

A Value-based Approach to Sustainability: The Role of Values and Culture in the Pursuit of Wealth

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This article proposes social economics as an effective means of balancing the need to establish normative principles for global governance with the need to establish regulatory policies for stabilizing the global economy and safeguarding the global public interests. Such values and principles play an important role in reconciling the dichotomy between development plans that focus on increasing prosperity and those advocating improving overall human well-being. The article offers a theoretical overview of economic value theory and the development of social economic theory. The article then points out why this model would be especially beneficial if applied to sustainable development in India.

Complicating the challenge is the fact that there are vast differences in conceptions of economics, the relationship of the market to the state, and the role of cultural values in economic development. This article argues that a sociological approach to economic development provides the means for reconciling the vast differences in conceptions of the role of culture and values in economic strategies for societal flourishing. This is especially true in terms of its ability to reconcile the dichotomy between development as increased production, consumption, and profits as compared to development as a current (updated) manifestation of deeply rooted cultural values.

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Introduction

Alfred Marshall defined economics (what he also referred to as political economy) as that part of the ordinary activity of individuals and society connected with attaining the material aspects of what is required for experiencing well-being. He believed that the importance of obtaining what is needed for existence can only be matched by the regard a society holds for its cultural values (its religious worldview and its understanding of an appropriate relationship with its environment). He then added that the individual or social endeavor to obtain the material needs of life is merely one aspect of a larger study which is more important—the study of human behavior (Marshall 1890, p. 1).

Karl Polanyi elaborated on this perspective of economic activity by using it as the basis of his substantive definition of economics. According to Polanyi the substantive meaning of economics derives from humanity's dependence for a living upon nature and the other members of the society. Economic activity refers to the interchange between humanity's social and natural environments (in so far as flourishing is based on the way in which the culture engages its environment). It represents one way in which relationships are organized and expressed (economic activity reflects the group's perspective on the interplay between humanity and nature). Cultural values (cultural worldview), in this sense, determines the process by which the material means for the satisfaction of needs and wants are obtained (Polanyi 1992, p. 29). Polanyi also strongly believed that the pursuit of material satisfaction is only one aspect (perhaps even only an instrumental aspect) of a more significant sphere of intrinsic interests. He promoted an integrative approach to economic planning by claiming that economics play a role in the overall social effort to generate well-being, health, flourishing, and meaningful existence.

Polanyi contrasted the substantive definition of economic activity with what he called the formal definition where rational choice happens to be a primary factor. The formal approach employs rational choice in attempts to gain self-interest and to maximize utility. This consequentially results in the market and material aspects of culture (the *means* dimension of human activity) dominating the value and meaning aspects of culture (the *ends* aspect of human activity) (Polanyi 1992, pp. 31-3). Thus, he argues, the most developed societies show tremendous signs of prosperity but at the expense of the mutuality principle (upon which the Liberal notion of individuality,

freedom, and the common good are based). The pre-industrial, undeveloped, and developing societies show less signs of prosperity—due to economic systems being necessarily informed by or integrated within encompassing cultural value systems—but at the expense of constraining entrepreneurship.

To reconcile this dichotomy—in a way that promotes a sustainable approach to enriching and improving the lifestyle of increased numbers of people—Polanyi advocated a coupling of the empirical (material) basis of the formal approach to economics with the social approach of substantive economics. With such a synthesis Polanyi believed that “Economic action—or, more precisely economizing action, the essence of rationality—[will be], then, regarded as a manner of disposing of time and energy so that a maximum of goals are achieved out of this [hu]man-nature relationship” (1957, pp. 239-40). Economics, for Polanyi, reconciles the laws of rationality (utility) with the laws of nature (1957, pp. 243-4) — meaning an economic arrangement in which the supply of what is necessary for human well-being is sustainable (1957, p. 78).

