

COMMON PROPERTY RESOURCES AND LESS DEVELOPING COUNTRIES (CDCs) AN INDIAN CONTEXT

Introduction

Political Economy: What is it?

Political economy is very significant in the environmental studies, especially in the context of sustainable development and policies to preserve conservation and to control environmental pollution. It is not a unified discipline. Its pioneers were Adam Smith, Karl Marx and John Stuart Mill- great thinkers who were deeply concerned with the interconnections of social, economic, and political phenomena. The main focus was what is now known as the economics of public policy. Political economy is more interdisciplinary in nature with broader scope it draws upon related fields like the law and political science within micro economics, Political economy is an approach used to understand how political and legal institutions influence the economic behavior of people, firms and markets as well as the economics of how interest groups influence the formation of laws and regulatory policy. From the environmental economics point of view it deals with different regulatory measures to control pollution and to achieve sustainable development through alternative and distribution patterns.

The recent approach to political economy-referred to as the new political economy is more relevant to environmental policy decision. It is an area of study that borrows economic approaches for modeling incentives has a way to understand the political and economic forces that shape public policy. This new political economic theory is applied to environmental economics policy, and collective choice problems associated with the governance of common – pool resources. (CPRS)

New political economy models can help us understand how regulations came about rational choice models of political economy develop a linkage between the institutional structure of the political process, the preferences of decision makers and the preferences of those affected by regulation. The process of developing environmental regulation can be modeled in a supply and demand framework. However this framework is not the only way to model

environmental political economy, we can consider other approaches those addressing the governance of local common pool resources.

There are several studies that have used the tools of political economy to evaluate environmental regulation. One issue has to do with determining the political economy of how pollution-control laws are implemented and other relevant administrative agencies. Implementation involves diverse elements of government, including enforcement policy, field monitoring, sanctioning decisions and legal activity. Downing (1981) has studied the political economy of the process of implementing pollution control laws and his model includes three groups: the polluter those bearing the pollution costs and the regulatory agency. The first two groups invest resources to influence the regulatory agency. Downing assumes that the managers of the regulatory agency have the twin objectives of maximizing agency budget and discretionary control and of improving environmental quality. Polluters and those suffering from pollution, invest resources in influencing the politicians who said the agency budget and this indirectly control the level of pollution – control activity.

The regulations of controlling environmental pollution can be a source of incentive for the polluting firms for spending money on research and development to find innovative and less exclusive ways of meeting the requirements of pollution – control laws. The firms behave as environmentally friendly, “Not regulatory agencies after initiate innovation and diffusion.” This happens because of incentives provided by political economy. Moreover the pressure from governmental agencies leads firms to get engaged in a patent race to develop less expensive methods of clean production technology.

If the polluting firms face the possibility of more restrictive environmental laws in the future, they engage in competition to reduce the cost of controlling pollution and this could be their voluntary engagement in cleanup activities taking into consideration the given incentives. Consequently, firms are able to foreclose the influence process through some voluntary pollution control. There are many examples of given incentives by political economy, that stimulates the firms to follow the way of voluntary self regulation to reduce environmental pollution.

At local level, the self –governed common-pool resources has generally a problem of distributional conflict. This conflict is resolved by rules and regulations implemented by means of political economy.

(B) POLITICAL ECONOMY OF SUSTAINABLE DEVELOPEMENT

There are certain pertinent questions for which there is a need to seek answers. How do we view the environment within the framework of political economy development and government? What is the role of a state? How does the need arise as to link the people, state and natural resources aiming at sustainable development?

In fact till the middle of the 19th century economics was regarded as political science. And in reality all social sciences were regarded as unified sciences. There are three basic types of social relationship which were used to understand the social behavior of any society and to develop social science theories. They are threat, exchange and integration. Economics as a science grew more on the basis of exchange, where as political sciences developed on the principle of threat and integration.

