

GLOBALISATION AND NON-MARKET RELATIONSHIPS

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I want first of all to congratulate Dr. Dembinski on an excellent paper. It is very well argued, it is extremely well documented, and there is a point of view. I will begin by summarising the four points that he raised and I want to speculate on one or two aspects, but with a very different illustration that reflects my own expertise and the kinds of areas that I like studying, to see how the globalisation issue might be seen from a different lens.

The first point that he raises is one which has been much discussed in the literature, which is that when you integrate two different systems the shocks of one filter into the other. So, unless the shocks are very negatively correlated the individuals in the community will have to face additional risks. This is a point that must be reckoned with. But, against that, of course, there is the argument that perhaps in amalgamating the systems there are benefits to be had in terms of greater productivity. This is a trade-off which has not really been understood or analysed very deeply. Those who are in favour, emotionally, look at the productivity gains. Those who are reticent look at the additional risks that are imposed when shocks are transmitted across interconnected systems – ‘coupled systems’, as physicists say.

The second point that he raised, which was more in the way of passing remarks, had to do with increased complementarities between goods and surfaces. You need object A, but in order to work with A you need B. B is complementary to A, and then C is required for B, and before you know what is happening you are spending a lot of money for doing something which perhaps was less costly in the past. But now you have to have A, B and C. Why? Because your friend has A prime, B prime and C prime, and in order to communicate with him, you need these additional objects. One might ask questions as to whether there are resource losses as a consequence of this build-up.

The third point which I found very interesting, and somewhat novel in this particular context, was to identify the nature of the 'product' which is increasingly being supplied by the globalisation process or is being reflected in the globalisation process. The relationships between the supplier and the customer are more in the form of what anthropologists would call 'long-term relationships'. I want to come back to that.

So, paradoxically, long-term relationships of certain types seem to be increasing as opposed to being shut down through the growth of markets. At least, that is one side of the story that Dr. Dembinski emphasised.

The fourth point he speculated on was one that has been much discussed in recent literature, namely global governance: the fact that we are now talking about firms which may not be completely under the control of the discipline of a sovereign State.

I want to use this background, this framework, to spend some minutes discussing a different kind of world. The kind of world enriched in the view of this paper is one where people are hooked into 'the market system'. But a great number of people, amounting to billions, are not all that connected to the market, in the sense that a great deal of their own work and consumption take place through non-market channels. If political scientists have in the past specialised in understanding the nature of the state, and economists the nature of markets, I think it is anthropologists who have studied non-market interactions among people. I want you to think, really, of village communities in Sub-Saharan Africa, South Asia. It will help if you think of areas which are semi-arid. And you will see in a minute why. The semi-aridity, really, has to do with the fact that not only are these communities typically poor, but they also face unusual risks in their lives: rainfall, uncertainties, and so forth.

Economists have recently turned their attention to non-market relationships with a view to understanding what kind of exchanges take place, and more particularly, rather than just cataloguing them, to understanding how it is that agreements and exchanges are sustained and implemented. In a market you have contracts. The idealised market is one where you actually write down a contract. If anybody defaults, there is a penalty to be paid. And the penalty is imposed by the government structure: the state, a jail term, in the old days the bankruptcy laws, and so forth. But in a context of two people who live in a village, where there is not necessarily such a government structure (although there are very often), chieftains, priests and others have that kind of authority structure. But a great deal of these relationships are based on, and sustained by, the enactment of, or obser-

vance of, social norms. The kinds of exchanges I have in mind are credit, insurance, labour, and the use of common property resources in particular, such as grazing lands, local forests, water sources and so forth. Now these are extremely important on a daily basis for the household. So exchanges amongst them, or understanding how to make use of them, how to share them, are of supreme importance for the survival of not so much the community but the individuals themselves. A great deal of work has been done to try to understand how this happens.

Now, before I discuss the good news, the bad news is that economic theory, as practiced by people like myself and by colleagues of mine, has revealed that many of these long-term relationships, theoretically, can be extremely disadvantageous to some members. They are not always benign.

Some people suggest that whenever you see long-term relationships among people, everybody must be benefiting. This is not true: largely because many of the games are not of that kind. These are repeated exchanges between people and it can easily be that social norms are in fact extremely disadvantageous for certain parties. One can identify the types if you actually look at some of the ethnographic work that has been done.

There are of course benign ones as well. Agreements between people in a village community to share in commodities, as I said, credit, insurance and labour, involve the understanding that if default takes place, unless it can be explained, there will be some penalty. The penalty will be imposed by the community itself. There are layers and layers of norms which have been studied at some length. That is to say that you punish somebody who has not punished somebody who deserves to be punished, and so forth. So, the punishments here could be shunning. It does not have to be the whip; it could be social ostracism of one kind or another. A good deal of work has been done to identify the nature of these punishments and meta-punishments, the sets of punishments that actually operate. What has globalisation to do with this? The really sad thing in some aspects of globalisation literature is the non-acknowledgement of the fact that we are in a world in which there are non-market relationships which have to sit together with increased market relationships. And one of the phenomena that can take place is that an expansion in markets means that in certain local markets, that is to say in a nearby town, the more advantaged people in that rural community might be in a position to take advantage of them. On the other hand, of course, there are members of the community who are not so well positioned. You might, you could, you may identify that group. It will typically be made up of children. It will be women with children who are not

that mobile, who will not be able to take advantage of those opportunities that occur. And one can anticipate a certain unravelling of lifestyles where those who can take advantage do so, but in the process certain long-term relationships which supported groups, the more vulnerable groups, are removed. Recent work by Ram Chopra in Delhi seems to offer evidence that this kind of breakdown has actually occurred in parts of Sub-Saharan Africa and North India. These are special groups and in each village they may be few in number. If you take into account the number of villages (and there are lots of villages, India, for example, has half a million villages) not all of them are subject to this kind of problem. But some are. The important thing is that local governments, national governments, should be more sensitive to this phenomenon.

To sum up, when I think of the globalisation debate, and one sees that it has an emotional resonance, it seems to me that one does worry about the points that have been made very effectively in Dr. Dembinski's paper. I thought I would complement the paper by thinking about a different part of the world where the transactions that are taking place are actually somewhat outside the system, whose encroachment, nevertheless, is affecting them.