This article argues that employing a sociological approach to economic activity reconciles the functional-substantive dichotomy and within itself lends to a model of development that reflects a means for balancing the pursuit for increased wealth and prosperity with the culture’s own ambition to express development in terms consistent with its unique social consciousness, its own notion of prosperity and progress, and its unique cultural heritage. Thus, the basic premise of this article is that to maximize human well-being in both social psychological and material terms economics and cultural values must be complementary. India will be the case used to illustrate the problem of a narrow focus on a conventional (neo classical) approach to development (which focuses on wealth in terms of GDP but falls short of overall social benefits (India ranked 128 out of 177 countries on the 2005 human development index) (Walsham 2010, p. 1).

In addition developing countries (because they often experience stagnation due to the effects of colonialism and neocolonialism) increasingly view the Neo Liberal model of development with reservation. The lingering effects of colonialism coupled with differing conceptions of the market, its relationship to policymakers, and to society result in developing countries being caught in “the Modernity dilemma” (whether or not to move ahead with Western notions of market and progress, revert back to an era when the culture was experiencing its “golden age,” or remain stagnant). Peter Evans argues that the Neo Liberal approach to development—that dominated the last century—failed in providing social protection. This prompted a

regressive movement where culturalists envisioned that it was possible to recapture primordial values (Evans 2008, pp. 277-86). If the developments in North Africa and the Middle East since 2010 are used as an example of the seriousness of the issue and the need for an adequate approach to responding to this dilemma then the answer clearly involves combining what has value in a sociological (cultural) sense with what has value in material terms (GDP for example).

The article is also based on the theoretical assumption that the social economic approach to economic development demonstrates a complementary connection between development and economic justice. In this respect this research project is undertaken to analyze the effects of a participatory approach to economic planning (with the anticipation that it will have an emancipating effect). The argument here is that a democratic (just) approach to social planning cannot be done without the consent of those who are affected by the outcome of planning.

This project highlights the significance of choice (the right of *Peoples*—using John Rawls term—to participate in the plans that shape their future rather than being the subject of top down policy decisions). In accordance with the values of Liberalism (and is typically made evident by projects of the Organization of Economic Cooperation and Development) social economic theory is based on the presumption that there is a compatibility between moral individualism and mutuality (the fundamental hypothesis of Liberalism—that human rights and the ethic of mutuality are the primary basis upon which the common good is shaped). The final hypothesis of the research is that the development orientation of the 75% rural oriented segment of the Indian society will be slanted toward sustainability (OECD 2006, p. 4, 19, 32).

The research project proceeds with the anticipation that the knowledge gained from this project contributes to ongoing research analyzing the role of culture and values in theories of sustainability. This research project anticipates that such knowledge will contribute new insight to the growing circle of scholars interested in the role of culture and values in shaping principles of global governance, stabilizing the global economy, and planning sustainable development. In addition the research is intended to generate knowledge that contributes to the growing body of scholars who are critical of dysfunctional development schemes and the narrow focus of current economics.

This article proceeds as follows: section two is a theoretical overview of economic value theory, the emergence of social economics, and the Indian

perspective on development in terms of social economics. This section explains why social economics is a viable approach for developing countries (with a stress on a value-based approach to sustainable development in India). Section three explains the drawbacks of the neo classical economic model in India (its failure to address the full extent of the social and economic needs of India) and makes an argument for the advantages of the social economic and value-based approach to sustainability in the Indian context (given India's intent to draw from the principles and values of its cultural heritage as a basis for how it approaches future development).

Theoretical Overview

Critics of neo classical economic development schemes point out that (because they are narrowly conceived) they alone do not provide the emancipating effect hoped for by those who are attentive to culture, traditions, and values (Sen 1999, pp. 30-2). The liberating effect of economics (that Liberals envision) occurs when development is planned in a way that is complementary with cultural values. Critics add that prosperity in neo classical economic terms—measured by how much happiness one is able to purchase—is not compatible with notions of the good life prescribed by traditional cultural values. Critics argue that efforts to accelerate a country's development (e.g. by boosting GDP) are increasingly regarded, at best, as a narrowly conceived development strategies that elevate economics above all other aspects of the social sphere. At worst, such narrowly focused approaches to social planning are regarded as neocolonialism, promoting a mono culture, or as cultural imperialism.

