

Crossfire: ‘There can be no deep and sustainable development without collective action’

YOGESH GHORE and PRABHAT LABH

In this issue's Crossfire, Yogesh Ghore and Prabhat Labh debate the role of collective action in sustainable development among financially poor communities.

Dear Prabhat

First of all I think it's important to set some parameters for this interaction as the topic in itself could be very broad. For instance, one could talk about collective action of different global players to address worldwide sustainable development issues. Therefore, I suggest we focus on collective action in the context of poverty and issues relating to small-holders, financially poor communities often engaged in agriculture and allied activities, mostly in the rural context. I am taking this focus for two reasons: 1) the majority of the world's poor are smallholder farmers who figure prominently in the current global discussions on poverty reduction and sustainable development; and 2) my personal experience and learning has been in this field and since I am the first to start I am taking the liberty to set the agenda. I hope you are fine with this.

I would like to start with a couple of examples from India to look at the role

of collective action: individuals/groups coming together to achieve common objectives. Being from India, I am sure you are aware of AMUL, a collective action model in the dairy sector which created a white revolution in the country and contributed to India becoming the largest producer of milk in the world. The three-tier model consists of primary producer cooperatives at the village level which aggregate the milk from the member producers and also provide them with inputs and services. These cooperatives are then federated into a district level union that does the processing of milk. And finally, at the state level there is a federation of unions that does the marketing for the collective enterprise. The turnover of the Gujarat Cooperative Milk Marketing Federation in 2011/12 was US\$2.5 billion and total membership in the state of Gujarat was over 3 million. At the country level there are over 15 million milk producer members. Surely, the numbers are impressive, addressing the criteria of scale and impact, and having consistently grown and been sustained over time.

The other example is of that of the Self Employed Women's Association

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(SEWA), a trade union of women employed in the unorganized or informal sector in India. The current membership of SEWA reaches out to 1.2 million women organized as unions, self-help groups, cooperatives, and community/member-based organizations for market access and natural resource management. The collective action provides these women – who are otherwise isolated in their home, farms, market, and workplace – with a platform where they can share their common concerns and come up with joint interventions for change. The collective action enables creation of alternative economic institutions (cooperatives, banks, etc.) that not only provide women with sound economic benefits but fundamentally transforms their self-esteem and well-being.

Examples like these make me believe in the power of collective action which can bring deep and sustainable change. Collective action strengthens the opportunity for ‘aggregation’ which is critical for smallholders to access markets, inputs and services, credit, and add value to their primary production. Collective action provides those involved with the power to negotiate, which they otherwise lack as individual households.

At the same time, while collective action was central to the success of these models, there were other factors that contributed to the success. For instance, the AMUL model was supported by strong leadership (Dr Kurien and others), political will, investments in the technology and infrastructure, the entrepreneurship of the members, and professionalization, besides others. And most importantly,

I think, all of this happened over a sustained period of at least 10 to 15 years. Similarly the SEWA movement was also spread over three decades.

Therefore, an assumption that just forming a group or collective will solve all the problems is incorrect and requires a caution about relying exclusively on these institutions. The question of *why* we need collective action is very important. Since collective action is a multi-layered concept, it is important that the institutional form of collective action corresponds to the objectives to be achieved or resources to be managed.

*Best
Yogesh*

Dear Yogesh

Thank you for your excellent arguments about collective action. I particularly appreciated the AMUL and SEWA examples. These fascinating examples make it hard to argue against the motion. So, what I will do is use these very examples to substantiate my arguments against collectives.

Whenever one thinks about SEWA, the image of Ela Bhatt always comes up alongside the thousands of women who are part of this movement. Similarly, there is no way one can dissociate AMUL from Dr Kurien. AMUL and SEWA are great models that fundamentally changed the way these sectors work for women and primary producers, thanks to these visionary leaders. So, it is vision and leadership that are really the keys to success. One may argue, and rightly so, that AMUL was able to go from strength to strength even after Dr Kurien was no longer involved. Visionary leaders build institutions with lasting

capabilities. Therefore, I have a counter question: could we have seen AMUL or SEWA without these leaders? Over the years, many collectives have been established and have disintegrated. You will remember the effort to replicate the AMUL model to promote tree cooperatives. That didn't work. Conflicting self-interest of members cannot be resolved as objectively in the case of tree cooperatives as in the case of milk cooperatives, where simple and transparent fat-testing allows objective decision-making about incentivizing individual members. Collectives cannot sustain the interest of their members when benefits accrue only in the long term. Short-term benefit is necessary to sustain a collective, and is inconsistent with the notion of sustainable development.

