Ethical Dilemmas in Social and Economic Policies

(Sent to Prof Sakaram Somayaji)

M V Nadkarni

Introduction

I am happy to write an essay in honour of Professor T K Oommen, an eminent sociologist of our times. Though I am an economist, and not a sociologist by profession, I refuse to draw boundaries between the two disciplines. Social problems have all aspects – social, economic, political, historical, spatial, psychological, legal, and what is not least, ethical too. All these social sciences constitute an organic whole. One doctor may specialise on eyes, another on ENT (ear, nose and throat), and so on. But none can forget that the human body is an organic whole, and the ultimate objective is to heal and relieve suffering. Whatever the specialisation, the ultimate objective of any social science is to maximise humanity's welfare, particularly lasting welfare - if not momentary welfare. But we face problems in this task, and solutions to problems present choices, - often ethical in nature constituting a dilemma. Life is full of ethical dilemmas, both at the individual level and also at the collective levels of family and the state. We discuss some of them here. [1]

An ethical dilemma is not one of a simple conflict between the ethical and the unethical. In this case, choice is obvious, even if difficult to put in practice under the pressure of self-interest. It is not necessary to discuss here in detail of why be ethical at all. Our ancient Rishis called ethics as Dharma, and it is what holds the world or society together; it is what contributes to world welfare, and therefore essential to follow. An ethical dilemma is more complex; it is essentially a problem of choice in the face of a conflict between one set of ethical values as against another. It is different from a conflict between what is dictated by narrow self-interest and ethics.[2] Self-interest *per se* is not unethical. One is expected to earn a living to look after the family and even to help others, but only through honest means. Ethical dilemmas are not such simple conflicts.

Unfortunately, ethics is not taught as a special discipline in schools, but we imbibe our ethical training from moral lessons given by parents, teachers, and the culture of the society at large. We make value judgements in making our choices, often without being aware of it, depending on our *wisdom*, - what Gandhi called as *Inner Voice*, more than on mere cleverness or intelligence. Economics basically deals with choices. Making a choice between an apple and mango, is not of course an ethical problem. But economics goes beyond analysing how such choices in consumption and production are made, especially when it comes to policy choices. Ethics is at the heart of all social sciences including economics, and not peripheral to them. Yet, Economics has aimed at being 'value-neutral', assuming as if all economics is like choosing between an apple and a mango, which Amartya Sen has strongly criticised (Sen 1977, 1987). Economics believed that it can be a 'positive'

(value-neutral) science like physics, but it implicitly valued 'Mammon worship'. Economics assumes self-interest as the only motivation guiding people, and ignores the role played by selflessness and interest in the welfare of others in the family, country and even the world at large, which too has been guiding humanity as a motivation.[3]The so-called neoclassical 'welfare economics' based on Pareto optimality is no exception. Let no one confuse this economics with the political economics of a welfare state. Economics can be said to have gained relevance to human welfare only through association with political and social philosophy, and ethics. Much before Amartya Sen decried isolation of economics from ethics, Gandhi had asserted in 1941: 'Economics which departs from or is opposed to ethics is no good, and should be renounced' (CWMG Vol.81:436). Giving primacy to economic efficiency alone in the sense of maximising utility to the consumer and profits for the producer is a very narrow economics, and at the collective level leads to the goal of maximising growth rate as the over-riding objective of an economy or polity, without much regard for issues of poverty, inequality, and environmental costs. That is how separate divisions of applied economics emerged, which not only focused on the fields of special interest for them, but also took into account ethical and real welfare aspects, widening their focus otherwise confined to production growth and efficiency. For example, when we come to development economics, we have to consider ethics of development. When we come to environmental issues, we cannot avoid relating them to ethics.[4] When we deal with applied problems in social sciences, we face policy issues, including ethical dilemmas. Separation of Economics from Ethics cripples economic policy, since it is blind if unguided by the light of ethics.[5]

Ethical Dilemmas in Political and Social Policies

We may now discuss some prominent examples of ethical dilemmas in political, social, and economic policies, beginning with the former two in this section. The separation of the former two from the latter is only for convenience of presentation; policies cut across academic disciplines.

Liberty and Equality

Liberty and equality are among the most important values to be respected by every state; both form the foundation of democracy. Both follow from the dignity of every individual human being, irrespective of caste, class, creed, colour, gender, and age. This means that *all* human beings have the liberty to fully develop their personality and realise their full potential, and that all human beings are equal, having equal rights. Viewed thus, liberty and equality go together.

Though 'liberty' and 'freedom' are often used interchangeably, they are not always so. 'Liberty from hunger' would be an odd expression, but 'freedom from hunger' is not. 'Liberty' is the traditionally used word in political philosophy, but 'freedom' has been used in common parlance particularly after the World War II. 'Freedom' conveys egalitarian concerns – like, 'freedom' from poverty, hunger, and

deprivation. ‘Freedom’ is a broader idea and more basic to democracy than liberty. Even where pursuit of ‘liberty’ may run into conflict with pursuit of equality, pursuit of freedom need not. ‘Freedom’ tends to achieve reconciliation between liberty and equality. (Nadkarni 2014: 19-20).

