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Exim Bank's Vision

Imagining Inclusive Globalisation: India's Role In Tackling Global Poverty

David Hulme

It is a great honour and a great pleasure to be invited to deliver the Exim Bank Commencement Day Annual Lecture. I thank the Exim Bank for this kind invitation and I thank you for coming to listen.

Today my talk derives from two research interests I have had in recent times. From 2000 to 2005 it was my privilege to direct the Chronic Poverty Research Centre – a consortium of Asian, African and European universities, research institutes and NGOs trying to understand why in a world that is getting wealthier at an unprecedented rate there are hundreds of millions of people trapped in poverty. The processes of globalisation that have improved the lives of so many in recent times have not provided the chronic poor with opportunities and have often made their lives more miserable. They remain trapped in poverty.

The second interest is more recent. Last year I became a Leverhulme Professorial Research Fellow and I am trying to understand why the idea of global poverty reduction moved from being a rather vague and utopian aspiration to becoming something much more concrete since the 1990s. Indeed, it became so concrete that 189 nations and 149 national leaders committed themselves to this goal at the UN Millennium Assembly in 2000. Monitoring and

implementation mechanisms have been set up in an attempt to achieve the Millennium Development Goals and billions of dollars in foreign aid have been mobilised – though not as much as promised.

So, this brings me to the title of my lecture – ***Imagining Inclusive Globalisation: India's Role in Tackling Global Poverty***. I intend to explore the role that India might play in steering the process of globalisation so that it is more likely to improve the lives of the world's poorest people. I shall look at this both in India and beyond India's national boundaries.

There is much evidence that globalisation has, in aggregate, improved the human condition. But globalisation has different impacts on different people (Greig et al 2007). At the risk of oversimplification it could be held to have three main effects on wealth and well-being:

- It makes the rich very rich and makes the super-rich mega-rich
- It makes a large number of people in the middle of the global wealth distribution better off, or likely to become better off in the near future, and improves their lives (sometimes a lot and sometimes a little) – though we do need to note that the middle class in the USA seem to have not experienced improved incomes in recent times
- For a large group – sometimes called the 'bottom billion' but it may be more than that – it has not made life better and may have made things worse, sometimes much worse.

How might we re-shape globalisation so it helps, rather than hinders, the lives of this bottom billion – those people who are the losers from globalisation in both relative and absolute terms? My task here is to explore the possibility of a more inclusive globalisation that reaches down to the bottom of the pyramid, recognising that globalisation has both positive and negative impacts.

But before I proceed I must make two caveats – what a useful word caveat is for academics, signalling that they may have overstepped the boundaries of their expertise but are committed to going on forward.

1. I am a scientist who moved into the social sciences and eventually became a Professor of Development Studies with a broad perspective on the roles of academic disciplines in understanding social change. I am not an economist or an econometrician so I shall not provide you with an elegant economic theory.
2. I must also confess that I have very little knowledge of India. I cannot claim to be comprehensively ignorant, but my reading and field experience in India are very limited. My main geographical focus has been on Bangladesh (Sen and Hulme 2006). I have spent much more time looking over the border to Tripura and Meghalaya than I have on Indian soil.

My lecture proceeds as follows. In the next section I review what is known about those who are poor and appear likely to stay poor – the chronically poor.

Subsequently, I outline the sorts of policy and action that might help to reduce chronic poverty in India. I then take a very bold step and examine the role that India might play in global poverty reduction. This is not in terms of the direct impacts of Indian economic growth or Indian FDI on global poverty reduction but rather on the role that India might play in global public policy to shape globalisation so that it is more likely to assist the poorest people, especially in Africa and Asia. The conclusion brings these points together and argues that now is the time for the citizens of India to start to imagine whether they have the courage to develop a ‘moral vision’ for their country that extends beyond its boundaries.

The Chronic Poor – Trapped in Poverty

Defining and measuring poverty is a fiercely contested issue. In recent times, there have been significant conceptual and methodological advances in terms of appreciating the multidimensionality of poverty – particularly through the work of Amartya Sen – and in assessing the depth of poverty. However, time has been neglected in these conceptualisations – indeed one can argue it is the missing dimension of poverty.

The Chronic Poverty Research Centre (www.chronicpoverty.org) has sought to ‘fit’ time into poverty analysis by the simple device of focussing on those who are trapped in poverty. They are distinguished from the transitorily poor – those who have spells in poverty but who have a much stronger probability of being able to seize the opportunities

emerging from globalisation. Chronic poverty is often assessed through income and consumption measures although broader-based human development concepts are to be preferred. These view poverty not simply as a lack of income but in terms of capability deprivations that limit human functioning – for example, under nourishment, illiteracy, poor health.

