

Democracy & Development

Restoring Social Justice at the Core of Good Governance

Neelan Tiruchelvam

Ninth Memorial Lecture

by

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Kennedy School of Government

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It is both a privilege and a deep personal sadness for me to be delivering the ninth Neelan Tiruchelvam memorial lecture. I have none of the distinctions or the erudition of those who spoke before me; and nor am I particularly well qualified to deliver this oration. My only claim to this privilege is that Neelan was a very dear friend, a mentor and a benefactor who left his deep imprint on my thinking and work. I am therefore very grateful to the Neelan Tiruchelvam Trust, especially to Sithie, Nirgunan and Mithran for giving me this opportunity to pay my personal tribute to a friend.. Thank you so much.

I have missed Neelan every day since his passing away. My sadness today is greater than I have words to express. I wish the occasion for this lecture had never happened. His death has left a void in my own life. As I prepared for this lecture I often wished that I would rather have Neelan here today speaking you in my memory than I in his. His life was so much more useful than mine can ever be; and, in a heart beat, I would have

swapped places with him that fateful July day. Many of us were aware of the dangers to his life. I was then the Ford Foundation Representative for South Asia; and indeed only a month prior to his assassination I had visited him at Rosmead and tried to persuade him to accept a fellowship so that he could spend some time at Harvard and be out of the harms way. He assured me that his work was nearly done and then he would be free to take a sabbatical. That afternoon we drove together to the parliament and as he showed me around with pride, he spoke optimistically, with hope and pride, about the future of his country and all the dangers seemed to fade away. His optimism was infectious and to my persistent regret I did not press him harder. A month later he was snatched away from us; and here I am left to lament and mourn the loss of my noble friend.

My parents died when I was quite young. The pain was excruciatingly intense, I felt cheated by their loss, and was sorry for myself. Four decades later the pain is no less intense except that my senses have dulled. But what has really made it possible to bear the loss is the memory that I was blessed to have such wonderful parents albeit even if for so short a period. With Neelan I feel the same way. Death took him away from us at the prime of his life. Our time together was all too brief. But the pain, while still fresh, has been made tolerable by the memories of happier times together and the friendship I was blessed to have. His life has become a source of joy, inspiration and a beacon of hope. Today I propose, therefore, not mourn but to express gratitude for that friendship; to rejoice and celebrate that remarkable soul; and to remind ourselves of the meaning and message of that life.

Writing Neelan's eulogy is like trying to add a color to the rainbow or to paint a lily. Even though he was robbed from us by the assassins and his life cut short at the height of his intellectual and political prowess, he lived life to the brim. In fact

he rolled several lives into one. He was a lawyer by profession but was equally distinguished as scholar who helped to make ethnic studies into a distinct field of study; an institution builder that created the International Center for Ethnic Studies and the Law and Society Trust; a human rights advocate who helped to create the Human Rights Commission in Sri Lanka and gave the impetus for the South Asian Human Rights Initiative; a civil society activist for democracy who initiated the South Asian Elections Monitor Group and build a band of distinguished and dedicated band of South Asians who trooped from country to country to ensure free and fair elections; and a politician and parliamentarian he helped to shape the ground breaking constitutional proposal for a plural, multicultural, decentralized and devolved political structure that still holds the best of hope for peace and political accommodation. In each field of his endeavor he excelled and left an enduring mark. His spirit lives through his ideals, the institutions he built, the generations of young scholars and activists he mentored and nurtured; and his ideas that have helped to shape our political and economic discourses.

Neelan was born in family with a long tradition of public service; and indeed in many ways he epitomized all that is best in the spirit of public service. He was able to transcend the self so that he could serve others; to him politics was not expedience but conviction; and it did not matter to him if what was morally right was politically not shrewd. Politics and power for him was a means to an end and not an end itself. He was a proud Sri Lankan but his humanitarian cosmopolitanism was not constricted by the limits of his patriotism; and his beliefs and outlook were not colored by ethnicity, religion, nation or even the region. He was a citizen of the world, who thought globally but acted locally.

But above all Neelan was a quintessential liberal democrat and this brings me to the theme of my lecture today. What unified the varied endeavors of his life was a deep and abiding desire to see a democratic Sri Lanka. As a lawyer and a social scientist, Neelan understood the centrality of democratic governance to his vision for Sri Lanka. An efficient, effective and inclusive government is the best guarantor of social justice and an orderly society. The societal primacy of social justice is also inextricably linked to what is virtually a universal aspiration for democratic governance. There is no question that a democratic government that reflects the popular will is better equipped to ensure social justice, to create an even playing field that allows its citizens the freedom to realize their full potentials and creativity, and to deliver the services and opportunities that people need. We also know from experience that democratic government is (or at least should be) participatory, transparent and accountable, that it respects plural and diverse perspectives, promote gender and social equity, and allows freedom of choice, expression and beliefs.

The core democratic values - citizen participation, transparency, accountability, and pluralism; the protection of the rights and interests of all the people, resolving conflict through civilized norms of dialogue and the spirit of give and take; tolerance, freedom of expression, and the safeguard of fundamental rights; multiparty democracy in which the will of the majority was tempered by the voice of the minority; and a society ordered on social justice – were also the articles of faith with Neelan and informed all his work.

