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Poverty Reduction In Two Logics: Rights-Based Employment In India Versus State-Directed Industrialization In East Asia

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Abstract: This paper compares two ways of reducing poverty: India's rights-based employment guarantee (MGNREGA) and East Asia's state-directed, export-oriented model. It explains how MGNREGA provides income security through a legal right to work, a public wage floor, and local asset creation, strengthening workers' bargaining power in a federal democracy. In contrast, East Asian governments used industrial policy, state-directed finance, land reform, and export discipline to push firms up the productivity ladder and move workers from farming into manufacturing. The paper clarifies that East Asia was not a "free market" story and that MGNREGA is more than "make-work." It argues that the two approaches can complement each other when public works are durable and climate-relevant, timed to agricultural slack seasons, lightly skill-building, linked to targeted credit, and embedded in transparent performance benchmarks.

Keywords: MGNREGA; developmental state; export discipline; structural transformation.

I. Introduction: Two Logics of Poverty Reduction

Few debates in comparative development expose deeper disagreements about how states should reduce poverty than the contrast between India's rights-based social policy and East Asia's developmental-state model. At the heart of this divergence are two distinct logics of state action. The first, epitomized by India's Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), treats employment as a justiciable right and poverty as a failure of labor demand in local economies; it deploys a publicly financed wage floor and decentralized asset creation to insure households against income shocks while modestly altering the rural bargaining landscape (Drèze & Sen, 2013). The second, captured in the classic accounts of Japan, South Korea, and Taiwan, conceives poverty primarily as a by-product of under industrialization and low productivity; it mobilizes bureaucratic capacity to direct finance, impose export discipline, and sequence structural transformation from agrarian dualism to manufacturing-led growth (Johnson, 1982; Amsden, 1989; Wade, 1990; Evans, 1995; Chang, 2002; Rodrik, 2007).

This paper offers a theory-led comparative critique of these approaches. It privileges concepts and mechanisms over exhaustive data, using facts to anchor arguments. It clarifies how industrial policy, export discipline, land reform, and state-directed finance operated in East Asia and contrasts those instruments with the rights-based employment guarantee, wage floor, and local asset creation that structure MGNREGA within India's democratic federalism. It engages productivist-welfare arguments, often deployed to explain East Asia's modest social spending in the service of growth (Holliday, 2000), and the capability-expansion case for social protection associated with Sen and Drèze (Sen, 1999; Drèze & Sen, 2013). The analysis then examines implications for structural transformation, productivity, inequality, and political feasibility, addresses common misconceptions (especially the "pure free market" myth of East Asia), and concludes by specifying conditions under which employment guarantees can complement a developmental toolkit.

The stakes of this comparison are not merely academic. India's long-run growth, rising inequality, climate vulnerability, and the persistent fragility of rural livelihoods demand a synthesis that preserves the insurance and dignity functions of rights-based employment while connecting them to productivity-enhancing structural change. East Asia's record does not offer a simple template; its institutions were forged in specific geopolitical, agrarian, and bureaucratic contexts.

Yet its underlying mechanisms, disciplining rents with performance criteria, using finance as an instrument of industrial policy, and sequencing land reform with export-oriented manufacturing, inform a constructive critique of what MGNREGA does well, what it does not attempt, and how it might be re-designed to support transformation rather than merely palliate deprivation.

II. The Developmental State: Instruments, Discipline, and the Political Economy of Transformation

In the canonical account of Japan's postwar transformation, Chalmers Johnson (1982) identified a "plan-rational" bureaucracy, centered on MITI, that coordinated investment, nurtured infant industries, and used administrative guidance to steer private capital. The distinctive feature was not ownership but embedded autonomy: state agencies had dense ties to business yet retained the capacity to set collective goals and monitor compliance (Evans, 1995). This arrangement underwrote a set of instruments, directed finance, selective protection, export targets, and technology policy, that aligned firm incentives with national learning and productivity upgrading (Wade, 1990; Amsden, 1989; Rodrik, 2007).

Directed finance was a central lever. Development banks and state-influenced commercial lenders rationed scarce foreign exchange and domestic credit, rewarding firms that met investment or export performance benchmarks while starving laggards (Amsden, 1989; Wade, 1990). "Subsidies" in this model were less handouts than contingent claims: the state created rents but disciplined them through observable metrics, market share in export markets, quality thresholds, or productivity improvements (Amsden, 1989; Rodrik, 2007). Export discipline functioned as an external check against capture; the performance yardstick was international competitiveness rather than political proximity.