This section of the article provides an overview of economic value theory, the connection that economic value theory has with social economics and to a value based approach to sustainability, plus how social economics emerged to address the shortcomings of narrowly conceived development plans. This is followed by an explanation of the typical tension between neo classical economic value theory and a cultural perspective on value. The conclusion of this section summarizes the benefits of applying social economics (as an integrative approach to Indian plans for economic development).

Talcott Parsons defined culture as “Those patterns relative to behavior and the products of human action which may be inherited, that is, passed on from generation to generation independently of the biological genes” (1949,

p. 8). Culture from Parsons' perspective is a worldview that is created by an aggregate of agents who inter-subjectively construct an understanding of how their life together can be structured in such a way to improve survival possibilities and enhance the opportunities for the satisfaction of wants. To paraphrase Parsons, culture is defined as a social system consisting of a plurality of individuals who have learned to interact with each other in such a way as to shape out of their social and natural environments the optimization of gratification (Parsons 1991, p. 3). Parsons' theory of culture (his theory of social action)—strongly influenced by his expertise in sociology and social anthropology—is an approach to social activity that contributed to resolving the controversy that occurs in several fields of the sciences—the debate over the primacy of either agency (individuals) or structure (socialization).

As a social economist (influenced by his economic studies at the London School of Economics and later by earning a PhD in sociology and economics from the University of Heidelberg) Parson regarded economics (the adaptive strategy for integrating with the greater environment) as embedded in the larger social structure where it is a subsystem within the culture—which includes social relations (community) and an integrative system (governance) (Parsons 2005, pp. 40-3). “The goal of the economy is not simply the production of income for the utility of an aggregate of individuals. It is the maximization of production relative to the whole complex of institutionalized value-systems and functions of the society and its subsystems (Parsons and Smelser 1969, pp. 22-3).” Parsons is regarded as establishing fundamental theories of social economics and ardently emphasized that the economic agent is seeking to experience certain values that are informed by culture. The preference or choice the agent is intending to maximize is informed by the values dominated in the cultural context.

Parsons is writing partially to elaborate on Max Weber as part of his endeavor to systematize Weber's ideas and to promote them to the American academic community. In this respect Parsons concurred with Weber who also described economics as embedded within the overall social system. Weber, as well, explained that the overall social system is comprised of four essential parts: the traditional (what he also referred to as meaningful actions), the passionate (what he referred to as affectual), value-rational social action (driven by ideal interests), and instrumentally rational social action (driven by material interests) (Weber 1978, pp. 24-5). Weber described social economics as those phenomena related to the conceptually constituted activities of individuals who coordinate their actions in a way believed most effective for managing the challenges imposed on them by nature in their

attempt to gain what is needed for satisfaction (1949, p. 64).

Weber also differentiated between substantive (substantive rationality) and formal (formal rationality) economic activity claiming that with substantive activity it is necessary to take into account ultimate *ends*. The fact is that economic activity can be oriented toward fulfilling certain social *ends* (including aesthetic, ethical, political, or even legal). “Substantive rationality involves a relation to absolute values or to the content of the particular given *ends* to which it is oriented (Weber 1947, p. 185).” Weber goes on to imply that the economic value theory that dominates neo classic economics is merely one of various possible standards of value which could be considered rational.

Weber’s economic value theory—formulated from the perspective of social economics yet considered adequate in terms of economic philosophy—highlights the necessity of inclusiveness of a value-oriented perspective on social activity. He contrasted a value-oriented approach with formal economic schemes where *instrumental means* dominate the attempt to obtain *intrinsic value ends*. Weber’s thought of formal social economic activity as various forms of social action an agent undertakes in an attempt to employ effective *means* (power, status, wealth) to obtain value *ends* (respect, honor, happiness, well-being). However the *value ends* are prescribed according to the value orientation of the particular culture.

