

## OUR SILENCE ON POVERTY

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Any proposal to directly alleviate poverty in India brings out the inner lawyer in many of us. There are two characteristic tactics. One is to attack such measures by rhetorical re-description. Words like "dole" and "dependence" are bandied about as if money in the hands of the poor will somehow corrupt their moral and productive fibre. There is a second set of tactics that is more appropriate: Ask questions about practical considerations. How do we ensure such schemes are affordable? How do we make them compatible with macro-economic stability? How do we ensure they reach the intended beneficiaries? But often such well-meaning questions are wielded as weapons to avoid the core issue, pretexts to avoid questions of justice. The Congress party's Minimum Guarantee proposal has many practical challenges. But what it reveals about us is more interesting.

Let us start with some truisms. There is no excuse, practical or moral, that should stand in the way of India delivering on one basic element of a decent social contract. What is the minimum income and set of basic public goods India should be able to unconditionally provide all of its citizens at its level of development? Income and public goods should not just be substitutes; they are, in fact, complementary. The net worth of income depends, in large part, on the quality of public goods available in a society. But just as the public good component is important, so is the income component.

Guaranteeing a minimum sense of economic agency is not a dole. Politically, it is the very basis of the legitimacy of any society. Socially, it is an important element of a story about the conditions of self-respect. The attraction of at least some degree of cash transfers is that it recognises one central aspect of empowerment: The ability to act as an agent who can make at least some choices. This sense of agency is fundamental to human dignity.

It is, indeed, correct that society will be well served if we produced better paying and fulfilling jobs for everyone. That should be an overarching goal. But we often simply use that as an excuse for sacrificing the well-being of the poor against the promise of an indefinite future that may or may not arrive. It is true that there is a tinge of pessimism about the future in the very need for income transfers. But that is a healthy pessimism for it directs our attention to the fact that possible futures cannot be an alibi for not attending to suffering and questions of the dignity in the present. The poor should live in an imaginary future, while the privileged can enjoy the plenitude of the present.

So if some minimum income guarantee is central to a half-decent social contract, what will it take to get there? And here, we come to another paradox. The thing that is hard to state politically is the idea that India needs to raise taxes. Tax rates need to be sensible.

There is no getting around that fundamental fact. But it tells you something about the deep asymmetry of power in our society that this truism cannot even be articulated. Apparently, a marginal infusion of cash in the hands of the poor will destroy them. But the slightest tinkering with taxes in contexts where it is hard to even imagine what the marginal value of income is, will apparently cause economic catastrophe. The bad faith of our discussions on poverty is really reflected most strongly in the bad faith of discussions we have over taxation. The burden of the social contract, as always, has to fall on the poor.

These truisms need to be remembered as we debate the need for cash transfers. It is perhaps a silver lining that the debate has at least moved in that direction. This is true across all parties. In fact, on the ground experiments in states like Odisha offer instructive lessons in how to implement these schemes; in particular, how to identify beneficiaries.

The Congress's minimum guarantee scheme is a contribution to the debate. While its normative motivations are laudable, it has somewhat unnecessarily botched up the political framing. For starters, the fact that so many of its spokespersons were confused about whether it is a top-off scheme (a terrible idea) or a lump sum is terrible optics. The party has clarified this issue. But the rhetorical edge of the announcement got muted. Second, the Congress could have capitalised on its own innovation: MGNREGA.

The MGNREGA's greatest virtue was taking the targeting problem seriously. The general presumption that welfare schemes must be universal or self-targeting or should use a self-evident criteria for targeting is a good one. Not having to deal with targeting issues is one of the attractions of [Universal Basic Income](#). This scheme has opened up the Pandora's box of targeting once again, without inspiring confidence.

Politics is about projecting credibility, not about a future indefinite wonkishness, that there will be committee to look into targeting and so on. It is true that the Modi government's promises are often given a free pass, but that does not do away with the need for projecting credibility. Given that all parties are kind of converging on cash transfers, surely the distinguishing feature must rest on a new story about effectiveness. Claims about credibility and effectiveness are also important because they are a key element in mobilising support for taxation. So, building on stories of state credibility is important for signalling the good faith of a proposal. Third, the proposal raises a very interesting question. The Congress' promise is not very radical. But if you promise something to 20 per cent of the voters, how do the rest react, especially those who just come above the threshold and miss out on these payments? Is the political communication around such a scheme thought through?

The Indian development model is up for deep and radical political contestation. There are lots of schemes and proposals, but the intellectual challenge is to think of the overall framework within which these schemes make sense. A good manifesto should be judged not just by individual schemes, but the intellectual and empirical coherence of the different interlocking parts.

What is the constituent relationship between redistribution, macro economic stability, employment and productivity? How do we think of this relationship? While it is a good sign that Indian politics responds to the claims of the poor, we are still far away from having confidence in the credibility of the response.

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