It is in the hands of libertarians like Hayek (1944, 1960) and Milton Friedman (1962, 1980, 1993) that a conflict arose between the two principles. They advocate liberty as the most basic principle required for attaining one’s full potential including earning wealth, conceding of course that wealth has to be earned in legally acceptable ways. They almost identify the right to liberty with the right to property. For them liberty means freedom to acquire property or wealth. They are aware that this can lead to inequality in income and wealth, but they oppose redistributive measures like heavy taxation of the rich as being against the principle of liberty, and the right to property. They say that such taxes also act as a disincentive for investment, creation of wealth and employment, and can lead to unemployment and poverty. According to them, the issue of poverty may be left to voluntary initiatives or philanthropism, and not to state intervention; the state, by interfering with the free market forces, creates inefficiency, apart from depriving individuals of their freedom. They staunchly advocated minimising the sphere of the government, and giving freedom for the market forces.

This argument is valid only in a hypothetical situation where all human beings are not only born equal, but have equal opportunities in all respects, without poverty depriving chances of progress for anyone. This obviously is not the case, and therefore it is the duty of the state to ensure an equal and a fair start for all, in spite of adverse circumstances anyone may be born with. Besides, the market forces do not often work in a fair way. Incentives for efficiency are necessary, no doubt, but it is also necessary to assure that one gets what is due without being exploited. Market forces unduly undermine manual work, and are erratic in rewarding talent and work. Sandel gives a telling example: ‘John Roberts, the Chief Justice of the U S Supreme Court is paid $217,400 a year. Judge Judy, who has a reality show, makes a $ 25 million a year.’ (Sandel 2009: 182). Similarly, a Bollywood film star in India earns several times of what an internationally reputed Indian scientist may earn. Executive salaries in IT firms are hundreds of times higher than those of average employees in respective firms. Special talent needs to be rewarded better, but by how much? Money power is greedy, and has insatiable hunger for more and more. When market forces are either erratic or dominated by money power, the principle of equity demands that the rich be taxed progressively, so as to meet the basic needs of the deprived, and to enable them to be educated and remain healthy.

A democracy based on the primacy of the principle of liberty is meaningless, unless it is also a social democracy. It has to provide free, universal, and good quality education up to the 12th standard (or PUC) at least and inexpensive higher education, a free and universal health care, food security, social security, and unemployment insurance. To meet these needs, taxing the rich is unavoidable. Not only income tax,

but also a wealth tax and an inheritance tax are justified. Taxation of corporates, however, needs some caution so as to safeguard incentives for investment. There is a competition between countries to attract FDI (Foreign Direct Investment), and in offering tax concessions. Indiscriminate taxation of corporate profits may lead to flight of capital to other countries. But it is to be appreciated that tax rates on corporate taxes are not the only determinant of FDI inflows. Ease of doing business and transparency or absence of corruption also influences FDI. A policy of attracting FDI, by giving a free reign to market forces and desisting from adequately taxing the rich, amounts to the tail wagging a dog! A modern society has of necessity to resolve the dilemma of liberty vis-à-vis equality. How it is resolved depends on the political economy of the state and how broad-based or inclusive it is.[6] Liberals are of two kinds. A demos-liberal is concerned with the freedom of the people and human rights and happiness of all; a market-liberal is concerned mainly with the freedom of the market and wants the role of the state to be kept at the minimum. A demos-liberal also does not want an overbearing state, but accepts its welfare-promoting role under the guidance of people. While demos-liberalism is welcome, we have to be wary of market-liberalism.

Individual and the Group

Ethics apply both to the individual and to the group, society, institutions, and the state which comprise of individuals. According to Mahatma Gandhi, human destiny is a continuous search for truth, both in private or personal affairs and in collective or public affairs. But pursuit of truth is originally through the individual in the sense that one has to be receptive to the inner voice and open to unprejudiced and unselfish reasoning. But if the truth arrived thus differs from what the collective society or the law considers to be the truth, ethics demand that the individual should have the courage and also the freedom to disseminate his or her own view and initiate a debate to change the collective view (Nadkarni 2014: 39). Coercion by one set of people (or the state) on another set is not the way to pursue truth, and it is the duty of the state to create an environment of free debate and expression. It is only through such debate that truth is realised at the collective level. Our ancients, therefore, declared: *Vaade vaade jaayate tattva-bodhah* (Truth is realised through debate).

Nevertheless, there could still be conflicts between individual and collective interests. But a collective after all comprises of individuals, and an individual's dignity, rights, and interests have to be always respected and cannot be lightly sacrificed. It is for the same reason that a minority's interests cannot be sacrificed for the sake of the welfare of the majority, just as majority interests cannot be sacrificed for the sake of a minority. The important point is that *all* have their respective rights which deserve to be duly respected. This issue is discussed further under the next section in the context of economic policy. But it is relevant here too. However important individuals may be, none can flout the collective law for the sake of individual interests, though one can protest peacefully against an unjust law. An

individual philanthropist may genuinely believe that his expenditure on the welfare of the poor, is more effective and transparent than the government allocation for poverty alleviation. However, an individual has to obey the law, and honestly pay the taxes due. Tax concessions should of course be lawfully offered on the portion of income or wealth spent on genuine welfare projects for the people. But a rule of expediency and personal discretion to disobey the law reduces predictability, and can even lead to chaos. Respect for the rule of law is necessary both for economic and human development of all. That is why laws have to be passed with the consent of people after due discussion and transparently, not only within the Parliament but also outside. If some laws are passed without such procedure, people have the right of peaceful protest.

