

Stiglitz and Sen, Food and Morals *Reflections on intellectual cowardice*

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“An economic transaction is a solved political problem. Economics has gained the title of queen of the social sciences by choosing solved political problems as its domain.” – Abba Lerner, famous economist, Address to the American Economic Association, 1972

We continue to contribute to a world in which billions have to worry every day about where their next meal will come from. And there are a noble (Nobel?) few who worry not about where their own next meal will come from but about how the hungry half of the world will be fed next week. Joseph Stiglitz obviously belongs to the latter category.

Stiglitz is especially concerned these days about mass starvation in the wake of the galloping course being charted by food and energy prices around the world. One of the stars of the profession of economists, he is also seen by many as being imbued with a deep moral sense, a rare trait among his tribe, in whose scale of obsessions efficiency trumps equity each time. So, even if he is not in favour with Washington's high offices any more, Stiglitz feels obliged to rise to the moral challenge that “the world” (there is only one, after all) must confront with urgency. So he expressed his mental anguish in Manchester's *The Guardian* last month when he wrote about “Scarcity in an age of plenty.”

The Stiglitz diagnosis

Stiglitz traces the problem of the breakneck inflation in food and energy prices around the world to the policies that have been enacted in the US and elsewhere during the past few decades. In particular, he finds fault with the massive financial deregulation and generous tax cuts for the rich in the Anglo-Saxon world since the Thatcher-Reagan years, attributing to them rightly the “huge increase in inequalities in most countries”, the dramatic fall in household savings rate in the US (to zero), significant declines in employment prospects for most people everywhere and most worryingly, threats to nutrition standards even in the so-called developed world. A less flattering catalogue of global failures would be hard to summon.

The proliferation of opaque financial products in the wake of deregulation didn't so much manage risk as enhance it, converting the entire world economy into a gambler's paradise (since most countries were made to – by the Bretton-Woods institutions, the IMF and the World Bank – or voluntarily chose similar policies of deregulation), which has been systematically transferring wealth and real income from the poor to the rich globally, relying on the unerring precision of

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market forces. Millions of poor and middle-class Americans (to pick just one out of dozens of such horror stories emerging from around the world these days) are having to give up their homes now as a result of the policies that only fed the creation of unsustainable bubble economies in housing, finance and now, commodities (Stiglitz and most economists are audibly silent about this last phenomenon though).

Additionally, Stiglitz points to two significant policies of the Bush administration that have exacerbated food and energy crises in recent years. He points to Washington's war on Iraq as having contributed measurably to the recent, rapid rise in oil prices (once it became clear that the war, far from making global access to Iraqi oil easier, was actually going to make it even harder because of new dangers like sabotage of pipelines). Secondly, Bush's foolish policies have made the connection between food and energy markets even tighter, thanks to a misguided biofuels program during the past few years.

Finally, to add yet more moral pungency to his case, Stiglitz makes it a point to underscore how Third World agriculture has been put in severe jeopardy not just because of benign neglect by governments, international financial institutions and aid agencies, but also because of unfair competition from a systematically and heavily subsidized agriculture in the rich world. This last is a criminal hypocrisy (the West being in the forefront of the messianic crusade for "free" markets all along after all) too banal to belabor. The powerful World Bank is once again slowly waking up to the long abiding truth that there is simply no way to reduce (let alone eliminate) poverty in the world without paying special attention to agriculture.

So far, not bad.

The Stiglitz remedy

Where/how does Stiglitz find, as they say, "the way forward"?

"Rich countries must reduce, if not eliminate, distortional agriculture and energy policies, and help those in the poorest countries improve their capacity to produce food. But this is just a start: we have treated our most precious resources – clean air and water – as if they were free. Only new patterns of consumption and production – a new economic model – can address that most fundamental resource problem."

Other than a euphemistic argot all too familiar to Orwellian times and the habit-bound economist's search for the universally right "model" to implement everywhere, a technocratically enlightened formula for guaranteed success, the above words could have come from Jesus himself.

So where does Stiglitz actually fall short?

Stiglitz wants rich countries to "reduce, if not eliminate distortional agriculture and energy policies." (For a start, how do you reduce policies? Do you just mechanically reduce their number?) But don't we already know they will never do this? Doesn't Stiglitz also already know this? He keeps appealing to a constituency he already knows very well has long been

morally deaf: “the world” Stiglitz is keen to be heard by is not really the world. For someone sacked by the US Treasury from his plum position near the top of the World Bank not so long ago, Stiglitz certainly knows this. Under the revolving door system the Americans have between their highest public and corporate offices, it is a sure wager that it was precisely the annoyance at Stiglitz on the part of the global investor class that prompted his sacking. Then why does he pretend otherwise?

“The world” he appeals to for merciful economic policies in the future is in actual fact the world’s tiny and shrinking class of corporate captains, precisely the bunch which sponsors the lobbies and the policy elites which have led the relentless, decades-long campaign for financial deregulation, the very phenomenon Stiglitz holds responsible for the mess growing around us. This band of global corporate czars lives better than the royalty of other ages of humanity. It takes a dozen flights on private jets every week and dines every evening on wine and caviar which have been flown half way around the world especially for their banquets. (This select group certainly does worry about where their next meal is coming from: is it Hungary or Thailand? They can know nothing of what it means to be hungry. Their families or girlfriends may not even have heard of climate change or peak oil. Why should they listen to madmen like Stiglitz?)

