers of the previous centuries namely the Ottomans and the British, which had subjugated vast geographical regions under their direct control, USA followed a different approach in the 20th century to retain its global supremacy.

The difference between the American and the previous empires was that the former usually preferred to work through local compradors: local rulers who were on their side. In addition to this political strategy, the other most important factor which has contributed immensely to maintain its economic supremacy was the unprecedented strength of its national currency, the US dollar. The American citizens can consume heavily because Asians save their hard earned income which eventually reach to US to balance their ever rising consumption savings gap.

STAGE I : TAKE LOAN

Then who would finance the developing countries' ambition to become USA in future? It looks paradoxical to observe that when for many decades the US government had been relying heavily on borrowed funds to finance its budgetary and trade deficits, the US firms dominated the world economy. Despite being a net debtor, ingenious financial engineering helped US to earn more on its foreign investments than it paid on others. In 2007, out of the gross capital inflows of US$2.1 trillion, US$731 billion was used to fund the federal current account deficit and rest US$1.3 trillion was recycled by the US investors as investments abroad. Moreover, as the largest economy of the world, the US contributes maximum fund to the World Bank and the IMF and by virtue of its largest contribution, US enjoys the highest voting rights in these two multilateral bodies. This privilege was exploited by USA, to the maximum extent, to gain its political and economic influence over the developing economies.

During last five odd decades, most of the mega 'development projects', undertaken in the poor countries including India, have been externally financed. The World Bank and its associates have extended huge loans for the construction of large river dams, power utilities, high ways, nuclear and fertilizer plants. Along with foreign funds came foreign experts and technology. For example, the coal based fertilizer technology, developed by Indian scientists, had to give way to oil based imported process and the new farming technique, introduced with the green revolution package, has destroyed the century old agricultural practice, local knowledge and thousands of traditional varieties of seeds.

To adapt with this 'one size fit all' model of development, everything, from commodities to human figures, are getting standardized. And in this process, human knowledge and bio-diversity are getting lost forever.

STAGE II : REPAY LOAN

Once the infrastructure for development is built with borrowed money, the loan has to be repaid. Shylock is now asking for his pound of flesh. Who will bear the burden of developmental debt? Surely not by the people who enjoy the benefit most. As Europe and USA needed/need colonies to sustain their economic prosperity, to pursue the same development model, some arrangement for intra-state transfer of resources, both human and natural, is to be made in the developing nations also. The age old caste system in India helped to construct a dualistic society essential for such economic activity. While the upper castes have grabbed all the benefits of development, the lower castes, dalits and minorities have been marginalized. In the name of development, they have been evicted from their land, forest and water bodies. Jangalmahal has become the colony of the urban India and is providing the much needed raw materials and labour to fuel the ambitious growth engine of this nation.

In recent past, Indian mega and large cities have witnessed forced eviction of slums; hawker removal; displacement of poor through infrastructure projects, speculative property markets and environmental hazards. For example between November 2004 and January 2005, nearly 94,000 slum units were demolished in Mumbai. In Delhi, in a span of eight years (1998-2005) over 100,000 families were evicted from slums.

Since December, 2005, Jawa-harlal Nehru National Urban Renewal Mission (JNNURM), a massive city modernization scheme, has been launched by Government of India. 63 cities, having million plus population, are designated to be eligible for investment under this Mission. While perpetuation of slums under the present condition is not recommended, it needs to be remembered that rehabilitation to a remote place delinks the poor slum dwellers from their work place and many of the manufacturing units, located inside the slums, when shifted to a newly designated cluster, would not survive. In the name of urban renewal, JNNURM in effect would demolish the slums and push the poor residents and small entrepreneurs out of the 'world class cities'.

As future growth is expected to be urban centric, fertile agricultural lands will be used for non agricultural activities. And to feed increasing numbers of urban and semi urban working class population, large scale application of agricultural biotechnology has been planned to boost agricultural yields. This will bring in sweeping changes in the cultivation and food consumption pattern of India and other developing countries.

During last two decades, the export processing zones (EPZs) of the emerging economies of China and India have become the manufacturing hubs of many transnational corporations of the North. Imposition of various tariff and non-tariff barriers on 'carbon embedded goods' will induce radical changes in the manufacturing sector of these developing countries. As an immediate consequence, a dual production process will be in vogue. 'Green goods', meant for the developed markets of the North, would be produced using better and cleaner production techniques to make those items compatible with the new carbon standards set by developed countries. And 'indigo goods,' destined for the domestic and other markets of the developing South, would be manufactured using the old production process. With the introduction of GM seeds, this trend is getting extended to agricultural practices and food consumption also.

The ‘miracle seed’ of 1950s has failed to solve hunger. Rather it has made the poor more dependent and vulnerable to the market forces controlled by the transnational corporations of the North. Now more than 1.02 billion people remain hungry each day and in every six second, a child dies of malnutrition. More than 265 million people in Sub-Saharan Africa and 42 million in near East and North Africa are malnourished. The corresponding figure for the Asia and pacific region is 642 million . And the number of people living below the poverty line in India is 37.2 percent of the total population. People remain hungry not due to poor harvest but because of soaring food price, lower income and increasing unemployment.

The ILO's *World of Work Report 2008 : Income Inequalities in the Age of Financial Globalization* suggests that even in a period of economic expansion and substantial employment growth, wage inequality rose to an unprecedented level. In 51 of the 73 countries covered by the report, the share of wages in total income declined over the previous two decades. Between the years 1990 and 2005, two-thirds of the countries reviewed experienced an increase in income inequality. And the income gap between the top and bottom 10 percent of wage earners increased in 70 percent of the countries covered by the report.

The real life experience clearly suggests that different variants of the development model which are being followed for the last five odd decades are not ‘inclusive’ by nature. As expected, these have only widened the economic disparity across and within the nations. □□□