One more related ethical dilemma is, which between the two policies is preferable in eradicating poverty and deprivation, – one based on the individual or the household as the beneficiary target, and the other based on group or caste of people, and even gender, as the target. In India, both policies are followed. Poverty alleviation schemes are normally targeted towards individuals or households, while preferential treatment (PT) or positive discrimination or reservation in education and jobs is based on the caste approach. Reservation has helped millions of the marginalised to come into the mainstream. But its task is not yet over, necessitating its continuation, because Scheduled Castes (SCs) and Scheduled Tribes (STs) continue to suffer from negative discrimination by other groups, requiring PT to offset it. Nevertheless, identity politics, has opened Pandora's box, with more and more groups clamouring for special privileges and PT. At least three questions arise at this juncture: (i) Should reservation be extended to cover more communities not yet covered, in addition to SCs, STs, and Other Backward Classes (OBCs) now covered? (ii) Should the ceiling of 50% on the seats reserved, imposed by the Supreme Court in 1993 after due deliberations, be raised to accommodate new groups? (iii) Should PT be continued indefinitely in future, without envisaging a gradual reduction in its scope and extent? These questions are met below.

The caste approach has now invaded even poverty eradication and development schemes, evidenced from the formation of Development Corporations for dominant castes like Lingayats and Marathas, funded by the state government. In addition, the dominant castes want reservation quotas for them too. *The caste based PT approach is basically meant for the marginalised groups only, which were historically discriminated against by all other groups and having not enough assets like land for economic security*. Only SCs and STs satisfy this criterion. It will be unfair to extend reservation to the numerically, politically powerful castes having most of the cultivated land, yielding to the threats of mob power. There are poor households among almost all castes including the dominant castes, but their poverty has to be alleviated on the basis of individual or household based approach. Too much reliance on the caste approach is divisive and perpetuates feudal caste or community consciousness. The individual based policy has the advantage of accurate targeting of the poor, and avoids the divisive identity politics inherent in the group based policy.

A group or a caste is rarely homogeneous in terms of poverty or deprivation, as some people may be fairly well off, with others being extremely poor. When the group or the caste as a whole is the unit for PT, the small creamy layer within the group walks away with most of the benefits. In the case of groups left out from the group-based policy, there may be a significant number of poor people – much poorer than the creamy layer in the PT group, but they don't get the same benefits. The individual-based policy can avoid such pitfalls. Women are also discriminated against but left out from reservation, except in the Panchayats. Benefits of reservation or PT in education and jobs should be extended to them also, not as a separate group, but within the reserved categories, because of the ceiling of 50% on reserved seats.

Taking the second question now, there is, no case for raising the ceiling of 50% up to which only seats can be reserved under all categories together (SCs, STs, and OBCs), according to a Supreme Court judgement 1993. The decision was taken after due deliberations, and was no hasty step. The ceiling up to 50% is a justifiable reconciliation between efficiency and social justice. It is not as if the other 50% is meant only for the upper castes or unreserved categories. Let us not forget that the reserved categories can also compete with others for the open or non-reserved seats, as it should be. The 50% ceiling is necessary because otherwise more merited candidates would be unfairly excluded from opportunities, and there has to be adequate space for open competition also to encourage excellence. Those who assert that there is no conflict at all between efficiency and reservation should explain why there is no reservation in sports, though there is a lot of government patronage for it. An unreasonably large extent of reservation blunts competitive spirit and can frustrate efficiency. No other country in the world has reservation of such large magnitude as in India.

It is sometimes argued, or at least presumed implicitly, that the proportion of seats reserved should correspond to the proportion of the population of the caste, and that if the quota is less than this proportion it would be an injustice to the community. This argument has dangerous implications. Such a system will perpetuate divisive caste consciousness, inducing violence. If this argument prevails, *all* the seats will have to be reserved on the basis of quotas based on the proportion of population. There will then be no open space for free competition at all, discouraging excellence, and inducing an exodus of frustrated but talented people to other countries. There will be an atmosphere of suffocation. The argument conveniently overlooks the fact that a few communities are dominant owners of cultivated land, where there is no reservation. They get quotas in nonfarm jobs, in addition to the ownership or control over land. A system of half of the seats reserved for the marginalised, and the other half open for free competition for *all* castes and communities including those eligible for PT, is a reasonable and just solution.

Coming to the third question, it is necessary to recall that the makers of our Constitution had not intended the reservation scheme as a permanent measure, and wanted it initially for only ten years, restricted to SCs and STs. OBCs were added later.

