

Assumptions, history and rent A conversation with Jayati Ghosh¹

Esteban Pérez Caldentey and Miguel Torres

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she was the Executive Secretary of International Development Economics Associates (IDEAs). She has been a member of several international boards and commissions, including the United Nations High-Level Advisory Board on Economic and Social Affairs, the World Health Organization Council on the Economics of Health for All, the High-Level Advisory Board on Effective Multilateralism of the Secretary-General of the United Nations, the Club of Rome, the Jubilee Debt Commission created by Pope Francis and the Group of 20 (G20) Extraordinary Committee of Independent Experts on Global Inequality constituted by President Cyril Ramaphosa for the South African G20 Presidency.

■ Professor Ghosh, how did you become interested in economics, and what circumstances led you to pursue a career in this field?

I started out in college studying sociology because I was interested in how societies worked. I wanted to understand more about social hierarchies and inequalities and things like that. But the more I studied it, the more I felt that a society rested on the material basis of its economy. And so I realized that I had to understand that first.

¹ This interview was conducted virtually by Esteban Pérez Caldentey, Chief of the Financing for Development Unit at the Economic Commission for Latin America and the Caribbean (ECLAC), and Miguel Torres, Editor of *CEPAL Review*, on 22 July 2025. The views expressed in this interview are those of the interviewee and do not necessarily reflect the views of ECLAC.

So for my graduate degree, my master's degree in India, I switched to economics, and I got very inspired and drawn in by some very good teachers I had at Jawaharlal Nehru University: people like Krishna Bharadwaj, Prabhat Patnaik and others who were giants of development economics and political economy.

So that's how I got interested in it. I felt that to understand society, you first needed to understand the economy. But I think now I've come full circle. I now feel that you can't understand the economy unless you also understand the society and its politics and history. So, in a way, I feel that it's impossible to do good economics without taking a very transdisciplinary approach. Not interdisciplinary, but trying to absorb as much as you can of what other disciplines have to tell us.

■ **You earned your undergraduate degree from Delhi University in 1975 and your master's degree from Jawaharlal Nehru University in 1977. Can you share how this formative period influenced your views on developing economies and development economics? What key lessons did you learn during that time?**

This was a really exciting time for me. Absolutely transformative, I would say. If I had to think of a two-year period that has determined the rest of my life, it would be those two years when I was doing an MA in economics at Nehru University. We had a very small faculty. There were really only eight teachers there at the time. But they were brilliant. They were dedicated, committed; they were progressive. Of the eight people who taught us, six had actually gone to the University of Cambridge and been taught there in its heyday. They were students of Joan Robinson and Nicholas Kaldor and Richard Kahn and so on, and now they were teaching us.

So it was very much economics in the Cambridge tradition that I was introduced to. It's true that there were also neoclassical economists who had been trained in the United States and who did general equilibrium, who did micro, who were getting into welfare economics. But I always found the macro side, the development and Keynesian economics, much more interesting.

I learned different things there, though, and some of those things I believe are absolutely critical to the way I look at the world today. And that is, first, because we actually had economists from very different streams. We had the neoclassicals, as I mentioned, and these were more in the general equilibrium neoclassical tradition, as in the work of Frank Hahn and the Arrow-Debreu school.

Then we had Marxist economists who were very explicitly Marxist, and subgroups within that, as always. We had Ricardian economists, Krishna Bharadwaj was one of Sraffa's favourite colleagues, and he was a great mentor to her. So we had Sraffian economists, neo-Ricardian economists. We had post-Keynesian economists, Amit Bhaduri, for example, who had worked with John Robinson and others. It was a very eclectic, and fascinating, place to be because we were exposed to all of these different views at once. And I think that's absolutely vital, because it allows you to realize that there are so many different ways to look at a particular economic problem, or even to identify a problem.

