

# Webinar Proceedings

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No. 4

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## Pursuing Economic Justice: Prospects and Challenges in a Post-Covid World

Webinar Series on the Socio-Economic Impact of the Covid Pandemic



BAHÁ'Í CHAIR  
FOR STUDIES IN  
DEVELOPMENT

DEVI AHILYA VISHWAVIDYALAYA



# Pursuing Economic Justice: Prospects and Challenges in a Post-Covid World

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The Bahá'í Chair for Studies in Development is an endowed Chair at Devi Ahilya Vishwavidyalaya, Indore established to promote interdisciplinary research and scholarship on social and economic development based on a vision that regards enduring prosperity as an outcome of material and spiritual progress. As part of its mandate, the Chair organizes spaces for dialogue, exchange of ideas and discussion on themes related to development with various stakeholders in the field of development including academicians, civil society organizations and representatives of government organizations.

In response to the Covid 19 pandemic, the Chair has organized a series of webinars on the social and economic impact of the pandemic on India's most vulnerable and marginalized populations in rural and urban areas. These webinars bring together some of India's best-known social scientists and development practitioners to share insights on the challenges facing these vulnerable groups and the steps that can be taken at the level of policy making and practice to address these challenges.

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## Profile of the Speakers

**Dr. Holly Hanson** is Professor Emeritus of History, *Mount Holyoke College*, Massachusetts, USA. Her research themes focus on agrarian change in Africa, pre-colonial African political culture, and globalization as a historical process. She has authored several books including *A Path of Justice: Building Communities with the Power to Shape the World*.

**Dr. Amitabh Kundu** is a Distinguished Fellow at the *Research and Information System for Developing Countries*, a New Delhi-based policy research institute. Until January 2014, he was a professor at *Jawaharlal Nehru University*, New Delhi. He has about 35 books and 300 research articles, published in India and abroad, to his credit.

**Mr. Amitabh Behar** is the Chief Executive Officer of *Oxfam India*. He currently serves as the Vice-Chair of the Board of *CIVICUS*, a global alliance of civil society organisations and activists dedicated to strengthening citizen action and civil society across the globe. Prior to Oxfam, Mr. Behar was the Executive Director of *National Foundation for India*.

**Dr. Parag Waknis** is an Associate Professor of Economics at *Dr. B. R. Ambedkar University Delhi*, New Delhi. His research focus is macroeconomics and monetary economics of developing economies. He has published articles on optimal monetary policy, political economy of government spending choices, effects of demonetisation, and economics of gift giving in the Indian context.

**Dr. S. Subramanian** is an independent researcher and Retired Professor, *Madras Institute of Development Studies*, Chennai. He is an elected Fellow of the Human Development and Capabilities Association, and a member of the advisory board of the World Bank's Commission on Global Poverty. His work has been on aspects of social and economic measurement, collective choice theory, and development economics.







## **Background Note**

Over the past three months, the Baha'i Chair for Studies in Development has organized a series of webinars bringing together social scientists and development practitioners to focus attention on the impact of the Covid pandemic on some of the most vulnerable sections of the population. What has become clear from these discussions is that attempts to bring about greater social and economic justice will remain superficial unless there are simultaneous efforts to rethink prevalent development models to make them more responsive to the needs and aspirations of the masses, especially the weakest segments of society. Over the past many decades, economic policies in India have broadly focused on increasing aggregate economic growth with the assumption that much of the benefits of growth would somehow trickle down to all classes, communities and regions including the weakest sections of society. Backing up this development strategy with certain distributional initiatives and welfare programmes was considered adequate to ensure equity and social justice. As a result, the rich have grown much richer while there has been very little improvement in the wages and living conditions of the masses of the people living in poverty.

Today India faces a situation where an economy that was already in recession has been dealt a crippling blow by the Covid pandemic with an estimated 122 million people having lost their means of livelihood. In this scenario, boosting economic growth will no doubt be indispensable to avoid large scale misery and unemployment. However, the real challenge before the policy makers is to ensure that in reviving the economy, the considerations of equity and the need to target developmental needs of the underprivileged remains paramount.