There are three distinct forms that chronic poverty can take:

- Poverty that is experienced by people for all or most of their lives
- Poverty that is inter-generationally transmitted – when the childhoods that parents can create for their children make it highly likely that those children will become poor adults
- Premature deaths – when a person dies a preventable death because of poverty.

Much of what I shall talk about today is an elite analysis, but we need to recognise that chronically poor people have their own views about their condition and have personal agenda. A group of disabled women in Uganda provided my colleague, Charles Lwanga-Ntale, with a very vivid description:

‘Chronic poverty is like that poverty that is ever present and never ceases. It is like the rains of the grasshopper season that beat you consistently and for a very long time. You become completely soaked because you have no way out ... some poverty passes from one

generation to another, as if the offspring sucks it from the mother’s breast. They in turn pass it on to their children’.

A focus on chronic poverty leads to an interest in poverty dynamics - what happens to the poverty status of individuals or households over the years, over lifetimes and across generations. While many of the techniques for analysing poverty dynamics are complicated, a simple illustration of the benefits of this, compared to examining poverty trends based on national samples, can help illustrate why it is useful to track chronic poverty and transitory poverty.

Uganda was one of the great success stories of economic growth and poverty reduction in the 1990s (as were China and India). Over the period 1992 to 1999, income poverty in Uganda dropped by 20%. Many interpreted this as meaning that everyone in Uganda was doing better and that if Uganda kept on doing what it was doing then poverty could be eradicated within a generation. Poverty dynamics analysis provided a more nuanced understanding. It revealed that 19% of Uganda’s population were poor in 1992 and in 1999. The country might have had an economic miracle and achieved high levels of poverty reduction through engaging with the world economy and promoting its export sector, liberalising agriculture and attracting some foreign direct investment – but one-fifth of its population was not seeing benefits. In addition, 30% of households had crossed the poverty line between 1992 and 1997, but 10% had dropped below it – while the Ugandan ‘miracle’ was in operation their lives had got worse.

So, poverty reduction policy could not simply continue with 'more of the same'. It needed to work out how it could help the 20% who were chronically poor, benefit from globalisation and how to reduce the proportion of households vulnerable to sliding into poverty.

Now, let's take this idea from the national level to the global level and think about the global extent and distribution of chronic poverty. The Chronic Poverty Research Centre's initial upper estimate of chronic poverty was 420 million people. We have been challenged by a colleague, Shalen Nandy, who believes we 'mis-underestimated' the number and I am now inclined to think that an estimate of 820 million chronically poor people, based on his method, is probably closer to the mark. It does not seem likely that his re-estimate will greatly modify the proportions that countries have of the global chronically poor.

We should note at least three things :

- India is the country with the largest number of chronically poor people. This is a reflection on the country's huge population but also indicates the scale of the challenge it faces.
- African countries have the highest rates of chronic poverty and the indications are that in Africa the levels are very deep and multi-dimensional. As we know, to date Africa has seen only limited benefit from globalisation and the oil and minerals based growth that it has experienced recently is unlikely to benefit the poor very much.

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- Despite its extraordinary progress China still has a long way to go in reaching its poorest. While its coastal regions have done well, as one moves inland there is evidence that globalisation has put welfare into reverse in many areas – reductions in the quantity and quality of agriculture, job losses, greater job insecurity and reduced access to assets.

WHO ARE THE CHRONICALLY POOR?

So far I have mostly talked of the chronically poor in relatively abstract terms. Can we put a face to them? The first thing to note is that the chronically poor are heterogeneous and not some easily identifiable 'group'. They include people who would be classified in a census as 'economically active' – especially casual labourers in agriculture and construction – and those who would be classed as economically inactive – older people, disabled people, young children. At times this division between working and dependent poor may be useful but we do need to note its shortcomings. Many non-economically active poor people are working long hours on the margins of the informal economy – gleaning rice or coffee after harvest, minding orphans 24/7, and many other jobs.

At the risk of over-generalising about such a diverse set of people we can identify some common characteristics. Often, chronically poor people are those who are discriminated against – marginalised ethnic, religious and cultural groups, low castes, tribal people and nomadic people; refugees and internally displaced people; migrant labourers; disabled people

and those with chronic ill-health (especially with HIV/AIDS in Africa – but this disease is now doing its worst in India too). We also need to note that women and girls have increased likelihoods of being chronically poor and that households that appear non-poor can have members – daughters-in-law, domestic servants, widows – who are deeply deprived.