Weber’s approach to integrative economics contributed to reconciling one of the most significant scientific debates of his era—*Methodenstreit* (controversy regarding, on one side, German idealism with its historical-social school of economics and, on the other side, logical positivism). This controversy was referred to as the “battle of methods.” Weber thought that the controversy between value predispositions and the abstract ordering of social reality not only “Raises questions about the goal of social science knowledge in general [but also results in] making two sciences out of economics” (1949, p. 63). The *Methodenstreit* dispute—involving epistemology (theories of knowledge generation), and ontology (the nature of *homo economicus*)—was a controversy over whether or not economic activity is best analyzed as a psychological or as a social psychological phenomenon.

Emile Durkheim, a contemporary of Weber and a descendent from the intellectual lineage of August Comte, described humanity as ontologically besieged with passions that do not necessarily have to be brought under control according to the dictates of nature. The individual is taught in culture to channel the egoistic inclination toward self-interest into behaviors that are socially rewarded. Durkheim would ascribe egoistic self-interest to raw

primal impulses that can stimulate basic drives but if not constrained by social mores can result in anti-social behavior (1995, p. 15). In order for individual instinctive impulses to be socially beneficial one must surpass egoism. Durkheim claimed that there are two dynamics that play a part in knowledge formation and epistemology (two ways of deriving at what is taken to be reliable knowledge). The first is knowledge based on the senses (which is typically the urge for gratification). The second is knowledge that is transpersonal that Durkheim refers to as collective conscience (1995, p. 15).

Economic value, for Durkheim, is not just a matter of cost (in terms of production cost or the price one is willing to pay to obtain something) for no matter how high the supply of pork and how low the price it will still not motivate exchange for people of a particular religious taste (Durkheim 1982, pp. 232-3). “In a given society each object of exchange has, at any given moment, a determined value that we might call its social value [that is a value that is derived] by producing useful social effects” (Durkheim 1964, p. 382).

One of the contributors to the controversy between methodological individualism and the significance of economics as social history, the renowned Joseph Schumpeter, also played a significant role in the advancement of social economics. Schumpeter, famous for his *History of Economic Analysis* (thus, akin to the historical-social approach) was also a student of the Austrian school of economics (one of the schools antagonistic toward the German position). Although he found merit in the works of his Austrian teachers, the classical school, and the German position his slant was toward a Holistic approach to economics—as made clear in his own words—“The theory here expounded is but a special case, adapted to the economic sphere, of a much larger theory which applies to changes in all spheres of social life, science and art included” (Schumpeter 1991, p. 60). He believed that methodological individualism could provide analysis of how people behave and the economic significance of choice but “economic sociology deals with the question [of] how they came to behave as they do” (1994, p. 21).

Schumpeter is especially relevant in connection with the Indian context because Indian scholars of development refer to him to support the claim of the significance of heritage, culture, and values in economic strategizing (Dasgupta 2002, pp. 2-3, p. 6). In this respect Dasgupta refers to Schumpeter as a point of departure in order to highlight the significance of a social economic approach to Indian economic planning. Dasgupta emphasizes that the scope of an autonomous, exclusive, privileged view of economics reflects only a limited aspect of human behavior and social activity (2002, p. 7).

Dasgupta worries that if the classical approach to economic planning is applied to the Indian context it would result in leaving out the Indian heritage, the pre-modern, and the Gandhian perspectives on economic philosophy.

In this respect Indian progressive social economists have continued to hold to the conviction that the social advantages that development minded strategists are seeking can be achieved best by embracing Liberalism as the basic conceptual framework for future prosperity and development. Liberalism, as a basic social principle is considered a viable means for reconciling the pursuit of wealth (in terms of what is perceived as the self-interest based capitalism of Adam Smith) with the need to enhance the overall life experience of each member of the society (in terms of Liberalism as proposed by Immanuel Kant: the ethics of mutuality, collective security, the common good, and human rights).

Raghavendra Rao argues that social economics was proposed in India by Babasaheb Ambedkar (who was regarded by Nobel Laureate Amartya Sen as his mentor in economics). Rao describes Ambedkar's approach to economic liberalization as social economics. Rao points out that Ambedkar envisioned that the social economic approach would lead to the realization of desired social values: liberty, equality, and community which Ambedkar believed is the primary aim of development) (Rao 2003, p. 54). Ambedkar, in addition to being instrumental in laying the foundation for the Indian constitution, is considered to have established the theoretical foundation for Indian social economics and is considered to have regarded "All economics at bottom social economics [thus], oriented toward community welfare" (Rao 2003, p. 62). Ambedkar believed that the purpose of all social action is the self-formation of the individual and that this would ultimately result in the common good. He envisioned that by adherence to the principles of Liberalism development in India would be pursued in this vein.

