

# Market Fundamentalism

*Ajit Menon writes*

The draft national environment policy brought out by the ministry of environment and forests leaves much to be desired. It is one thing to place the environment centre stage by producing a national policy, and quite another to present a robust approach document that adequately deals with the main causes and consequences of environmental degradation. It is in the latter that the policy singularly fails as it is firmly rooted in a discourse that accepts mainstream economic arguments – institutional failures, economic disincentives (in the form of fiscal policy shortcomings) and market failures – as the causes of environmental deterioration while ignoring the most fundamental cause of degradation, namely, capital accumulation in the paradigm of economic growth.

The draft document no doubt goes a long way in identifying the major environmental challenges in India, broadly classifiable as natural resource degradation, biodiversity conservation and pollution. It talks about specific sectoral concerns such as coastal zone and mountain ecosystem management and the use of biotechnology for development of living modified organisms (LMOs). It also highlights important principles like equity, the precautionary approach, decentralisation and the need to take into account entities with 'incomparable' or 'incommensurable' values. But due to the absence of analytical rigour in identifying the causes of degradation, there is also a lack of boldness in offering prescriptive remedies that would ensure that these principles are adhered to. Policy prescriptions are limited to a great extent to fiscal reform, good governance measures and the adoption of market-based instruments. Perhaps this is a sign of the times and an illustration of India's commitment to market-based reform, with a green tinge of course (note the mention of eco-labelling).

In fact, the draft national policy must be seen in the context of a neo-liberal development paradigm. The specific mention of the role of investment and the investment community in the policy document is certainly not accidental. Nor the claim at the outset that the environment and the economy can go hand in hand, and that economic growth can make available investment resources for environment protection. The emphasis on market-based instruments as a means to make industry internalise its costs and yet contribute to the economy is a further indication of the direction in which the policy wants to define environment-friendly development.

It is in this context that the other important dimension of the policy, i.e., decentralisation, must be understood. On paper, the right noises have been made: the need to protect tribal rights, devolve powers to village communities both for management of natural resources and as watchdogs to prevent indiscriminate exploitation of resources. However, as policies such as the Joint Forest Management have illustrated, such efforts are aimed more at improving environmental management than at devolving substantive powers to rural communities. If the intention was genuine political devolution, mention should

have been made of the PESA Act, 1996, which gives tribal communities (at least on paper) the right to oversee development within their jurisdiction. Similarly, how are communities to monitor and enforce pollution norms given huge information asymmetries and lack of transparency with regard to data?

The need of the hour is an environment policy that has a vision for the future that is based on a careful analysis of past experience. The existing policy falls short on both these counts. While its commitment to sustainable development and poverty alleviation is laudable (despite criticism from some quarters that it privileges people over the environment), the specifics remain wanting. What is the type of society we want to live in 20 years from now? What should be the status of our natural resources? What should be the role of non-conventional energy? Should agriculture go the way of using genetically modified organism (GMO) seeds? By not articulating such a vision the policy remains rootless. What is also not articulated is that overcoming market failures and valuing environmental resources properly do not guarantee that natural resources will be used prudently given the logic of capital accumulation. For that to happen it would require recognising the incommensurate value of natural resources and the dangers of a paradigm that privileges economic growth.

A more consultative process would have gone some way in addressing these concerns. Though the ministry of environment and forests claims that the draft was synthesised through extensive consultations, this claim rings somewhat hollow. The criticisms of the draft, as articulated by many within civil society, have been made many times before in the context of preparation of other policies such as the National Water Policy, 2002, and even earlier when the draft forest act was doing the rounds in the 1990s. But these concerns have once again not been adequately taken aboard. This, of course, begs the question as to whether consultations themselves are any guarantee for a more comprehensive and inclusive policy given the wider compulsions that beset the present political disposition in its drive to be part of the globalisation juggernaut. **EW**