Paradox of Competitiveness and Globalisation of Underdevelopment

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Probing the theoretical content of the concept of competitiveness, the author argues that it has a very deceptive appearance and as a result is easily misunderstood. Hidden under its apparent simplicity there are many complex facets, failure to recognise and take account of which may result in the wrong kind of globalisation. Given the structural characteristics of a typical less developed economy, it is essential that the notion of competitiveness is grasped in its full complexity before an appropriate reform package is presented. Unfortunately, there are reasons to suspect that this awareness is particularly lacking in the current Indian context.

He said 'I hunt for haddocks' eyes
Among the heather bright,
And work them into waistcoat-buttons
In the silent night.
And these I do not sell for gold
Or coin of silvery shine,
But for a copper halfpenny
And that will purchase nine.

—Lewis Carrol, *The White Knight's Song.*

IN justifying the structural reforms that are being introduced in the Indian economy, the advocates of these reforms have brought the question of competitiveness to the centre of the discussion. Their argument runs as follows. The Indian economy needs to be integrated to the world economy. Globalisation requires that the Indian producers be competitive in the global market. It is only through these reforms that they can acquire the competitiveness and therefore the reforms are essential prerequisites for successful globalisation. The word competitiveness has become almost a refrain for the chorus; whatever is being done is in the interest of competitiveness.

In this essay, I shall address the question of competitiveness in the context of an underdeveloped economy and try to figure out its implications for the globalisation strategy. What I want to make clear at the very outset is that it is not my purpose to offer a critique of globalisation as such. My purpose rather is to probe the theoretical content of the concept of competitiveness to point out that it has a very deceptive appearance and as a result is easily misunderstood. Hidden under its apparent simplicity there are many complex facets, and failure to recognise and take into account these complexities may result in the wrong kind of globalisation. Given the structural characteristics of a typical less developed economy, it is essential that the idea of competitiveness be grasped in its full complexity before the appropriate reform package is presented. Unfortunately, there are reasons for one to suspect that in the Indian context, this awareness is particularly absent.

Determinants of Competitiveness

The notion of competitiveness is generally understood in terms of the price at which the seller offers his product in the market. He is competitive if his price is lower than the price charged by his competitors. To the extent that price depends on the cost of production, competitiveness in turn gets reduced to the ability to produce the commodity at a lower cost. In the global context, therefore, a country's competitiveness in certain lines of production means its ability to supply those products at a price that no other country can undercut, i e, it can produce those products at a lower relative cost.

But looking at the question of competitiveness exclusively from the price and cost of production angle may be dangerously misleading, particularly so in the context of a less developed economy. Because the possible factors that may contribute to a lower cost of production are varied and many, and not all of them reflect the strength of the economy. On the contrary, it is the weakness of the economy that often manifests itself in an apparent cost efficiency. In a less developed economy, the very elements that constitute its underdevelopment sometimes provide the economy a competitive edge by allowing it to produce certain commodities at a relatively lower cost. Put differently, while the strength of an economy does get reflected in cost efficiency, the converse is not true. And if the analytical focus remains confined to mere cost comparisons and price advantage in the domain of the market, the complex nature of the determinants of costs remain out of sight. This may have far-reaching implications for the process of economic development. But before I elaborate along this line, let me take a quick look at how the mainstream theory of international trade has dealt with this problem.

Much of the traditional trade theory is devoted to seeking an answer to the question of what makes a country competitive in certain products in the global market, i e, what are the determinants of its cost efficiency? Ricardo's explanation located the basis of competitiveness in technological differences. According to the Ricardian notion of comparative advantage, competitiveness of a country is the reflection of its technology which permits it to produce a particular good at a lower relative cost. Different technology for Ricardo meant different climatic and environmental conditions which made each country a relatively more suitable place for the production of certain goods. What is more important is that competitiveness in the Ricardian theory is independent of whether the country has a technology that is superior/inferior in the absolute sense. Thus, a country may have a technology that is inferior compared to its competitor in all lines of production, yet it will be competitive in those goods in which its technological disadvantage is relatively less. To put it more rigorously, the Ricardian theory claims that even if a country is backward in every activity, it will still find at least one activity in which it can compete efficiently in the international market.