These structural factors are compounded by household level and life cycle factors – children and older people are more vulnerable to extended periods in poverty and households headed by older people, disabled people and children are likely to be trapped in poverty.

There are also national geographies to chronic poverty. The poorest are most likely to be living in remote areas with low agricultural potential that are not well connected to the national economy. Research in several countries reveals that chronic poverty is also an urban phenomenon and is growing rapidly, but we know little about the degree to which it is concentrated in specific areas or dispersed more generally.

A final point of reference, for those of you who have read Professor Prahalad's influential book, *The Fortune at the Bottom of the Pyramid*. A chronic poverty perspective indicates that Professor Prahalad is actually talking about business innovations that reach the middle of the pyramid. The chronically poor are at the very bottom of the pyramid – the bottom 20% of the 4 billion he writes of – still beyond

the reach of most of the goods and services and jobs produced by large, formal companies.

WHY ARE PEOPLE CHRONICALLY POOR?

This is a big question that I can only scratch the surface of in a short time. There is also a real danger that in an attempt to summarise an answer one over-generalises. Three initial points before I attempt a 'heroic' summary. I use the term heroic not to claim that I am a hero but to indicate how foolish it may be to attempt a short answer to such a big question!

Point one – **context matters**. The causes of chronic poverty vary greatly from country to country, region to region and locality to locality. Sometimes they are the same as the causes of less deeply seated poverty, only more intense and longer lasting. In other cases, there is a qualitative difference between the causes of transitory poverty and the causes of chronic poverty. This latter point is most clearly illustrated in Hungary. Most poor people in Hungary are transitorily poor through loss of employment due to industrial restructuring or marital breakdown. However, the majority of chronically poor people are from the Roma ethnic minority. The foundations of their poverty are mainly social exclusion and illiteracy or low levels of education.

Point two - **there is rarely a single cause to chronic poverty**. Usually chronic poverty is due to multiple, overlapping factors operating at levels from the intra-household to the global. For example, in India, a

household in Chattisgarh may be chronically poor because it is headed by a woman, who is a widow, from a scheduled tribal background and is located in a very poor, remote rural area. Any links they have to the national or global economy are likely to be on highly adverse terms.

Point three – **are there deserving and undeserving poor?** We need to note that there is little evidence that chronically poor people are poor because they are lazy, as elites in some societies believe, echoing Elizabethan and Victorian debates about the deserving and undeserving poor. Most chronically poor people work very long hours and this often involves levels of physical activity equivalent to what might be expected of an Olympic athlete. Middle-aged construction workers in India and rickshaw pullers in Bangladesh report reducing their work to only 4 or 5 days a week as they age. This is not because they are being lazy but because their bodies are so wracked with pain. Others work hard doing unpleasant jobs that no one else will do.

Now, on to the causes of chronic poverty - we can divide these into the **maintainers** – those that keep poor people poor – and the **drivers** – those that push poor people into poverty traps from which they cannot escape. Let's look at these in turn.

First amongst the maintainers comes the **quantity and quality of economic growth**. Countries or regions with no or slow or narrowly based economic growth are unable to provide opportunities for poor people to improve their livelihoods and so many poor

households have no 'exit routes' out of poverty. The quality of growth is as important as the rate of growth for the chronically poor. The 'jobless growth', associated with activities such as oil production or mining, is of little benefit to the poorest and can – as in many poor African countries – actually deepen poverty.

Second comes **social exclusion and adverse incorporation**, overlapping but distinct ideas. Social exclusion implies that people are trapped in poverty because they are discriminated against, stigmatised or invisible to other members of the society they live in. Social processes stop them from developing their capabilities or accessing opportunities. Adverse incorporation has a more political economic and a more anti-globalisation edge to it – arguing that chronic poverty is caused by the way poor people are inserted into local, national and global economic relations. It argues that it is not the lack of a connection to global capitalism that is the problem; rather it is the quality of the relation with systems of production and exchange.

For example, the reduction in access to land, water, and common property resources that occurs when poor regions are incorporated into national and global economies – a classic example would be those displaced by the Narmada Dam. This makes people dependent on jobs as casual labourers, which are extremely insecure. To ensure their survival in such vulnerable circumstances, poor people have to develop relationships with patrons and to 'stay secure' they enter into contracts that ensure they 'stay poor'.

The client gains assistance from his/her patron to cope with the fluctuations of the more globalised economy they are now part of. In return, they agree to forego future income from their labour or other assets so they can never accumulate the resources to move on to a higher return job or activity. Nor can they fully invest in the health and education of their children.

