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The ‘Other’ Half of Mankind

THE CHANGING WORLD AND ITS CONNECTEDNESS

The world is changing—perhaps more dynamically than ever before in its history. Since the early 1800s, a multidimensional force of science and technology, economics, politics and religion has been continuously and rapidly making, breaking and reshaping all borders, natural and man-made alike. Out of the relatively long history of about 200,000 years through which humanity has survived and thrived, the last two centuries—which roughly constitute not more than one-thousandth of its existence—represent an era that has seen tremendously new alterations being sculpted. This new-age, lightning-speed leap in the pace of transformation has been enabled by a world which is integrally connected by four rapid forms of connectivity. These are environment, people, economy and ideas.

We all know that global warming and climate change are no longer the problems of individual nations, states or cities; they are worldwide problems that affect us all. In the present times, a single product may be made out of components sourced from different continents and may provide services to markets far away from its place of origin. Products have absorbed cultural flavours from different parts of the world and transcended their national identity. Truly, global products are now a household brand across the world. Today, a multinational company like Coca-Cola has more than 3,300 product variants to suit local conditions and reaches almost 200 countries. In fact, there are now only three countries where Coca-Cola still does not reach—Syria, North Korea and Iran.[1] The Industrial Revolution and mass production have reformed the scale equations of manufacturing. A century and a half ago, a metre of cloth took more time to produce than a modern automobile plant takes to manufacture an entire car today.

We have also seen how the economic turbulence that originated in one part of the world shook the whole world and how a volcanic eruption in an island country brought the airline industry to a temporary halt.[2] Advances in modes of transportation have progressively made the movement of people across nations and regions more feasible. First the fossil-fuelled steam engine and then the advent of powerful IC engines,[*] coupled with the introduction of commercial flights, have all increased the mobility of human beings exponentially, even by about 1,000 times in the developed world, during the past two centuries.[3] This has led to the globalization of skills and talents that can flow seamlessly from one nation to another. On the other hand, this has also resulted in the globalization of human diseases, the most recent instance being the different kinds of flu which have rapidly spread across the globe.

Similarly, ideas and innovations are no longer geographically or politically confined. An invention made today in one place takes almost no time in finding a market thousands of miles away. The expansion of information and communication technology and the convergence of technological tools

are structuring a new world knowledge platform, where problems of one part of the world can be solved by various experts based at different points of the globe. The seamless flow of information and people also means that local or regional issues will invariably gain global prominence, and unaddressed problems and unmitigated poverty can mutate rapidly into global terrorism which we are already witnessing. This flow of ideas has also led to increasing importance being given to global human rights and to the propagation of the idea of democracy and people empowerment.

BRIDGING THE GAP BETWEEN YESTERDAY'S METHODS AND THE PROBLEMS OF THE FUTURE

The combined advances in technology, economics and connectivity act as a double-edged sword in terms of bringing equity in opportunity. Muhammad Yunus, Nobel laureate and microfinance banker-entrepreneur, highlights how the affordable mobile phone has enabled the women entrepreneurs of Bangladesh to have access to markets.[4] Similarly, India's experience with the progress in wireless communication and space-based knowledge applications for societal applications has been positive.

But there is another side to the picture. Augmentation of wealth and resources has been matched with its concentration to a few hands. The Human Development Report of the United Nations Development Programme (UNDP), has revealed that the top fifth of the world's population in the wealthiest nations benefits from 82 per cent of the expanding export trade and 68 per cent of foreign direct investment, while the bottom fifth, in terms of wealth, is left with around 1 per cent of each.[5] This is reflected in the income gap between nations around the world as depicted in Figure 1.1 which shows that, in 1992, the ratio of the 20 per cent of the people living in the richest nations to the 20 per cent in the poorest nations, stood at about seventy-two times.[6] In fact, the top three richest people in the world possess more financial assets than the combined assets of the poorest 10 per cent of the world. It is clear that while, at individual levels, some technologies have brought equities, at the aggregate level, policies have failed to deliver the benefits to the needy.