Ultimately, we should come out of the curse of feudal obsession with caste, and be a modern nation, though this should be a gradual process. Since the very purpose of PT is to gradually improve the representation of the marginalised group in the mainstream, it is only logical to expect such an outcome of the policy, because otherwise there would be no case for it. We can, therefore, aim at gradually doing away with ethnic reservation or at least substantially reducing its need in the long run. (Nadkarni 2011/2014:194). We should honestly aim at it so that those who have benefited by it come out of it in all fairness to others who have not benefited. This is necessary both for social justice and for encouragement to merit and efficiency. For this purpose, it is not necessary to prescribe arbitrary time limits to PT. This can be done by building a self-destruct clause into reservation, under which the children of all people above a certain income, or holding good positions, would be disqualified for reservation. In the case of SCs and STs, the self-destruct clause for PT may into operation only after two or three generations of the concerned persons being in the creamy layer, not before. But the clause should apply to them also eventually. The proportion of reservation can then be gradually reduced, as more and more people come out of it. People coming out of it will gain in self-esteem as the taint of having been selected due to PT would no longer be there. It will also reduce the tension between the castes enjoying reservation and others, as the latter would then know that only the really marginalised will get the benefits of reservation. The gradual reduction in the extent of reservation will reduce the tendency to discriminate against them. Making PT a permanent feature of the Constitution would perpetuate the very injustice which it seeks to remove; only the victims may be different. The reservation scheme can then be continued only for the physically disabled categories, and for a much lower percentage of seats. Any instance of negative discrimination on the basis of belonging to certain ethnic groups should be probed and punished.

Even with the policy of reservation functioning, the need for anti-poverty measures which cut across all ethnic groups and communities would need greater attention. By providing free, universal, and good quality education for *all,* the country can obviate the need for reservation considerably. Reservation does not solve the problem of unemployment; it only rations opportunities in education and jobs. The better thing to do is to increase these opportunities. Driving talented people out of the country will not contribute to creating more employment.

Ethical Dilemmas in Economic Policies

The Utilitarian Dilemma[7]

Jeremy Bentham (1748-1832) advocated a principle called utilitarianism which has influenced even modern economists. Put in simple terms, it lays down the goal of 'greatest happiness of the greatest number' to guide economic and social policy. Achieving happiness and avoiding unhappiness is a prime natural goal of all creatures including human. Bentham tried to measure happiness in terms of utility derived from the consumption of commodities, which gave his doctrine the name of

utilitarianism. It is assumed that every person tries to maximise utilities and minimise disutilities. For Utilitarians, economics is the science of how this is done. Departing from mere description and making prescription, that is, using utilitarianism as a guiding ethical principle in development policy, leads to grave problems. First, the principle makes no allowance for quality of utility, and makes no distinction between utility derived from smoking and eating a fresh fruit. In contrast, the *Kathopanishad* makes a distinction between two types of pleasure – *Preyas* (momentary pleasure) and *Shreyas* (lasting pleasure), and says that one should not sacrifice *Shreyas* for the sake of *Preyas.* This is not how the market evaluates. Commodities are produced according to demand or the backing of purchasing power, and not according to what is healthy and good. 'Happiness' indicated by consumption economics based on utilitarianism, is obviously only *Preyas,* which need not amount to *Shreyas.* This has a great implication for market policy: should we leave consumption entirely to market forces, or try to direct them? If we have to direct them, how do we avoid excesses of control leading to misallocation of resources? Who will decide what is good and bad, without being arbitrary and whimsical? A democracy allowing public debate can solve this problem more easily.

Secondly, if we have to go by the principle of 'greatest happiness for the greatest number', the two greatest may not agree. Assuming that happiness is measured by income (as economists and even people at large usually do), consider two economic policies S and C, approximately corresponding to socialist and capitalist approaches respectively. Let us say that S raises the income of per person per day by Rs.100 for a thousand persons, the total income raised for all persons together being Rs. 1 lakh. Policy C on the other hand raises the income per person per day by Rs. 1000, but only for 200 persons, the total income raised for all being Rs.2 lakh. Policy S benefits the greatest number, but Policy C produces the highest income. Which 'greatest' should we choose? Economists and even the governments have generally preferred Policy C, taking the view that let us first raise the national income and *then* take care of redistributing the increase. But the latter is never done equitably, and that is how inequality in incomes and wealth gets aggravated. This amounts both to a grave ethical lapse and economic foolishness. The ethical lapse arises because, those left out from the benefits of economic growth, whether they form masses or a minority, are denied of their right to equality. *All* humans are important having human rights, and even the minority cannot be bypassed. This means that even the criterion of 'the greatest number' is ethically faulty. Even from a narrow economic angle, Policy C does not go unpunished. The constraint on the purchasing power of the masses affects aggregate demand and lowers profits, investment, and growth rate. It can give rise to periodic recessions. Thus it amounts ultimately to economic foolishness. Countries with social democracy try to achieve a reconciliation between the two types of policies and get the advantages of both avoiding their disadvantages. They allow capitalism and market forces to function so that higher growth rates can be achieved, but also tax the rich adequately enough to raise resources to meet the needs of human development for all, with universal, free,

and quality health care and education, food security, unemployment insurance, and old-age pension. The dilemma is not insoluble.

'Inclusive' *vis-à-vis* 'Sustainable' Development

To make economic development inclusive, anti-poverty schemes are formulated and implemented. Some of them are so implemented that they go against the principle of sustainability. In other words, in the task of creating livelihoods for the poor while also promoting economic growth in the present, they harm the prospects of future growth and create possibilities of increased poverty in the future. While trying to achieve equity within the present generation, inter-generation equity and environmental health are harmed. Very often, the conflict is such that we do not have to wait for the future to come, since while reducing poverty in one place, poverty is aggravated elsewhere right within the present generation. U Sankar (2020: 71-90) has argued for expanding the concept of inclusive development to cover sustainable development too, to make it more meaningful and consistent.