Land reform supplied the initial egalitarian platform. Japan, South Korea, and Taiwan redistributed land on a large scale, compressing rural inequality, raising farm productivity, and freeing surplus labor for industry without provoking acute social conflict (Amsden, 1989; Wade, 1990; Chang, 2002). This mattered for two reasons. First, it diluted landlord power, reducing political resistance to industrial policy and enabling the rural-to-urban labor reallocation crucial for early industrialization. Second, it generated a mass domestic market for basic manufactures, textiles, consumer durables, that provided "learning-by-doing" platforms before more sophisticated upgrading.

Industrial policy, on this view, is less about "picking winners" in an omniscient sense and more about socializing learning costs while exposing firms to competitive pressure (Rodrik, 2007). Governments created high-powered incentives to invest and export, but the key was the combination of support with discipline: temporary protection and subsidized credit were conditional on performance. Bureaucrats retained the capacity to withdraw in the face of failure. This institutionalized a selection environment where firms competed for policy rents by meeting technological and export benchmarks, and where the state learned which sectors and firms could scale.

The welfare state in this model was explicitly productivist (Holliday, 2000). Social policy was subordinate to growth; programs prioritized human capital for industrial upgrading (education, basic health) and risk pooling that reduced labor market frictions, while redistribution through transfers remained limited. The political economy logic emphasized coalition building around growth: a bureaucracy with meritocratic recruitment and career incentives, business groups that internalized long horizons, and a political settlement that aligned party survival with export success. Authoritarianism or dominant-party systems often stabilized this settlement, though in Japan's case it coexisted with competitive elections anchored by a hegemonic party.

It is important to correct a persistent misconception: East Asia's success was not a triumph of laissez-faire markets. The state did not merely "get out of the way." It structured markets, allocated credit, controlled capital flows at key junctures, managed exchange rates to support exporters, and negotiated technology transfers (Johnson, 1982; Wade, 1990; Amsden, 1989; Chang, 2002). Nor was the model a simple blueprint. Instruments varied by time and country; policy mistakes occurred; and performance depended on bureaucratic insulation plus social embeddedness (Evans, 1995). Yet the family resemblance across cases is unmistakable: an investment- and export-led strategy, disciplined rents, and a sequencing of land reform with industrial learning.

III. MGNREGA's Rights-Based Design: Insurance, Wages, and Local Public Goods in a Federal Democracy

MGNREGA, enacted in 2005, represents a different theory of change. It treats employment not as a by-product of growth but as a right enforceable against the state. Every rural household can demand up to one hundred days of wage employment at a notified wage rate; failure to provide work within a set time limit generates a legal entitlement to unemployment allowance. Implementation is decentralized to Gram Panchayats, with mandated social audits and a 60:40 wage-to-material ratio to encourage labor-intensive works. The program foregrounds transparency, participatory planning, and local asset creation, water harvesting, soil conservation, rural connectivity, and land improvement, while elevating the bargaining power of the rural poor through a wage floor (Drèze & Sen, 2013).

The theoretical core is a hybrid of Keynesian stabilization and Senian capability expansion. On the one hand, MGNREGA acts as an automatic stabilizer in rural labor markets: demand-driven public employment expands during droughts, crop failures, or macro downturns, preventing collapses in consumption (Drèze & Sen, 2013). On the other hand, its rights-based architecture, time-bound work provision, unemployment allowance, and social audits, reshapes accountability, converting charity into claim. The program's emphasis on women's participation, proximity of work sites, and payment into bank accounts has generated distinctive distributional effects; in several states, women account for a majority of person-days, reinforcing intrahousehold bargaining gains (Afridi et al., 2016; Pankaj & Tankha, 2010).

Importantly, MGNREGA is embedded in India's democratic federalism, characterized by multiple veto points, variegated state capacity, and vibrant electoral competition. That environment complicates uniform implementation yet anchors the program's political sustainability. Unlike the East Asian productivist settlement, which subordinated redistribution to growth goals and relied heavily on bureaucratic autonomy, MGNREGA's political economy is explicitly welfarist and participatory. It creates a nationwide constituency of rural workers and works through elected local bodies, rendering it resilient to partisan swings and contestable in public reason.

