
investments and to those looking for investment opportunities in the real world as the book is knowledge enhancing and in many senses a practical guide to investing and it has the promise of becoming a classic as it has been an outstanding book in the region since its first release in 1989, and it has stood its time for more than two decades.

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Economic Democracy through Pro-poor Growth.
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South Asia as a region has several commonalities. Several countries, including India — the emerging giant from the region — Bangladesh, Pakistan and Sri Lanka, share a common history as erstwhile colonies of the British and gaining independence at around the same time. Indeed, they could be said to share a common culture too. Post-independence, they undertook broadly comparable development strategies with an emphasis on central planning and industrialization. With such strategies not yielding the desired results, somewhere around the beginning of the 1980s, a course correction in their policies came into play, with most of these economies gradually opening up and liberalizing. Having travelled along the path of economic reforms for an effective two decades now (albeit separately), South Asia, on the whole, has grown by nearly 6 per cent per annum on average over this period. Despite such growth rates, which appear to be impressive by all means, the region disturbingly still remains home to the world's "largest concentration of poor people with nearly 500 million people living on less than \$1.25 a day" (World Bank, 2011).¹

While concerted and coordinated efforts are being taken at all levels — national, regional and international — to address the growing

polarization in these countries (which appears to have become an endemic problem in all countries embracing "neoliberal" economic growth prescriptions), a group of social activists and scholars from South Asia have been trying to develop an "alternative paradigm" (over the last two decades) that challenges the existing set of "mainstream development" strategies and the set of assumptions it operates on. Their ideas seem to emanate from their conviction that "top-down approaches" to economic development that have been (and are being) practised have "failed" to "trickle down" and ensure "distributive equity", which forces one to look beyond conventional growth models to address and eradicate poverty. The South Asian Perspectives Network Association (SAPNA), established in 1984, has been in the forefront of this "alternative paradigm", with the network having come out with eight back-to-back studies that lay out the policy options to achieve economic growth and equity. The most recent compilation of the case studies coming out of this network is *Economic Democracy through Pro-poor Growth*. Through a series of illustrative case studies drawn from the field across five different countries in South Asia, this book offers a refreshing alternative perspective of economic development that seeks to convince the reader of the feasibility of a world that one would commonly disregard as utopian.

The concept of "pro-poor growth" has gained increasing attention since the 1990s, when there were concerns over the growing trade-offs between growth and equity. Though there is no consensus yet among academics or practitioners as to what the exact definition of "pro-poor growth" is (or should be), there seems to be a greater convergence among them on the broad contours of such an idea. To be sure, the central focus in this literature has been on generating growth that provides and expands the "opportunities and capabilities" of the poor which would in turn enable them to "participate" and benefit from productive economic activities (Saad-Filho 2002; Ravallion 2004; Ludy 2008; Wiggins and Higgins 2008). The most influential theoretical premise that comes to mind is Amartya Sen's *Capabilities*

Approach, which suggests that the most important objective of development should be the expansion of human capabilities (Sen 1985; Clark 2006).

As the literature in the field points out, there are two possible ways of thinking about “pro-poor growth” — the first one in absolute terms and the second one in relative terms. The absolute definition implies that a growth process can be termed pro-poor when it dents absolute poverty even if it means that the benefits that the poor reap from such policies are proportionally less than their non-poor counterparts. The relative definition stresses the equality aspect where the objective is to minimize the gap between the mean income of the poor and the mean aggregate income, which would mean that the poor should benefit proportionally more than the non-poor. Regardless of the definition adopted, the “pro-poor growth” framework does place a significant emphasis on designing policies that would generate growth *through* the reduction of poverty (and inequality) rather than letting it “accompany” growth (Hadnes and Klump 2008; Whitfield 2008).

But as pointed out in this book, the principle mechanism through which such “pro-poor growth” policies are framed and implemented still represent a “service delivery” type model which takes one back to “centralized decision making processes” to deal with poverty eradication. They further note that such “tinkering marginal reforms” by promoting policies revolving around “fragmented safety nets and microcredit” do not really address the heart of the issue (p. 25). Hence the “new alternative paradigm” discussed at length emphasizes the idea of promoting “pro-poor growth” through “social praxis” and “participatory development”.

The distinguishing feature of this book, as the editors rightly note, is that the fundamentals of the strategies that are discussed are not derived from any “*a priori* theorizing” but instead grounded on lessons from the field, tried and tested in different settings. Herein lays the most important contribution of this book to the development discourse.

There are three fundamental components to the “new growth paradigm” the book presents as a

“viable” and “credible” alternative and which are reiterated in various ways through the book. They are supposed to form a “dialectic” process, complement and should flow from one to the other in order to reap the desired objectives.

First, the “pro-poor” concept of development expands the conventional “two-sector model of growth” involving the public and private sector by recognizing and placing the “poor” at the centre of this process as the “third” sector. This “three sector strategy where the poor also contribute to growth in partnership with a socially responsible private sector and a supportive public sector” forms the core of this “new school of thought” (p. 39). The partnership formation would be initiated by the “support system” (read public and private sectors), instead of the poor joining or being a part of either of the sectors. The central idea is the recognition that the poor are “inherently efficient” and that they could contribute more with more income and assets. Thus being independent of the two sectors would imply that they have their own accumulation process with a capacity to save, invest and contribute to growth.