This takes me to the third maintainer– **high capability deprivation traps**. Children who are exposed to foetal stress (stunted or underage or undernourished mothers, unsupervised births) and who are exposed to health problems early on in life (not immunised, not well nourished, drinking dirty water) and not educated are likely to have reduced capabilities for the rest of their lives. They are likely to have lower levels of cognitive and physical ability than they might have had and are unlikely to develop skills for self-employment or for the labour market. People who experience such childhoods may have reduced capabilities or the almost total lack of market-related abilities – as when a child suffers major impairment for lack of access to basic health care.

The fourth maintainer relates to **problems of governance and violent conflict**. Where states are weak or failing and the rule of law is undermined – and this can refer to nation-states or in the case of India to component states (perhaps, Uttar Pradesh, Bihar, Orissa, the North Eastern states and others) – then poor people stay poor. The limited assets they have are insecure, incentives to invest are negative, government welfare schemes operate ineffectively,

growth is low or negative and wealth is commonly controlled by those who can use violence. Commonly, such 'internal' problems are matched by failures in the international system. This includes examples like not intervening in Rwanda; the West promising Afghanistan large volumes of aid and military support for reconstruction and not initially delivering on those promises; and, to the shame of many UK citizens, the consequences of the US/UK invasion of Iraq choosing not to plan for a civilian administration.

The **drivers** of chronic poverty are most commonly micro-level shocks that chronically poor people report as the proximate causes of their poverty – ill-health, death and funerals, floods and droughts, loss of key documents and thefts. Sometimes it is a single severe shock that drives a household into poverty, for example the death of the sole 'breadwinner' in a household. Sometimes it is a series of coincidental, multiple shocks – a loss of income caused by the sickness of the household breadwinner followed by increased expenditure with the birth of a baby and rounded off by a household fire. And sometimes it is a predictable sequence of shocks, as with HIV/AIDS. An HIV infection progresses to full-blown AIDS and the sufferer's household gradually sells off its assets (land, trees, tools, bicycle) to meet medical expenses and cover for a dramatic drop in household income. When he dies, the widow has to sell off most of the remaining assets to meet funeral expenses and debts. After the funeral the remaining assets (house plot and hut) are grabbed by the husband's father and brothers and the wife and children are thrown out. Stigmatised three times over, as she is a widow,

suspected of being HIV positive and the children are fatherless, this family becomes destitute. This is a well-known spiral into poverty in Africa which may now be increasingly common in India.

TACKLING CHRONIC POVERTY

So, how can chronic poverty be tackled? Rather than doing this in general terms I focus on India. As I warned you earlier this is 'heroic' as my ambition has probably exceeded my ability. The first section looks at what can be done in India. The second looks at a question that I think has been neglected – what role might India play in helping the poorest outside of India?

TACKLING CHRONIC POVERTY IN INDIA

My starting point has to be a warning – there is a real danger of exaggerating what governments and NGOs are presently doing for chronically poor people. In India, as in all the countries that CPRC has worked in, the main people taking action to overcome chronic poverty are the chronically poor themselves. Most of them are strategising and energetically pursuing economic activities in informal markets to ensure their situation becomes no worse; to try to improve their lives; and, to invest in their children's futures. The main sources of support for chronically poor people from outside of their household are close family, relatives, neighbours and patrons. Sometimes this is supplemented by informal, local level institutions such as temple societies, mosque

committees, church groups and ethnic associations. After these, one may hear of what the government or NGOs are doing, from a minority of the chronic poor. Despite their aspirations and rhetoric, public agencies and NGOs find it very hard to reach the poorest.

Now, if you doubt this point I suggest you try a small experiment. When you are driving past a construction site in Mumbai, or a quarry or a rubbish dump, park your car somewhere safe; identify someone who is working there – preferably a woman (but this may be difficult for males) – and ask them if you can have a chat. After the initial confusion, about why you have stopped, explain that you want to find out how they make a living and cope with problems. At some stage ask them about how they coped with the last major shock their household experienced – sickness, loss of a job, robbery, eviction, fire. I think you will find that most of the time the support they refer to comes from family, relatives and neighbours – do let me know if I am wrong. Towards the end of their list of helpers, or if you prompt them, you may hear mention of government or an NGO. Don't say 'thank you and goodbye' at this stage. In addition to the cup of tea you have offered, reciprocate the favour they have granted you by letting them ask you questions.

I have digressed. Let's return to the elite world that you and I operate in. To explore policies for tackling chronic poverty in India I use a simple framework from the World Bank's *World Development Report 2000/2001*. It identifies three fronts on which poverty must be battled.

