Book Review

Sarath Davala, Renana Jhabvala, Soumya Kapoor Mehta & Guy Standing: Basic Income. A transformative policy for India

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The idea of basic income, despite somewhat firmly established in the discourse on the postfordist condition, has only recently begun to make its way to the field of poverty reduction in developing countries. As always in development policy, progress occurs through sporadic projects and their evaluation. Now the results of the most detailed project on BI and development to date have been compiled in a new book by Sarath Davala, Renana Jhabvala, Soumya Kapoor Mehta and Guy Standing.

The pilot basic income (hence BI) scheme was set in 2011–13 in a number of villages in Madhya Pradesh, India – a destitute area even on local standards – and the outcomes were compared to the developments in non-BI “control villages”. This is true empirical piloting, and about as close to a laboratory setting as social science gets; the villages were remote, traditional, and the setting was carefully designed. The researchers also appear not to have had too strong preconceptions about the outcomes, which they could not completely anticipate, given the novelty of BI schemes.

The book itself is first and foremost a meticulous and detailed description of empirical findings of the pilot scheme. Comprised of 11 chapters in total, seven chapters are strictly devoted to reporting the outcomes of the project. Empirical accuracy has a toll on legibility: occasionally reading the book feels like flipping through a fact list. Yet remarkably, this fact-stating builds into something of a pamphlet in social policy. The authors do not keep their enthusiasm towards the BI a secret: even given their love of detail and accuracy, this is transformative social policy at heart, written by authors who are out to make a difference.

Rural India appears to have been a perfect setting for the pilot. Not only is the country populous and suffers from weak poverty-reducing impact of economic growth, also the existing social security schemes are plagued with problems. Chiefly, social security in the country comes in the form of targeted subsidies and an annual 100-day employment guarantee to the rural poor.

The subsidy system is notoriously inefficient, with unwarranted exclusion issues and astronomical administration costs. The labour guarantee system has been also criticised for inefficiency and discriminating against the most needy – those too ill, old, or disabled to work. The common problem is that targeting takes place on the basis of the possession of a “below poverty line card” as documentation of poverty, and the distribution of these cards does not function adequately: disturbingly, often exactly the most marginalised are excluded. Given the existing mixture of problems – inequality, bureaucracy, arbitrary exclusion from social policy schemes – the scene is set for the BI.

The transformative effects of the BI are analysed throughout the book on two levels. The authors emphasise consistently, that the main outcomes came in the form of the *emancipatory effect*. Although the emancipatory impacts were felt throughout village life, the most noteworthy effects came in the form of liberation from an almost omnipresent evil in Indian village life: highly oppressive debt relations. Debt pushes masses of villagers to various forms of bonded labour, thus enforcing a semi-feudal order. Moneylenders take cynically advantage of the dire conditions of the rural poor, charging exorbitant interest rates. The majority of families are in debt, and the problem is exacerbated within the most marginalised strata: as the authors note, “in tribal life, almost every aspect of life is governed by debt”. In the pilot villages, the BI provided liquidity, decreasing need to borrow in acute need, and pushed down interest rates, depriving rent-seeking exploiters of opportunities. These outcomes are nothing short of revolutionary.

In terms of traditional *social policy indicators*, the authors list several aspects in which the BI had a significant effect on the well-being of people, in comparison to the developments in the control villages. Positive developments could be observed in living conditions, nutrition, health, schooling and the well-being of the elderly and disabled. Also the infrastructure improved: latrines and water sources were constructed, dwellings upgraded, and goods like mosquito protection items bought; calling these outcomes a grassroot-level investment boom would not be much of an exaggeration. Adding to the achievements, the social developments took place in an equalising manner: improvements especially in nutrition were most significant amongst females and the tribals.

Interestingly, several of the social improvements included an element of conflict between public and private services. In schooling and health care, a marked shift from public to private services was observed. People expressed their preference for private doctors instead of government health clinics, and for private schools instead of government schools. The authors call this an enforcement of an existing trend, yet noting the deceptive marketing of private schools appears to make them somewhat uneasy: this is indeed the only issue in which

they express some hesitation about the outcomes. They indeed stress, that the villagers' preferences should not be interpreted as a call for full privatisation of such services, but rather their improvement.

The outcomes reported in the book are undeniably impressive, and function as something of a pro-BI manifesto in their own right. Clearly, the BI did have a larger positive effect than what could be anticipated given the paltry sum (Rs 200–300 a month for each adult) distributed in the pilot. Having said this, it is useful to consider some questions open for further elaboration, which the authors do not have space to discuss. Namely, as the authors (justifiably) call for a universalisation of the BI in India, further questions surface.

First, supposedly the idea behind universalising the BI would be to at least partially replace the existing schemes with the BI – even though the authors are a bit ambiguous on this point, sometimes appearing to compare the BI and existing schemes as alternatives, sometimes talking about the BI complementing existing schemes. Anyway it is an open question, what kinds of consequences would the phasing out of these schemes have. Second, the dynamic effects associated with the universality of the BI cannot be fully anticipated: surely, for instance, the local markets would function differently, if the BI would be received universally, rather than by only the residents of the designated pilot villages. Third, what would the scheme look like if the government took over? What kind of mismanagement and power struggles would be involved? Would an element of exclusion remain, for instance because of the lack of bank accounts?

Yet the bottom line of the BI is similar as in wealthier countries: counting on people. This means overcoming a real mental obstacle not only in the minds of local elites, but also within the poverty reduction industry, which has always entailed an element of paternalism. The major conclusion to be drawn also from the study at hand is, that people tend to rationally improve their lives if they are given the chance. And as the authors convincingly show, in populous and unequal countries such as India, even mobilising the resources for unconditional cash transfer schemes is not an impassable obstacle.