Let me illustrate the problem with a hypothetical but very realistic example, - of, say an irrigation-cum-hydro electric project. It is expected to benefit 1000 persons raising their incomes by a total of a crore (ten million) of rupees, but also displace 500 persons whose total income falls by half a crore (five million) of rupees. It means that the project raises the national income by half a crore of rupees, and satisfies the criterion of 'the greatest happiness of the greatest number', taking income as the indicator of happiness. Can we say that a project can be cleared for acceptance since not only the greatest happiness (income) is created but also the greatest number is happy? More persons benefit than those who lose. Can we go ahead with the project with a clean conscience? No, because it amounts to sacrificing 500 persons, though for the sake of a larger number of 1000 persons. There can of course be a worse scenario where the number of people losing exceeds those who gain, but this is a clear case for rejection of the project, because the principle of the 'greatest number' becoming happier is sacrificed. The economic viability of the project from a welfare angle has to be tested on the basis of criterion of whether *all* the losing persons can *in fact* be fully compensated and rehabilitated from the surplus income generated by the project, with not a single person getting worse off than before the project. If a social cost-benefit analysis of the project is done, the cost should include such compensation and rehabilitation costs and also other external diseconomies particularly environmental costs like the submergence of forests and loss of bio-diversity. Unfortunately, in actual practice, such costs are either ignored or significantly undermined, and projects which cause great damage to human welfare and environment are cleared with calm conscience.[8]

We have another instance of the dilemma in the case of securing the livelihoods of people living within the forests. Forests have over the millennia served

three uses especially in India: (a) conservation of environment, (b)serving the national or market economy through major and minor produce, and (c) supporting local livelihoods of people living in and near the forests. These three uses however can be quite conflicting with each other, involving trade-offs, requiring reconciliation. In the first role, which is the most important, forests serve the function of carbon uptake and sequestration, checking climate change in the process, and also support bio-diversity. If bio-diversity is not conserved now, it may foreclose future gains in welfare including possible development of future medicines. Through the second use, forests have met the needs of timber, pulpwood, and a variety of minor forest produce. Mineral ores are usually found in forest areas, and their exploitation directly harms the first and the third roles. Unregulated tourism, involving road network and creation of resorts, also threatens wildlife and biodiversity. Careless tourists dump a lot of waste harmful to wildlife. Pressure to increase revenues from forests and exploit mineral wealth, led to giving an undeserving primacy to the second role of forests at the cost of the most important environmental goal and the humanitarian consideration of supporting local livelihoods. Even if the state as a matter of deliberate policy minimises or strictly regulates the second role, as it should, the task of reconciling the third role with the first still remains, and constitutes a difficult ethical dilemma.[9]Since the third role involves people, political or populist compulsions make a reasonable reconciliation more difficult.

The Forest Department tried to reconcile the conflicting uses of Forests since long through classifying forests in to the Reserved, 'Protected' (Unreserved), and Village Forests. The Reserved Forests were the most restricted or regulated. The 'Protected Forests' (not to be confused with Protected Areas like National Parks) were much less so and were open to local people with some restrictions, and the Village Forests had practically no regulation of their use and were fully left to meet the needs of local people. The open access to the unreserved forests led to their speedy degradation. Shyam Sundar, an eminent forester, has shown that in the six Western Ghats districts of Karnataka, 22 per cent of the Reserved Forests and 73 per cent of the other forests were degraded between 1960 and 1980 (quoted in Sundar and Parameswarappa 2014: 121). However, even the Reserved Forests were not at all free from human settlements and interventions since many decades, and there has prevailed an uneasy relationship between the people living within these forests and the Forest Department, which is charged with ensuring conservation of forests in the interest of the environment.

Under the pressure of the Ministry of Tribal Affairs, a new Act was passed to grant rights to people living in the forests to the land cultivated by them, - 'The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006', or briefly the Forest Rights Act 2006. Only families which were in occupation of land and cultivating it prior to December 13, 2005, are eligible for benefits of the Act, and not all the people living in the forests. In the case of families other than the STs, they should have been living in the forest area for at least three generations. The cultivation rights are additional to the access given to forest people

to use forest resources. That is, the conferment of cultivation rights does not end the use of forests, it rather enlarges it. An important change is that while earlier, cultivation of land within the forest was allowed – rather tolerated – informally, the new Act makes it a matter of right. The rights are recognised under two categories – individual rights and community rights. Claims have to be made with documentary proof of their occupation of land for the stipulated period. Since this is difficult for most families, there is pressure to make relaxations, which however can make it possible to make illegitimate claims and get them accepted through political connections.

