



## The Survey as a policy with ideological overtones

### Inequality and Growth

The Economic Survey 2021 does not seem to be a policy document derived straight from the empirical data of the economy or the social compulsions embedded in it. On the contrary, the Survey rings with policy postulates based on strong ideological overtones. Of interest would be Chapter 4, captioned 'Inequality and Growth: Conflict or Convergence?' which is ostensible "an effort to identify the correct policy objective for India".

### Need for desirable outcomes

1. Following the COVID-19 pandemic, India has fallen into the vortex of a 'once-in-a-century crisis' as the Survey forcefully puts it. It projects a V-shaped growth of recovery and reiterates the call of the Economic Survey 2019-20 for "ethical wealth creation by combining the invisible hand of markets with the hand of trust".
2. It is hoped that market-mediated growth will take the country to desirable socio-economic outcomes that include not only reducing poverty but also a wide spectrum, ranging from infant mortality to mental illness.

### A silence on poverty

1. Even so, concerned scholars remain confused at the silence of the Survey on the nature and magnitude of poverty which is a multi-dimensional phenomenon of deprivation, confounded much worse by the pandemic crisis.
2. The graphic picture of migrant families trudging home hundreds of kilometres away from the cities in the wake of the lockdown seems forgotten.
3. At the same time, Chapter 1 of the Survey documents elaborately the structural reforms (achievements include the controversial three farm laws) to take the economy and the people forward.
4. Scholarly estimates on the increase in extreme poverty under the pandemic in India have ranged from 400 million (a study by King's College London) to 620 million.
5. Oxfam's study on the Virus and Inequality points out that while it took nine months for the top 1,000 billionaires to return to pre-COVID-19 times, it will take over a decade for the poorest class to resume normalcy.
6. Interestingly, India's stock exchanges have scaled unprecedented heights in mocking disregard to the informal sector already in deep distress following the demonetization episode.



## Faulty conclusions

1. Misuse of statistical tools is a dangerous game, certainly in a democracy, which as J.S. Mill famously said is a government by discussions. Discussions are relevant and truthful only when they are well-informed and reliable. Social justice is an intrinsic value of universal relevance.
2. Box 1 of Chapter 4 goes to justify the poverty and inequality trade-off in totalitarian China is obviously introduced to support the inegalitarian policy options.
3. Thomas Piketty (2020), referred to in the chapter, tells us that inequality increased much more sharply after 1980 in India than in China. This is conveniently forgotten.

## A sidelining

1. Although the works of great thinkers on justice and equality such as John Rawls, Piketty and Wilkinson and Pickett are mentioned, they are sidelined.
2. It is concluded that “poverty alleviation through growth must be central to economic strategy”, rather than inequality because “in India, economic growth and inequality converge in terms of their effects on socio-economic indicators”. This is untenable.
3. Rawls’ A Theory of Justice (1971), treats justice as fairness which is the basic core of democratic traditions the world over. The chapter refers to the idea of the “original position” of equality of Rawls but fails to note that it will have to be judged by the whole theory of justice.
4. The book, **The Spirit Level**, by the two doctors Wilkinson and Pickett, based on 50 years of research has the meaningful subtitle, *Why equality is better for everyone*, ought to have been discussed further because they argue that inequality breeds mistrust, mental illness and many such outcomes, which needs to be reduced for human well-being.

## Inequality has Ideological origins

Instead of dismissing it, a discussion on Piketty’s Capital and Ideology is certainly warranted for three valid reasons:

1. It is a well-documented historical study on inequality which comes to the striking conclusion that “inequality is neither economic nor technological, but ideological and political”;
2. India is elaborately studied;
3. It discusses a wide range of policy issues relevant to a democratic society facing the COVID-19 pandemic like



universal basic income

universal access to fundamental goods such as health, education and housing

progressive taxation of income, carbon emission, property and inheritance and so on

The Economic Survey has all the right to suggest what it considers relevant. But democracy demands informed debate especially when it comes to economic inequality which has been admittedly growing exponentially in India. Legitimising it by policy think-tanks is indeed questionable.