Second, in order for the “third sector” to efficiently contribute to the growth process, the strategy requires a rigorous process of “social mobilization”. Projecting social mobilization as a strategy of “accumulation” translates into development that results in growth with equity. How? Essentially, the efficiency of the poor gets harnessed when they are organized, and they can then initiate a “dynamic process of capital accumulation” through increased savings and investments. This economic process can further be boosted should they be given the political space to participate as “subjects” in the development process, rather than as “objects.” Such a “participatory development” process facilitates the poor to retain the “surplus” in their own hands and continue the process of “accumulation”. This would in turn give them the “countervailing power” to eventually break the dependency links resulting from hierarchical relationships already existing in the society.

The third component is the “social process” that complements the economic and political processes

and which is achieved by mass “conscientization”. There is value creation at every level of this development process, which teaches the individual the “ethics of sharing and caring” which could indeed complement the “competitive spirit”. As the book notes, “this spirit of sharing and caring is fundamental to South Asian cultures. By definition, the distribution decided upon by the group maximizes social welfare out of given output; the greater the group spirit generated in individuals, the greater will be the social output available for distribution” (p. 13). Such value education through a conscientization process would bring greater social cohesion in the society. Ultimately the idea is to make them realize that poverty is a mere “social construct” that can be deconstructed and reconstructed.

All these would in the end lead to the establishment of a new “social contract” between the South Asian states and the poor people restoring and regenerating the “eroded trust” between them. The most striking feature of such a contract will naturally be in the political realm seeking to “combine good governance with political and economic democracy” but rooted in cultural values of the region.

The above concepts have been implemented in parts in different rural areas in India, Pakistan, Bangladesh, Nepal and Sri Lanka, with varying degrees of “success”. The case studies examine the working of the ideas in practice, but then it is unclear whether the outcomes can be treated as a case of “success”. A question that perhaps will remain unanswered is whether such illustrative experiments discussed in the book would be replicable in other parts of the region. More importantly, as the critical literature on “participatory action research/participatory development” process reminds us, the fundamental assumption that the local communities at the base of the society are largely “homogenous” and “interrelated” who can be “conscientized” to possess “value-led social ethics” is a bit simplistic. It ignores “oppressive structures” inherent in the form of gender, class, caste, and ethnicity that could operate at the “micro-scale” where such research actions are

conducted (Gujit and Shah 1998; Kothari 2001; Parpart 2004; Budiwiranto 2007). This is certainly applicable to the countries in South Asia. On a related note, the so-called dependency relationships that have taken deep root in the system are hard to break and it will take years, if not decades, to get there. Again, it is unwise to overlook the fact the countries in this region are also torn apart by a history of bitter and protracted conflicts both among and within themselves and which stands in the way of any meaningful regional integration — economic or otherwise.

Finally, one also needs to ponder whether the framework discussed in this book is really “alternative” or not, especially when most of the elements that form a part of “pro-poor growth” have been drawn into the “mainstream” development economics literature. So the question is whether “alternative development” is an alternative “way” of achieving development, viz., sharing the same goals as “mainstream development” but using *participatory* means or that “alternative development” actually refers to an *alternative model of development* (Pieterse 1998).

That said, it is also important to mention that the book has sufficient caveats wherever possible to drive home the point that these “pro-poor strategies” are still “evolving” and “emerging” in nature and that there is ample scope for improvisation based on field lessons that would make such processes “sustainable” and “coherent” in the long run. To quote an interesting passage, “the emerging alternative school does not pretend to substitute a comprehensive and elegant alternative theory as such to the dominant classical, neoclassical or Marxist theories. Rather it proposes that the methodology of praxis and the instrumentality of participatory action research that goes with it can help in moving the development intervention, initially at the micro level, towards development in wider human terms and in a more democratic manner, thus making both processes more sustainable” (p. 49).

The book concludes on a positive note emphasizing the need to forge a new “social contract” with the State, a “pluralistic” and

inclusive process that would be achieved through participatory development. While the reader is tempted to be carried away by the nobility of such a vision, but how exactly one could coax all the actors involved into signing such a “contract” remains a question mark. Nevertheless, this book will be an important addition to the ongoing discussion on correcting the asymmetric and polarized growth patterns stemming from the adoption of “mainstream” economic ideologies.

NOTE

1. Even though the usefulness of such a measure is contested by many who note that the figures are much larger when different methodologies are applied to compute poverty levels.

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***The Globalization Paradox: Democracy and the Future of the World Economy.* By Dani Rodrik.**
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The ASEAN-China free trade agreement came into effect on 1 January 2010, creating a free trade zone that comprised one-third of the world’s population and one-tenth of the world’s GDP. Three other free trade agreements, the ASEAN-India FTA, ASEAN-Korea FTA, and the ASEAN-Australia-New Zealand FTA, came into effect on the same day, firmly establishing free trade as the basis of economic partnership in the Asia-Pacific region. Sadly, this momentous event for the world economy passed unnoticed by many Western observers.

This further proliferation of regional free trade agreements comes in the wake of rising global trade that led author Thomas Friedman to proclaim “the World is Flat”. Globalization has become a key driver of the world economy, accompanying strong economic growth and rising living standards for billions of people all over the world. Yet as globalization takes root in the East, support for free trade has been dwindling in the West. In