MGNREGA also intervenes in the wage structure. By setting a public wage floor, it raises the reservation wage for rural labor, altering the bargaining game between employers and workers and compressing the lower tail of the wage distribution (Berg et al., 2018). A consistent empirical pattern, with differences across places, is that rural casual wages tend to rise faster in districts with higher MGNREGA intensity, especially for women, and the program reduces seasonal distress migration in lean agricultural months (Afridi et al., 2016). Its assets, check dams, ponds, bunds, rural roads, are meant to produce long-run productivity gains by augmenting natural capital and connective infrastructure. The quality and maintenance of these assets vary across jurisdictions; in some districts they substantially improve water security or connectivity, in others they decay without upkeep (Comptroller and Auditor General of India CAG, 2013).

From a fiscal-mechanical standpoint, MGNREGA is not designed to be a major macro growth engine; its annual expenditure hovers around a small share of GDP, and the 60:40 rule deliberately tilts toward labor rather than heavy capital goods. Its evaluative metrics are also distinct. Success is measured not only in cost-benefit terms but in insurance, dignity, and voice: did the program provide work on demand? Were wages paid on time? Did social audits expose leakages? Did women participate safely and significantly? These are the program's normative commitments, nested in a constitutional imagination of social citizenship.

IV. Structural Transformation and Productivity: Divergent Causal Pathways

The developmental state and MGNREGA pursue poverty reduction through fundamentally different causal pathways. The former targets the economy's production possibility frontier: raise productivity through learning in tradables, push firms up quality ladders, reallocate labor from low-productivity agriculture to higher-productivity manufacturing, and use export markets to discipline and scale. In this story, poverty declines because wages rise with productivity, agrarian surplus is transformed, and a large share of the workforce moves into formal or quasi-formal jobs.

MGNREGA, by contrast, primarily targets the distribution of income and risk at existing levels of productivity, with ancillary effects on productivity via public works. It insures earnings, compresses wage inequality at the bottom, and augments local natural capital. It does not directly engineer the sectoral reallocation of labor into tradables. If anything, by raising rural reservation wages during lean seasons, it can slow the push factors that have historically propelled migration to urban labor markets. Whether this is good or bad depends on context: slowing distress migration is welfare-enhancing, but if it deters the reallocation of labor to more productive activities, it could dampen aggregate productivity growth.

The East Asian pathway rests on a strong tradables engine and steep learning curves. Export orientation forces firms to master world-class standards, and directed credit accelerates investment in scale and technology. Over time, structural change drives aggregate productivity growth mechanically as labor shares shift. The political economy risk is that rent-creation without discipline devolves into cronyism; the developmental state model only works if embedded autonomy and export discipline are real, not rhetorical (Evans, 1995; Amsden, 1989; Wade, 1990).

MGNREGA's productivity claims hinge on the quality and complementarity of assets. Water harvesting structures can raise farm yields and stabilize multi-cropping; rural roads can reduce market access frictions for non-farm enterprises; soil conservation can improve resilience to climate shocks. Yet these gains depend on project selection, technical design, maintenance, and coordination with line departments. Where Gram Panchayats have capacity and social audits work, assets can be valuable public goods. Where capacity is thin, the wage-insurance function dominates and the capital stock lags.

The temporalities are also different. The developmental state promises high growth through cumulative learning, but it is a long game, front-loaded with institutional investments in bureaucracy and back-loaded in distributional benefits. MGNREGA delivers immediate relief and bargaining power gains, with productivity dividends arriving more slowly and unevenly through local assets. Policymakers face a sequencing problem: how to protect the vulnerable today without foreclosing transformation tomorrow.

V. Inequality, Social Citizenship, and the Productivist Bargain

East Asia's land reforms produced an unusual combination of high growth and compressed inequality in early decades. By dismantling landlordism and expanding smallholder ownership, they democratized asset holdings and undercut rural elites. Wage compression followed as manufacturing absorbed labor. Redistribution through transfers remained modest; the main equalizing force was the pattern of growth itself. This "growth with equity" outcome, however, was not automatic; it was engineered through land reform and labor-absorbing industrialization. In later decades, financialization and skill-biased upgrading widened inequality, but poverty declines had already been dramatic (Amsden, 1989; Wade, 1990).

India never undertook comparably thorough land reform. Agrarian structures remained unequal, and informal labor markets dominated. MGNREGA operates in this context as a partial equalizer. Its wage floor compresses the bottom tail of the distribution, especially for women, and its self-targeting design, manual work at a fixed wage, limits elite capture compared to pure cash transfers. It also expands social citizenship: work is a right, not a favor, and social audits institutionalize collective monitoring. Critics sometimes deride this as 'make-work', but that critique misses the intrinsic value of security in environments of high volatility and the extrinsic value of public goods in underprovided rural economies.