Moreover any theme under economics cannot logically be isolated from ecological science and political science. For example consider the theory of resource allocation and distribution. Since externality cannot be ignored any more, also internalizing and integrating ecological concerns in distribution will ask for economic wisdom beyond Adam Smith's 'invisible hand.' Furthermore, voting by people has become a must in all social behavior. That is collective action aimed at social welfare, a concept much dealt with by Amartya Sen (1970). Similarly, as argued by John Locke, distribution of the gains from economic activities should be guided by justice, also requiring voting by the people likewise, most of the issues under sustainable development are to be viewed from a unified perspective.

Economic theories generally begin with a laissez faire economy without government and any other agency interference. But from the political science point of view the government has to play a role in all economic decision making. What is the role of the government in environmental management ? Government can act as an eminent domain; it can act as an enabling agent or benevolent state; it can act as a protector security giver and as a benevolent social planner. However in each of these situations there are some problems with the role of state. If the state act

as an eminent domain, sometimes its action may conflict with social justice. For example a number of legal provisions are provided for the management of natural resources in India. Many of them, when actually implemented are against the interest of common people. As a benevolent state, the government may act in the interest of protecting the environment for some time, but the strategy may not survive in the long run, unless the political system is also stable, As a policing state, it invariably fails to manage natural resources well.

A new social-political concept called participatory institutions, based on the principle of 'collective action' seems to hold some promise under this concept the state, people and all other state holders are equal partners in decision-making, implementation and sharing the gains.

(1) PARTICIPATORY INSTITUTIONS AND PANCHAYAT RAJ

Participatory approach incorporates natural resources and common property resources. This approach reduces all possible friction between different agents or players in the social system in the management of public and common property resources. In an economic sense such strategy can reduce several major costs in institutional management. They are bargaining costs, monitoring costs, enforcement costs, transaction costs and finally search or informatics on costs. Generally, most of these costs are incurred in a market oriented system. A reasonable acceptable definition of participation is as follows.

Participation is a process of initiation and continuation of an active process by which beneficiary/ client groups influence the direction and execution of development activity with a view to enhancing their well-being in terms of personal income growth, self-reliance or the values they cherish, including quality (Samuel Paul, 1989)

The evolution of participatory institutions not easy. The failures of participatory development in natural resource management can be attributed to several socio-political factors. The notable ones are :

- * Lack of leadership to hold the community together
- * Difficulty in imposing 'Governance' of the system.
- * Growing consumerism and increasing market influence

* State retaining its eminent domain by holding technology, finance, administrative and legal powers.

The governance for participatory development will include rules on sharing the benefits, responsibilities and duties, transparency of the system, conflict resolution mechanisms; and complete self governance.

Apart from number of isolated success stories of community oriented natural resource management systems in India and elsewhere, one participatory development institution having a universal format is the so called joint forest Management (JFM), which was initiated in 1990 with guidelines drawn from the National Forest Policy document of 1988:

The National Forest policy, 1988 envisages people's involvement in the development and protection of forests. The requirements of fuel wood, fodder and small timber such as house-building material of the tribes and other villagers living in and near the forests, are to be treated as first charge on forest produce.

Till 1996-97 about sixteen states have implemented JFM (through legislation) with about ten to fifteen thousand participatory forest protection committees (FPC) covering about 1.5 million hectares of forest lands, the scheme is still at the initial stage of its universal implementation.

It is in this context that Panchayat Raj institution (particularly after the 73rd amendment to the constitution of India) can also be noted. The spirit of the act is participatory. The act-confers considerable powers to the panchayats at different levels. These include.

(a) Power to prepare and implement plans for economic development and social justice.

(b) Implementation of schemes entrusted to them by the state and the central governments and

(c) Exercise of powers as delegated in the subject listed in the Eleventh Schedule in the constitution of India

Among many, the Eleventh Schedule includes maintenance of community assets, forestry, fuel and fodder, fisheries, water management, wastelands development and soil conservation. However Panchayat Raj does not fall in the category of participatory development in strict sense. This is because governance is legally imposed and not evolved with community consent.