- **Opportunity** (economic growth and employment)
- **Empowerment** (rights and democracy)
- **Security** (social support, social protection, law and order)

These three elements are closely interlinked and progress with any one of them is likely to be beneficial for the others. There is the image of a three legged stool – for the stool to work you have to have all three legs! The *Report* says that these three elements need to be treated in a non-hierarchical way, each is as important as the other. But then strangely, opportunity always comes first in the *Report*. If any of you have followed these arcane issues you will know that the US Treasury Secretary, Larry Summers, insisted on this and the *Report's* editor, Ravi Kanbur, resigned. These events led me to think about the relations between these three elements and how they related to the chronically poor.

I have concluded that while having no hierarchy may be an effective strategy for the moderately and transitorily poor, it is not optimal for the chronic poor. To assist people trapped in poverty we need a **livelihood security first** approach. Why? Because before most chronically poor people can think seriously about taking the risk of seizing new opportunities – changing employment, shifting to horticulture, borrowing the money to migrate to Mumbai – they need to know that they have the security to cope if things go wrong with their new strategy. In concrete policy terms this means public investment in social protection policies so that

chronically poor people can think about seizing opportunities with a reduced risk of ending up destitute or excessively indebted.

In recent years the Government of India has taken a bold step in this direction with the National Rural Employment Guarantee Scheme (NREGS) to help stabilise the incomes of the rural poorest and ensure they have a fall back position if their household strategies fail. This promises the rural poor up to 100 days labour on public works per annum. (India's moves into small-scale, non-contributory pensions also deserve mention but there is not time here to follow them up).

We are still waiting to hear whether the results of the NREGS can match those of the original Maharashtra Employment Guarantee Scheme. The early reports from Kerala indicate a 'reasonable start' but in Bihar the scheme has not yet really started up. There is a big responsibility on India's shoulders with this programme extending beyond India. If the evaluations are favourable then the world's chronically poor can expect similar programmes to be rolled out to them. If the results are unfavourable, then there is the possibility of a global discrediting of social protection policies.

Another key area for the livelihood security component is policies to prevent high capability deprivation in childhood. If today's children are to be able to live productive lives in the future they need nutrition, basic health care and (at least) primary education. Unfortunately, as Per Pinstrup-Andersen

pointed out in his 2002 Exim Bank Lecture, in India there is now 'hunger amidst plenty' – food output has massively increased but the proportion of malnourished people has barely declined. In 2000 around 47% of the nation's children were under-nourished. The Integrated Child Development Services (ICDS) programme to overcome such problems appears well designed but poorly implemented.

There is similar gloomy news about primary education and child health services. While school enrolments are rising across India, in some parts of the country schools are providing what I call 'education without learning'. I have seen this in Uttar Pradesh – six years schooling and minimal levels of literacy and numeracy. On the health front many children in chronically poor households (and their parents) are now relying on an unregulated, private health sector because of the weaknesses in the public system. This is potentially disastrous, as 'quack' doctors and adulterated medicines are a dangerous cocktail – sometimes a lethal cocktail – ensuring that many poor children will become poor adults and some will not live to reach that stage. There is some good news, certainly about the mid-day meals programme, but even with this there is the problem of it performing least well where it is most needed. This takes us to the next leg of our three legged stool.

The World Bank calls this **empowerment** – enhancing the capacity of the poorest to demand that state institutions, and the private sector deliver the services they are supposed to deliver and do not exploit the poor through corruption or sub-standard

services; and, strengthening the rule of law and order. The Bank believes that participation, decentralisation and democracy is the solution. I think the concept of **improving governance** may be more useful than empowerment. Participation and decentralisation have much to recommend them, but they are not automatically good for the poorest.

There are limits to heroic acts, and at this stage I shall be a coward. I am neither brave enough nor foolish enough to attempt to advise this audience on how India might improve its governance. But I have a short commentary to make. In terms of its constitution, its laws and its policies, India is in a very strong position. However, when one moves away from the documents and looks at implementation the picture is much weaker.

And it is weakest in those states and districts where the chronically poor are located and it is weakest on many issues that are central to reducing chronic poverty. Let's take an example. Discrimination against *dalits* was abolished in theory over 50 years ago but it remains a day to day experience for tens of millions of Indians at the present time. I was amazed at what I learned from scheduled caste people in rural Andhra Pradesh when I worked with them a few years ago. For scheduled tribes the situation is far worse with far fewer opportunities for upward mobility than even those experienced by *dalits* (Kapur Mehta and Shepherd 2006).

The glib answers to the country's governance problems are participation and decentralisation, but

these are double-edged swords. In some contexts they can help the poorest people to improve their political, social and economic conditions. In other contexts, they can strengthen the hand of rapacious local elites – landlords in the villages or dacoit leaders in the *bustees* – so that the poorest are even more vulnerable and beholden to the powerful, and often the violent.