While technology does explain competitiveness in case of what the trade theorists call the 'Ricardo goods', it fails to provide an explanation of competitiveness in case of those goods for which the trading countries share the same technology, i e, goods that are not location specific. A different line of enquiry within the mainstream theory has looked for a determinant of competitiveness in something other than technology. Known as the Heckscher-Ohlin approach, it identifies the relative availability of factors of production as having an influence on the relative cost of production. According to this approach, a country that has a large supply of one factor relative to its supply of other factors is said to be abundant in that factor, and the relative cost of production of the good which uses the abundant factor more intensively, other things being the same, will be lower in that country, despite the fact that technology is identical across countries. The Heckscher-Ohlin explanation of competitiveness thus locates the determinants of cost efficiency in the structure of endowments.

These two explanations of competitiveness, however, do not exhaust the set of possible cases. It is a fact that a large part of the world trade flows occur among countries that are more or less similar in terms of both technology and the composition of endowments. The Ricardian and the Heckscher-Ohlin explanations are both inadequate for providing an answer to the question of what determines competitiveness in these cases. Recent developments in trade theory have looked for the answer in a number of factors such as the increasing returns to scale and product cycles.

As my chief concern here is the question of competitiveness in the context of less developed economies which are very different from their developed counterparts in terms of both technology and endowment structure, I shall confine the focus of the discussion to the first two determinants. What should be noted is that in both the Ricardian and the Heckscher-Ohlin theory, competitiveness is rooted in a set of initial conditions. It is seen as arising out of the state of technology or factor composition which are conditions a country starts with. Globalisation allows the country to specialise according to competitiveness and alter the division of labour but the alteration must take place within the same initial conditions. But once situated within the context of development, a tension arises between these theories of competitiveness and the content of the development process. In an underdeveloped economy, since it is these initial conditions that constitute its underdevelopment, competitiveness may be grounded in underdevelopment itself. On the other hand, economic development is radical transformation of these initial conditions. The process of development is meant to systematically undermine these conditions to create a new set of conditions within which self-sustained growth can occur. Thus, competitiveness grounded in underdevelopment gets eroded away as the economy develops. In other words, economic development erodes the basis of the competitiveness that an economy may enjoy simply because it is not developed. The implication of this is that if an underdeveloped economy globalises on the basis of such competitiveness, then the change in the division of labour that it entails has the tendency to be antithetical to the development process—by reinforcing the initial conditions, it may in effect reinforce underdevelopment itself.

Competitiveness and Underdevelopment

What is the nature of the competitiveness that arises out of backwardness? In exploring this question, I shall consider two broad classes in which the possible cases are likely to fall. First, consider the factor cost explanation presented by the Heckscher-Ohlin theory. The central feature of underdevelopment is the existence of a vast pool of surplus labour living in abject poverty. The wage rate at which these people offer their labour power is so low that it can make an entire range of activities competitive in terms of the relative cost of production, despite the fact that the technology used in these activities is much inferior compared to other countries. Not only can these activities stand the test of the market, they can even compete out similar activities in the developed countries. And if competitiveness is seen only from the price-cost angle, it will totally keep out of sight the fact that this cost efficiency, instead of reflecting the strength of the economy which development is supposed to generate, reflects its weakness that is associated with underdevelopment. It rests on poverty which is an antithesis of development.

What is not recognised in the popular understanding of competitiveness is that there may be an element of what is called 'distress sale' in the determinants of cost of production. What is more important is that it is not a mere special case that can be readily assumed away. In the case of a less developed economy, this element systematically permeates into the structure of costs and there is hardly any mechanism built into the market which can differentiate persistent distress sale from cost efficiency resulting from better technology and higher productivity. The market has a strong tendency to lump these fundamentally different cases together and treat them at par in its ranking. The important information that gets lost in the process is that while two activities producing a commodity may be equally cost efficient, they may have totally different content when judged in relation to the problematic of development.

Take, for instance, the carpet manufacturing sector of India or the garment sector of Bangladesh where imported cut cloth is sewn. Both these sectors are notorious for their use of child labour. Their competitiveness results largely from an infinitely elastic supply of child workers who can be subjected to primitive labour processes. Yoking these children to these inhuman labour processes does not require coercion as it did in the case of slavery. But what is a better instrument of coercion than poverty? Ironically, the slaves, as it is well known today, thanks to the historians, were fed well by their masters because they were the latter's property. In today's market for child labour, the employer does not have to bother about the health and nutrition of the children he employs, for there is a huge pool of such children waiting outside the factory gate. The information that one gets about these labour processes makes one wonder about the relevance of the concept of efficiency wage in the context of these activities; the downward flexibility of subsistence consumption is simply amazing. Producers of many sophisticated goods in the developed countries have the final processing of these goods done in the less developed regions of the world. The basis of such vertical specialisation are cost calculations that explicitly take into account the existence of cheap unskilled labour in these regions. Even the standard textbooks on neoclassical trade theory clearly recognises that these cases do not reflect any genuine competitive advantage; they are a mere reflection of the concentration of poverty in certain parts of the globe.