Productivist welfare arguments push back, warning that if social programs disproportionately absorb fiscal space or distort labor supply, they can undermine the tradables engine (Holliday, 2000). The East Asian model privileged investment over consumption, limited non-productive transfers, and used social policy to support industrial upgrading (education, health, housing tied to employment). India's challenge, on this view, is not that MGNREGA exists but that it is not embedded in a broader strategy that disciplines rents, directs finance to tradables, and builds manufacturing capabilities. In other words, the worry is not 'crowding out' per se, MGNREGA's fiscal footprint is relatively small, but 'crowding in' failures: the absence of complementary industrial policies that would translate a stronger rural wage floor into productivity gains rather than cost-push inflation.

Sen and Drèze's capability framework reframes the calculus. The purpose of development is the expansion of substantive freedoms, not growth for its own sake (Sen, 1999; Drèze & Sen, 2013). From this vantage, security against starvation, drought, and exploitation is a first-order good, and the process of achieving it matters for democracy. Employment guarantees serve as both insurance and empowerment; they have the potential to reduce clientelism, diversify household strategies, and give communities experience in public decision-making. If properly designed, they also create assets that enhance productivity. The Sen-Drèze position does not deny the importance of structural transformation; it resists instrumentalizing people's lives to that end.

A synthetic approach recognizes a sequencing and complementarity logic. Early land reform and labor-absorbing manufacturing generate growth with equity; rights-based programs can then insure against shocks and address residual deprivation. Absent mass manufacturing and with incomplete agrarian reform, a program like MGNREGA must carry heavier distributive burdens. It should therefore be judged both on its intrinsic insurance functions and on its degree of complementarity with a feasible industrial strategy in a federal democracy.

VI. Political Feasibility and State Capacity: Veto Points, Bureaucracy, and Discipline

East Asia's developmental states relied on cohesive bureaucracies with career incentives aligned to national upgrading. Administrative guidance and financial repression were possible because agencies could coordinate, monitor, and sanction. Political regimes ranged from authoritarian to dominant-party systems, muting veto points. This was not costless, repression and labor quiescence are part of the story, but it simplified industrial policy implementation (Johnson, 1982; Evans, 1995; Wade, 1990).

India's political economy is plural and contentious. Federalism devolves power to states with widely varying capacities and priorities. Coalition politics multiplies veto players. Bureaucratic autonomy is thinner; embeddedness often implies capture rather than productive ties. In this environment, MGNREGA's normative architecture, legal entitlement, transparency mandates, and local participation, is not incidental; it is how one builds accountability when coherence is hard. The program's institutions are designed for a large, argumentative democracy: rights replace discretion; social audits substitute for tight bureaucratic discipline; and decentralized planning acknowledges heterogeneity.

This contrast affects policy risks. The East Asian model's Achilles' heel is cronyism masked as industrial policy. Without real performance discipline, directed finance cemented oligarchies in later industrializers (Wade, 2002). India's risk in MGNREGA is administrative drift and payment delays rather than macro-level capture. Where digital rails work and audits bite, leakages fall; where they do not, the wage-insurance channel blunts but does not overcome local patronage. Political feasibility thus shapes instrument choice. It is easier, in India, to scale a rights-based program that empowers citizens to claim entitlements than to construct a Weberian industrial bureaucracy overnight. Conversely, it is easier, in East Asia, to align firms around export targets than to enshrine adversarial social rights.

Recognizing these asymmetries encourages institutional realism. The question is not whether India can copy MITI, but how it can embed elements of export discipline and directed finance within its democratic constraints. Similarly, the question is not whether MGNREGA should morph into an industrial policy, but how its assets, timing, and wage floor can be aligned to complement a tradables push rather than inadvertently impede it.

VII. Counterarguments and Misconceptions: Free Markets, Workfare, and Inflation

Two misconceptions frequently cloud debate. The first is that East Asia's success was a triumph of free markets. As noted, the historical record shows extensive state intervention: capital controls, targeted credit, learning subsidies, export targets, and managed exchange rates (Johnson, 1982; Wade, 1990; Amsden, 1989; Chang, 2002). Markets were harnessed, not worshiped. The second is that MGNREGA is mere "workfare," politically expedient but economically wasteful. This ignores the program's rights-based accountability, insurance function, and potential to build local public goods in communities starved of them (Drèze & Sen, 2013). It also elides the dignitary value of guaranteed work.