India is practising these approaches through the *panchayat raj* devolution, Joint Forest Management, Village Education Committees, Self-help Groups and other initiatives. While there have been both favourable and unfavourable reports on such programmes I take heart from recent work indicating that ‘power is leaching steadily, and in some respects ineluctably, to the lower castes’ (Corbridge et al 2005), that women are being gradually empowered, and that a ‘silent revolution’ is underway (Jaffrelot 2003). One might even hope that some aspects of the relation between India’s wider economic classes might gradually shift to one based more on social solidarity. For India’s elite and its middle classes, when India was a poor country then having a large number of very poor people may have seemed inevitable. But on the global stage India is no longer a poor country and the presence of so many chronically poor people could be viewed as a national disgrace by the elite and burgeoning middle classes. They could demand that things are done, not simply on paper but on the ground.

And now to the third leg – **economic opportunity**. Economic growth is essential for concerted poverty reduction but that does not mean that all growth is

good for the poor, as Dollar and Kraay of the World Bank erroneously announced some years ago. This is especially the case for the poorest. For growth to benefit them policies are needed to match the capabilities of the chronically poor to the forms of opportunity that are opened up by globalisation induced growth. This has to be done in a dynamic way, so that the rising capabilities of the chronically poor (through greater livelihood security, better nutrition, improved literacy and health and strengthened governance) match the demands for labour, products and services within the growing economy.

This means that as much as possible growth needs to be broad-based and must impact on rural areas. How to do this, in the light of the evidence that parts of India are de-agrarianizing, is a challenge. It will certainly mean a focus on agriculture and a shift of emphasis from grains to crops with greater value-added. With a growing middle class there should be increased opportunities in horticulture and agro-processing. One also needs to move beyond agriculture, as has happened across rural Europe, to look for job creation in the leisure, heritage, conservation and environmental sub-sectors. This may mean jobs for waiters, kitchen staff and cleaners in tourist ‘hot spots’ – but it can also mean jobs as walking guides, bird-watching or botanical guides and similar more skilled jobs in forested areas, swamps and highlands.

A neglected aspect of the opportunity component concerns redistribution. There is both theoretical and

empirical evidence that rates of economic growth and poverty reduction are higher in less unequal societies – South Korea, Taiwan and Japan are the outstanding historical examples. However, the idea of redistribution alarms those who lean to the Right, who can point to the way in which radical redistribution experiments with land, from Tanzania to China under Mao, wrecked prospects for agricultural growth and economic development. It saddens many who lean to the Left, as redistributive reforms have promised a lot and delivered next to nothing – from Egypt to many states in India.

Here, I am thinking much less radically, about more gentle forms of redistribution. At the macro-level this means progressive taxation, both personal and business. This is not to punish the wealthy but to ensure that the poor and poorest are educated and healthy and able to take a full part in the economy and society. Apart from being the right thing to do, this has great potential benefits for the wealthy. It helps contribute to a more dynamic economy, makes their living environment much more pleasant (assuming that the elite of Mumbai do not want to see their city develop into a ‘Sao Paulo’ so that they have to walk around with guns) and it encourages elites to engage with improving the quality of national governance.

There are also micro-level ways of redistributing assets to the poorest – as in Bangladesh where the NGO BRAC provides the poorest women with aid-financed grants for chicken, milch cow and horticulture enterprises and provides social support.

After 18 months around half of these women graduate to being non-subsidised members of BRAC’s microfinance programmes.

TACKLING GLOBAL POVERTY : WHAT CAN INDIA DO?

This is the last main point and I shall try to make it quickly – partly because of time limitations and partly so as not to reveal how little I know about India’s foreign policy.

The argument could be made that as India has so much poverty of its own, it should not engage with reducing poverty outside of India until it has virtually eradicated domestic poverty. I can sympathise with this point but I would counter it with the argument that these circumstances do not mean that India should totally abandon the idea of helping poor people beyond its border. Rather, it should place a vastly lower weighting on this goal compared to the goal of national poverty eradication.

I would also point out that even the wealthy countries that lead the financing of global poverty reduction have not conquered domestic poverty. A recent UNICEF study estimated child poverty at over 15% in the UK and over 20% in the US. If I look outside my office block at the University of Manchester I can see people sleeping on the street. One can also argue that as a member of the G-77 and a leader in the Non-Aligned Movement, India has a responsibility to show social solidarity with other developing nations. It needs to engage so that wealthy

countries do not have a virtual monopoly on negotiating how poor countries should overcome their poverty.

