

A Triangular Affiliation amongst Economic Growth, Human Rights and Laissez-Faire

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Abstract

A market economy and human rights both lay down limits on the clout of the government and empower individuals. In fact, they are two sides of the same coin. Most of us believe market economy is the pass to the path of growth and maintaining human rights is the development in true sense — the ultimate destination. But the point of concern is to see whether it is true universally or there are fissures that cater sufficient inputs to create a see-saw effect between a market economy and human rights on the scale of growth and development. This paper tries to highlight the trade-off aspect of a market economy and human rights in the context of economic growth and development. In the process of doing so, maintaining human rights in the form of food security in Indian States and how the consequential effects of the schemes so devised distorts a market economy is appropriately exhibited.

Key Words: Economic Growth, Human Rights, Laissez-Faire, Food Security

Introduction:

There is no doubt concerning the direct relationship between a laissez-faire economy (market economy) and economic growth. If a country has a market economy then the factors as well as goods receive their prices they deserve owing to free play of market forces of demand and supply. As a result, producers get motivated to produce more and the factors show interest to get involved in production process. This leads the economy to move on towards higher rate of economic growth. Similarly, there is also no second thought regarding the relationship between human rights and economic growth. Maintaining human rights of higher order provides better human beings to the economy which in turn becomes human capital and hence contributes to the rate of economic growth of the country. But the problem arises when we try to establish a triangular relation among a market economy, human rights and economic growth. It may so happen that while each of human rights and market economy creates positive impact on economic growth, integrated efforts of may yield distortion in economic growth. Moreover if economic growth takes place that does not mean that economic development will automatically there. As we know, growth is simply expansion of Gross Domestic Product, i.e., the expansion of output; it depends on capital formation which in turn is a function of the savings potential of the economy. As savings is a concept of richer community, in order to have higher level of savings of the economy, the distribution of national income should be in favour of rich so that they will save more. In that case, the deprived community becomes more deprived, threatening the human rights.

From the experiences of the developed economies it may be inferred that they are developed because they are having market economies where all mode and means of production are under the control of

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the capitalists. If a producer gets autonomy to decide what, how and for whom to produce, s/he will channelize his/her resources in best possible way in order to maximize the profitability. Once the producer gets addicted to the profitability, s/he will try to produce as much as possible with very competitive features with the goods or services. In this way, the consumers will also get the desired products and services at the reasonable price. If the consumers don't get protected by the state, then they will show their interest to work in order to earn more and get the advantage of the goods and services available in the market. As consumers are the owners of factors of production, for the sake of purchasing the goods and services of their choice, available in the market, the factor owners will put their factors in available job and since the producers are in the profit path, they won't mind to pay the appropriate prices to the factors of production. As a result the market economy will run smoothly.

When freedom is threatened—especially economic and civil liberties—fundamental human rights are violated and economic development suffers. Hence it's understood that freedom to the market to operate automatically and care in the form of ensuring human rights should go together to move on the economy in the path of growth and development. However, it may not happen universally. We may experience distortion in the scale of economic growth and development if we go for a market economy giving autonomy to the market forces of demand and supply along with a better level of human rights. This paper tries to highlight negative aspect of simultaneous occurrence of a market economy and human rights. In fact, this paper focuses on the food security aspect of the human rights in India and its consequential influence on the free functioning of market leading to distortion in the scale of economic growth and development.

2. Laissez-Faire: that caters economic justice to both sides of Market

The name free-market economy is now and then used synonymously with market economy, but it may also refer to laissez-faire or Free-market anarchism. An economy in which decisions regarding investment, production and distribution are based on market forces of supply and demand, and prices of goods and services are determined in a free price system is called a market economy. This is just opposite to a planned economy, where investment and production decisions are taken in line with a set of plans of production initiated by the governing body. Market economy entitles right price for the right products and factors. In fact, free price system becomes prevalent both in goods market and factors market. If both demand and supply sides of the market are equally competent, with no more protection needed from the third party (government) for any one of them, the country may go for adopting a market economy. Once a country befits to allow the market forces operate freely, the benefits from the free operation will be well felt in the form of economic justice to all stakeholders with a considerable level of growth avenues.