For at least half a generation some economists, social scientists, agricultural and trade experts, or just simply ordinary observers of public follies, have been trying to persuade the governments of the rich nations to remove the unjust agricultural subsidies which clearly constitute a good half of the reason for the crises now ailing so much of Third World agriculture. Why have the governments of the rich nations not followed this morally impeccable advice? It is not because they are controlled by transnational businesses maximizing profits globally? It is not because they are cynically Machiavellian?

A little peek at the political economy of the real world

The latter hypotheses can hardly be dismissed. Consider what US Senator Hubert Humphrey said just 50 years ago:

“I have heard that people may become dependent on us for food. To me that is good news because before people can do anything, they have got to eat. And if you are looking for a way to get people to lean on you and be dependent on you, in terms of their own cooperation with you, it seems to me that food dependence would be terrific.”

So the idea, far from helping “those in the poorest countries improve their capacities to produce food” (as Stiglitz continues to wish in vain) is to keep them permanently locked into a state of fundamental economic dependence on the West. (Did we ever get done with colonialism? Is the West really tired of it? – I don’t think so!) If Stiglitz and his panglossian followers think that times have changed (and the West is more civilized after all these decades of folly upon culpable folly), they should listen to President Nixon chilling words of from a more recent decade: *“Let us remember that the main purpose of aid is not to help other nations but to help ourselves.”*

We could come even closer to the present date and cite John Block, the US Agriculture Secretary. In 1986, he said: "*The push by some developing countries to become more self-sufficient in food may be reminiscent of a bygone era. These countries could save money by importing more food from the US.*"

If Stiglitz thinks such an opinion is too off-the-wall, he might ask himself if it is fundamentally different from the following view:

"Food self-sufficiency is a peculiarly obtuse way of thinking about food security. There is no particular problem, even without self-sufficiency, in achieving nutritional security through the elimination of poverty (so that people can buy food) and through the availability of food in the world market (so that countries can import food if there is not an adequate stock at home) The focus has to be on income and entitlement, and the ability to command food rather than on any fetishist concern about food self-sufficiency . . ."

The words belong to Stiglitz's illustrious colleague and fellow-Nobel laureate Amartya Sen. He gave an interview on the topic of world hunger to The Guardian in 2002.

Prof. Sen writes as though trade, income and entitlement were there just for the asking! He surely knows enough history to know that food has always been a weapon of warfare. He writes:

"There are situations in which self-sufficiency is important, such as during wars. At one stage in the Second World War, there was a real danger of Britain not being able to get enough food into the country. But that is a very peculiar situation, and we are not in one like that now, nor are we likely to be in the near future."

Iraq was invaded by Washington, London and Canberra within a year of Sen's interview.

Sen's "trade fetish" (a global pandemic among academic economists) only indicates his deep-seated conditioning by the Economics profession as it has been shaped by a decadent intellectual culture in the Western world after World War II. The intellectuals of the ex-colonies have never considered decolonizing their minds. Sen is the leading example.

They might do well to read Tagore and Gandhi once more - that's if they have read them at all (not a given for generations younger than Sen's).

The state of the dismal science

All this just about sums up the professional consensus within "the dismal science". The real world for most hungry people (we certainly know for sure after the food price inflation of the last few months) is very different from what economists imagine it to be. In the latter's world, poor nations, on the verge of industrial breakthroughs and massive transfers of labour away from agriculture to more "productive" and lucrative occupations (in other words, events which have not transpired yet in countries like India and China) can feed themselves much like Belgium

or the Netherlands do - by importing food from abroad (from rich countries which do not even necessarily have to have a comparative advantage in the production of food, but have profligate treasuries and ignorant, gullible taxpayers to fund the subsidies and can thus let the agribusinesses sell cheaper than anyone else in the world market). Innocent of the realities of the real world, where aggressive transnational agribusinesses lobby political bosses and influence and manipulate agricultural and food trade, the economists imagine that their simple-minded models of voluntary exchange are not so unrealistic after all.

From the real world where the poor and the powerless live under hegemonies of forced production and consumption along lines dictated by the megacorps, the *latter's* "international" financial institutions, and also *their* state patrons, things couldn't look more different. Global markets could never seem so innocent of corporate manipulation and aggression to hungry, suicide-prone farmers in India or Africa, as they do to technocratic dreamers in the seminar rooms of Columbia or Cambridge.

It is a telling comment on the thoroughgoing absence of any meaningful public communication in our world that such unrealistic people as successful economists are put on the experts' pedestal, from where they prescribe policies to tackle the world's most long-standing problems. There is more than just sad irony associated with such a state of affairs. We could not have done worse had we chosen to appoint an elect board of arrogant, heads-in-the-sky omniscient geniuses to write the economic policies of poor countries.

Vinaasha-Kaal, Vipareeta-Buddhi, goes a well-known Sanskrit saying, a language Amartya Sen can well read and write.