The present webinar on the theme '*Pursuing Economic Justice: Prospects and Challenges in a Post-Covid World*' aims to explore the necessity and implications of reorienting economic policies to promote more equitable and inclusive growth so that economic progress translates into human development and social progress and that the fruits of growing prosperity reach the most underprivileged.

In his recent book *Capital and Ideology*, Thomas Piketty points out that the widening gulf between the rich and the poor is a global trend that began in the 1980s with the worldwide shift towards neoliberal economic policies. India is one of the countries where the level of inequality has become alarmingly high. His study found that the share of the top ten percent in the total income distribution in the Indian economy stood at around 25 to 35 percent in 1980. However, by 2018 it had risen to 35 to 55 percent. At the same time, the total income of the bottom 50 percent of the

economy went down from 20 to 25 percent in 1980 to 15 to 20 percent in 2018.

Reflecting on these statistics, he posits the possibility that if this trend continues, in the next couple of decades the share of the top ten percent would rise to 75 percent<sup>1</sup>.

This inequality born of non-inclusive growth is of course not only the consequence of distributional blind-spots in economic policies. Free market policies have also opened the door for the rich to further enrich themselves through rent seeking, through lobbying for policies that allow them to extract more value created by others and through profiting from assets such as natural resources that should ideally be public property. In addition to this, the era of ‘hyperglobalization’ in 1990s and 2000s with the dismantling of trade barriers, the ‘container’ revolution, and the technological advances of the ICT revolution, created vast opportunities for wealth generation which the rich disproportionately benefited from.

Extreme inequality, as it exists in India today, should be a matter of serious policy concern since even a fraction of the enormous wealth possessed by the top one percent of the population, that could be legitimately taxed and spent by the state, could result in dramatic improvements to the health, education

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<sup>1</sup> Thomas Piketty, *Capital and Ideology*. Harvard University Press: Cambridge, Mas, 2020. P. 21.

and living conditions of millions of people living in dire want. A related criticism of such disparity is that it places enormous power in the hands of the rich to influence policies, public opinion, popular tastes and the process of knowledge generation through lobbying and the exercise of control over the State, the media, the education system, cultural institutions and institutions of research.

The persistence of economic injustice has been shown to fuel widespread resentment and disenchantment with the status quo which in turn creates an appetite for a politics that is based on bigotry and populism. Studies have pointed out how widening inequality erodes public trust, breaks down the social consensus needed to address collective challenges and undermines institutions of governance. Eventually, in a climate of social and political tension created by growing inequality, sustaining economic growth itself becomes a challenge.

Addressing inequality will require on the one hand policies to limit the boundless and unregulated accumulation of wealth and on the other hand those interventions that enhance the capabilities of the underprivileged by focusing on their education, health, social security and their access to infrastructure. Implementing such fundamental changes will require the abandonment of the temptation towards 'short-termism' in policy making, and replacing it with a long-term vision of development that is spiritually and ecologically sound and that will unfold through a process of systematic learning.

A long-term vision of development that is sustainable, inclusive and equitable will have to be guided by those eternal principles that determine harmonious collective existence and not mere pragmatism. Justice and the oneness of humankind are the foremost among these principles. Justice is a prerequisite for a society to come together as one and oneness based on the principle of unity in diversity is a prerequisite for fostering the consensus and collective will needed to deal with the great collective challenges before all societies in the twenty first century such as climate change, terrorism, food and water security and the degradation of the environment. Our common wellbeing will require the collective willingness to make difficult decisions and even sacrifices. This requires, before all things, trust among members of a society as equal stakeholders in the well-being of the whole. It also requires trust in the institutions that provide leadership to society as it navigates the collective towards a better future for the whole.





## Webinar Proceedings

The Bahá'í Chair for Studies in Development at Devi Ahilya Vishwavidyalaya, Indore organised a webinar on November 7, 2020 titled, *Pursuing Economic Justice: Prospects and Challenges in a Post-Covid World* to explore the necessity and implications of reorienting economic policies to promote more equitable and inclusive growth strategies so that economic progress translates into human development and social progress and that the fruits of growing prosperity reach the most underprivileged. This was the fourth in a series of webinars organised by the Chair to bring together social scientists and development practitioners to shed light on the social and economic impact of the Covid-19 pandemic on India's most vulnerable populations and to discuss emerging insights on steps that can be taken to address these challenges.