Critics also warn that MGNREGA fuels rural wage inflation and reduces labor supply for agriculture and small enterprises. Theoretically, a wage floor raises costs for employers who had exploited monopsony or segmented labor markets; some pass-through to prices is possible, especially where product markets are local. Yet any inflationary effect must be weighed against welfare gains from breaking monopsonistic suppression of wages and against productivity gains from public works and mechanization responses. In the medium run, higher wages can spur adoption of labor-saving technologies and better labor practices, improving efficiency. The more serious concern is that, absent a tradables engine, cost pressures are not offset by aggregate productivity gains. This is not an argument against MGNREGA, but a call to pair it with policies that raise productivity.

A different counterargument, from the left, is that the developmental state lacked social rights, repressed labor, and subordinated welfare to capital. This is partly true; labor repression and weak unions were features in several cases. Yet early land reform and broad-based manufacturing did deliver mass gains. The normative judgment depends on weights: how much labor repression is one willing to tolerate for rapid poverty reduction? India's constitutional commitments and political culture make such repression both undesirable and infeasible, strengthening the case for rights-based programs even as the country searches for inclusive industrialization.

Finally, some argue that India's scale renders East Asian-style export discipline impossible. While scale complicates monitoring, it also unlocks domestic market size as a learning platform. The binding constraint is not magnitude but institutional design: can India create sectoral missions with measurable performance benchmarks, link finance to those benchmarks, and insulate them from capture sufficiently to learn? If yes, the country can adapt the spirit (discipline, contingent support) if not the letter (MITI) of the developmental state.

VIII. Toward Complementarity: When and How Employment Guarantees Can Support a Developmental Toolkit

The most productive path is not a binary choice between welfarism and productivism, but a design that makes social protection complementary to structural transformation. An employment guarantee can serve as a macro-micro bridge if several conditions hold.

First, asset quality and alignment must be elevated from an aspiration to a binding constraint. If MGNREGA assets are planned to prefigure industrial and climate priorities, last-mile logistics for agro-processing, feeder roads to clusters, flood-resilience for value chains, watershed rehabilitation in drought-prone blocks, the program becomes an input into productivity. This requires closer coordination between Panchayats and line departments, the use of simple engineering standards, and maintenance protocols. It also suggests revisiting the 60:40 rule where appropriate to allow slightly higher material intensity for durable assets, without undermining the employment core.

Second, timing and seasonality matter. Concentrating MGNREGA works in agricultural slack periods preserves its insurance function while minimizing conflicts with peak farm labor demand. It also smooths rural incomes without depressing output. Tighter service-level agreements for wage payments reduce liquidity stress and enhance credibility.

Third, skill content can be raised at the margin. MGNREGA is not a training program, and attempts to bolt on skilling often founder, but simple on-site upskilling, measuring, surveying, basic masonry, maintenance, can accumulate human capital relevant for local infrastructure and private construction. Linking certified competencies to state employment exchanges or local contractors can help transition some workers into higher-productivity, non-MGNREGA jobs over time.

Fourth, digital public infrastructure can be used to sharpen accountability and planning without weaponizing exclusion. Real-time dashboards should track not only person-days and payments, but asset performance indicators, water table changes near check dams, road passability days, cropping intensity changes. Social audits can incorporate these outcome-focused metrics alongside process checks. At the same time, biometric frictions and over-zealous deduplication must not deny legitimate workers their rights; the design ethos should remain pro-access, with grievance redress as a first-class feature.

Fifth, employment guarantees should be explicitly integrated with directed finance for rural enterprise. Where MGNREGA improves connectivity and natural capital, development banks and state-level financial institutions can target credit to micro and small enterprises in those geographies, especially in tradable or tradable-complementary activities, food processing, light manufacturing, repair services linked to manufacturing supply chains. The East Asian lesson is not only discipline but orchestration; public works can prepare the soil while finance seeds enterprise.

Sixth, some version of export discipline can be adapted to India’s federalism. Sectoral missions, say, in textiles, electronics assembly, food processing, can define performance benchmarks for states and clusters, tying central grants or concessional finance to exports, quality upgrading, and employment creation. Panchayats that meet MGNREGA asset-quality and outcome standards in mission geographies can receive top-up funds, creating cross-instrument incentives. This is not MITI; it is federated discipline, backed by measurable goals.