Second they are more dependent upon government-funds, hence the concept of self-reliance is not there.

(2) POLITICAL EQUALITY AND ENVIRONMENT

In the context of sustainable development, it is often argued that greater economic and political equality is essential for reducing environmental degradation. What is the theoretical argument for this ? Choices about abating environmental degradation are distributive questions, in which those benefitting from a particular environmental destructive action (winners) compete against those who would be hurt by that action (users). The higher the extent of economic political inequality the higher is, the case that winners take it all. In most societies, wealth and power are highly correlated. Therefore, preferences of the wealthy at the margin are towards greater environmental degradation, then the net effect is degradation only but on both theoretical as well as empirical grounds, there is not much support for this hypothesis.

(3) PLANNING AND THE GOVERNMENT

Under the planning system in India, several development programs have been launched and some of them are meant to control environmental degradation. The draft document of the ninth five year plan lists 'ensuring environmental sustainability of the development process through social mobilization and participation of people at all levels' as one of the main objectives. However the share of resources allocated to forest and environment ministry is very small, i.e. only one percent. The plan has emphasized implementing the salient features of Agenda 21 of UNCED. The strategies of the ninth five year plan include, evolving CPR institutions, valuation and integration of environmental accounting empowerment of people in resource management, moving away from command and control based instruments to market based methods and many more. The political will will be the ultimate test of all achievements.

In the past plan though the allocation was small a substantial part was devoted for forest regeneration, soil conservation and wastelands development.

Finally, the structural adjustment program (SAP) should also be viewed in the context of sustainable development. Many developing countries including India have been going through such a process with various degrees of emphasis and effectiveness. Though many of the reforms have not touched natural resources directly some effects on the CPR and industrial climate have become visible first, many of the CPR products such as medicinal plants, fishery products and flowers are going out as export flows beyond their carrying

capacities. One recent example is the exploitation of prawn and fish from Chilka lake in Orissa mainly for exporting because of which the local fisherman folk have had to face hardships. At the international level, shifting of hazardous industries to developing countries with loose environmental regulations is noticeable. Both GATT and WTO will have to play a significant role in this regard.

There have been many meetings and conferences at the international level to tackle global and national environmental problems through political, economic and scientific instruments. The notable ones are the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992, Kyoto protocol in 1998, Montréal protocol and Basel convention and so on. The much talked about Agenda 21 of UNCED lists four major goals for all countries. They are :

1. Promoting sustainable development through trade liberalization
2. Making trade and environment mutually supportive
3. Providing adequate financial resources to developing countries and dealing with international debt.
4. Encouraging macroeconomic policies conducive to environment and development.

The matter of global negotiation is of course a long drawn out process, involving different types of games they play and strategies that individual countries employ with each other. Certainly, it is beyond the political economy of a nation.

In the end, therefore, one can conclude that several dimensions of the political economic view of environmental and economic management of the economy should be addressed by all society locally, nationally and globally.

Conclusion

In an overpopulated or over exploited world, a System of the commons leads to ruin the reason being the fact that there is constant clash between the

commercial values that the self interested individuals attach to natural resources and the incentives to conserve natural resources such clash poses the threat to natural habitat on our planet specially with regard to land, fishery and wild life. We then turn to solve this problem and try to manage it by defining the property rights and using incentives for preserving and maintaining the natural habitat on planet. In other words we build an institutional structure to manage it.

The dilemma as it is often referred is 'Tragedy of the commons', which erupts whenever any set rules and resolutions characterized for common property right (CPR) are violated, individual choice may prevail over the social choice and ultimately individuals escape from their responsibility or they do not consider themselves as party causing damage to environment.

Generally it has been discovered in many cases normal incentives are compatible with neither efficiency nor sustainability. Thus the prevailing, Institution and incentives are incompatible the best plea in this regard is sense of responsibility and cooperation which should be constantly rewarded.