The element of distress sale can influence the cost structure in a rather complex way. Production of a commodity requires many inputs which the producer has to purchase in the market. The producer may not be engaged in distress sale in the market in which he sells his product, yet distress sale may occur in any of the markets in which he purchases these inputs. It may occur in the labour market in which case the advantage accrues directly to the employer in the form of low wages, or it may occur in the market for other non-labour, material inputs where the sellers of these inputs may have to sell at a very low price. Again, the production of these inputs requires in turn another set of inputs including labour. Thus, the seller who sells an input to the producer of the final product may not be in a very weak bargaining position *vis-a-vis* the latter, but distress sale may still occur in any of the markets in which he purchases the inputs he needs. As one probes through these layers of production and exchange, one may find that the site at which the distress sale occurs is far removed from the production of the commodity whose competitiveness is being measured. Yet the cost advantage arising out of distress sale can transmit itself through all these layers along the vertical spectrum of production to ultimately influence the cost structure at the final end of the spectrum.

Apart from distress sale, there is another type of competitiveness generated by backwardness. It is linked with the relationship between technology and the environment which is a widely discussed topic these days. Production of certain commodities requires technology that causes depreciation of the environment at a very high rate which not only affects the quality of life adversely but, in the long run, undermines the conditions of social production itself. As long as the producers are not made to pay for the damage, the environmental cost does not figure in the cost of production calculated by them. But strong preference for an unpolluted environment leads to the recognition of these externalities as cost borne by the society and in turn forces the producers to include them in their private cost calculations.

Now consider two countries, one advanced(A) and the other backward(B). Suppose B operates with a technology that is uniformly inferior in all lines of production compared to the technology A has access to. Furthermore, assume that the degree of B's technological inferiority is the same in all activities. That is to say that the cost of production (measured in terms of real resources) in B is x per cent higher than what it is in A for each and every good. In this case, the relative cost of production is the same in the two countries despite their technological differences and none enjoys any comparative advantage. There is thus no basis for any trade to take place. Trade however would have taken place if the degree of inferiority were different for different products in B; then B would have had comparative advantage, i e, a competitive edge, in those goods in which it was relatively less inferior. Now if A has a stronger concern for the environment than B, then this asymmetry is likely to produce a comparative advantage for B in those lines of production in which the environmental cost is high, despite its general inferiority in terms of technology. To turn the coin over, A would in this case enjoy a comparative advantage in those lines of production in which such costs are low. And this pattern of competitiveness will stand the test of the market. If the task of deciding who produces what is left entirely to the judgment of the market, then B will devote more of its resources to the production and export of those goods which inflict severe damage on its environment, while A can safely engage in the production and export of 'environment friendly' goods. Such specialisation involves high long run cost for B which may be unperceived now but may seriously thwart the development process in future. There is hardly any mechanism in the market that can differentiate such perverse competitiveness from genuine cost efficiency. On the contrary, the market has a strong tendency to support a very unequal distribution of the environmental costs. Its ranking, based exclusively on the private cost of production, would militate in favour of locating the production of 'dirty goods' in the backward regions of the world and the 'clean goods' in the advanced regions.

Indeed, it is possible to discover in the much discussed Dunkel Draft certain indications of the emerging international division of labour. If developed countries are to specialise in clean activities such as R and D, banking and insurance, leaving the unclean industrial activities to the NICs, then protection of patent rights and removal of barriers to trade in services are its essential pre-condition. Hence the Draft's thrust for the establishment of the intellectual property rights and free international mobility of services.

Colonial history has on record the enormous environmental costs that today's developed countries inflicted over centuries on their former colonies. The problems such as barrenness of land, soil erosion and recurring drought that haunts these regions today can to a large extent be traced back to the unrestrained and ruthless depredation of the natural resources by the colonisers for commercial interest. But while pointing an accusing finger to the past rulers of the colonies, one should not lose sight of a more important fact: even in the presence of independent nation states, location of production activities determined by the 'objective and impartial' forces of the market may entail the same type of economic order which will pollute one part of the global space to keep the other part clean. The law of supply and demand can indeed achieve what in the past was made possible by brute coercion.