By providing appropriate price to the goods and services, a market economy encourages the producers to produce more and by offering the right price for the right type of job of the factors, a market economy insists the factors to put in work. By doing so, the economy makes the factors aware that they are not going to get anything for nothing and no less for the contribution they put in. There will be no problem if both the markets, goods and factors markets, run smoothly with free function of market forces, the economy will automatically grow. But the problem crops up if few factors don't get work or few goods and services don't get market to be sold. In such a situation, intervention from the third party in the form of government comes into picture. Intervention in any form from the government distorts the market economy creating a spurt in the path of economic growth. One genuine point here is if everything goes well in the free system, why should governmental intervention? The answer is probably because to ensure economic development through maintaining

human rights. In fact, the role of government is to see that all concerned are treated economically well. If there is any sort of maltreatment, the government intervenes to save the ones getting exploited.

Practically, market economy does not prevail in pure form, since societies and governments police it to varying degrees. It can vary from imaginary laissez-faire and free market variants to regulated markets and domineering alternative. Nearly all prevalent market economies encompass a level of economic planning or state-directed activity, and are thus categorized as mixed economies. For example, the United States constitutes a mixed economy (substantial market regulation, agricultural subsidies, extensive government-funded research and development), yet at the same time it is rooted in a market economy.

Market economies do not logically presuppose the existence of private property in the means of production; a market economy can consist of various types of cooperatives, collectives or autonomous state agencies that acquire and exchange capital goods with each other in a free price system. There are many variations of market socialism that involve employee-owned enterprises based on self-management that operate in markets, as well as models that involve public ownership of the means of production where capital goods are distributed through markets.

Different perspectives exist as to how strong a role the government should have in both guiding the market economy and addressing the inequalities the market produces. Striving balance between the two has been so far managing to keep balance. Thus we may infer that the USA is developing two gives result in the form of economic growth and development. The economies like the USA is developed one, may be, because it has been adopting a market economy, although not in its purest form,

3. Food Security: A Human Right in Need

By virtue of becoming a human being what a person is innately entitled in the form of basic privileges are called human rights. Owing to massive poverty that leads to hunger, starvation and ultimately death in some part of the most of the underdeveloped and developing countries, food security has occupied a predominantly lead position in the list of human rights. This section highlights the governmental steps in India in order to ensure food security.

The Food Security Bill, which covers 75 per cent of the country's rural population and 50 per cent of urban India, seeks to provide a legal privilege to subsidized food-grains. Just recently Delhi Government sought an option of direct cash transfer to Below Poverty Line (BPL) families instead of food grains in the striving Food Security Bill. By doing so the objective of the government is to get rid of the rampant corruption that has been deep rooted in the Indian Public Distribution System. Almost all the States of India have been implementing schemes for the purpose food security particularly for the deprived community in one way or other. Karnataka Government proclaimed that Thirty kg of rice per month would be sold at Re.1 per kg for BPL (below poverty line) families across Karnataka. Chief Minister of the State Mr. Siddaramaiah revealed that the subsidized rice scheme would benefit 9.82 million (98 lakh) BPL families living in rural and urban areas and would cost the exchequer Rs.460 crore. Similarly the Chief Minister of Odisha Mr. Naveen Patnaik recently launched the Re 1 a kg rice scheme for the poor in Odisha from the backward and tribal-dominated Malkangiri district. He asserted that it would provide rice at Re 1 per kg to people living below poverty line (BPL) as well as Scheduled Castes, Scheduled Tribes, disabled and beneficiaries of the Antyodaya scheme. Facts and

figures reveal that in order to provide benefits to over 58 lakh families, the Re 1 per kg rice is estimated to put an additional financial burden of about Rs 200 crore on the state government. The Odisha government has been giving rice at Rs 2 per kg to the poor. The scheme was launched before the 2009 general elections.

Odisha government is not giving concessional rice to poor masses only; it has different schemes for different segment of the society. The details are as follows.

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	BPL	36,90,0 27	25 kg	1.00
2	Kalahandi Balangir Koraput Above Poverty Line (KBK APL)	5,32,13 3	25 kg	1.00
3	Antyodaya Anna Yojana (AAY)	12,53,1 64	35 kg	1.00
4	SC/ST Hostel	4,15,35 7	15kg	1.00
5	Rice for Differently- able persons (RDP)	76,534	10kg	1.00

BPL Rice for Welfare Institutions(BPL rice is distributed to the inmates of welfare institution)

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	Welfare Institution	11,705	15 kg	6.30

Annapurna Scheme (Under this scheme rice is distributed to destitute citizen who are above the age of 65 years at free of cost. The scheme exclusively benefits those aged people who are not included under the national Old Age Pension Scheme.)