Seventh, the program’s gender dividend should be amplified as a productivity strategy. High female participation in MGNREGA has shifted norms around women’s work and control over income in many districts. If local assets reduce time burdens, water proximity, safer roads, and if childcare crèches are available at worksites, women’s labor supply to non-farm work can expand, raising aggregate productivity. Complementary policies, safe transport, local manufacturing with flexible hours, can convert insurance into empowerment.

Finally, climate adaptation reframes complementarity. India’s rural economy faces intensifying heat, erratic rainfall, and extreme events. MGNREGA’s asset menu, watershed management, afforestation, soil conservation, maps directly onto resilience. If assets are sited and designed with climate models and local knowledge, the program can protect productivity trajectories in agriculture and non-farm activities. In a warming world, the developmental state must also be a resiliency state; employment guarantees can be its climate workforce.

IX. A Comparative Glance

To crystallize the analytical contrasts and potential complementarities, the table below juxtaposes the two approaches.

Dimension	**East Asian Developmental State**	**India's MGNREGA**
Core poverty-reduction mechanism	Raise productivity via industrial learning; absorb labor into tradables; growth with equity through land reform and wage compression	Insure incomes via guaranteed work; raise reservation wage; create local public goods; expand social citizenship
Principal instruments	Directed finance, export discipline, technology policy, selective protection, land reform, managed exchange rates	Legal right to work, wage floor, decentralized planning via Panchayats, social audits, labor-intensive public works
Discipline and accountability	Performance-contingent rents; bureaucratic monitoring; external yardstick via exports	Legal enforceability (time-bound work/unemployment allowance); transparency mandates; social audit; judicial recourse
Political settlement	Bureaucratic autonomy with embedded ties to business; authoritarian/dominant-party stability common	Competitive federal democracy; multiple veto points; participatory accountability; heterogeneous capacity
Distributional logic	Early asset redistribution (land); mass employment through manufacturing; transfers modest (productivist)	Wage compression at bottom; intrahousehold bargaining gains; explicit social right; transfers via work
Vulnerabilities	Cronyism if discipline weakens; labor repression; middle-income trap	Administrative drift; payment delays; variable asset quality; potential labor-supply frictions
Complementarity conditions	Social policies support upgrading; later welfare expansion affordable	Asset design aligned to productivity and climate; seasonality; light skilling; links to rural enterprise finance

The table underscores that the two models speak different institutional languages. Yet there is grammar for translation: performance-contingent support, asset quality focus, and federated coordination can give MGNREGA more "developmental bite," while rights and transparency can help keep industrial policy honest.

X. Conclusion: From False Choices to Feasible Hybrids

The opposition between a welfare state and a developmental state is often a false choice. The deeper question is sequencing and complementarity under political feasibility constraints. East Asia's model shows that states can create and discipline rents to induce learning in tradables, and that early egalitarian land reform aligns growth with equity. India's MGNREGA shows that rights-based employment guarantees can insure households, raise the wage floor at the bottom, and build local public goods within a large, contentious democracy. Each approach speaks to a different failure: coordination and learning externalities in one case, missing insurance and weak local bargaining power in the other.

A purely productivist critique of MGNREGA misses its constitutional and capability-expanding purposes. A purely welfarist defense that dismisses structural transformation risks condemning future generations to low productivity and fiscal fragility. The task, then, is to integrate. Employment guarantees can complement a developmental toolkit when they are embedded in a strategy that does four things: it orients public works toward productivity-relevant and climate-resilient assets with simple quality standards; it times employment to reduce labor-market conflicts while preserving insurance; it uses digital and social accountability to track asset outcomes, not just process; and it links the program spatially to directed finance and federated export discipline for rural enterprises and manufacturing clusters.

Such a synthesis is not a technocratic tweak; it is a political project. It requires coalitions that value both dignity today and productivity tomorrow, and institutions that make contingent support credible. India will not recreate MITI, nor should it try. But it can adapt the mechanisms that made the developmental state work, rents with discipline, finance with criteria, learning with yardsticks, to its federal democracy. And it can do so while preserving the constitutional achievement of MGNREGA: that in the world's largest democracy, the poorest citizens can demand work from their state and hold it to account.

The normative test for policy in a democratic developmentalism is twofold. First, does it expand capabilities and social citizenship now? Second, does it raise the probability that the next generation will live in a higher-productivity, more resilient economy? A redesigned MGNREGA, deliberately yoked to a feasible industrial policy, can answer yes to both. In abandoning false dichotomies, India can build a hybrid that uses the state not only to protect the vulnerable but to enlarge the horizon of what they, and the economy, can become.

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