In the lecture today I will restate the case for democracy. First, I will explore possible linkages between regime choice and economic performance. I will examine the record of democratic governments in managing economic growth and

inquire whether their performance in promoting long term and sustainable economic growth is really worse than those of the more authoritarian regimes. In other words, is there a trade off between democracy and rapid economic development?

Second, I will argue that economic growth is a means to realizing certain socially desirable goals, and then suggest that it might be possible to achieve socially desirable public policy goals without actually waiting for high levels of income.

Third, I will talk about the democratic deficit. Even though the evidence suggests that the record of democracy both in promoting development and equity is superior, how does one explain the fact that the gap between the rich and the poor is widening more rapidly than at any time in history despite the significant growth in wealth? We will need to explain this glaring inconsistency in democratic audit, and suggest how those defects might be remedied so that democratic governments can actually perform their role as the custodian of social justice. I will argue the importance of effective democratic governance as a precondition for access to the benefits of the state.

Finally, for the benefits of economic development to be equitably distributed, there needs to be recognition of 'entitlement'; but entitlements cannot be realized without developing adequate capabilities of the poor. Affirmative action is a core instrument in the pursuit of social justice; and consideration needs to be given to expand the areas and reach of affirmative action including in the private sector.

1. Democracy and Development: The Relationship between Regime Types and Economic Performance

The question for us today is whether Neelan's advocacy for democracy was just based on his liberal and progressive ideological preferences or rather its desirability is based on

superior record of democratic governments in managing economic, social and political development. We need to firmly establish a positive co-relationship between democracy and development.

The causal relationship between regime types and economic performance is admittedly difficult to establish. Similar regimes do not necessarily adopt similar policies and all regimes are constrained by the alternatives available given their special circumstances. More importantly for developing countries (given their vulnerability and dependence on the developed world), their economic performance is not only influenced by policy choices but also by the state of the world economy, the fluctuations in commodity prices, the state of social and economic infrastructure at home, and the availability of domestic natural resources and external economic assistance. Nevertheless, policies do matter in economic development and there is no denying that a regime's choice of policy reflects the pressure on that regime. Unpopular and authoritarian regimes promote urban-based development programs to 'buy' influential supporters, mainly urban, professional, and business groups. Democratic regimes, on the other hand, being popularly accountable and dependent on voters for their continuance in power, have to target their development programs to win over the masses.

In a path breaking study Professor Atul Kohi of Princeton University argued that the development performance of democracies in the developing world is relatively impressive. He has examined the development records of five diverse democracies, namely India, Malaysia, Sri Lanka, Venezuela, and Costa Rica and compared them with countries that followed authoritarian routes to development such as Argentina, Brazil, Egypt, Morocco, and South Korea in terms of three factors:

economic growth, income distribution, and foreign debt management. His conclusions are revealing. The authoritarian group initially achieved high growth rates compared to the democratic states, but in the long run the gap between the two groups considerably narrowed. This is easily explained. Democracies, because of longer term political stability, were able to maintain steady progress and suffered little regression resulting from political upheaval or succession crises.

In terms of debt management, democracies showed markedly better performance while the countries with staggering and unmanageable debts were from the authoritarian groups. This is not surprising. Democracies enjoy legitimacy and therefore, unlike military regimes, do not have to borrow desperately to buy support. Popular legitimacy gives elected governments the mandate and authority to raise taxes.

Finally, in terms of income distribution, the performance of democracies was superior. Even in those democracies where income inequality has not narrowed, the gap did not broaden, while in the authoritarian groups the income gap widened. Governments dependent on votes have to cater to all sections of the population and provide political mechanisms and pathways through which the deprived groups can make sure their claims are heard. Authoritarian regimes depend upon the support of narrow influential groups and therefore pander more to those groups. It should be stressed that income inequality is not only in itself undesirable but also creates sectional and regional tensions and conflicts which in turn disrupts economic development. We also know that countries with greater inequality have to have higher rates of economic growth in order to narrow the gap. The sample is obviously much too small to make a firm generalization, but it is sufficiently indicative to suggest that even on purely economic performance (which is only a part

of the development process) democracies have a sound track record. It is important to emphasize, as Kohli points out, that democracies also have certain intrinsic values independent of its economic record:

If democracy is a valued goal in the contemporary Third World, it may be necessary to settle for moderate growth rates. More value may need to be placed on the political rationality of economic policies that appear irrational from the standpoint of economic science. Nation-building is a long term process in which the need to create viable political institutions has to be balanced against the demands of economic efficiency.

2. Putting the Cart before the Horse: Economic Growth is a Means to an End

Having argued that economic growth in democracies fare well in the long term, one important caveat needs to be added. Experience has taught us that the excessive concern with the rate of economic growth is sometimes misplaced. Nor is the contention that economic growth is an essential precondition for political stability particularly well-founded. This is putting the cart before the horse and confusing the means with the ends. The development of a sound political system and democratic institutions are prerequisites for development and indeed a *sine qua non* for the benefits of development to be enjoyed by the majority of the people. Part of the reason for confusing the means with the ends is that, until recently, development economists used a narrow concept of development. Development was viewed in terms of certain critical indices: the per capita income, the rate of increase in the GDP, the ratio of savings, the level of industrialization, and so forth. There was very little concern with the qualitative improvement of life which must be the end purpose of all development activities. The quality of

life cannot be measured merely in terms of per capita income or the average life span, but must also take into account popular participation and the accountability of the regime to the public, the ability of the population to read and write, the choice to pursue scientific and literary interests, freedom of expression, association and movement, the preservation of human rights and safeguards against intrusion into individual liberty, the enforcement of social justice through income redistribution, protection against discrimination based on racial, religious or ethnic origins, a guarantee of the rights of minorities, and equality before the law and equal access to the benefits of the state. These are not merely values we cherish; they are essential preconditions and ingredients for development.