So much depends on perspective, but the assumptions you make are absolutely critical too. A lot of the disagreements between these different schools actually stemmed from assumptions rather than the logic they employed. This is something that I believe has stayed with me, and that I try to teach my students as well. Whenever you're looking at any economic reality that you want to understand, or if you're looking at a model, if you're looking at any theory, you have to begin by asking what is being assumed, how valid that assumption is, and how critical to the rest of that logic, to the theory, to the model. If it is absolutely critical to the model but it doesn't apply, it's not relevant, then that's not the way you should be looking at it. This is why a whole bunch of trade theories that assume perfect competition and full employment were actually irrelevant as far as I was concerned, even though they have retained such a grip on policy in developing countries.

The other thing you learn is that history is very important because economics is not static. Thinking of economics as comparative statics is such a limited, unimaginative approach, because economies

are inherently dynamic. They are about processes, and that is what today we identify as hysteresis. That is to say, once you start a process, you cannot undo it. It's going to have a particular unfolding, and that will have implications for the next period and the period after that, and so on. The ability to look at how processes unfold, the dynamism aspect, which I think is now well recognized even in neoclassical theories, was another huge eye-opener for me.

The third thing that was a huge inspiration was that all our faculty and many of our fellow students were deeply engaged with the policy debates and discussions of the time. And these of course were global in nature—for example, a lot of structuralist models were emerging at the time. I'm talking about the second half of the 1970s and the early 1980s. There was also very strong engagement with Indian policymaking. Our teachers would be regularly commenting or writing in public spaces. There is a journal called the *Economic and Political Weekly* which everybody who mattered read, in the sense of people who were impacting policymaking and the people who were actually making and implementing the policies, like legislators and bureaucrats, and of course actual economists as well. It was an interesting combination, a current affairs weekly that also had long research articles. In fact, some of the most important economic contributions from India in the '60s, '70s, '80s and '90s appeared in the pages of the *Economic and Political Weekly*. It was a remarkable journal that created an atmosphere of constant engagement with policies, constant discussion and debate and critique. Would policies work? Under what conditions? Or why not? What could be done better? And so on. This brought home to us the need to be always dealing with reality. It was not enough for you to do your course on general equilibrium or welfare economics and then just do further extensions of that; or pick up a particular international trade model or endogenous growth model and maybe tweak it a bit. That was never enough. You had to be able to relate it, because you were always confronting policies. You were always debating policies. And so there was an element of realism in the teaching I got there which again I think is unparalleled in a way. I didn't experience that even when I went to study at Cambridge later. It was a remarkable time for me, of huge intellectual ferment and intellectual inspiration.

- **That's very interesting. You are very fortunate to have been exposed to different traditions in economics and to have learnt early on in your career that economics must be related to real-world problems. Mainstream economics, and even non-mainstream economics too sometimes, lacks generality. For example, parts of post-Keynesian economics are mainly applicable to the developed world, not the developing world. Can you comment on this issue?**

Yes. It's not just the post-Keynesians. Marxists get caught up in these models too. And then they're constantly debating the finer points of something. Did Marx actually say this in volume three, page so and so? That kind of thing bores me today, frankly. I'm not really interested in it any more. I'm interested in whatever will help me understand an economy. And that's why I often find it very difficult when people ask, "Which 'school' are you?" Because I'm not sure which school I'm in. I will pick up whatever insights I can from any of them, to try and understand the particular economic reality I'm confronting, or a historical process I'm observing, or a medium-term pattern or process that is working itself out. I'm not going to say, "Well, I'm a Marxist, so I'm going to look at this purely from a class perspective." No. I'm no longer very loyal to any one tradition. I'm happy to be a magpie, picking up whatever I find helps me understand different realities.

- **You mentioned all these different traditions you encountered when you were studying for your undergraduate and master's degrees in India. Were there any interactions, any debates between the different schools of thought that coexisted at the university?**

What was exciting about Jawaharlal Nehru University was the constant interaction. There were very bitter fights, there was blood on the floor in a lot of these debates. Everybody was very intense and passionate, but everybody interacted, everybody engaged with the other schools. And I think that's quite remarkable.

I have to confess that I found less of that when I went to study for my PhD at the University of Cambridge. I expected there would be much more. In fact, I found a much greater tendency in Cambridge for people to be siloed in their own worlds.