Of Gains and Losses

It will however be totally wrong to take these arguments to mean that the claim that trade according to market based competitiveness leads to mutual gains is false. There is nothing contradictory between static gains from trade and loss in terms of development potential. Even when specialisation is based on competitiveness that is symptomatic of backwardness, rearrangement of production within the same initial conditions does lead to an enlargement of the set of alternative consumption bundles that the country can have access to. Thus, when production of the 'dirty goods' expands, B gains in terms of real income, but what is important is that this gain may be at the cost of long-term development. If India and Bangladesh exports more carpets and garments, that will certainly generate more income, but this increase in income will be associated with an expansion of child labour and low wage-low productivity employment which precisely are features of backwardness that the development process is supposed to transform. In fact, such specialisation often produces interesting paradoxes. For example, if the hearts of the western consumers suddenly start bleeding for the children of a lesser god working in the factories of the third world, it may jeopardise the export of such commodities. Recently, campaigns in the west against products that use child labour and the attempt to force the employers to ensure the health and nutrition of the children have raised the fear that many such export industries will cease to be 'competitive'.

At this point I want to distance the line of argument I have pursued so far from the conventional radical analysis of north-south trade. The structuralist/neo-Marxist critique of free trade rests on two main arguments. One of these, associated with Prebisch, asserts that the relative price between primary and manufactured products has a tendency to move against the former in the long run.[1] As south's export consists mainly of primary products, while the north exports manufactured products, this tendency means a secular deterioration of the terms of trade for the south, leading to a loss of real income. Hence the necessity for import substitution. The other argument, first presented by Emmanuel, claims that trade between north and south involves an unequal exchange in favour of the former even when the movements of the terms of trade over time are ignored.[2] In the presence of international mobility of capital, the pattern of trade between the low-wage south and the high-wage north results in a divergence between prices and labour values; price of south's (north's) exports underestimates (overestimates) the embodied labour value, leading to a transfer of value from the south to the north.

Conclusive empirical evidence in support of the Prebisch-hypothesis is difficult to find; besides, the pattern of trade between the north and south today hardly conforms to what Prebisch had in mind: manufactured goods do figure prominently in the export baskets of the less developed countries today. It is also well established now that Emmanuel's theoretical construction suffers from serious internal inconsistency.[3] But apart from these criticisms, there is a more fundamental problem with these approaches. They locate the essence of the north-south trade exclusively in the domain of exchange; as a result, for both Emmanuel and Prebisch, trade means a one-way transfer of real income which they counterpose with the standard neoclassical gains from trade argument. But this emphasis on the terms of trade has completely left out of focus a far more important aspect of the north-south trade: the possibility that the market dictated patterns of specialisation and consequent international division of labour, while generating static gains, may ultimately result in extremely uneven development. There is no need to interpret the propositions that trade between unequal partners further aggravates inequality in terms of a transfer of real income; such an interpretation is theoretically unsustainable. The same proposition can be interpreted in a far more meaningful way if the focus is shifted on the possibility that trade arising from competitiveness based on the initial condition may reinforce backwardness.

The problem I have addressed here is not totally alien to mainstream economics. Within the conventional trade theory, there is a large literature that deals with the problem of distortion. If there are distortions in the economy, prices do not reflect the true social costs. In textbook language, the price line then is not tangent to the production possibility frontier. As a result, prices provide wrong signals and international specialisation on the basis of these prices may lead to misallocation of resources, resulting in a loss of real income. Direct government intervention is then required to restore optimality.

Now consider a country that has comparative advantage in one good. Suppose that there is a wage differential and the sector with comparative advantage has to pay a relatively higher wage rate compared to other sectors. If the wage differential is sufficiently pronounced, then it may outweigh the comparative advantage and the cost of production of that good may turn out to be higher than what it is in the other country. Trade according to market-based calculations then will lead to the wrong kind of specialisation.

It is possible to interpret the cases I have discussed as cases of distortions, calling for appropriate intervention. But the problem is that the analysis of distortion in the mainstream literature has been done mainly in a static context. Once it is placed in the context of development, the true social cost of an activity has to be calculated after taking into account its relation to the development process. In other words, the social cost of an activity must reflect its evaluation with respect to the developmental goals before the society.