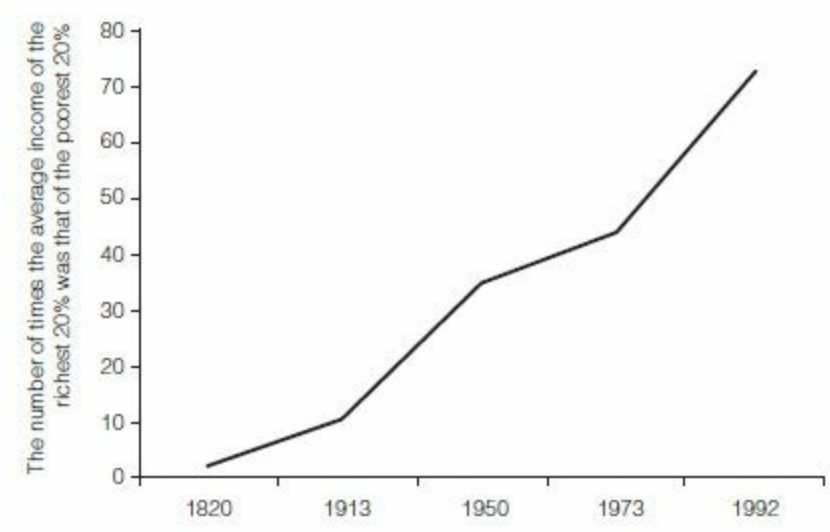

FIGURE 1.1: The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest nations

The methods of the twentieth century do not hold much promise for the challenges of the twenty-

first century. What worked yesterday may have difficulty succeeding today and almost certainly would fail tomorrow. A consumption-centric economic will and a theoretical assumption of the 'trickle-down'* effect have brought about the menacing problems of inefficiency and inequity. They cause harm to the environment which, if not addressed immediately, will result in irreparable damages. The vertical growth of economies has already failed to expand horizontally to cover a larger spectrum of people and, despite the beneficial tools that make life easier for some, many exist in the unseen shadows of deprivation. Today, we live in a world where 25,000 people die of starvation every day.[7] Thus, in a period of two years, the number of casualties due to hunger-related ailments is equivalent to the population of the city of New York. And in the same world, a new billionaire is created every alternate day.

Low efficiency of the current developmental economics is also highly expensive for the environment. In the decade of the 1990s, every $1,000 worth of growth in the world's income per person, translated into $6 that found its way towards reducing poverty for those living on less than $1, as per the purchasing power parity (PPP)† a day.[8] This economy of excess comes at a huge cost to the environment. In the 1990s, the Biosphere 2 experiment* was conducted to determine the amount of resources an average human being requires as per our current consumption patterns. Some startling revelations followed. One was that an average Englishman would require close to 5 hectares—roughly six football fields—to satisfy his needs at the current consumption levels and to absorb the waste subsequently generated. An average North American would require twice that amount of land, about 10 hectares. The earth, although immense, is limited in size. Even if all the cultivable land were allotted to human beings, the average size per person would work to about 1.67 hectares only. If every human being were to start living like a North American, we would need six planet earths to match our consumption. Current models are not only ineffective but also perilously taxing on the environment.[9]

Ironically, an influx of donations, allocations and charities also falls short of achieving the targets of modern inclusive development. Our experience across the world clearly shows that some of the best-funded projects and missions have failed despite the mammoth resources at their disposal, while it is an undisputed fact that significant success can only be achieved by relatively smaller but better directed approaches. For instance, the Indian government has been spending $7–8 billion every year on the Food Subsidy programme.[10] The scheme has come under intense criticism for its inefficient delivery and leakages, as a result of which about half the children in the nation are still undernourished.