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	Annapurna	63,759	10 kg	Free of cost

APL Rice (APL rice is distributed to the Inmates/ Boarders of APL rice for Prisoners of Jails SC/ST Hostels managed by NGOs & Adrut Children Homes.)

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	APL rice for Prisoners of Jails			9.30
2	SC/ST Hostels Managed by NGOs	12,302	15 kg	9.30
3	Adrut Children Homes	256	15 kg	9.30

APL Wheat (wheat is distributed to the APL card holders at a subsidized price.)

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	APL	35,91,809	7 kg	7.00

Levy Sugar (Sugar is provided to the BPL& AAY beneficiaries at the subsidized price.)

S L · N o ·	Scheme	No. Of benefic iaries	Scale of Entitle ment	Consu mer Price per kg (Rs.)
1	Levy sugar	49,43,191	2 kg	13.50

Sources: public Distributions Scheme (<http://ossc.in/pdscheme.asp>)

The facts and figures mentioned above clearly speak how caring the state governments of India are in providing food security to their citizens. There is no doubt that the people are getting benefit out of that and to some extent the level of hunger starvation and deprivation has been minimized. Do all these schemes have negative repercussions on the society as well? Answer to this query is placed in the subsequent section that establishes trade-off on the scale of economic growth and development pertaining to a market economy and human rights.

4. Economic Growth and Development: The Ultimate Destination that Every Economy Aspires

The economies which are developed do try to maintain the pace of development while the economies which are still underdeveloped or developing want to test the taste of development or speed up the pace of development so as to cross the line of demarcation drawn between developed and not-developed ones. Before going to establish the trade-off so found between a market economy and

human rights on economic growth and development scale, we have to have idea about what economic growth is and how is it different from economic development — the ultimate destination of every economy.

Economic growth is a narrower notion than economic development. It is an increase in a country's real level of national output which can be caused by an increase in the quality of resources (by education etc.) and up-gradation in technology or in another way an increase in the value of goods and services produced by every sector of the economy. Economic Growth can be measured by an increase in a country's Gross Domestic Product. On the other hand, economic development is a normative concept that is applied in the context of people's sense of morality. In fact, economic development refers to an increase in living standards, improvement in sense of worth needs and freedom from domination over and above a greater choice. The most precise technique of measuring development is the Human Development Index that considers the literacy rates and life expectancy which affects productivity and could lead to Economic Growth. It also leads to the creation of more opportunities in the sectors of education, healthcare, employment and the conservation of the environment. It implies an increase in the per capita income of every citizen.

Is it economic growth or development that attracts the attention of every economy? The answer to this is not universal. It depends on the status of the country concerned in economic front. While economic growth speaks about expansion of output, economic development takes care expansion of output along with the appropriate necessary infrastructure needed for that. For example, higher level of output can be achieved by applying capital intensive technique — which needs much of capital and meagre volume of manpower. If the economy concerned is having very huge volume of manpower, instead of looking into only expansion of output, the point of concern should also be how to generate desired level of employment along with expansion of output. Thus for the economy in the picture the appropriate technique should be labour-intensive or intermediate. If the economy is already developed, the necessary infrastructure for its growth is very much prevalent. So their point of concern should be on how to maintain the growth rate instead of on the peripheral factors of growth. In fact, the focus of a developed economy is on economic growth while that of an underdeveloped or developing economy is on economic development. If economic growth takes place, having economic development may not be that big a problem if all the decision makers — from politicians to bureaucrats who matters in decision making have the right attitude. But the reverse may not happen if the developmental activities take place through deficit financing. However, if developmental activities take place the benefit of that will definitely be reflected in economy's output.

It may further be interpreted that growth is the pre-requisite of development, because of the fact that for development, i.e., expansion of necessary infrastructure, the necessary input is capital, which comes through growth. The same concept may also be interpreted exactly in reverse way. For higher rate of growth, i.e., expansion of output, better and updated infrastructure is required. Without proper infrastructure, achieving growth is almost impossible. In fact, we may conclude that both are very closely related. One without the other is impossible to happen. But this maxim may prove wrong in a democratic welfare oriented State, where the priority is maximization of welfare. In such a system, the infrastructure development may take place even without a reasonable rate of growth. And it becomes possible through governmental intervention actively. For the sake of welfare of masses, in spite of having no fund for the purpose, the government may go for deficit financing and build the necessary infrastructure that yields maximum welfare.

