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Book Reviews

Economics: A Very Short Introduction By Partha Dasgupta, Oxford University Press, 2007, 192 pages, paperback, ` 150, ISBN: 97-801-9285-345-5

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The general feeling of people from various academic disciplines is that 'economics' is beyond the pale of commoners and it is continuously adding intractable complexities to explain the behaviour and functioning of a society. A student of political science, sociology, history or literature tends to stumble because of the increasing use of rigorous mathematics or statistics in economics. Partha Dasgupta has provided them with a cheerful alternative in this book.

The slim and aesthetically designed cover is analytical to its core but not technical in the least. Nobel laureate Robert Solow crafted his comment beautifully -"Partha Dasgupta explains the logic of economics without losing sight of the texture of economic life."

Precisely speaking, Dasgupta has actually opened new vistas of thought for social science researchers and authors. Here, it requires some explanations to prove that this book is quintessentially different from many others written by acclaimed authors on the same subject, 'economics'. As the author himself observes, most books on economics do not make a mention of the economic lives of poorer regions, nor does nature appear to be one among the dramatis personae, so to say.

The philosophy of this book is straightforward : economics is driven by ethics and in the process ethics dictates politics. By doing so, the author frees the book from the influence of any specific school of thought of economics or polity but successfully explains heterogeneous society and the world together.

He starts out with two families living in two different parts of the world. Becky's family lives in American Midwest suburbia, with an annual income of $14,500, sufficient to provide a quality life to all the members of that family. On the contrary, Desta's family is living in a village in subtropical, southwest Ethiopia. In their grass-roofed mud house there is no electricity or running water. They cultivate maize on half a hectare of land that the government has given them. Desta and her sister do not go to school, although their younger brother attends a local one.

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The author raises a mute question: how can it be that the lives of essentially similar persons become so different and remain so different. Dasgupta, instead of taking any sides, either with the rich or the poor, has prescribed an intrinsically unified way viewing both the worlds, that of the rich and the poor, and used economics as an essential language to analyze them. And here lies the true beauty of this book.

He started by unfolding the growth paradigms of rich and poor worlds and in search of the reasons he lands on to institutions. Here, he refers Douglass North, who argued that the rich world is rich today, because over the centuries it has devised institutions that have enabled people to improve the conditions of their material lives. Dasgupta poses the questions to the poor countries, as to what institutions they should adopt and what policies should their governments is encouraged to follow.

He has brought in the concept of corruption as a contributing factor towards the ineffectiveness of institutions in poor countries. Effective functioning is based on trust and in the name of mutually advantageous course of action, which is commonly known as game theory. A detailed exposition has been made to explain how society can use it for its better benefits or the other way round.

At the same time, Dasgupta elucidates that in sub-Saharan Africa, community management is successfully saving the Sahelian forests and this is primarily based on mutual cooperation. In the process, a subtle movement has been made from trust or game theory to property rights, and from property rights to the marketplace. A categorical distinction has also been made between community and market. Communities are personal and exclusive in the sense that members of the community know each other. On the contrary, markets are impersonal and inclusive and many a thousand transactions take place among people who do not know each other. And it (market) follows a simple principle: 'my money is as good as yours.' In similar line it is argued that property rights are not applicable for private properties but it is equally applicable to common property resources (CPR) or local commons (e.g. grazing lands, ponds, woodlands, coastal fisheries, forest etc.).

To Dasgupta, CPR with open access leads to 'tragedy of commons'. It is overused because no one has to pay for the right to use. However, if people do cooperate and contain themselves by not following the basic neoclassical premise that human wants are insatiable and every individual tries maximise their satisfaction with a given budget constraint, CPR also becomes a credible option for livelihood. The fisheries in coastal villages of Northern Brazil has been saved from over use through mutual cooperation can be an ideal example for this. Now if CPR is unmanaged then the result is our atmosphere that has become a sink for carbon emission. Here also the basic rational of neo classical development model is being challenged.

The ethics of the capitalist model on development and conservation is simple, that is, if the resource base is scarce, society tends to impose few restrains on its use and if

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the resource base is infinite and can be expanded through technological advancement, we do not impose any restrain. While exploring market, it got a mention that sizes of the market plays an important role to understand the penetration and value of money. Therefore, the natural conclusion is drawn that why money is more meaningful in developed economy in comparison to a poor village of Nigeria.

The book finally unravels the much used phrase in social science 'sustainable development.' As we know that continuous environmental degradation and drastic depletion of non renewable natural resources forced the rich or developed world to rephrase the definition of development and in the process Brundtland Commission Report (1987) defined sustainable development as '…development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' This definition is also devoid of genuine concern that shows keenness of developed world to stay in harmony with nature. The report of the World Bank (1992) has also offered a generalised version of sustainable development and to them development is about improving the well-being of people and sustainable development is development that lasts. Even though it has long been perceived and pursued that growth in real per capita GDP improves the people's quality of life (Dasgupta, 1993; Mauro, 1993; Boone, 1996; Barro, 1996), but can economy grow indefinitely or is growth in real GDP compatible with sustainable economic development? As Dasgupta puts it by looking at specific examples of natural resources (fresh water, ocean fisheries, the atmosphere as a carbon sink), it can safely be vouched that current rate of utilisation of those natural resources is unsustainable. Contrary to it, developed world has invested enough on science and technology, education etc. and earned enough so that it can make adequate investment to make the future living standard even better. Therefore, capital accumulation and technological improvements will compensate environmental degradation and this allows rich world to survive without sustaining ecologically. Dasgupta further pointed out the limitation of our macroeconomic accounting system wherein natural capital has yet to get a place. Dasgupta thus goes on adding that natural capital must be added to our list of capital assets. Its value should be based on what is extracted from it (timber), or its presence as a stock (forest cover) or on both (watersheds).

By and large, the rich world's philosophy of development can be summarised as if the resource base is infinite and can be expanded through technological advancement rich or modern world does not impose any restrain. If the resource base is scarce, society tends to impose few restraint on its use. Therefore instead of "I-thou" relationship between humans and nature, the world-view is characterized by "I-it" relationship. Nature is considered to exist separately from humans.

In each case, Dasgupta makes a clear distinction between individuals who are working for individual benefits and society working in mutual dependence, especially in tropical regions. By doing so, he clearly delineates how the same economic theory

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can be employed to explain the process through which the rich country is becoming richer and at the same time many social behaviours of poor countries can be taken care of.

The entire book thus becomes a melting pot for economic historians, political scientists, geographers and environmentalists. And yet it remains refreshingly free from prejudice and ideological hangover, without losing the goal that economics should explain the society in a systematic manner.