Cultivation within forest areas, especially in Reserved Forests, is problematic for environmental concerns, particularly for conservation of bio-diversity. Cultivators maintain domestic animals, which attract carnivores; and cultivated crops attract wild elephants. This can produce a significant scale of man-animal conflict. Instances of poisoning or otherwise killing wildlife are not rare. A few environmentalists maintain that the forest dwellers do not harm wild life, but poachers do. One cannot rule out the possibility of poachers taking the help of some individual forest dwellers, if not all. Moreover, even in agriculture outside forests, the average size of holdings is fast declining, creating a viability crisis. There can surely arise such a crisis even more conspicuously in forest areas. To overcome this, there will be pressure on forest land as well as other forest resources. It is not my contention that therefore no cultivation be allowed within forests. But we should keep in mind the number of families and the extent of land allocated under cultivation rights, so that they are within sustainable limits. It is desirable that the Ministry of Environment and Forests is allowed to determine an optimum both for the number of forest dwellers and cultivated land, beyond which no claims and no land would be settled. Such an optimum will have to be more stringent in the National Parks and Wildlife Sanctuaries. Ideally, no cultivation should be allowed in these restricted areas. The aim should be to minimise human pressure on forests, by helping forest dwellers to resettle outside forest areas and enjoy the benefits of civilization like education, health, and other facilities. The resettlement package should be attractive and effective. Half-hearted resettlement efforts will be counterproductive, since they may make these people go back into the forests. The character of economic development should also be made more employment intensive to absorb people coming out of agriculture and forests.

Dilemma in Pricing Food-grains

An ethical dilemma arises in pricing food grains, because on the one hand the producers of food grains, the farmers, need to be assured of a decent livelihood with some surplus to meet the needs of inputs and investment to produce the next crop; and on the other, the consumers of food gains need to get at least basic food which food grains provide, at a reasonable price without having to reduce their consumption below what is necessary to maintain their health. This is a dilemma faced by almost all countries, and not India alone. Leaving the prices to free market

forces is not a solution to the problem; in fact it is the problem itself which gives rise to the dilemma. Since in this case the producers are in large numbers, they cannot control the market forces and determine prices to their advantage as in the case of monopoly. When they produce more, prices crash more than proportionately to the rise in production, with the result that their total receipts (production X prices) actually fall in spite of having increased production. This is because of the inelastic demand for food grains. R S Deshpande ruefully observed in a personal conversation that farmers are the only producers who are punished for producing more! This is obviously not only unfair to farmers but also injurious to the agricultural economy. India needs to produce more food grains since the problem of under-nourishment of a significant proportion of population is yet to be solved.[10/11]It needs positive incentives including remunerative prices, apart from support in other facilities. There is a large amount of evidence to show that farmers respond positively to these incentives by producing more. There has been a history of farmers' agitations in India since the late 1970s demanding remunerative prices, and complaining against urban bias (Nadkarni 1987).

The classic strategy to reconcile farmers' interests in receiving remunerative prices for their produce with consumers' interests – especially of the poor - in affordable prices, has been to support farm prices through minimum support prices and procure food grains at remunerative prices and distribute them at subsidised prices to the consumers. Socialist countries followed this strategy with great success.[12] In India, not all farm produce is procured, and a good many crops are allowed to be sold in the free market, subject to minimum support prices. But unless the produce is procured at the support prices, the price support is a meaningless mirage or a 'moon in the mirror' (Deshpande and Naika 2004). India is certainly having a huge procurement programme, with procurement prices being above support prices, based on the recommendations of Agricultural Costs and Prices Commission formed by the Government of India, with some states having their own similar Commissions. In principle, the support prices are based on a concept of cost which includes not only the paid-out costs on inputs like seed, fertiliser and hired labour, but also imputed costs like family labour, interest on own capital, and rent on own land. Unfortunately the procurement programme was till recently confined mainly to wheat and rice, but is marginally being extended to cover other food grains now. The Public Distribution Scheme is also not universal, but confined mainly to Below Poverty Line cardholders. Milk is procured mainly through producer co-operatives with significant government support, and distributed to consumers at regulated prices.

The problem of reconciling the interests of producers and consumers has thus been only a partial success, since a large part of food production and distribution is still governed by free market forces. It is feared that a full intervention by the state is beyond its capacity and can be very messy, with uncertain welfare benefits. Farmers also need additional support through easy credit, warehousing facilities within reasonable distance, effective crop insurance for all farmers (not confined only to a

few on voluntary basis), and free technical advice among other things. Poor consumers need schemes to significantly supplement their purchasing power. The MGNREGS has to be extended from 100 days in a year to at least 120 days. Extending it to more days may affect labour availability to farmers, making it more expensive to them. Also, the payment of wages under the scheme has to be prompt. There are complaints that there is a significant delay in this.

Dilemmas in Employment Policy

Technological innovations to increase productivity of labour also involve saving the labour used. This can result in unemployment unless the demand for the product concerned in which innovation takes place increases so much (through a consequent decline is the cost of production and prices) as to lead to an offsetting - or more than offsetting - increase in employment. But this may not happen at least in the short run. The immediate result of labour-saving innovation is, therefore, an increase in unemployment. Mahatma Gandhi welcomed mechanisation where it reduces drudgery as in the case of a sewing machine, but not when it leads to mass displacement of labour. He was opposed to industrialism as a motto or ideology, as it robbed developing countries of self-sufficiency and made them dependent. (Nadkarni 2014: 45-46). On the other hand, industrialisation made many commodities available for mass consumption, which were the prerogatives of only the few rich earlier. Technological innovation is the engine of modern economic growth now, and without growth it is difficult to eradicate poverty.

One way of resolving this dilemma is to encourage technical innovation on the hand, and on the other keep alive the cultural tradition of artistic handmade products which are labour-intensive. There is added value now for handmade products, and it is fashionable to consume or keep them. But this is not enough. There has also to be a policy of universal insurance against unemployment, by taxing the rich. Technical innovations make billionaires of common entrepreneurs, and they should be willing to share their prosperity with the less fortunate at whose cost they became rich. Unemployment of significant numbers is an unavoidable accompaniment of continuous technical progress, and they cannot go without social security in any civilized country.