There are two further 'killer' arguments. First, India has promised twice at the UN General Assembly, in 2000 and 2005, to be part of the fight against global poverty. Second, India has already decided to pursue this activity. Since 1964 it has operated the Indian Technical and Economic Cooperation (ITEC) programme. This has implicitly pursued poverty reduction through technical training for unemployed youths in South Africa; hospitals in Afghanistan; vocational training in Senegal and Zimbabwe; prosthetic centres in Asia; and humanitarian aid. In his 2007 Budget Finance Minister P Chidambaram announced the establishment of the India International Development Cooperation Agency (IIDCA) with a budget of over \$1 billion per annum. So, whether you think it's a good idea or a bad idea India is moving into international development and over the 1990s international development shifted to global poverty reduction.

Carol Lancaster (2006), building on the ideas of David Lumsdaine (1993), has shown that most countries engaging in foreign aid and international development started with what political scientists would call a 'realist' position. They used foreign aid, and other instruments, largely in pursuit of their own national interest – trade promotion, security and diplomatic goals - while claiming they were doing it to help poor countries and poor people. But over the decades, a moral 'vision' began to influence such

policies and more and more they shifted towards the developmental goals they claimed to be pursuing.

The speed with and depth to which such moral visions colonised the international development programmes of different countries depended on the nature of their domestic political constituency for international development. In a small number of countries – Denmark, the Netherlands, Norway, Sweden, and very recently the UK – a moral vision now dominates development cooperation. This is revealed by aid allocations (most money goes to poor countries and anti-poverty programmes), by a willingness to contribute to multi-lateral initiatives, by the untying of aid, by provision of aid as grants not loans and by decisions to not 'badge' programmes with flags and publicity. In other countries – for example, France, Japan and the USA – such moral visions have made slower progress.

So, the world's only present-day superpower, the USA, is ambivalent about its commitment to global poverty reduction. What of the emerging superpowers of the 21st Century? China has recently embarked on a rapidly expanding aid programme and it appears to be starting at the same point as the Europeans, North Americans and Japanese in the 1960s and 1970s. Its foreign aid programme is dictated by a 'realist' stance seeking to secure control over natural resources in Africa and Central Asia and votes at the UN from the Pacific – to block Japanese ambitions for a seat at the UN's Security Council. China, like the USA, confirms its commitments to global poverty

reduction at UN General Assemblies, but quietly ignores this in its policies and practices.

The odds have to be that India will follow this superpower model of saying one thing about helping the poorest people in other countries in public but then pursuing a narrow and self-interested agenda. A superficial examination of the IIDCA 2007 budget appears to confirm this. Allocations focus on Indian geo-political interests in Afghanistan, Bhutan and other neighbouring countries while Africa receives only 1% of the total. Indian foreign aid is closely tied to Indian products and services – despite the fact that India demands that any aid it receives is untied!

One could accept this. However, I would argue that now is the time for Indian leaders, Indian elites, Indian intellectuals, Indian think tanks and NGOs and the general public – to debate the idea of incorporating a moral vision into India's approach to international development perhaps, to imagine inclusive globalisation. Why might this work?

First, if one compares India with China, India is a democracy and so there is political space for its citizens to attempt to influence policy. That's a start. Second, if one compares India with the USA, it has a political culture that envisages a significant role for the state in securing the welfare of its citizens – this is a key determinant of 'moral vision' according to Lancaster's analysis. Third, India has been and is a global intellectual leader in conceptualising poverty and poverty reduction (ranging from Mahatma

Gandhi's non-materialist philosophy, to V M Dandekar's pioneering approach to poverty measurement, to Ravi Kanbur's influential academic and policy work on poverty reduction and, last but not least, to Amartya Sen's Nobel Prize winning work on human capabilities).

Fourth, India is full of 'social entrepreneurs', many of whom Exim Bank is starting to work with. Some are known internationally but thousands of others are quietly getting on with making their local area a better place for poor people. I'm probably looking at some now. Fifth, India has played a pivotal role in the Non-Aligned Movement, seeking to achieve a better deal for Third World countries in relation to the Cold War superpowers and had the moral vision to take a global lead in the fight against apartheid.

While from a narrow realist perspective pursuing an international development programme with a moral vision is foolish generosity, this might not necessarily be the case for India. Contributing to a prosperous and stable world is in India's, and everyone else's interests. Creating a national capacity in the private sector to deliver high quality, value-for-money consultancy on poverty reduction would open up India's access to a vast new market. In the UK alone, DFID has untied bilateral aid commitments of around \$ 5 billion per annum that Indian consultants can bid to manage. DFID's officials complain that British private consultants, universities and even the British Council are 'too expensive'. This market is waiting for Indian expertise.