Today the new paradigm of development is fairly well accepted. Development is no longer seen as one-dimensional where progress is measured primarily in terms of economic growth and an accumulation of wealth. There is a consensus that development is about enhancing individual freedoms, expanding human capabilities, widening choices, and assuring citizens their basic human rights. Poverty is not merely a shortfall in incomes. Human beings are multi-dimensional and so is the scourge of poverty. Human deprivations such as ill-health, gender discrimination, poor education, and malnutrition are constituents of poverty. This deprivation is caused by the poverty of opportunities, not just by the poverty of incomes. And the denial of opportunities is dependent on a lack of economic opportunities (income, employment, access to credit, ownership of assets, etc.), as well as on the denial of political, social, and cultural opportunities.

Such a 'human development' perspective does not in any way undermine the significance of economic expansion. On the contrary, it draws an important distinction between means

(income expansion) and the ends of development emphasizing in the process the need to ensure that growth get adequately translated into tangible changes affecting the quality of people's lives. The human development paradigm recognizes the close interconnections between the fulfillment of social and economic rights and political and civil rights.

The new paradigm also takes into account human security concerns. Human security is about the security of people's lives and not just about territorial security. It is related to the persistence of human poverty and the negative effects of war in alleviating poverty. It is about protecting adequately and effectively for the people's health, education, employment, and social protection. Embedded in the concept of human security is a concern for human dignity, democracy, participation, and pluralism. And most important of all, particularly important in the context of Sri Lanka, the respect for human rights. And if Neelan were here with us today he would have made sure that I qualified 'human rights' by adding 'in all its varied dimensions'.

To say that development economists have confused the means with the ends is not to suggest that they have no role in policy prescriptions. Indeed, Professor Amartya Sen reminds us that some of the major ideas put forward by the development economists remain valid. The major themes of development economics—industrialization, rapid capital accumulation, mobilization of manpower, and the government's role in creating a facilitating and enabling environment for development -- --still remain important concerns for policy formulators. The rate of growth, the state of industrialization and the level of unemployment are useful indicators and give us a fairly good understanding of the state of economic growth. But he has also reminded us that growth only matters because it is a means to

an end and not an end in itself; it enables other desirable goals to be realized.

Growth is not the same thing as development but only a small part of the development process. Professor Albert Hirschman points out those development economists go wrong in believing that developing countries have 'only interests and no passions'. Hirschman goes on to say that these countries cannot be "expected to perform like wind-up toys and 'lumber through' the various stages of development single-mindedly." Economists often forget that human beings matter.

We have argued so far that economic growth is important in that it helps to bring about a qualitative improvement of life; that only when the benefits of development are actually transferred to all sections of the people are the ends of development actually achieved; and that the benefits of development are better distributed through the mechanism of democratic governance. This does not imply that economic growth and democracy is in any way incompatible, nor is there any reason to believe that the economic performances of democracies less successful than those of authoritarian regimes. In fact, democracies even in the developing world can boast of impressive economic records.

It may further be argued further that the achievement of socially desirable goals need not be predicated upon achieving high levels of per capita incomes. Improvements in life expectancy, literacy, health, higher education, and other signs of development are not necessarily related to per capita income. Brazil, Mexico, and South Korea have a GNP per head many times larger compared to Sri Lanka and China, yet the average life expectancy at birth in all five countries is around sixty-five. Professor Sen points out that had Sri Lanka tried to achieve the high life expectancy through the traditional method of increasing per capita income rather than through

directing government policy, it would have taken the country between fifty-eight to 152 years to achieve its existing standards. Professor Sen's conclusions bear pondering for a moment:

“If the government of a poor developing country is keen to raise the level of health and the expectation of life, then it would be pretty daft to try to achieve this through raising its income per head, rather than going directly for these objectives through public policy and social changes, as China and Sri Lanka have both done.”

The discussion so far suggests that democracies have a respectable track record in stimulating rapid and sustainable economic growth; and that socially desirable goal can be realized without having to wait for a higher level of per capita income to be achieved. More over, Professor Sen has long argued that there is little evidence to suggest that the economy grows faster if unfettered by concern for social justice or that an increase in national wealth gradually trickles down from the top to the bottom. There is no compelling evidence to believe that either the economic performance of democracies is any worse than those of the authoritarian regimes, nor is there any reason to believe that a government's concern for social justice has any adverse effect on the economy. *A democratic government is not only economically efficient but also socially desirable.* However there is a large gap between the ideal and reality.