Long-term Competitiveness

Long-term competitiveness depends on productivity and nothing else. Contrary to popular perception, it is independent of such macro-economic variables as the exchange rates, budget deficits or interest rates. Germany and Switzerland have enjoyed steadily growing competitiveness, and hence rising standard of living, in the face of appreciating currencies. Japan, Italy and South Korea have all had large budget deficits, Italy and Korea have had high interest rates as well, yet their competitiveness has not suffered. In fact, one can move a step ahead and claim that competitiveness is not reflected in the share of exports either. There are examples of countries which have enjoyed rising standard of living as a result of competitiveness while their share of exports in the national income have remained unchanged or even declined. If the export basket consists of both dynamic high-productivity industries and backward low productivity industries, restructuring export in favour of the former may lead to higher standard of living even if it means a fall in the share of exports as a whole. Conversely, the export basket may change in favour of the static, low productivity sectors along with a rise in the overall share of exports. In such cases, the prospects of acquiring long-term competitiveness and a higher standard of living is adversely affected despite an apparently impressive performance on the export front. The point is that it is not export as such but truly competitive export that matters. Thus, a less developed country may enjoy an increase in export but the increase may be at the cost of its more dynamic sectors.

It is important to understand the relationship between the exchange rate and competitiveness in this context. Depreciation of currency does provide a competitive edge to the exporters but it is only a very short-term gain. Since it is not backed by an increase in productivity, it cannot be sustained over time. Besides, the gain is essentially of a zero sum nature; it is obtained at the expense of other countries selling the same product in the international market. If they in turn depreciate their currencies, the edge eventually vanishes. But on the other hand, since it provides across-the-board incentive to all exporters, depreciation has a strong tendency to encourage the low productivity sectors based on perverse competitiveness. While there may be many good reasons behind a country's decision to let the currency depreciate, long-term competitiveness is certainly not one of them.

Import substitution is criticised on the ground that protection of import competing sectors inevitably leads to protection of inefficient industries which are unable to stand up to foreign competition, resulting in wastage of the economy's scarce resources. There is no criterion, the argument goes, on the basis of which the state can distinguish between industries that deserve assistance (in the sense that they can make use of the assistance and become competitive) from those which do not. The state certainly can make mistakes, more often than not it does, but what needs to be stressed at the same time, especially in the context of the less developed economy, is that the possibility of such wrong selection is not ruled out when things are left entirely to the judgment of the market. State control may not be inimical to the perpetuation of low productivity activities, but then nor is market.

If it is productivity that determines long-term competitiveness, it is innovation and technical progress that determine productivity. What then are the factors that combine to generate a dynamic process of innovation and technical progress that produces the competitiveness of a nation in certain areas of production? This is the theme of a recent book by Michael Porter of the Harvard Business School.[4] Porter is no radical; an economic advisor to the Reagan administration and a number of well known multinationals, he is an economist of conservative persuasion. Yet, on the basis of an enormous amount of empirical work, he has warned against the wrong kind of globalisation that the less developed countries may get into if they put all their faith in the market-based ranking of the industries. The most important finding that Porter reports is that whenever genuine competitiveness has been achieved by a country, it has been achieved by overcoming the initial conditions in which the country found itself in the beginning. South Korea started its journey in the 1950s as a capital poor country, yet in less than 30 years, it has emerged as an efficient producer of such capital-intensive goods as steel and automobiles. The case of the cut-flower industry in Holland is also an interesting example. A cold and grey country, Holland does not seem to be a particularly suitable place for growing flowers. However, probably in response to the inhospitable climate, Holland has developed over a century extremely sophisticated glass house growing techniques that have created a sustainable competitive advantage in that industry.

In the process of acquiring long-term competitiveness, according to Porter, a nation passes through a number of stages. The initial stage is characterised by factor cost-based competitiveness that arises out of the basic factors that a nation finds itself endowed with. Extremely fragile in nature, such competitiveness, he argues, makes the nation dependent on low productivity activities and thereby delimits the standard of living. The second stage is associated with investment-based competitiveness in which human and non-human capital leads to competitiveness in areas that were unattainable in the first stage. Being backed by higher productivity resulting from investment, competitiveness in this stage can support a rising standard of living. To sustain and further improve it, a country has to move to a third stage in which competitiveness arises out of the ability to innovate and introduce new products and product designs. (South Korea, according to Porter, has exhausted the possibilities of the second stage and is about to enter the third.) In short, sustainable advantage demands that its sources be upgraded and expanded by moving up the hierarchy of stages, i e, moving from less to more sustainable types of sources. Among the factors that contribute to this movement, Porter isolates investment in infrastructure and education, domestic rivalry among firms, a large home market and a national commitment to success.