Economic value theory in the Indian context has been described—from the traditionalist perspective, more or less, for millennia— as highlighting an intention to create economic equilibrium (in classical economics equilibrium is a state where the value of variables will not change). However equilibrium theory in terms of how it is a reflection of Indian cultural values and their attitude toward development can be described as a calm, peaceful, contentment stemming from the belief in an established cosmic order "that cannot be altered by a person's will, no matter how strongly one feels about it," [thus, the essential variables never change] (Sinha 2004, p. 94). Equilibrium in this sense means a value for the ecological aspect of human

existence (which promotes realization of one's essential connection with the primordial order of existence).

According to the traditional (thus popular) view the Indian perspective on economic value theory (Indian approaches to development) is deeply rooted in cultural values that date back to The Laws of Manu. Thus, the development perspective of India reflects an attempt to reconcile the Laws of Manu with the market principles of Adam Smith (which claim that it is indeed due to the fact that human exchange is influenced by the dictates of primordial forces that Liberal economic interactions have the providential effect of producing the common good). The aim of decision-makers, industrialists, and financiers to reconcile the dichotomy between The Laws of Manu (which has not eliminated the problem of marginalized poor) with those prescribed by Smith in *The Wealth of Nations* (what might be referred to as a Liberal/idealist claim that providence will create the common good) is realized by means of a social approach to economics.

The predominantly rural aspect of Indian culture inclines the traditional economic value theory toward having more of an affinity with the sustainability principles of environmental economics than with materialist emphasis of neo classical economic value theory. This provides traditional Indian development models with a potential for demonstrating how to address one of the world's most urgent challenges. This is due to the fact that in spite of India's most ambitious technological, commercial, financial, and industrial plans they must encounter India's tribal groups who hold indigenous knowledge that is rooted in their sense of interconnectedness dating back further than the 5,000 years of civilization and is tied to their understanding of identity (which means it is the basis of their understanding of cultural survival). Because tribal groups are so protective of their land and their indigenous identity without industrialists paying sensitive and respectful attention to the concerns of these large indigenous populations there can be violent conflict.

Traditional Indian identity, cultural survival, and economic activity, are essentially connected with land, the environment, and an appropriate relationship with nature's primal forces. Economic value theory, in this respect (consistent with those of Mitchell and Polanyi), is based on principles of social activity that are structured in such a way as to express their attitude towards: the creation of cultural artifacts, how artifacts indicate their attitude toward each other, toward nature, toward solidarity (their interconnectedness toward each other and toward nature), and how artifacts create the possibility of experiencing the enjoyment of life. India's economic value theory does not

merely emphasize the monetary value of labor and production but it also acknowledges that human labor is aimed at producing sustenance in more than material terms in that labor and production are meant to create social conditions that are materially, spiritually, aesthetically, and socially enriching. This includes: the Holistic development of the individual's potential, laboring to produce the common good, and the enrichment of culture. This basic perspective on economic value theory—an important aspect of Indian cultural values and a feature in the Gandhian approach to economics—is indicated in terms of the title of a book by Cornelius Kumarappa where he expounds on Gandhian economic value theory, *The Cow in our Economy* (Kumarappa 1963).

Gandhi's economic philosophy, if not influenced by social economics (and the influences of his Western education) certainly reflected social economics (Gandhi's particular approach is often referred to as humanistic economics). However, his approach has certainly had an impact on the development of social economics internationally. Famed economist, environmentalist, and peace researcher Kenneth Boulding—for example—claimed that Gandhi [with his principles of satyagraha and ahimsa ushered in] “A great new idea of enormous importance for humanity” (Boulding 1967). Gandhi's envisioned an approach to development that would be inclusive of social economics, creative economics, and environmental economics. Although his critics regard him as more of a social theorist than an expert in economics his views on development continue to hold promise as a perspective on how India could continue to maintain its impressive development rate while employing cultural diplomacy (not only as a type of soft power but as a means of wealth generation).