3. The Widening Gap between the Rich and the Poor: the Failure of Democracy

We have so far argued that democracies have a sound record for economic growth in the long run, and that they tend to exercise policy choices to advance socially desirable goals rather than wait for income to rise. We have also postulated that because democratic governments are accountable to the

people, they are better placed to equitably distribute the benefits of economic growth and development. However, the recent record of 'democracies', in both developed and developing countries, in promoting social justice and poverty alleviation is not particularly inspiring.

The last two decades of the 20th century witnessed the largest economic expansion in history of the world but the benefits have barely accrued to the poor. In fact 90% of the increased wealth has been concentrated in the top 10% of the population; and according to some studies, not only has the polarization between the rich and the poor become wider but also in real terms the poor actually have been further impoverished. According to Anuradha Mittal of the Oakland Institute, 45 million people (or 17 percent) of the population of the United States are living below the poverty line. She writes:

The top 2.7 million people [in the US] have as much income as the bottom 100 million. In other words, the richest 1 percent of Americans is projected to have as much income as the bottom 38 percent. Wealth is even more concentrated, with the wealthiest 1 percent of the households owning nearly 40 percent of the nation's wealth. The bottom 80 percent own just 16 percent of the nation's wealth. To further widen this inequality, CEOs of U.S. corporations pocketed 419 times the average wage of a blue collar worker in 1998.¹

In fact, the polarization between the rich and the poor appears to be increasing unchecked. Even the *Economist*, the champion of free market, acknowledged:

The top thousandth of population are seizing the lion's share of globalization gains. ... The mix of technology and economic

1 Anuradha Mittal, *Adjusting America*, Unpublished Typescript

integration transforming the world has created an unparalleled prosperity. In the past five years the world has seen faster growth than at any time since the early 1970s. In the world the labor's share of the GDP has fallen to historic lows, while profits are soaring. The typical worker in the United States has been stuck, with real wages growing less than half as productivity. ... If you look back 20 years, the total pay of the typical top American manager has increased from roughly 40 times the average - the level for 4 decades - to 110 times the average now.²

In the developing world, next door to Sri Lanka, India has become the favorite poster child for the success of globalization. India's economic growth record is indeed impressive. It is one of the few developing countries that have enjoyed sustained growth in per capita incomes since 1950. In fact, the GDP growth rate after the initiation of economic reforms in 1991 is even more impressive, ranging between 6-8% per annum from 1991 to 2005; and more recently it has been hovering just below the double digit threshold. India's coming of age was confirmed by the *Foreign Affairs* (July-August 2006) when it described India as a 'roaring capitalist success'. There can be no denying that at an aggregate level India's record is impressive; but when the figures are disaggregated, a very different picture emerges. At a conservative estimate some 350 million people - the equivalent of India's entire population at the time of its independence in 1947 - are now living below the poverty line. India is the home to half of the world's illiterates and the destitute. Globalization and market liberalization has done little to lift the rural areas. It has left the vast majority of Indians unaffected. Pankaj Mishra makes the point most tellingly:

2 "Rich Man Poor Man", Lead Article in the *Economist*, January 20, 2007

...business-centric view of India [he writes] suppresses more facts than it reveals. Recent accounts of the alleged rise of India barely mention the fact that the country's \$728 per capita gross domestic product is just slightly higher than that of sub-Saharan Africa and that, as the 2005 United Nations Human Development Report puts it, even if it sustains high growth rates, India will not catch up with high income countries. ... Nor is India very fast on the report's Human Development Index, where it ranks 127, just two wrung above Myanmar and more than 70 below Cuba and Mexico. Despite recent reduction in poverty levels, nearly 380 million people live on less than a dollar a day.³

The story elsewhere is no different. The number of countries claiming to be democracies has proliferated in the last few decades, yet more than 40 percent of the world population is living below the poverty line. The important thing to note, whether it is the United States or it is India, there is a clear congruence of all forms of disabilities in the same groups of people. The poor are not only poor but they are also the most illiterate, the least healthy, malnourished, and insecure; they are also the voiceless, socially discriminated and politically excluded. On all counts, and in much of the world, the quality of life for those at the bottom of the hierarchy remains unsatisfactory.⁴

There are appears to be a crisis of democracy. The contrasting fate of the rich and the poor stretches our confidence in the centrality of government to our society as the custodian of social justice. How is it that the democratic

3 Pankaj Mishra, "The Myth of New India" in the *The New York Times*, July 26, 2006

4 *Towards Faster and More Inclusive Growth*, p.46

governments have been so successful in bringing progress and affluence to the people in the past are now failing so miserably? Can the same democratic institutions that are serving of the some of the people so well be made more inclusive to serve the poor? Can the democratic institutions and processes be strengthened, reformed and harnessed to empower the poor and those left behind? Just at the very moment when democracy has emerged as a near universal aspiration of the people, it is danger of alienating large sections of the population and losing its legitimacy. The gap between the rich and poor both within the North and in the South is widening, and many governments have relegated the concern for social justice or redistributive justice to the back of their agenda. How does one explain this apparent contradiction? The explanations are complex but some of the explanation lies in the new governance arrangements or the New Public Management embraced by many of the democracies.