Speakers at the webinar included Dr. Amitabh Kundu, Distinguished Fellow, *Research and Information System for Developing Countries*, New Delhi; Dr. Holly Hanson, Professor Emeritus of History, *Mount Holyoke College*, USA; Mr. Amitabh Behar, Chief Executive Officer, *Oxfam India*, New Delhi; Dr. Parag Waknis, Associate

Professor of Economics, *Dr. B. R. Ambedkar University Delhi*, New Delhi and Dr. S. Subramanian, Independent Researcher and Retired Professor, *Madras Institute of Development Studies*, Chennai.

The fact that this was an interdisciplinary panel with the perspectives of both academia and civil society organizations represented ensured that the discussion was rich and broad-ranging, going beyond the conventional bounds of disciplinary or professional perspectives on the issue of inequality. Some of the themes discussed included the basis of inequality in social structures formed and unthinkingly perpetuated by the thoughts and actions of millions of people over time; the possibilities of breaking out of path dependence through the exercise of agency and choice; the need to reorder the relationship between labour and capital to address the systemic causes of inequality; historical evidences of organizing the relationship between labour and capital on more equitable lines; recognizing that institutions in every society can be powerful determinants of inequality through their internal logic that can either be equitable or biased in favour of particular groups and the case for a progressive wealth tax to meet the dire need for massive public investment to sustain the economy and support the country's public health and social infrastructure.

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Discussing the theme of economic justice, the first speaker of the day Dr. Holly Hanson mentioned that overcoming economic inequalities required not just the redistribution of resources but also fundamental changes in the structures of society. These structures perpetuate inequality by keeping those at the bottom of the hierarchy disempowered and deprived of the capacity or the sense of agency to alter their circumstances. She stressed the importance of recognizing that these structures must not be regarded as inevitable and unchangeable features of a particular social reality but rather as the product of the choices of millions of people over time that have created and perpetuated them. Most of the structures of present-day society, she mentioned, are the products of the industrial revolution which resulted in a massive increase in national wealth and consequently a tremendous rise in inequalities since most of the wealth was garnered by those who owned the technologies that underlay the processes of industrialization.

In this regard, she emphasized the need to recognize and draw upon the power of human agency to make choices that would change these structures and replace them with new and more equitable ones. If the world today is the product of choices made in the nineteenth century, she explained, a different and more just future can similarly be an outcome of conscious choices made by millions of people in today's world. Referring to economic history for examples of more just ways of

organizing productive activity in society, she shared the example of *Commenda*, a medieval system of contracts where two parties – one contributing labour and the other contributing capital – come together for some form of economic activity with the understanding that the wealth that is generated will be divided equally between the two.

Creating economic structures and processes that are just and reflective of relationships of reciprocity and mutual support, she felt, were complex goals that would not be realized in the short-term. However, she mentioned, that even if they take a century to realize, movement towards these goals will have to begin through consistent and perseverant effort to bring about changes in thoughts and actions of large numbers of people over an extended period of time. With these objectives in mind, she articulated some of the questions that would need to be addressed to sustain this collective learning experience: “how do we hold on to collective aspirations? How do we learn to be united in pursuing them? How do we learn to be motivated by generosity? how do we create spaces for cultivating a collective vision? How do we generate knowledge not just among elites but also among the masses? How do we shift our habits of generating knowledge so that knowledge generation is happening everywhere?”

Picking up on Dr. Hanson’s emphasis on choice and structural change, Dr. Amitabh Kundu in his remarks

emphasized that addressing extreme inequalities would require not just redistribution of wealth but also a transformation in the structure of the economy so that the processes of income generation become more equitable. A beginning in this direction would require a fundamental change in the relationship between labour and capital. Analysing recent legislations to reform labour laws within the country, Dr. Kundu observed that while they provided some benefits to the unprivileged who were among the working classes in terms of access to social security for those in the unorganized sector, the overall effect has been to relax labour laws making it easier for employers to exploit workers and a weakening of labour unions which reduces the bargaining power of labour. Thus, attempts at reforming the system were constantly undermined by the inherent logic of the system which perpetuated the exploitation of labour by capital.