I am sure you would have experienced situations as predicted in the 'tragedy of the commons'. People join collectives not for the common good, but for self-interest. What is perceived as collective is essentially an aggregation of self-interested individuals. These self-interested parties could align with each other, but could also sometimes be in conflict. To be effective, decision-making in collectives has to be driven by benevolent autocrats. While benevolent autocracy does help in moving ahead from a state of indecisiveness, it also sacrifices the 'minority' interest. An example is self-help groups (SHGs), which are small collectives. Over a hundred million people have joined SHGs that have been linked to banks in order to access loans. Looking deeper, you will find that not all members in a group want bank linkages. Often, it is the not-so-poor

and influential members who want larger loans and push this decision. Poorer members get pressured into taking on larger risks that they did not bargain for. As collectives are driven by the majority, minority interests are sacrificed. The assumption that a collective decision is in the best interest of all, results in collective irrationality driven by individual rationality.

In a functional welfare state, collective action to demand one's right or entitlement will not be necessary. When the welfare function of the state is not functional, collective action may help. In the 19th and 20th centuries, when a large part of this planet was ruled by a few, collective action was necessary to advocate for freedom and equality. Unfortunately, 21st-century problems are not about freedom and equality but about dysfunctional states and poor governance. Collective action in such situations may not be effective or work as a double-edged sword, depending upon whether its origins are endogenous or exogenous.

In the last quarter of a century, some of the most remarkable developments that have led to fundamental transformation and deep impact did not involve collectives. The communication and IT revolution for example was catalysed by governments opening the doors and the private sector leading the way. The Employment Guarantee scheme in India – an example of an initiative by a functional welfare state – can have a more profound impact than any collective could ever hope to achieve. In a hyperactive, media frenzy-driven world, collective action might sometimes be counter-productive by

reduced emphasis on dialogue and consensus. An example is the agitation against corruption in India. Collective action instead of dialogue has resulted in a stalemate and it demonstrates how collective action that puts the other party on the defensive can sometimes be counter-productive. What we need are visionary social entrepreneurs and leaders along with functional institutions and mechanisms for transparency and accountability.

For my closing remarks, I quote Gandhi, 'In matters of conscience, the law of the majority has no place'; 'Whenever you are in doubt, recall the face of the poorest and the weakest and ask yourself if the step you contemplate is going to be of any use to him'. In a functional welfare state, this litmus test is more critical than collective action.

*Best
Prabhat*

Dear Prabhat

Thanks for articulating excellent arguments against collective action. You have broadened this debate but let me first look into your arguments on SEWA and AMUL.

As I had stated, collective action was the key factor in the success of these cases, and the other one was leadership. So yes, leadership is important, but what the SEWA leadership has done intentionally is to develop a sense of collective identity and of mutual responsibility among women. Members of SEWA, on a day-to-day basis, draw strength not just from leadership, but from their collective identity as well. As Ela Bhatt often said, 'when women organize on the basis of work, a woman's

self-esteem grows ... a sense of responsibility grows and leadership within her grows'. Similarly, the leadership of Dr Kurien was important in the case of AMUL, but here again the leadership was 'inclusive' and ensured that the model relies on collective action. Therefore, collective action and leadership are complementary ideas for achieving large-scale and lasting impact.

To your arguments on the tragedy of the commons, remember collective action comes from a sense of mutual responsibility, inherent in all societies, even those within a welfare state. Elinor Ostrom – winner of the Nobel prize for economics – has looked at the management of common pool resources (in Nepal, Indonesia, Spain, Switzerland, Japan, and the USA) and demonstrates that people do not always act in their own self-interest, but instead develop rules and institutions that allow for common pool resources to be managed for the common good. Her work points out that by working collectively, over time, people draw sensible rules for the use of common property resources. The challenge for us is: how do we nurture such collective behaviour and community leadership to guard against extreme forms of self-interest? Think about where self-interest is taking us in the current situation of the global warming/climate change debate. We need more collective action than self-interest to address such global issues.