4. New Public Management: Market Deregulation & Democratic Deficit

In the neo-classical governance paradigm, commonly described as the New Public Management (NPM), the combined resources and expertise of the government, civil society and market are harnessed in co-producing the governance of the society. The governance of the society is no longer the sole prerogative of the government – the public purpose is today being advanced through the combined effort of all the three sectors in society; the governments have adopted the principle of competition and are now outsourcing many of their tasks to avail the comparative advantages of the other providers; the governments are using market incentives (instead of setting up new agencies) to advance public policy to change public habits. In large areas the government agencies no longer deliver many

of the services; and increasingly many of the functions of the government have been privatized and made available to the citizens for a fee.

The New Public Management constitutes a radical departure from the way in which societal governance has been delivered in the past. In the new governance paradigm, and in large part reflecting the changed circumstances resulting from economic liberalization, technological advances, and the rise of market ideology, the governments are moving away from being operational agencies to regulatory authorities. This has indeed made governments nimble, cost effective and responsive. However, the zeal for the pursuit of efficiency through adoption of market practices appears to have become an end in itself and has obscured the very purpose of good governance and the centrality of the role of the government as the guarantor of social justice. But efficiency in itself is not enough to legitimize the role and authority of the government; nor does it adequately address the concerns of the poor who remain outside the domain of the market.

The discourse on New Public Management (NPM) has focused largely on efficiency, transparency, and cutting the cost of the government. These are important elements of good governance and must be welcomed. However it does not adequately address the concerns of developing societies; nor has enough attention been paid to strengthening democratic institutions, processes and institutions to enable it to perform its essential task as the guarantor of social justice. This is scarcely surprising since much of the ideas for the NPM came from the experiences and compulsions of the developed society where the existence of strong democratic institutions and the rule of law exists and is taken for granted. But much more crucially NPM reflects the core philosophy of the neoclassical economists who would prefer to replace the government with

the market for the task of ordering the society. The core of the neoclassical philosophy is succinctly summarized by John Galbraith, the doyen of Harvard's liberal economists:

The market is a natural, non-coercive and self-regulating sphere of voluntary behavior that rewards people according to their contributions to the welfare of others. As a result it produces the maximum possible levels of freedom, equality, and welfare. People are self-contained, have mostly contractual links or responsibilities, and large uninfluenced by others. Each person seeks her or his own advantage and is equally able to enter markets and bargain. Pursuit of individual want and self-interest leads to spontaneous order or natural harmony, social advantage, the common good, and benefit to others. Companies produce what the consumer – collectively – wants, in the quantities and qualities wanted, and at prices they will pay. In a market free of government of intervention, no one person, seller, buyer, or manufacturer determines what is produced or what prices are paid. Large and small participants are equally subject to the market. As no one controls production, prices, or what is offered, no identifiable individual has power over any identifiable individual, each of whom voluntarily participates or not at the prices and quantities offered, and thereby protecting freedom. Competition regulates behavior, preventing self-interest from harming others. Competition thus becomes the key moral imperative – one lacking in government – and means to organize society. If free, market takes over and de-politicizes many of the distributive and regulatory functions others assign to government. Non-interventionist public policy, limited government, and leaving people to their own devices follow.⁵

5 Cited in Richard Parker, *John Kenneth Galbraith. His Life, His Politics. His Economics* (Farrar, Straus and Giroux, NY, 2005) p.654; in Waligorski, *Liberal Economics and Democracy*, p. 5.

As economic liberalization or the so-called market reform has become the accepted orthodoxy, that role of the government is considerably weakened. According to neoclassical view of the society it is not the business of the government to undertake redistributive justice or provide welfare benefits or care for the disabled and the disadvantage. The society is made up of individuals and there is no such thing as a community. Mrs. Margaret Thatcher, an ardent disciple of Milton Friedman, was a powerful advocate of this view:

‘There’s no such thing as society. There are individual men and women and there are families. And no government can do anything except through people, and people must look after themselves first. It is our duty to look after ourselves and then, also, to look after our neighbours.’⁶

The sustained roll back of the welfare state, the onslaught on affirmative action, and growing role of the special interest groups and campaign finance in determining the outcome of the election results, has ensured that the democratic government becomes a corporate project in which the electorate is periodically called upon to legitimize the government. The situation is being further aggravated by the fact that increasingly the governments are bowing out in favor of the market, the fate of the poor has become even more uncertain. From the perspective of the poor the roll back of government’s operational role in the management of the economy does not augur well, at least in the short term. As the sphere of government action is rolled back, it invariably follows that the government will be downsized and many of the state enterprises will be privatized leading to losses of jobs now reserved for the members of the

6 Cited in *The Spectator* (London) August 24, 2002 in an article by Peter Osborne.

disadvantaged group. It is true that as the economy expands and the privatized state enterprises flourish, new and better paid jobs will be created. But in a knowledge-based economy only those who are well educated, skilled, savvy, English-speaking and internationally connected will be able to take advantage of the opportunities. Without a commitment to affirmative action, the private sector jobs are unlikely to go to the rural, locally educated person from a disadvantaged background. Market liberalization without an adequate social safety net is widening the gap between the rich and the poor; and the possibility that the poor will be further marginalized is no longer a matter of speculation.