Many of the international aid agency efforts during the late twentieth century were directed towards the pressing issues of children and general living conditions. Despite the spending of both the private and the public sectors, the results were far from satisfactory. The United Nations Children's Fund (UNICEF) reports that, out of the 2.2 billion children in the world, half live in poverty. One-third of them (640 million) lack adequate shelter; about one-fifth of them lack access to safe water; and one-seventh have no access to health-care services.[11] Imagine growing up in a life where food was not only poor in quality but also rationed in quantity, with roofs which would give way to the scantiest rainfall and then getting water that often would be an agent of disease. The odds of life, learning and

growth are unevenly stacked when poverty lives on your side and unplanned donations can hardly deliver. Hence, visible and sustainable results in development are more a function of precise actions and directed investments than of superfluous expenditures.

THE DISPARITY IS GLOBAL

With the exception of China, which through its township and village enterprises has achieved remarkable success in addressing the problem of poverty, the global quest for reduction of poverty has at best been stagnant, at times with outright negative results. Figure 1.2 shows that if China is excluded from the equation, then, since 1981, the number of cases of extreme poverty ($1.08 per day per person in PPP) has actually risen from about 848 million to about 873 million in 1999; and the cases of moderate poverty have risen by about 36 per cent in the same period from about 1.57 billion cases to about 2.1 billion cases.[13]

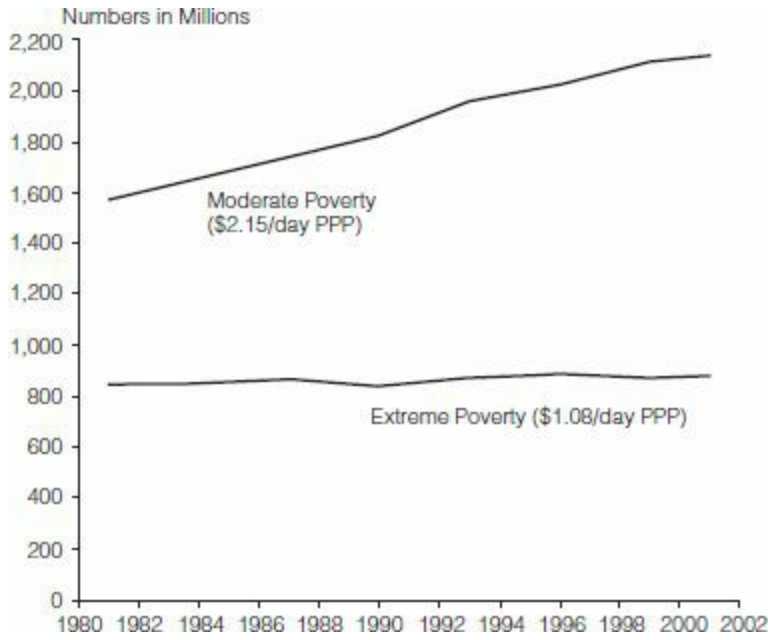

FIGURE 1.2: Moderate and extreme poverty in absolute numbers cumulatively across the world, excluding China[12]

It is estimated that with the current economic models of development, $166 of extra production would be needed to achieve a single dollar of poverty reduction.[14] The conclusion is that production efficiencies would have to conform to an effort of holistic matching between what consumers need and what they get.

To a large extent, economic disparity has followed political boundaries, leading to divisions along the parameters of developed, emerging and underdeveloped worlds—all coexisting and unequally sharing limited resources. But even within these economically divided worlds, there exists another internal division—along the lines of rural and urban—which almost unanimously cuts across sharply, dividing living standards, income classes and amenities into two asymmetric parts.

Even poverty has some patterns. Today, of every ten cases of extreme poverty (less than $1.25/day), seven would live in villages and rural areas all over the world. But that is not the complete picture. Driven by the need for education, health care and better income, rural poverty is

migrating to urban areas in the hope of getting a better chance and an equitable share in opportunities, but often ending in despair and destitution. The first-and second-generation migrant urban impoverished face even more challenging realities: they are constrained for the very necessities of life and that too at compromised quality standards and exorbitant rates. Professor C.K. Prahlad, in his works on urban poverty, had pointed out that the urban poor actually end up paying a 'poverty penalty', citing that the needy communities in Mumbai slums pay five to twenty-five times more for basic products like water and medicine than the rich in the posh areas of the same city.[15] Hence, success in overcoming rural poverty and empowering rural households will lead to the reduction of urban poverty levels as well.