I agree with your observation on the necessity of collective action for freedom and equality in the 19th and 20th centuries. However, we cannot ignore the social and economic inequality that exists even in the

21st century. A recent World Economic Forum report puts inequality as the top global risk for 2013. The anti-corruption movement in India, the Arab Spring, and many other Occupy protests seem to have been triggered by deep inequality and people craving to claim their rights as 'citizens' collectively. While these examples of collective action (mass action with diffused leadership) may not have achieved complete success yet, they are powerful signs of mass awareness and citizenship, which is essential for making even the best of welfare states 'functional'.

To conclude, I would reiterate that collective action is no silver bullet and will not solve global poverty on its own. But when the state and the market become dysfunctional or exclusionary, collective action becomes necessary rather than desirable. As long as large development issues such as inequality and economic exclusion of the poor remain, the relevance of collective action will remain. The challenge is how to make it more effective and inclusive, involving local leadership.

*Best
Yogesh*

Dear Yogesh

Thanks for your supplementary arguments. I appreciate that you bring out the dimensions of collective identity and shared leadership among SEWA and AMUL members. These are indeed fascinating examples. But, after being in business for 38 years, SEWA Bank has 60,720 members and SEWA associations have a collective membership of 1.6 million. Collective approaches such as SEWA

face limitation in reaching scale. You must have heard 'small is beautiful but big is necessary'. Unless a model can go to scale, it is of limited value. A successful entrepreneur has said failures were not of high concern to him. What kept him awake at night were successful models that cannot scale. Unfortunately, there cannot be collective action by 300 million people in India. There would be chaos. In Africa, over 200 million poor struggle every day to meet their basic needs. To leave it to their collective action to bargain for everything will be a collective injustice for all those people. This world has enough resources necessary to ensure a life of dignity to every human being. The problem is inequitable distribution and control. Collective action of the have-nots will not change the power dynamic and a civil society cannot afford to wait indefinitely for that to happen. It has to act decisively and proactively to ensure that inequities are addressed at once rather than waiting for people to change things through collective action.

Collective action is neither necessary nor sufficient for deep and sustainable development. In my first set of arguments, I highlighted some of the greatest success stories that have brought economic prosperity to hundreds of millions of people. The Green Revolution, public sector-led industrialization, the IT and telecommunications boom, and the Employment Guarantee Scheme are some such examples that benefited hundreds of millions of people and were not driven by collective action. So, collective action is not a necessary condition. Let me now establish that

collective action is not a sufficient condition for deep and sustainable development.

One of my first memories of collective action is when a popular agitation erupted throughout India against the implementation of the reservation in government jobs for socially marginalized communities. It was a collective action by millions of well-intentioned and educated youth across hundreds of cities. The movement depicted the government's decision as going against the spirit of democracy. Yet, we recognize that not everyone starts off as equal and hence the need for affirmative action, which has contributed to equitable and socially just development in a society where millions of people faced social exclusion. Mere collectivization of an act does not make it right. It has equal probability of being misguided. Collective action, therefore, is not a sufficient condition for deep and sustainable impact.

In a political system, by virtue of popular support, every interest group can garner backing of one constituency or the other to become a roadblock in the path of reason. Collective action can be misplaced and misdirected because a herd mentality can jettison any attempt of reason to surface.

The so-called Arab Spring is also an example of a new form of war being fought in the name of collective action.

When something does not work, one has to look for a fundamentally different approach. SEWA and AMUL are successful models. But, the problem of falling for successful models is that one ends up following an incremental approach, without recognizing the inherent limitations of the model. What SEWA did successfully was to demonstrate the bankability of poor women. Beyond that, I would not measure SEWA's success based upon how many poor women SEWA serves. I would measure the success of SEWA based on the number of poor women who have access to financial services as a result of the demonstration effect and learning from SEWA Bank. The poor also need *quality* services like everyone else, irrespective of who offers that. Saving money in a bank is preferable to saving it in a self-help group, because it is of superior quality and enjoys regulatory safeguards.

What is needed is universal provision of quality services to everyone regulated by the state rather than promoted by collective action.

*Best
Prabhat*