It is believed that market economy is the pass to the path of growth and maintaining human rights is the development in true sense — the ultimate destination. There is nothing to counter this belief but the real problem that has been identified in the form of this paper arises only if market economy operates at the cost of human rights or human rights maintained at the cost of market economy. The paper clusters around the former which in turn distorts the economic growth.

5. Triangular Affiliation: The Reality that any Economy experiences

Be it having a market economy or maintaining human rights, the ultimate aim is to have economic growth and development. While very often, both work together for achieving higher level of economic growth and development, occasionally we may find that gain in terms of human rights poses threat to market economy or gain in terms of market economy poses a threat to human rights there by leading to distorted rate of economic growth and development. That is what a typical trade-off is. Trade-off is a state of affairs that engrosses losing one quality or facet of something in return for gaining another quality or facet. It often implies a decision to be made with full command of both the upside and downside of a particular choice.

As mentioned in the previous sections, relating to the relationship between a market economy and economic growth or human rights and economic growth, there is no such trade-off. But the concept of trade-off may come into picture when we try to link between integrated outcome of a market economy and human rights on economic growth and development.

Section-3 of the paper clearly exhibits with facts and figures how the states of India show concern for human rights in the form of food security. Deciding whether the concern is to support human rights or enrich the vote boxes for political intensification is beyond the purview of this work and needs debates at length and breadth. As States help the masses providing food items at subsidized prices, along with the beneficiaries all the stakeholders including the social science researchers who care for the society should be happy. Why at all the creation of this paper? The logic, in fact, the strong logic is there behind this. Explaining to this point, the case of Great Depression of thirties comes into picture along with the solution for the same. While producers with plenty of unsold output with them were not interested to produce, the consumers on the other hand with very less income were unable to demand, causing deficiency in aggregate demand. The renowned economist J M Keynes devised the techniques of pump priming and deficit financing to get rid of that great depression situation and his techniques worked like anything. In fact, to initiate further production process, the intension of the government then was to give the producers the prices of their products. After paying the prices to the producers, the government was having two options before it. It could have stored the procured products for the future usages or it could have distributed to the consumers who were deprived of goods and services due to their very less income. While the former option was not possible because of lack of warehouses to store those, the latter was not opted for apprehending unbearable negative consequences that might have led to aggravate the problem instead of curing that. Instead, the government wasted the procured food-grains sinking tons and tons of wheat in the sea. As the producers got the prices of their products and contents of their warehouses got depleted, they became ready for production in next round. Similarly for the consumption during the current period, the consumers were in need of either goods or money. The government could have given the consumers either of the two they needed. But instead of doing any of these things, government adopted the principle of 'dig the hole and fill that up'. As per which government provided money to the

consumers not for nothing but for their labour so as to create the feeling in their mind that they got the remuneration for their labour which was of course unproductive. Had that been given to them for nothing, after having ribney they could have met their current demand and would not have preferred to get ready to work during next phase of production for which the producers had kept themselves ready. In fact, the consumers would have expected the same thing from the government in future round of production as well.

This classic example of Great Depression is appropriately applicable here to establish the trade-off between the interactive effect (of a market economy and human rights) and economic growth and development. While a group of the society is unable to afford to its basic necessities of food, governmental intervention in the form of providing food-stuffs in subsidized prices is indeed a welcome step. In fact, it helps the deprived community to reach at something which it was otherwise denied. Ordinarily, when a deprived person gets something that s/he was aspiring for since long, may be, to keep that consumption tempo up, s/he will prefer to work harder to earn more and have that, the habit of which had been inculcated by the third party, i.e., the government. This is the normal way of things to happen. But many a times it has been seen that things happen not exactly in ordinary path set by the convention or practice. In fact, things often happen exactly the opposite way.