Dr. Kundu provided data from the United Nations' Human Development Index to shed light on the structural causes that maintained high levels of inequality in countries such as India. He observed that while income inequality was quite high in countries across the development spectrum – from the highly developed to the least developed – inequalities in terms of access to health and education tended to be low in highly developed countries whereas they were quite high in countries at the lower end of the spectrum. “In India, health and educational inequality is much sharper than the income inequality which is

also pretty high,” he said. “That kind of inequality in access to education does not exist on an average in developed countries despite all the ills of capitalism that we have heard.” The impact of this on the social system is that those at the bottom of the income pyramid lack the enabling conditions of good health and education to break out of the intergenerational cycle of poverty.

Drawing on his experience of working as a global civil society leader, Amitabh Behar emphasized that many decades of experience of development agencies and civil society organizations have shown that enduring solutions to inequality could only be found by addressing it as a moral, and not a mere economic issue. It required a moral transformation in society where the principles of justice, oneness and solidarity were valued and uncompromisingly upheld. This had become especially urgent in the contemporary world, he felt, with the increasing “disruption to the normative consensus” of the present world order based on values of liberty, equality and fraternity.

Discussing the close relationship between discrimination and the curtailing of economic opportunities, he referred to the intersecting forms of discrimination based on overlapping gender, religious, caste and tribal identities that created formidable structural barriers preventing specific groups and populations from coming out of poverty. He added that in the highly polarized and divisive global political

environment of today these barriers preventing the underprivileged from achieving their potential are only further strengthened. Due to this, he felt, the issue of economic inequality should be seen as a lack of justice and not merely in terms of the need for inclusive growth which did not aim at changing the underlying oppressive social structures.

A focus on justice, he added, would move attention away from an ‘obsession with GDP’ which perpetuates inequalities, to the need to provide universal access to basic rights and entitlements such as education, health, sanitation and opportunities for earning a dignified livelihood. Apart from justice, he felt another principle required to address it is the sense of solidarity among members of society that transcends differences in communal, caste or linguistic identities. Strong social cohesion among diverse members of society would provide the conducive environment needed to address the challenge of inequality.

Referencing the webinar’s central theme, Dr. Parag Waknis built on the insights of Mr. Behar by emphasizing that justice demands that opportunities for economic advancement not be curtailed by a person’s identity. He felt that greater attention needed to be given to the institutions of society which have been shaped by historical forces and values and their role in curtailing or liberating people to improve their material conditions of life. He cited from the work of

Acemglou and Robinson (2012) who studied the relationship between how just institutions in a society were with the level of the overall development of that society. For example, he mentioned that although various countries in the world went through the experience of colonization, they emerged from this experience in very different ways, a result that at least in part is explained by the kind of institutions they had. Dr. Wanknis discussed Acemglou and Robinson's classification of institutions in terms of inclusive and extractive with inclusive institutions being those which ensure that every one has at least an opportunity to improve their economic prospects whereas the extractive institutions are those where resources are transferred from the bottom to the elite.

Applying this classificatory schema to India, he observed that in India one of the main causes of inequality is the prevalence of institutions with strong extractive characteristics such as the caste system. He mentioned that there is significant amount of research to indicate that caste is one of the key determinants of economic prospects for an individual in India.<sup>2</sup> Discussing the influence of the caste system, he mentioned that when the British colonized India, they did not have to create extractive institutions as they did in some of their other colonies. An 'extractive' institutional structure was already in place with the

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<sup>2</sup> Other markers of identity that played a role in curtailing economic opportunities were class, gender, geographic location (rural or urban dwellers) and religion.

caste system. They merely inserted themselves within that system. Thus, with the arrival of political independence, the extractive structure remained more or less intact and it was merely the elites that changed. The upper caste elite filled all the spots that had been vacated by the departing British elites. Quoting the economic historian Karl Polanyi, Dr. Waknis said that economic inequality is the outcome of market systems getting embedded within social systems which are unequal.

