

In conversation with:
Arun Kumar

Black Economy Expert.

Academician.

Mentor.



Q: Sir, what can you tell us about your transition from Physics to Economics, especially when you were pursuing your post-graduation from Princeton?

A: While in the US, I had made up my mind that I didn't want to settle there; which I would have to, if I continued my journey in Physics. From my past experience I had gathered that there was a lot of demoralisation amongst physicists in India. When I came to India, I joined Kishore Bharati, an organisation which deals with rural development. There, I realised that to interact with the rural society, we need to have a social and economic understanding and thus, how crucial economics is. Instances related to minimum wages and unemployment kept coming up and the scientists there did not know how to handle the situation. So that is when I decided to pursue economics so I could help those people.

Q: Economics and physics being totally two different fields, what problems did you face?

A: Indeed they are two different fields. But they have similarities too. Economics has a lot of mathematics and statistics. Being from physics background, I had an advantage in understanding the equations, graphs, etc. But in economics, we have different school of thoughts. Not everyone accepts the same assumptions whereas in physics, everyone follows the same theory. Economics is a very open subject unlike Physics.

On switching to economics, I was suggested to follow its history. In economics, different people have different ideologies- Marxist view, Keynesian view, Neo-Keynesian view, Monetarist view, etc. Different facts are interpreted differently in various schools of thoughts on the basis of a different core. For instance, both Keynes and Kaletsky suggested state intervention to take the economy to full employment in 1935-36 but both were coming from different points of view. Keynes talks about the Golden Period where everything is harmonious but Kaletsky says that conflict exists which will turn into a business cycle and thus there will not be a golden period. So even though, mathematically the result was same, the political and the social interpretation are different. Therefore, your core interpretations determine what will be your final understanding, and that changes depending on what kind of philosophy you are coming from.

Q: Sir, economics nowadays has become quite mathematical. Do you think that the teachers should concentrate more on its economic aspect rather than mathematical?

A: Mathematics is very deterministic whereas economics is not. So for anyone who presents a mathematical model, they need to have a proper economic understanding and a proper economic theory to back it up. In my view, mathematics by itself doesn't let us understand the economics behind a scenario. So even for a statistical testing, at the end the most important part is its economic interpretation.

Q: Sir, what is your opinion about the Modi Government's step regarding the betterment in the pay divide in favour of the farmers. Has it helped to bridge the gap between the rich and the poor?

A: For political reasons, the farmers in India have been paid lip-services from the starting to remove poverty. But the main flaw in this is that we have followed the trickle down policy which is based on the Lewis model- a policy that was developed in Europe in the 1800s. The situation of Europe in 1800s was quite different from that of in India after the independence and thus we were not able to get similar results. So even though the government provides lip-services to the poor people, adequate resources are not provided when it comes to budget. The policies of the government of India should change to talk about development from below. In agriculture, there are different prices- farmers receive the farm-gate price, consumers pay the consumer price, and in-between we have the arthiya price and the wholesale price. Because of this, the consumers pay a very high price, but till the time this chain reaches farmers, they receive a very low payment. So till the time we don't solve this problem, keeping in mind both the political and economic aspect, farmers won't be able to receive any benefit and the gap will keep on increasing.

Q: Political funding is one of the major sources of unaccounted wealth. Do you think introducing electoral bonds will help with the political funding process? Also, what is your say about the black money in the private sector?

A: In my view, it is a myth to say that black economy exists only because of political funding. According to my findings, only about 0.2% of GDP is used in elections. Bulk of the black money is used in Businesses. During elections, a nexus is formed between the politicians, businessmen and the corrupt executive builds thus making the electoral funding important. Therefore, what is needed is the transparency of funding. And the electoral bonds cannot bring in transparency. While using electoral bonds, there is no guarantee that the political parties will not take additional funds in black. So the electoral bonds isn't going to solve the problem and in fact, it might lead to bribe in white through the electoral bond system and the opposition will always be at a disadvantage, so they will continue to have black (money). Black money also causes inefficiency. It leads to activity without productivity. In India both the public and private sector are inefficient because of the black economy. So if the black economy is kept in check, the efficiency of the country will go up, the growth rate will rise, leading to the development of our country in terms of education, health, etc.

Black money today, is a large part of our economy only because it is systematic, and the instrumentality of the state is a part of it. So I say that the black economy is run by a triad which consists of the corrupt businessman, the corrupt political powers and the corrupt executive. Here is where the crony capitalism comes into the picture. All the people involved in the triad take each other's help to increase their power and wealth. Because of this illegality, it distorts the policy making in the country. So the illegality and this system of black economy can only be broken if we break this triad. And to break this triad, we need to bring movements. The businessmen, the politicians, the judiciary and the executives will have to be accountable.

Q: Sir, with regards to the importance of the people and media in the emergence of a movement, what is your opinion about people rebelling against the government without being informed about the issue? How does one ensure sustenance of a movement? And in this objective, can the people trust media?

A: The opinion of the public is very important. Everyone should have their own opinion. That's what democracy is all about. There should be dialogue, not assertion or impositions. Today, the youth has information, but not knowledge, with the wider view missing. Good quality education and discourse in the country can change this. Creation of a consciousness and connect with country-wide issues among even 0.1% of our citizens has the potential to bring change. Coming to media, which is very crucial in today's day and age, but in the last twenty years, it has come to be deeply affiliated with the corporate sector and political parties with increasing paid news. The Right to Information and whistleblowers has a huge role to play in this context. But nowadays the government is trying to dilute their role. Social media has come to be increasingly in the hands of very large corporations that can misuse it and completely divert from the issue at hand. One would come across trolls who keep meaninglessly attacking and creating diversions. So, social media can be used, but only with a great deal of caution.