Finally, India will need to think carefully about its image and status in an emerging global society. In the mid-21st century, will it want to be judged purely in terms of the size of its economy and the strength of its armed forces? The USA has pursued this route and while it is admired for its economic strength and feared for its military power, it has also generated a global wave of anti-Americanism. This is particularly the case in the Islamic world but American visitors are keeping away from Europe and Latin America because they believe they are unwelcome. One 'soft power' route to avoiding such social isolation is to engage seriously with poverty reduction in other parts of the world.

It is not difficult to identify fields where India could seek to build on its comparative advantage in this social enterprise.

- Strengthening the technical capacity of African countries to collect data on poverty and analyse it.
- Offering incentives to its pharmaceutical companies to develop low cost medicines for tropical diseases.
- Establishing world class technical institutions in Africa to create a generation of African IT specialists, genetic engineers and others who can link Africa to global technical advances.
- If the NREGS 'works' India could experiment with the transfer of this model to other countries.

One can make the theoretical proposition at least that India may be commencing its interests in

international development and global poverty reduction from a narrow, self-interested position. It has an historical legacy and a national technical capacity that might allow it to make rapid progress from this realist position to one informed by a more genuine commitment to reducing poverty in other countries. This means that now is the time to foster debate. It is clear from Lancaster and Lumsdaine that countries only move towards such a 'moral vision' when they have a domestic political constituency (an intelligentsia and middle class) demanding this. For those who like to mix their theoretical realism with a dose of constructivism, that means now is the time to start pushing this historical process forward.

CONCLUSION : CAN AN EMERGING ECONOMIC SUPERPOWER BECOME AN EMERGING SOCIAL SUPERPOWER?

I fear I may have tried to cover too much ground in this lecture - a short conclusion is in order.

Globalisation has helped tens of millions to escape poverty in recent years but there are still hundreds of millions trapped in poverty who have seen no benefits. In some cases, poor people's lives have been damaged by globalisation.

Between one-third and one-half of these chronically poor people live in India. While many of the country's economic and social policies have helped reduce national poverty rates there are deep problems in reaching the poorest people in poorly-performing states and reaching disadvantaged social groups.

While policy design could be sharpened the major policy problem is ineffective implementation in the areas of greatest need. Weak and failing governance at state level is a big impediment. One can take heart in the evidence of a 'silent revolution' of low caste and gender empowerment occurring on the ground, but this is a slow and uncertain process.

While India needs to improve its domestic support for the poorest, it should also think more about what it can do to reduce global poverty. A 'realist' approach focused almost entirely on national self-interest is evident but it is not inevitable that this has to continue. Now is the time to encourage a national debate about whether India's expanding international development efforts could incorporate a 'moral vision' as other nations have chosen to do, to greater or lesser degrees. The country's historical orientation to seeing a role for the state in providing welfare, its intellectual legacy of leading thinking about poverty, and broader national interests indicate that India could follow a different trajectory than the USA or China in terms of global poverty reduction.

To conclude – it seems almost certain that India will be an economic superpower by the middle of the 21st century. Its people now have the chance to ensure it becomes a social superpower by that time – but, have they got the moral imagination to push that goal forward?

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Professor Hulme holds a BA in Economic Geography from the University of Cambridge and a PhD from James Cook University of Northern Queensland. He began his career in development as a volunteer high school teacher in a remote rural area in Papua New Guinea. Subsequently he worked as a lecturer at the Administrative Staff College of Papua New Guinea specialising in land administration and the design of agricultural development projects. After eight years in Papua New Guinea he returned to the UK and he has been based at the University of Manchester for more than 20 years.

Since 2000 Professor Hulme has directed the Chronic Poverty Research Centre, a collaboration of universities, research institutes and NGOs in Europe, Africa and Asia. The focus of CPRC has been on those who are trapped in poverty and are unlikely to be able to improve their own or their children's prospects despite the growing material wealth and technical knowledge of the world. This has involved research and policy advocacy with governments and multi-lateral agencies.

At present his research is focused on understanding why the idea of global poverty and the promotion of global poverty reduction policy became so concrete since the early 1990s. He is tracking the evolution of the Millennium Development Goals (MDGs), the \$1 a day measure of poverty, Poverty Reduction Strategy Papers (PRSPs) and the financing of global poverty reduction. This involves understanding the international relations of rich and poor countries, the ways in which public perceptions of development and poverty have changed and the role of the media and celebrities in shaping public opinion.

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