Indeed, one of the reasons there has been renewed interest in social economics is that increasingly scholars from various branches of the sciences are finding that Gandhi's critique of narrowly conceived development plans, typical of neo classical economics, are proving to offer tremendous insight to scholars addressing the challenges of 21st century global political economy. Analysts point out that Gandhi anticipated the drawbacks of the conventional approach to economic planning by stressing their dire social-environmental consequences (Schnaiberg 2005, p. 703). His was certainly a value-based approach to development (based on Indian cultural values that emphasize solidarity and compassion over self-interest). According to Javon Kumar, Professor of Political Science and the director of the Center for Gandhian Studies at the University of Bangalore, Gandhi's vision was comprehensive in scope, inclusive in nature, and provided thought-provoking provisions for

creative economy as a basis for economic strategizing and development (Singh 2012, p. 113).

Sharada Ramanathan, associated with establishing the India Foundation for the Arts and a member of the World Culture Forum, states that social economics (in the form of creative economics) “is a new mantra,” that could serve as an effective basis for India developing in ways that generate sustainable financial returns for a broader segment of its vast population. Social economics in the form of “The creative sector has the capacity to not merely expand, but shift the basis of wealth creation to include India’s wisdom and knowledge traditions, spiritual traditions, the wealth of India’s cultural heritage, and environmentalism—with material wealth as only one aspect” (Ramanathan 2006). The social economic approach is compatible with pluralism (as espoused by Liberalism) plus, it maximizes the opportunities of grassroots as a basis for wealth generation, not exploitation.

The United Nations reports that in today’s knowledge-age the creativity economy sector is a driving force of an economy (because of the connection between creativity and innovation). The study points out that in the developed world (according to the World Bank) “50% of consumer spending is now on products from the creative industry” (2004, p. 7). India’s rate of economic growth (for example) reached 8% when the fruits of liberalization peaked in 2007. However, if one isolates the social economic approach (especially in the form of creative economics) then according to the Hindu newspaper India peaked at 15.7 and sustained that level over a prolonged period of time. In addition it was the sector least set-back by the global financial crisis making it clearly sustainable (for more than economic reasons) (*The Hindu Newspaper* 2011). In that respect, according to the UN, India has one of the most (potentially) profitable creative industries in the world and it “Is expected to more than double in size in the next five years [plus] the gross size of the software industry in India is expected to increase threefold” (UN 2004, p. 7).

Social economics propose an alternative way of planning sustainable development which in its scope is more inclusive and more responsive to the needs of the overall society. For example, Indian creative economists stress that social economics (which allows for the inclusion of culture, values and principles) makes development planning more comprehensive: it expands the scope of labor intensity, it satisfies the financial sector’s desire for capital formation, and the economy engages in environmentally sustainable wealth generation. For, as Sharada Ramanathan has made clear, capital produces markets; labor produces agriculture, live-stock, industry, and technology; but

culture produces knowledge and wisdom which is considered the greatest source of wealth in today's knowledge-based economy (2008, p. 197).

Indian Sustainable Development: Arguments for a Social Economics Approach

Prior to the period when the Age of Reason culminated in the Modernity project—and its consequential mercantilism inspired drive to expand markets—local development was necessarily thought of in terms of integrative strategies for progress. That is to say that new knowledge and new technologies (local innovations or imports) were throughout history regarded as contributing to economic endeavors thus, favorably received (although there was always the recognition that outside imports could alter established cultural patterns, intra group relations, intercultural relations, and increase the influence of foreigners in local authority structures). Nonetheless—as had always been true throughout history—trade was regarded as beneficial thus having a positive influence on cultural flourishing. During this period a culture thought of itself as benefiting by opening its doors to trade and trade was regarded as a means by which the culture could progress and develop in what was perceived as “its own terms.”