Porter's analysis militates in favour of approaching the question of globalisation of a less developed country with much caution. He does not deal with such sources of competitiveness as child labour or absence of environmental concern, but all these factors are likely to work as determinants of competitiveness of a less developed country in what he calls the first stage. Globalisation on the basis of the existing structure of competitiveness endorsed by the market, unless accompanied by an ongoing process of investment-driven restructuring of the economy, will then have a strong tendency to perpetuate a structure of fragile, fleeting competitiveness. In fact, the international division of labour that globalisation will entail may actually thwart any dynamic process leading the economy to the second stage. For globalisation may favour those industries which are essentially static and primitive, pushing the relatively more dynamic industries to the background because they may be at this point unable to stand the test of the market. And this will be the globalisation of underdevelopment—the integration of underdevelopment itself to the global economic order.

Concluding Remarks

Behind the cost of production of every commodity, there is a story. It may be a story of innovation, technical progress and modern labour process, or it may be one of sweated labour, primitive labour process and pollution. By putting a price sticker on all commodities, the market suppresses these stories, and thus hides more than it reveals. It is like one of those dark nights in which all horses appear grey.

No country today can live behind closed doors as China did till the middle of the 70s or Albania till yesterday. Third world countries therefore must globalise. But while attuning the economy to the needs of the global market, it should be kept in mind that globalisation does not generate the process of development, it is the latter that leads to, and in turn is reinforced by, successful globalisation. Unless the process of development—which is basically a highly localised process—is successfully triggered off, globalisation may lead to the ossification of the structure of underdevelopment, instead of causing its dissolution.

Notes

1 See R Prebisch, 'The Economic Development of Latin America and Its Principal Problems', *Economic Bulletin for Latin America*, Vol VII, No 1, February 1962.

2 See A Emmanuel, *Unequal Exchange*, New Left Books, 1972.

3 A theoretical critique of Emmanuel's construction can be found in A Brewer, *Marxist Theories of Imperialism: A Critical Survey*, Routledge and Kegan Paul, 1980.

4 Michael E Porter, *The Competitive Advantage of Nations*, Macmillan, London, 1992.

DISCUSSION

Discourse and Practice

Niranjan Phukan

ANDRE BETEILLE's review of Amartya Sen's *Inequality Reexamined* (*EPW*, April 17) betrays ideological prejudices against the very ideal of equality in the name of scrupulous academic rigour. In a country like India where democratic values have not yet struck deep roots—indeed have been systematically subverted—such views among the higher academic echelons have disturbing implications. Indeed, while Beteille promotes the notion that liberty is not incompatible with equality, he has failed to read in contemporary events the clear lesson that here in India today the pursuit of equality is a condition of liberty. The line of thinking advanced by Beteille, if left unchallenged, may have an impact on the formulation of vital social policy, and put a brake on the growth of democracy in the country.

It is interesting that Beteille divides discussions on equality into two general trends—the prescriptive and the descriptive. The prescriptive school deals with what ought to be, and the descriptive school with what actually prevails in the world. While Beteille cavils at Sen's discussion for not telling us "what we can do to bring the preferred social arrangement into being", he himself makes the mistake of treating equality as an abstraction and not as a programme of social action conditioned by history and developing through ceaseless struggle.

I have not read Sen's book and am therefore in no position to question if Sen also handles a reified abstraction detached from history. Even so, he at least seems to conceive of it as a grand ideal motivating programmes of social reform throughout history. If this ideal is abandoned as utopian, the very idea of affirmative action by the state will have to be dismissed as pointless. In view of the fact that even the Constitution of India takes a few preliminary steps in that direction, Beteille's perspective must be characterised as profoundly reactionary.

As a libertarian he applauds Sen for affirming that liberty is not opposed to equality, as even libertarians are supposed to desire equal liberty for all. This statement may be formally correct enough, but in substance it has rather different implications. This 'equal liberty' is delimited in practice by the relative share of the parties in wealth and power. A poor labourer cannot expect to get justice from the court because he cannot afford the expenses of legal action in capitalist society. Thus equal liberty is invoked to camouflage the actual fact of unequal claims to justice. If one turns Beteille's proposition upside down, one has the much less debatable notion that equal resources make for equal scope for liberty.

Of course, right from the origin of modern democracy approximations to the ideal of equality have only been gradual and conditional. It is instructive to recall that even the inalienable right to vote (one man, one vote, etc) had initially been restricted to property-owners. The levellers had denied it to 'servants', i e, wage-earners. Equality therefore has depended on the stage of social growth. At the present moment in India it need not prescribe a utopian equality between university professors and teachers of primary schools (though of course ministers and drug