In the context of food security, the governments of Indian States keep on providing the consumers necessary food items like rice, wheat, sugar, etc. in very subsidized prices. By doing so, the governments intervene in the free functioning of the market. Intervention of such type is appreciable if it gets resulted in greater benefit to the society. Here the government is disturbing the free market mechanism working as a mediator between the producer/seller and ultimate buyers. The point to discuss here is regarding the level of harm, if the government plays the role of intermediary. It is not like conventional intermediaries who earn profits, standing in between the buyers and original sellers. In fact, the government, as an intermediary, procures the goods from the producers/sellers paying appropriate market price that the sellers deserve and provide those goods to the ultimate consumers in subsidized prices, charging very meagre price. In this process, the sellers/producers should not have anything to complain as they are getting the appropriate price what they would have got from the open market directly selling to the consumers. Similarly, the consumers, who get those goods at a very subsidized or nominal price, get benefitted a lot and have nothing to represent. Then where is the wrong? The wrong lies with the fact that by tampering the prices of the goods, the government restricts the free functioning of the market economy. But the point of solace here is that the disfiguring of the market economy is done for the sake greater cause, i.e., the human rights pertaining to food security. Whatever we may do with market economy or human rights, the ultimate destination should be economic growth and development. Here if we could be able to ascertain that food security measures of the government cause higher economic growth and development, then we would fail to establish trade-off between interactive effects of a market economy and human rights, and economic growth and development.

On the basis of observation method of collecting information, it has been found from the villagers who are beneficiaries of different food security schemes that as the problem of their food has been well take care of by the government, they prefer leisure to work: It's a fact that may not be believed by all. We have experienced the paucity of daily wage-earners in the villages. Since the beneficiaries of the food security schemes get nearly 30 kg of rice at the rate of only either Re 1 or Rs. 2 per kg, for the required level of other expenses, they are working less number of days and preferring leisure time to spend in playing cards, gambling or gossiping. By doing so, they are spoiling their own efficiency and inviting unsocial activities like gambling and quarrelling. More importantly, they are creating

shortage of labour in rural sector leading to un-use or under-use of nature's most important gift land. The great victim of this trend is Indian agriculture. When food security schemes were not that active, almost all cultivable land were put in cultivation and the labour cost was also affordable by the farmers. As food security scheme took momentum, now we could find acres of cultivable land unused owing to non-availability of daily wage-earners or tenants. It does not mean that rural population has been declined. In fact, rural people now don't prefer to work as per their potential. Instead, they work just to earn sufficient enough which after getting added to the receipt from the government through food security schemes, matches up with their basic necessity.

In this process, the situation is becoming precarious as the producers are ready to produce but the factors are not ready to work. So the next rounds of production get hampered. As economic growth is nothing but expansion of productive activities, governmental intervention in the form of food security schemes causes the rate of growth to have a spurt although the human rights aspect have been taken care but at the cost a market economy. Thus the governmental intervention in the form of disfiguring the market price for the sake of human rights not only disfigures the free play of a market economy but also distorts the rate of economic growth and development.

6. Conclusion

More recently, with the hastening tempo of global economic assimilation and interdependence, together with the escalating task and authority of international trade and financial institutions over domestic governance privileges, a mounting number of UN human rights bodies have placed transformed prominence on Member States' obligation to international collaboration in the fortification and endorsement of human rights. Developed countries have tended to resist this trend, while developing countries insist that their national responsibilities are increasingly conditioned by transnational factors beyond their control.

So long as the steps taken by the government, in intervening in the free functioning of a market economy for protecting human rights, yield conducive atmosphere for economic growth and development, such steps are most welcome. But if distortions in a market economy protects human rights but downgrades the rate of economic growth and development, such steps of the government that cause distortions in a market economy must not be tolerated. However, that does not mean, we will not care for the human rights. In fact, we have to explore other alternatives to safeguard the human rights. For example, concerning food security, instead of providing rice, wheat, etc. at very subsidized prices to the less privileged community, if some capital projects be created for providing then-) a permanent source of livelihood, there will be no Problem of disfiguring the free play of market economy but food security will be achieved. If capital projects are not feasible for the government, the need-based permanent solution may be sought for so that they can have a continuous source of livelihood. Before going for any schemes related to protecting and safeguarding human rights, the planners and decision makers have to thoroughly examine that there is no such trade-off between the scheme they are planning to adopt and the scale of economic growth and development. Then only the striking balance between a market economy and human rights can be achieved without any trade-off on scale of economic growth and development.

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