Change, according to him, will require redistribution – not just of income but also of those endowments which form all the advantages that have been conferred upon the elite for belonging to a certain caste or class. This will require a policy approach that responds to both short term and long-term imperatives. Short term remedies will be needed to take on those vulnerabilities that are the outcome of the existing structure of society and the economy. On the other hand, redistribution of endowments and privileges, which will contribute to profound social transformation, will have to be pursued as part of the State’s long-term policies.

While the transformation of structures and institutions remained the dominant theme of the discussion, the panelists were also conscious of the magnitude of the immediate economic crisis caused by the pandemic in India with the loss of jobs and livelihoods. The need for urgent steps to address the economic fallout of the pandemic was the context in which the last speaker on

the panel, Dr. S. Subramanian focused his remarks on overcoming inequality. He cautioned that the economic reverses caused by the pandemic must be addressed keeping in view India's status as a developing country with relatively poor social protection measures for the masses. A key consideration in this regard was raising resources needed for providing a fiscal stimulus to the economy and for strengthening the social and public health infrastructure. In this regard, he advocated the imposition of a uniform wealth tax on the richest segments of the Indian population who had witnessed a dramatic rise in their wealth as a result of unequal growth. He mentioned that the number of those whose net worth is at least Rs. 10 billion has increased threefold in the five-year period from 2015 to 2020. In light of this, he said there was a strong case for meeting the urgent needs of the economy by imposing a wealth tax which is something that was being considered in South Africa and in countries in Europe. He suggested that imposing a wealth tax on the 871 richest resident Indians would yield around 1 percent of the country's GDP.

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The webinar served to highlight the structural basis of economic inequality, the role of human choices in determining and perpetuating these structures and the possibility for human agency to transform these structures through patient, perseverant and systematic



effort. An economic system that favours the rich and encourages self-interest and greed is neither natural nor inevitable. These structures and systems that have become dominant are the product of a particular history. Other ways of organizing productive activity that have been based on values of reciprocity, generosity, justice and mutual support have existed in the past and can continue to do so pending the exercise of human choice to break out of patterns imposed by the past and choose a new path for economic relations and systems. The transformation will not come about overnight. It may take centuries of effort to bear full fruit. Yet, the foundations for that change will have to be laid in deliberate thoughts and actions of individuals, institutions and communities who advance forward with a new collective vision of an organically united and just world.

However, the transformation that is called for cannot be restricted to the economic domain alone. The webinar brought to light the extent to which the 'economic' is embedded in and determined by other domains of human existence such as the social, the cultural and the spiritual. Economic injustice is perpetuated and reinforced by social discrimination and prejudices which erect barriers around those seeking to access economic opportunities or transform the material conditions of life. The overcoming of these barriers would thus require not only the transformation of unjust social structures but also the ability of people to overcome differences, find

points of agreement and work together in unity to achieve common goals.



Clockwise from left to right: Dr. Holly Hanson; Dr. Arash Fazli; Dr. Parag Waknis; Dr. Amitabh Kundu; Mr. Amitabh Behar

Average Loss (%) in the inequality adjusted indicators for different categories – 2011 & 2018				
	HDI	Life Ex	Edu	Income
Very High HDI countries(47/58)	9.3 9.9	5.0 4.7	6.0 6.9	18.9 18.8
High HDI countries (47/53)	17.0 17.0	11.5 11.2	13.7 12.9	23.3 23.3
Medium & Low HDI countries (93/67)	29.6 28.9	28.1 25.2	31.4 31.8	21.7 21.7
Asian Countries (48/48)	20.7 17.3	15.8 12.2	23.7 17.9	18.9 18.3
China	22.3 14.5	13.5 7.9	23.2 11.5	29.5 23.3
India	28.3 26.8	27.1 21.4	40.6 38.7	14.7 18.8

Dr. Amitabh Kundu giving a presentation titled, 'Labour Reforms and Economic Justice: Overviewing the Recent Trends'.







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