So important was this aspect of social activity that it was woven into the very fabric of India's mythological, social, economic, and political structure (the Vaishya). Vaishyas (sometimes referred to as Shreshthis meaning outstanding) because of their ability to produce revenue for the rulers, flourishing for the common people, and playing a role in creating cosmopolitan centers, markets (or trade centers), knowledge exchange, and arts set the pace for stable economic conditions and sustainable development for the Indian society—prior to the colonial period—in a manner that allowed India to develop in ways consistent with its own heritage (Bandyopadhyaya 2007, pp. 158-65).

However, the industrial revolution ushered in an enormous change in perspectives on international relations, international trade, and international markets. The world's population, almost as a whole, became subject to the resource and labor demands of the industrialists. Increasingly large populations migrated from their traditional communal, land-based, socio-economic and cultural systems to places where they could trade their labor for wage (often urban). Urban centers (sometimes referred to as cosmopolitan centers) from their very inception had positive benefits

(novelty, mobility, prosperity, and diversity/individuality). However, they also had drawbacks as the material and wealth producing aspect of human relations became predominate (over the human values and mutuality dimensions of relations). Perhaps what is most important (in terms of India developing in accord with its own cultural ingenuity) is that the industrial revolution initiated colonialism in India (or what might be called an imposed approach to economics and development).

After colonialism India experienced a shift from near stagnation to static economic conditions that prompted repeated postcolonial “five year” development plans. The Indian postcolonial development ideal (especially as espoused by Ambedkar) was a focus on the practical value of meeting basic human needs and offering the general population the experience of a good life (Kumar 2003, p. 128). The reality however, as Milton Friedman pointed out, was that increased prosperity—believed to be based on heavy industry and privatization according to the Nehru-Mahalonobis plan—favored an elite class and “rent seeking” politicians. The drawback of the industrialization plan for development, as was stressed by Bellikoth Ragun Shenoy, was that it overlooked the social aspects of development—which meant rejecting the pro social economics plans proposed by the Congress party (White 2012, pp. 248-70). Thus, the social economic good intentions were not evident in the neo classical economic development plans that were put in place following independence.

Industrial factories required large migrations of people from the rural areas to urban centers where there was no infrastructure to facilitate the massive flows of people. The problem of migration to urban areas was also exasperated by the partitioning of East and West Pakistan which brought not only workers but large numbers of refugees. India indeed experienced the drawbacks of the neo classical/Neo Liberal strategies of generating wealth for individuals but with little corresponding social and policy structures to manage the mounting social problems. India’s mounting social problems, coupled with an extensive level of corruption, and a complicated bureaucracy meant that the wealth that industrialization—and integrating the Indian economy with the global economy—generated only benefited a small segment of India’s urban population. This still left the rural population and the urban poor in economic conditions that could be described as stable but static.

There were mixed attitudes and opinions regarding those who remained “on the land.” On the one hand, village and tribal life continued to be based on some degree of self-sufficiency while, on the other hand, many viewed village life as tediously demanding, lacking diversity and opportunity,

requiring too much conformity, and impoverished. In addition, self-sufficiency increasingly became extremely difficult to maintain for several reasons: trade was accompanied by an increased need for cash (which increasingly necessitated integration with the national and international economies); colonialism resulted in local resources, labor, and profit being diverted to foreign economies (the drain theory); the dictates of national policies made during the transition from colonialism to nation states favored industrialization; the extent to which a local area imported new technologies: which demanded international currency, new infrastructure, and new systems information communication technologies (knowledge transfer which favored foreign economies); and the bias in favor of modern notions of progress but against anything “old fashioned” made village life seem less attractive compared to the newly developed, cosmopolitan urban centers.

With nearly 75% of the population maintaining a rural orientation and with the agricultural sector accounting for a significant percentage of GDP (in spite of mass urban migrations) rural India deserved more consideration in development planning than what it earned (especially based on the Gandhian model). India’s basic attitude toward development (clearly maintaining an integrative slant) is reflected in the words of Uma Kapila, “The economic condition of a country is a product of the broader social environment, and economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of resources in a narrow technical sense, but at the development of human faculties and the building up of an institutional framework adequate to the needs and aspirations of the people” (Kapila 2005, p. 43).