There is a dilemma even about those who are employed in industries. Should we allow ‘employment at will’ (EAW) or ensure security of employment? [13]Employers prefer to have the freedom of EAW, or at best, fixed-term contract employment. They believe that security of employment induces complacency and a tendency to even shirk work, and does not bring out the best out of the employees. This can be very costly and bothersome, because there is no way to get rid of such employees under security of tenure; and unless you get rid of them you cannot appoint new persons since vacancies are limited. Quite apart from the issue of inefficiency of employees,

there are fluctuations in the prospects of industries, and lay-offs are inevitable in difficult times like recessions. They also argue that under a regime of security of tenure, there is always a hesitation to employ, and thus total employment is reduced. That is, a lucky few get secure employment, but many are out of job. A policy of EAW on the other hand, reduces this hesitation and expands employment. 'Labour reforms', that is, relaxations in labour laws to suit the interests of employers, are therefore demanded by private industries as a price for increasing employment. It is sad that this policy is followed even in schools, colleges and universities, where contract teachers are employed, instead of teachers with security of tenure. A large number of persons are employed even in the public sector on casual or contract basis, such as those in childcare centres (*anganwadis*), municipal sanitary workers, gardeners and so on. They work without the prospects of retirement benefits, health care, and such other benefits which the regular employees get. Even their salaries are allegedly not paid regularly on time. They lead a precarious existence.

The stand taken by the proponents of EAW has not gone unchallenged. McCall (2010) has, argued rightly that EAW is quite unfair and even inhuman to workers, and is blatantly exploitative, since the workers are paid much below what the workers' productivity justifies. It is only a ruse to deny benefits due to workers, and to make unjust profits. Unreasonable demands asking workers to work longer hours than provided by law, and even seeking sexual favours by supervisors, are not uncommon under EAW. When protests are made by workers they are fired at will. Thus, it may not necessarily be due to inefficiency that workers may be fired. Sometimes, even a senior worker in a managerial capacity may be fired to make way for a relative or to a person who has bribed. McCall suggests the alternative of 'Just Cause' (JC) to EAW. Under JC rules, there is security of tenure and right to benefits due to employees after a probationary period. Even after confirmation, an employee's service can be terminated for misconduct or wilful neglect of work under JC rules, but through a due and fair procedure, and not whimsically. McCall shows that there is no evidence of the adoption of JC rules leading to a fall in the productivity of workers or in the profitability of the companies. On the other hand, by giving a stake in the efficiency and profitability of the company, workers tend to work better than under EAW. McCall further shows that there is no evidence of countries adopting legislation to provide for JC rules experiencing any decline in growth rates in national income. Adoption of JC rules reduces the burden on the state to provide for unemployment insurance, which EAW would create. Above all, JC rules are humanitarian, and avoid the inhumanity of EAW.

Unfortunately, JC rules are tried to be bypassed not only by the private but also by the public sector, through offering contract jobs or by outsourcing work. There is thus more job creation in the informal sector than in the sector where JC rules are mandatory. This is very unfair to workers. The problem can be met by mandating that no casual or contract employment should be resorted to where the work is of a regular or perennial nature (such as municipal waste collection), and also by stipulating the payment of minimum wages on a timely basis without delay. There

should be a safety valve through general social security, old age pension, free health benefits prevailing in countries like UK, Canada, and Cuba, and free education for all up to at least 12th standard. India's Constitution provides for a social democracy, which has to be implemented in practice.

There are several other ethical dilemmas also, which are not discussed here due to the constraint of space. For example in managing the Covid-19 pandemic, we faced the dilemma of choosing between protecting lives and livelihoods. Experience teaches us that in resolving such conflicts, choosing a Golden Mean is much more helpful than choosing either extreme, as the great Buddha taught. It is for the people at large to critically ponder over all public policies, and demand of the state to follow ethics in the interest of common people. When faced with dilemmas, Mahatma Gandhi had prescribed a golden rule. He said:

> "I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore to him a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away." (Mukherjee Ed. 1993:91).

Notes

1. In writing this essay, I have drawn significantly from my earlier works referred here. For a detailed discussion of why ethics, and if ethics is relative, see (Nadkarni 2014: 10-18).
2. A typical example of an ethical dilemma is presented by a story in the Mahabharata. A Rishi was sitting under a tree near his Ashram in a forest, when a man came to him running, and said that a dacoit was pursuing him to rob, and requested the Rishi to mislead him if he came, and ran away. Within minutes, the dacoit came there and asked the Rishi which way the man went. Since one is not supposed to lie, the simple Rishi told him the direction in which the man went. The dacoit caught hold of him, robbed, and killed him. The Mahabharata says that as a result, the Rishi incurred the more serious sin of helping kill an innocent man, than what he would have by telling a lie to mislead the dacoit. Even if telling a lie were a sin, it would have been more than offset by the *punya* (merit) of saving a life. The Rishi obviously lacked the wisdom to make an ethical decision.
3. A Vedic prayer (*Swasti-mantra*), '… *lokaah samastaah sukhino bhavantu…'* (May *all* people become happy)*,* is still popular and often recited in full. For the full text of this prayer and its translation into English, see (Nadkarni 2013-a: 102).
4. For a detailed discussion of 'Ethics and Development', 'Ethics, Environment and Culture', 'Ethics in Business', and 'Gender Justice', see (Nadkarni 2014: 77-124, 243-303).
5. For a detailed discussion of this see Nadkarni (2013-b).
6. For a detailed discussion of the inadequate broad-basing process in India and what the way-out is, see Nadkarni Ed. 2020, especially the last chapter.