In the analysis that follows, we shall focus on how a sustainable development system can be envisioned, implemented and replicated for the neglected half of the world. This will require the evolution of a new and unique model which is investment-oriented and focused on sustainability, and which strives for empowerment in the long run. Empowerment-based models of development have a distinct advantage over approaches that are endowment based or oriented towards consumption augmentation. They are self-sustained and stable—economically, socially and environmentally. They focus on creating empowered productivity and, more artificially through external assistance, creating a virtual realizability. This means that they can be rapidly scaled—which is a very significant aspect when we consider the impact zone of more than 3 billion living in a variety of locations and often in regions lacking in resources.

THE RISE OF THE NEW VILLAGE

A typical household in any of the 600,000 villages in India—or elsewhere in the world—would present the image of a truly versatile and self-sufficient economic unit. It would often grow its own food, construct its own house, build the mud path around the house, manage its livestock, and may even be adept in basic traditional health care. One may also be pleasantly surprised to find households that weave their own cloth.

Roughly half the world population lives in these rural areas, often relying on archaic technology, untapped resources, underdeveloped skills and assistance, even donation-oriented policies for their basic livelihood. The challenges and opportunities for the 3 billion of the world are a matter of urgent concern to the global community at large.

First, while basic skills for a variety of products and services have been passed from one generation to the next, there is a lack of specialization—from the perspective of both technology and capability. In an increasingly knowledge-oriented society, where science governs every area of our life—from the way our automobiles run to the way our plants grow—knowledge is a prerequisite to prosperity. Even in an environment of specialization, the system will run efficiently only if adequate avenues are created for facilitating an exchange of goods and services, both among rural areas and between rural and urban areas. This is manifested in the need for creating markets that are efficient, accessible and well connected. Knowledge and markets would lead to a better income, but the quest for a better life needs to go a step beyond mere economic goals. Economic empowerment has to lead to societal transformation and thus the final focal area has to be the creation of facilities and

amenities that are accessible by and affordable for the needy of the world, wherever they may be.

In the following chapters, we will evolve a framework for sustainable and efficient development emanating from various rural regions and based on examples from around the world in the area of development of the impoverished. It can be a vibrant tool for economic development, and the villages can act as action areas of social transformation leading to a happy, peaceful and prosperous global society.

As we continue to expound on the evolution of empowerment-focused sustainable development systems for the 3 billion, we will use India as an example to illustrate the opportunities, initiatives, effects and challenges which the system poses.

INDIA AS A FOCAL EXAMPLE

India has eighteen officially recognized languages; hundreds of dialects; a variety of religions, castes and sub-castes that share complicated relationships with each other varying with time; agro-climatic conditions from the sub-zero Himalayas to the baking desert sands of Thar—and all this held integrally together under a democratic framework of governance. The socio-economic developmental issues and experiences of the villages of India, with their 750 million people, are a perfect projection and assessment of what any global effort would reflect on a worldwide scale.

Mahatma Gandhi was the greatest advocate of non-violence. His belief in the principle of non-violence emanated from a deep understanding of grass-roots level issues. About eight decades ago, he linked the evolution of peaceful societies with the need to develop the rural world. He said: ‘You cannot build non-violence on a factory civilization, but it can be built on self-contained villages.’

Today, as mankind once again stands at the crossroads of growth with depleting peace; prosperity with depleting equity; and technology with depleting values, the issue of the 3 billion becomes a fiercely urgent matter for all global leaders, corporate bodies and industry. As we embark upon the journey of evolving such a system, three factors will define and underline our approach—empowerment of the masses, integrated action and sustainability on all fronts.