

key idea is that expansion by one firm involves innovations or learning new skills by its workers, and some of these benefits spill over to other firms.

The new models strongly suggest that an economy's trajectory depends on its initial conditions ('history matters'); that some countries can experience rapid growth while others stagnate, and that there is no necessary economic convergence between countries; that temporary slumps or booms, whether fortuitous or caused by government policies, can have long-lasting cumulative effects on the economy's development ('hysteresis'); that sensible government intervention is needed to lift countries and individuals out of their 'poverty traps'; and that growth is compatible with greater equity. While these conclusions may seem obvious to non-economists, they run against the consensus of development economics of the 1970s and 1980s which still dominates the policy discourse. The revival of some of the 1950s ideas, now being couched in formal models acceptable to mainstream economists, should be able to shake this consensus. I have been examining the continuities and discontinuities between the earlier writings (which were generally verbal) and the more recent literature (which is invariably more technical and mathematical) to find out what (if anything) has been lost or gained, and whether there are any other old ideas that are suitable for reformulation in modern theoretical terms.

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Economy and Institutions: Essays on Goa

The monograph just completed at the Inter-University Centre is entitled 'Economy and Institutions: Essays on Goa'. It consists of twenty essays that deal with the changing structure of some important institutions in Goa. An attempt is made to formulate explanatory mechanisms to capture their essential characteristics. The range of topics covered vary from fiscal and budgetary policy, to migration, tourism, the politics of government formation, corruption, and status and its links with unemployment. The tools used are mainly from the discipline of economics but the issues are contextualized within a wider social science perspective. We look on institutions as the rules and conventions that specify the options for action open to individuals and in the process define their rights, privileges and responsibilities. Citizens attempt to influence the formation of, as well as change existing rules and conventions that define how various institutions operate as well as their actual functioning so as to gain favourable outcomes to themselves. In the process the distribution of the benefits and burdens from various economic and other endeavours in society will be determined. In what follows I shall summarise four of the themes that the book deals with.

An important non-market institution that is scrutinised is the political arena where there are frequent changes in government in Goa. Looking at politics as a redistributive activity we identify the vehicle of redistribution as the various ministries through which government policies are implemented. Hence, a government is defined not merely as a set of individuals having a controlling number of seats in the legislature, but also having a certain distribution of cabinet portfolios amongst the members of the set, along with their associated policy position. It is cabinet portfolios that give *de facto* power over salient policy outputs. This allows redistribution towards favoured interest groups. Hence, the essence of any proposal by a set of individuals to form a government is the portfolio allocation it involves. The distribution of portfolios and the politics of accommodation amongst these portfolios within those who have control of the legislature is developed into a theory of coalition formation.

Do markets serve as good institutions for facilitating exchange? This question is raised in the context of cultural practices and their promotion through markets. An example is a practice like the Carnival which in Goa is increasingly being enacted for external audiences – tourists – and becoming marginal to the social life of the community. We discuss how such practices produce symbolic values that are derived from the intrinsic relationship between the individuals in a social network. The moment the practice is used to provide an experience for others (tourists) who do not share the codes of the society, and the generation of exchange value dominates the practice, it loses significance for the society. The problem is that markets are geared to the acquisition of external goods – money, prestige, etc. – whereas the essence of cultural practices is the appreciation and enjoyment of its internal goods – the ability to determine admirable instances of the practice which provide a sourcebook for understanding and practising what is of value to the lives of the members of a society.

Periodic markets and fairs where religious and economic networks are interdependent abound in Goa. We attempt to explain how the desire for a thriving market which will enable sellers to spread overhead costs is balanced by the desire of customers to minimise the effort and time spent in journeying to the market and this results in periodic markets. The development of the marketplace institutions of a region can be viewed as a response to the decrease in transport costs over time and the increased demand density. Thus, periodic markets would slowly evolve into agglomerations of specialised sellers, and eventually into departmental stores and supermarkets. The importance of exchange skills rather than production or managerial skills and the formation of repetitive exchange relationships between buyers and sellers is shown to be a device that puts an upper bound on the cost of search in a world where the ability to ferret out information gives one an advantage in exchange.

Migration is much privileged in the discourses on Goan society. The government emphasises how the remittances from migration raise the

standard of living of recipients and are potential sources of investment capital formation for development. However, the potential of remittances has been lost to the economy as they have by and large gone into increased consumption of durables and unproductive investments, mainly land and housing, which have fuelled inflation. The increased financial wealth accumulated from working abroad also has a negative effect on the migrants' offer to work on return to his home. At the same time it relaxes the need for an immediate source of income, raises the reservation wage of the migrant and his family, and results in a high extent of voluntary unemployment which is a social cost. The morale and productivity of Goan labour also gets diminished as those who do not migrate face a reduced sense of self worth as they earn much less than those in the Gulf who are employed in identical jobs. The discourse suppresses this impact of migration on the social life.

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Knowledge, Culture, Power

This project explores the phenomenon of a certain 'culturalism' which has emerged in the social sciences in the last few decades. While culture had always been a central concept for the disciplines of sociology and anthropology, it had earlier received hardly any recognition in other social sciences, in the Anglo-American world atleast. But now by contrast, it forms a part of a high growth area in the social sciences, a trend encouraged by the popularity of post-structuralist and post-modernist approaches in recent years.

Certain questions are raised by this new trend. For instance, if culture now seems to play a part in all the social sciences (neo-classical economics included) has it been introduced in order to draw attention to aspects of social life previously ignored in social explanations? Or does it merely provide a redescription of phenomena already under consideration? To what extent has the concept provided us with new insights into social process and 'thickened' the description of social and political phenomena?

One should note the continuing influence of a notion of culture devised by anthropologists in the late 19th century for the study of the small and often isolated communities encountered in the process of colonial expansion. This was later adapted to the study of larger societies as well. In such studies the tendency was to view culture as representing the holistic, and totalising ethos of social life. Cultural world-views and value systems were assumed to permeate the thinking of members of the community. True, there has been much criticism and modification of this culture and community still influence social analysis. They have made a reappearance,