The social economic approach to economic planning is the best solution for tackling India’s current challenges (being betwixt between stagnation and its superpower potential) because it empowers India to move ahead with more comprehensive and inclusive strategies for sustaining its impressive GDP level. The social economic approach is compatible with India’s intention to shape its future socio-economic identity in ways that best portray its cultural character. Indeed, India is wealthy in natural resources and equally so—if not more-so—in human resources. However, Indian development specialists argue that its most valuable resource lies in the quality that are at the heart of its culture and within the hearts of its people (Karalay 2005, p. 3).

An integrative approach would reconcile the vast differences in Indian attitudes toward market driven notions of development: that range from placing as much emphasis on cultural values and traditions as on materialism, a significant movement toward having its legitimacy enhanced

and being ranked as a contender for superpower status, a strong desire to shake off its colonial past and become a model of a uniquely ingenious vision of the future that demonstrates the richness of its heritage, a unique type of traditionalism referred to as communalism, and radical violent resistance to development.

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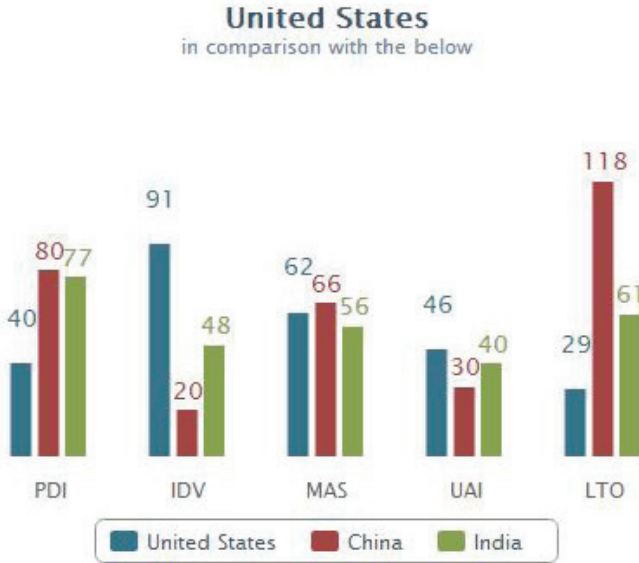
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Appendix

*Fig. 1.—Geert Hofstede assessment of India
(comparison with China and The United States)*



PDI: Power distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed inequally.

IDV: The degree of interdependence a society maintains among its members.
MAS: The fundamental issue here is what motivates people, wanting to be the best (masculine/ competitiveness) or liking what you do (feminine/ contentment).

UAI: The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these.

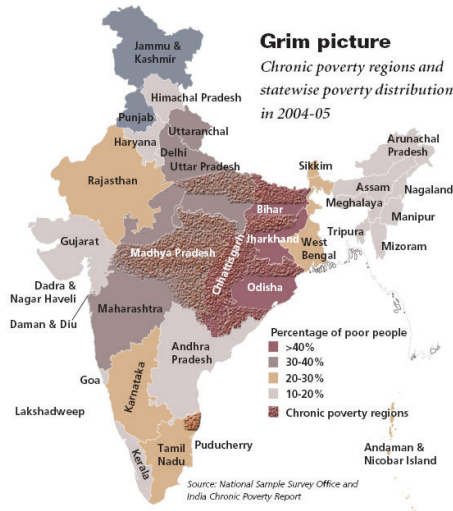
LTO: The extent to which a society is oriented toward long-range outcomes of ventures as opposed to cultures that act in hopes of gaining more immediate outcomes.

Fig. 2.—Raghurajpur handicraft village in Orissa



Raghurajpur-a model of development based on cultural values and arts near Puri. It is being considered as a world heritage village and is the basis of the economic, social, and cultural life of the area.

Fig. 3.—Areas most in need of development



Research conducted by the international association of researchers and academicians indicates that Odisha (the Bhubaneswar area would in particular benefit from a social economic approach to development.