Economic liberalization, as we have all learnt, is at best a mixed blessing. Market creates winners and losers, it brings hope and despair, and it creates opportunities for some and takes away the livelihood of others. Consequently it has the potential for 'economic distortion, destruction of social safety nets, accelerated environmental dangers, loss of cultural identities, and the spread of disease and conflict'. Our experience with economic liberalization and the shift to market economy shows that it has brought little cheer to the poor; and on the contrary may have led to their further impoverishment. Not only does a third of the world's population live below the poverty line but more importantly, in the absence of any political entitlement they have not benefited from the growing affluence of the society. Today, around the world, nearly a billion adults are illiterate, about as many people (including 200 million children) suffer from malnutrition, and some 350 million women may die before they reach their 40th year. This suffering can be avoided.

There is no doubt that the introduction of certain market principles and practices into the functions of government has

been beneficial in introducing flexibility, cost consciousness, and responsiveness to the needs of the citizens. Selective use of market practices has certainly helped to make governments more efficient and responsive, but the pendulum is in danger of swinging too far to the other side. The market too has to be kept in check to prevent its worst excesses. The invisible hands supposedly regulating and self-correcting the market forces are nothing more than a fiction. Markets cannot function without government regulation. For its effective functioning, the market must rely on the government to protect private property rights, to enforce contracts, to provide arbitration in the event of disputes, to manage and regulate patents and trade marks, to facilitate the exchange of goods and services by setting standards for measurement, to create the conditions for international trade, to protect against theft and fraud, and most important of all to control the money supply through manipulation of interest rates. There is clearly no such thing as an unfettered free market. Nor can any society leave the market uncontrolled. 'To allow the market mechanism', as Karl Polanyi pointed out, 'to be the sole director of the fate of human beings and their natural environment ... would result in the demolition of society'. This may be a slight exaggeration but the truth is that markets based on short term profit maximization cannot be a sound or desirable principle for societal organization.

The combination of the failure of the government and the market has led to distorted development in which the rich have become richer and the poor poorer. While the market invariably produces winners and losers, it has no responsibility for those who lose. Governments, on the other hand, have broad responsibility towards their citizens. Unlike the market, they cannot ignore the weak, the vulnerable, the unemployed, the sick, and the destitute. They have a responsibility towards

all of them as the guarantor of social justice. The failure of the government to fulfill its role has raised serious questions about its credibility and legitimacy. However, the inability of government to tackle poverty is not due to any inherent defect of democracy but rather it is due to the weaknesses of political institutions and processes which have largely excluded the poor and vulnerable groups. The government must play a pro-active role in ensuring that the poor do not get left out further. Neither the government nor the market left to their own devices is able to fully serve the needs of the poor. The challenge for those engaged in reinventing government is to find new democratic mechanisms and institutions that will make governments more accountable to empower the disadvantaged groups so that they can realize their entitlement through greater political involvement. For democracies to fulfill their role as guarantor of social justice, the democratic institutions will need to become more inclusive. This calls for mobilization, community organization, advocacy, training, and the building of human capacity.

It is our argument that the social and economic well-being of the citizens still remains a responsibility of the government, and that an explicit effort must be made to ensure that the disadvantaged groups are not excluded from the purview of the government. Just as the powers of the government have to be tempered to make them responsive to the wishes of the people, there is a need to be cautious of the dangers of rolling back the government too far in favor of the market. The concepts, principles, and the methods of New Public Management will require considerable re-thinking and adaptation to the circumstances and needs of the developing countries, and especially for the poor and the voiceless in both developed and in developing societies. In order for the government fulfill its role

as the guarantor of social justice, the democratic governance, political processes and the constitutional, institutional, and structural arrangements will have to be modified to enable more effective participation by all citizens, and most importantly, the poor. In other words the NPM must ensure that social justice remains at the core of the government. Democracy is not only an end itself but it is also a means to an end. The end must be to advance human welfare, equitable development, and social justice through an equitable distribution of the benefits of development. Efficiency on its own is not sufficient to justify the authority of the government or endow it with legitimacy.

5. Creating Entitlements through Democratic Action

Economic growth and redistributive justice is not a zero sum game in which a country must choose either to pursue a rapid and urban-based double digit growth, or alternatively pursue a more equitable growth but be reconciled to accepting a slower economic growth. That is a false dichotomy. Growth and social justice are not mutually exclusive categories. Democracies can do both and indeed must do both. The economic success of most countries is owed to the miracle of its democracy. The citizens were empowered through the democratic institutions and process to realize their capabilities and entitlements. The failures too, ironically, stem from what may be described as democratic deficit.⁷ The poor and historically disadvantaged groups have failed to organize themselves politically, despite their numerical strengths, to gain access to the fruits of development.

A major consequence of this has been not only to widen inequalities across the country but also a *congruence of human*

7 Atul Kohli, *Democracy and Dissent: India's Growing Crisis of Governability* (Cambridge University Press, Cambridge, 1990) p.3

deprivations. This probably helps to explain why the most vulnerable are also the poorest, the most illiterate, the least healthy, most malnourished, and the least secure. They also tend to be voiceless, the most disadvantaged communities, and politically excluded; and are invariably concentrated in the bottom 20% of the country's population. The correlation between poverty and lack of political empowerment suggests important possibilities. The poor remain poor not because the solutions are not there or because of the lack of resources. They are poor because they are not organized or empowered enough to enforce their 'entitlements'.⁸ Professor Sen argued that if the concern of development is to improve the quality of life for the poor then the surest and quickest way is to concentrate on improving the 'entitlement' of people and the 'capabilities' that these entitlements generate. Entitlement, according to Sen, "refers to the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she faces." However, the benefits of economic development can only be distributed through an expansion of the capabilities of the people. This is essentially a failure of the political processes and history gives us some clues as to how we might move forward.