7. This section is based on (Nadkarni 2014: 86-88).
8. This para including the illustration of a hypothetical development project is based on (Nadkarni 2013/2018: 213).
9. The discussion of this ethical dilemma in this and the following paras of this section is based on (Nadkarni and Shaha 2019).
10. According to FAOSTAT data, 14% of India's population (over 189 million) was undernourished during the triennium 2017-19, as against zero in China, 6.4 % in Vietnam, and 13% in Bangladesh (Dhar and Kishore 2021: 32).
11. Though the production of food grains including pulses increased in India five-fold from 50.82 million tonnes in 1950-51 to 252.22 million tonnes in 2015-16, their per capita net availability has been relatively stagnant mainly because of the increase in population. The latter was 144.1 kg in 1951, which increased to 186.2 kg in 1991, declined to 151.9 kg in 2001, recovering partially to 180.3 kg in 2018. The poor are still dependent mainly on food grains, as they cannot afford more nutritious foods on a daily basis as they are more expensive.
12. For a bright example of such success in the previous German Democratic Republic (East Germany), see (Nadkarni 1979).
13. For a more detailed discussion of this dilemma, see (Nadkarni 2014: 250-254).

References

CWMG (*Collected Works of Mahatma Gandhi*) (1968-81) (98 Volumes). New Delhi: Government of India, Publications Division.

Dhar, Biswajit; and Roshan Kishore (2021). 'Indian Agriculture Needs a Holistic Policy Framework, Not Pro-market Reforms', *Economic & Political Weekly* LVI (16), April 17, pp. 27-35.

Deshpande, R S (2004). *Moon in the Mirror: Farmers and Minimum Support Prices in Karnataka.* Bangalore: Institute for Social & Economic Change (ISEC Monograph 7).

Friedman, Milton (1962). *Capitalism and Freedom.* Chicago: University of Chicago Press.

Friedman, Milton (1980). *Freedom to Choose: The Power of the Market*. San Diego: Harcourt.

Friedman, Miltion (1993). *Why Government is the Problem.* Stanford: Hoover Institution Press.

Hayek, F A (1944). *The Road to Serfdom.* London: Routledge Press.

Hayek, F A (1960). *The Constitution of Liberty.* London: Routledge & Kegan Paul.

McCall, J John (2010). 'A Defence of Just Cause Dismissal Rules', in V Newton, Elaine Englehardt, and Michael Pritchard (Ed.): *Taking Sides – Changing Views in Business Ethics and Society.* (Eleventh edition). New York: McGraw Hill. Pp. 201-3.

Mukherjee, Rudrangshu (Ed.) (1993). *The Penguin Gandhi Reader.* New Delhi: Penguin.

Nadkarni, M V (1979). *Socialist Agricultural Price Policy – A Case Study of GDR.* New Delhi: People's Publishing House. (Foreword by V M Dandekar).

Nadkarni, M V (1987). *Farmers' Movements in India.* New Delhi: Allied.

Nadkarni, M V (2013-a). *Handbook of Hinduism.* New Delhi: Ane Books. (Downloadable from website – www.mvnadkarni.com).

Nadkarni, M V (2013-b). *Integrating Economics into Ethics.* Third Founder's Day Lecture. Dharwad: CMDR (Centre for Multi-disciplinary Development Research). Reprinted in Annigeri V B, R S Deshpande and R Dholakia (Eds) (2018). *Issues in Public Policies.* Singapore: Springer. pp. 205-225.

Nadkarni, M V (2014). *Ethics for Our Times: Essays in Gandhian Perspective.* (Enlarged Second Edition; first published in 2011). New Delhi: Oxford University Press.

Nadkarni, M V (Ed.) (2020). *Socio-economic Change and the Broad-basing Process in India.* Abingdon & New York: Routledge (South Asia Edition).

Nadkarni, M V and Khalil Shaha (2019). 'Reconciling Conservation of Forests with the Forest Rights Act 2006', *Indian Journal of Agricultural Economics,* 74 (4), pp. 527-538.

Sandel, Michael J (2009). *Justice – What is the Right Thing to Do?* New York: Penguin.

Sankar, U (2020). 'Challenges in Achieving Inclusive and Sustainable Growth in India', in Maria Saleth *et al* (Ed.) *Issues and Challenges of Inclusive Development – Essays in Honour of Prof. R Radhakrishna.* Singapore: Springer.

Sen, Amartya (1977). 'Rational Fools: A Critique of the Behavioural Foundation of Economic Theory', in *Philosophy and Public Affairs* 6.

Sen, Amartya (1987). *On Ethics and Economics.* New Delhi: Oxford University Press.

Sundar, S Shyam and S Parameswarappa (2014). *Forest Conservation Concerns in India.* Dehra Dun: Bishen Singh Mahendra Pal Singh.