Why economists must continue to live in illusion and perpetuate misunderstanding

In times as transparently and confidently unjust as ours, it's either dim-witted naivete or outright knavery for economists to continue to keep their technocratic heads buried in the "innocent" sands of social "science". They keep pretending that economics and politics belong on different planets. Nobel-decorated Stiglitz, seasoned veteran of many a bout with the IMF and the US Treasury knows better, but continues to remain faithful to the anachronistic ethics of his guild of intellect-workers (for it would be too charitable to describe bread-butter-and-gravy-train economists as "intellectuals", or even as "private intellectuals", to resort to a desperate malapropism).

Economists are dispassionate thinkers practicing disinterested science. Economics is on its way to becoming a pure science. Society and human communities are irrelevant. In any case, "there is no such thing as society." Governments are a nuisance. They ought to stay away from markets. Markets are omniscient. They know everything that needs to be known (and not just about prices). Markets are free of politics. (What have they got to do with corporate power and influence?) They are the repositories of the best virtues in human nature. Therein rules liberal utopia and anyone who cannot see the gospel does not have the

best interests of the poor at heart and will end up slowing down human progress.

Thou shalt not doubt these time-tested verities.

The policy-conclusion is that markets and profit-maximizing **privatization** (or the “rule of law”, as the World Bank puts it) – a word not often explored with any justice by economists – is the way to go, the best way to organize human affairs, just like Ole Adam Smith had it in one of his (deeply misunderstood) passages.

These are the kernels of truth that adorn the seminar-rooms of the Economics profession around the world today. America’s imperial conquests are more obvious in the “intellectual” realm than in any other, with an obviously unscientific bubble Economics (suitably insulated from facts) always leading the charge. Give or take a little here, some there, and you get the spectrum of opinions within the Economics profession. They all must have not human communities but the “free” market at the heart of their conformist meditations. Every economist – and Stiglitz and Sen are iconic iconoclasts within the tribe – is career-habit-and-hide-bound to pay his homage to the wisdom of market forces, even when he is critical of them (as both Sen and Stiglitz are in measurable degree). Such are the touchstones of the theology that today provides the primary justification for the widespread ecological and social ruin being precipitated by globalized growth around the planet.

The world has been “liberalized”, privatized and “globalized” with a messianic passion over the past few decades in the name of this putatively omniscient economics. It teaches the ancient virtue of patience. A little pain for some now, so that everyone can gain more tomorrow. As long as the masters of the universe are allowed a free hand to invest anywhere from the Mariana Trench to the moon. Trickle-down truths. Stale air. They all have faith in it, even if they are Sen or Stiglitz. That’s why they suck and stink so much today.

But as always, the cash-strapped housewife or the woman slaving at the construction site (or the one waiting in queue for one of those employed to break an arm) knows better than the pundits.

Shouldn’t it strike us as strange that the morally moved pundits fail to expose and discuss the premises of their thought openly and fearlessly? Isn’t it odd that the hectic privatization over the past few decades – at the root of all the financial deregulation that Prof. Stiglitz duly castigates – is left undiscussed by them? Are they afraid of the political implications of such discussion? What happened to (liberal?) democracy? Why have the “liberals” fallen victim to well-known schemes of thought-control?

Shouldn’t we as citizens of the so-called “global village” demand it of economists prominent in the public sphere - whose words of “wisdom” are often heard as gospel by their patrons in governments around the world - to show evidence of a deeper cognition of abiding realities? Shouldn’t we expect them to confront the politics behind the economics they end up preaching? Does it take that much imagination to comprehend that markets are only, as the great economist Joan Robinson once said, the most superficial phenomenon of economic life? That prices are

shaped by power (even more than by the forces of demand and supply), that behind market “forces” are corporate forces, which seem to follow the elementary laws of push-and-shove Newtonian motion, in other words, that they practice the age-old art and skills of pressure and power politics, dancing and courting the State every cocktail evening? Is the need for seemingly “scientific” recognition among economists so deep that they are willing to seriously misconstrue the very nature of their discipline and artificially drain off all the significant and determining political content in it – for the sake of a Nobel? What happened to nobility? Is it so passe?

Time was when writers lampooned economists for “knowing the price of everything but the value of nothing.” Today, they seem to be unaware even of the price of things! They are desperate to rescue their fading conscience after having long back traded it away for professional success and career advancement. Moral failure was always on the cards. Now the writing is all over the wall for anyone with eyes to read.

Any priesthood of any society past or present would be envious of the power and stature that our famed economists have achieved under the hypocritical banner of a secular society. In the holy name of doing “science” they have institutionalized and now practice and promote a destructive market fundamentalist dogma which has insulated itself with no inconsiderable success from stark facts.

It was never more obvious than today that modern economics is little other than the best theology that a selfish, structurally unjust, technocratically driven world has been able to invent to hide and perpetuate its misdeeds and collective crimes.

For inspiration to seek and find alternatives our gaze must be cast elsewhere, even as we keep a rear eye trained on the mastermind profession of economists which supplies untiringly all the favoured lies, deceptions and intellectual propaganda to mask the world we live in.