That economic development is meaningless without the recognition of the entitlement or the expansion of capabilities is well known to most students of history. For the benefits of economic development to be equitably distributed requires recognition of the entitlement; and we know that entitlements cannot be realized without developing adequate capabilities of the poor. The industrial revolution in England in the eighteenth

8 Amartya Sen, *Poverty and Famines. An Essay on Entitlement and Deprivation* (Clarendon Press, Oxford, 1981), Chapter 5.

century and later elsewhere in Western Europe dramatically increased the gross national product, aggregate income, and total supply of consumer goods; but, for nearly a hundred years after industrialization, little of the benefits filtered to the masses. The so-called Age of Elegance which saw the flowering of some of the finest country mansions and landscaped gardens by Capability Brown also witnessed the wretched poverty and grotesque living conditions so vividly depicted in Hogarth's prints and Dickens' novels. While the captains of industry amassed vast fortunes and lived in splendid grandeur, the life of the workers was nasty, brutish, and short. Living conditions in the slums were appalling; and the workers, including women and children, had to do long hours in monotonous work, often in dangerous and unhealthy conditions. The reason for this is easily explained. The majority of the population had no political rights and hence no capability to enforce their entitlements. It took the French Revolution, the revolution of 1830 and 1848, and the Great Reform Acts of 1832 and 1867 to broaden political participation through the gradual extension of the franchise. The Russian Revolution of 1917 was the culmination of a process begun in 1789. It was only through the exercise of their new voting power that British and West European workers were gradually able to secure a welfare state which distributed some of the benefits of economic growth to the population.

In short, popular participation and the establishment of democratic institutions are essential preconditions for the expansion of capabilities and entitlements without which the benefits of development cannot be distributed to the people. Better governance and smarter public sector management, and not merely economic growth and market liberalization, is the answer. Economic growth is important, but it is a means to an end and not an end itself. The end is, and must be, the quality

of life and human well being. Only now – slowly, belatedly and reluctantly – the development community has begun to focus on the importance of the role of the government in the empowerment of the poor. In short, effective participation by the poor in the democratic processes is the essential precondition for the expansion of capabilities and entitlements without which the benefits of development will not percolate to the weaker sections of the population.

Popular elections and the existence of formal democratic structures, constitutions, and the guarantee of fundamental rights are essential prerequisites for liberal democracies and useful tools for empowering the poor; but these are not sufficient conditions. Democracy without adequate safeguards for the poor does not work. The founding fathers who wrote India's constitution were well aware of the distorting impact of the societal power structure and therefore had built into the constitution the provisions to create an even playing field. India was the first country in the world, even ahead of the United States, to build affirmative action into the constitution. Caste discrimination was banned; and numerous legal and administrative instruments were devised to accelerate the development of the historically disadvantaged groups, especially the *dalit* and the *adivasi*. But even that has not been entirely adequate.

The reality, however, is that democratic government works within a broadly based consensus which is negotiated through complex bargaining amongst numerous stakeholders and powerful interest groups who have strong vested interests in preserving the *status quo*. There is therefore a limit to the ability of the government to persuade the groups that benefit from the status quo to voluntarily give up their privileged position in the name of fair play or social justice. The entrenched group

will resist any attempts by a government that threatens to alter the existing power structure. On the other hand the poor are largely unorganized and cannot be mobilized easily despite their large numbers. In the abridged version, democracy is reduced to the right of periodic electoral participation; and for the rest of the time the poor have come to be seen as voiceless bystanders in the game of politics. The governments faced with the conflicting demands of the articulate sections and the voiceless poor seek safety by siding with the powerful.

The needs and the views of the poor were seldom factored into policy making, and only those with access to the government or political powers benefited and did extremely well. Even those welfare schemes that were specifically designed for the poor, like subsidized electricity, water, fertilizers and credit facilities were also usurped by the marauding elite. Many of the services that citizens can legitimately expect from their governments – schools, hospitals, irrigation, public transport, water, and sanitation – were non-existent in much of the rural areas and therefore not available to most of the poor. The secret to empowering the poor is to make the democratic institutions and processes more inclusive, more participatory and accountable. Only when the poor are politically organized and mobilized that they will be able to use their political muscle to make the governments more responsive to their needs.

The role of the government in establishing the entitlement of the poor has acquired a greater urgency, especially as many of the functions of the government are rolled back; and many of the activities that it performed in the past have been left to the market or to the civil societies. Our past experience has shown that democratic institutions, affirmative action, and decentralization are necessary but not sufficient to create an even playing field. Investment in human resources development is essential to enabling the poor to realize their entitlements

and to develop their capabilities to take advantage of the opportunities. The government policies and programs have to be backed by mobilization of the marginal groups, community organization, advocacy and training and building human capacity. We have already noted that despite its best intentions, the ability or even the willingness of the government to alter the social and political power structure is limited.

It is here that the civil society comes into play. In recent years the governments have undergone enormous transformation. The traditional boundaries between the government, non-governmental organizations and the market have become much more porous. Voluntary or nonprofit organizations no longer just conduct relief operations or soup kitchens; they force states to adopt fundamental changes in policy. Much of what was once government's work is now being done by quasi-governmental organizations, by non-profit agencies or for-profit firms. As a result, non-governmental organizations have a major say in the collective policies; and they devise innovative mechanisms for making and implementing collective public-policy decisions, sometimes with the participation of the government, sometimes outside the government, and at times even in opposition to the government.

A strong and well organized civil society can both ensure that government itself is accountable and responsive to the citizens; and further, it can persuade the government to regulate the market so as to prevent it from committing excesses that are detrimental to society as a whole. In the new tri-sector governance, non-governmental organizations (NGO) enjoy considerable comparative advantage. Unlike the governments, NGOs are not constrained by political pressures or the prospects of electoral contests. They have a distinctive niche and can play an influential role. They can take on the cause of the poor with greater freedom and effectiveness. The NGOs are (in theory at

least) nimble, flexible, and unencumbered by interest groups. More over, NGOs, because they address the specific concerns and needs of the people, can be experimental, innovative, and take risks. And because they work mostly at the grassroots level, they have a better appreciation of the problems and the solutions. It is at the intersection between the government and the market that the civil society organizations meet.

Just as the government must regulate the market from committing excesses detrimental to society, it is the role of the civil society to ensure that government is not only accountable and responsive to the citizens but also performs its essential role as the guarantor of social justice. In the emerging multi-sectoral structure of governance, NGOs can play a crucial role in harnessing the resources of the government and the tapping the potentials of the market to advance the interest of the poor. It is quite appropriately the 'third sector' in the new multi-sectoral arrangement that can turn the government and the market to benefit the poor. The NGOs can be a tremendous force for change and for good but only if they recognize that change will come if the people are empowered to make the change; they must have faith in the innate wisdom of the people, however down trodden or illiterate they may be; they must involve the people in solving their own problems and accept their solutions and their way of doing things; they must let the people set their own agenda, priorities, and goals; and above all, they must have the humility to recognize that people who are living with the problem usually know the solution. These are the most important lessons that we have learnt from more than fifty years of development experience. The civil society organizations must take on the responsibility for ensuring that governments continue to fulfill their role as the guarantor of social justice.

Concluding remarks

This brings me back to Neelan. Neelan was a pioneer in the civil society movement. Very early on Neelan understood the significance of the role of the civil society in the governance of the society and in the last two decades of his life he made civil society as the focus of his activities. The strength of the civil society in Sri Lanka owes much to his efforts.

Neelan's life was a triumph of optimism over cynicism. Some are intimidated by darkness but Neelan choose to light a candle; some despaired at the violence but Neelan drew his line and chose to fight his ground; faced with what at time seemed insuperable and overwhelming problems, some chose to bury their heads in the sands but Neelan brought succor and became a beacon of hope; and even when some people cynically accept that injustice, poverty and violence are a part of the society, Neelan decided to take a stand and fight oppression in any way he could.

Disadvantage, disability and discrimination are the great scourge of our times and are the great challenges that we must grapple. To that extent it is a struggle between good and bad. And in that struggle, Neelan believed there was no neutral ground. He chose to answer the call of duty and made it his destiny to serve the others in what ever way he could. For him nothing was too small, nor anything too large. What mattered to him was whether he was doing what he could to help those less advantaged than him, and to make the world a better place than the one in which he was living in. Even in the darkest moments of his life when he faced with deceit, expedience and betrayal of gutter politics, he chose not to cover his face in the muck but instead looked to the distant stars for his vision and hope.

While his feet were firmly rooted on the ground, Neelan was a visionary and a thinker, often ahead of his time. While

others were content to dwell within the boundaries of their countries, Neelan had the audacity to dream of a South Asia without borders and gave us the vision for the South Asian University which I later had the privilege to work on; while many clamored for the certainties of a single identity and political centralism, Neelan was pushing open the envelope of plural society and a devolved political system; and while many saw the protection of human rights and minority rights as Western constructs and imported ideology, Neelan saw in them the core values of the Sri Lankan society. And because he was so far ahead of his contemporaries, he was often misunderstood, riled and castigated. History and time has vindicated the man; many of the ideas that were but a glimmer of hope in his eyes are now realities. Sadly the assassins saw to it that he did not live long enough to see the triumph of his ideas.

This is what gave his life a meaning and his enduring legacy. In the struggle against injustice, oppression, poverty, intolerance and ignorance no one can remain neutral; and Neelan made his choice and paid with his life. His ideas and vision live amongst us and continue to shape our destiny. We that live must carry forward that legacy. For many of us here today coming to terms with his death has not been easy. Let me end with Laurence Binyon's tribute to another generation of fallen heroes:

They shall grow not old, as we that are left grow old,
Age shall not weary them, nor the years condemn,
At the going down of the sun and in the morning
We will remember them.

I have found solace in these lines. I hope you will too.

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