There was a neoclassical group, and Frank Hahn dominated that space. There were some of the famous old Keynesians. Most of them were still around, but they had retired. I mean, Piero Sraffa was still alive. Joan Robinson was alive. Richard Kahn was no more, but Nicholas Kaldor, Austin Robinson and Robert Neild were also around. People from the old Cambridge tradition were definitely around, but those teaching us had somehow evolved into groups that were more siloed. There were Marxist economists like Bob Rowthorn, the applied Keynesian kind like Francis Cripps, and so on. What you perceived was, not sectarianism exactly, but something more like isolationism in the different groups.

So you didn't get the same rather heady, exciting feeling of always having to think about shifting policies and different ways of responding to them and to changing realities, and having arguments with each other about how those realities should be interpreted. There was less of that; everyone was much more doing their own specialized thing.

There were some brilliant development economists as well. Suzy Paine was a very brilliant economist. She was my supervisor until she passed away from cancer. Ajit Singh had very interesting ideas too. He came more from a sort of Penrosean tradition of the theory of the firm, but he had changed and developed over time. There were some good labour economists.

Cambridge was an exciting place, but to be honest I think I learned most from other graduate students. It was a very international crowd, lots of Latin Americans, who gave the most fabulous parties, I have to say. Juan Carlos was one of them, Juan Carlos Moreno-Brid, whom you're all familiar with. It really was international. I think there was basically only one British PhD student out of maybe 100 graduate students altogether, then a lot of Italians and some other Europeans, a lot of Latin Americans, a lot of South Asians, a couple of Americans, some Japanese. It was a very interesting place in that sense.

■ **At Cambridge, who were you closest to among the faculty and among colleagues, students?**

Among the faculty, there were some who were huge figures that you kept a bit of distance from even when you interacted with them, right? Joan Robinson, Kaldor, and so on. They were there, and they would go to conferences and seminars, and you could discuss things with them, but you couldn't really get that close.

I did get close to Suzy Paine, and then subsequently, during her final illness with cancer, Geoff Harcourt became my supervisor and I grew very close to him. He was one of the finest men I have ever met, and not just as an academic and an economist, but as a human being. Deeply, deeply generous, humane, very modest, very concerned and engaged. While his interests were essentially theory and the history of economic thought, he was also very open to looking at longer-run policy issues. He opened himself up to development economics, which was not something he'd been very familiar with before, in ways that were very interesting to me.

We had, as I said, a very international crowd. There were all the Latinos with lots of interesting perspectives. There were many students with individual intellectual quirks. For example, Massoud Karshenas, who was from Iran, spent two years reading Hegel in the middle of his PhD, before getting back to trying to understand patterns of industrialization in different countries. Those were the days when you could still afford to do that.

We had some Italians who I think also had a great influence on me because of the ways in which they brought Sraffian economics to life. They actually applied the theory; they weren't just stuck in some highly theoretical mode, but used the approach in analyses of the economies around us. I had previously thought of Sraffa's economics as fundamentally conceptual rather than applied.

But they were trying to bridge that gap, which to me was highly intriguing. I made some amazing friends over that period, and it's wonderful to meet some of them even now. They include some very important and influential economists. In Italy, for example, Fabrizio Barca, who was a member of the Communist Party, was briefly a minister, and he was also at the central bank. And he's extremely active in the progressive movement even now. And Giuliana Campanelli, Lilia Costabile, Francesca Bettio, Valeria Termini... There were many Italians whom I got close to and am still in touch with. It was a fascinating group of graduate students, and we were really, really lucky to have each other.

■ **When you were in India and decided to pursue a PhD, did you go to Cambridge because you felt closest to the Keynesian and Sraffian traditions?**

To be honest, it was almost a foregone conclusion for me that that would be the aim, that I would want to go to Cambridge, because, as I told you, six out of the eight people who taught me had been at Cambridge. They were very much part of that tradition.

I wanted to know more. I wanted to meet all the people whose books I'd been reading. I wanted to be exposed to that world. And I was lucky. I got a scholarship. It was the only place I applied to and the only scholarship I applied for.

And so, yes, I spent five years on my MPhil and PhD and two years as a research fellow at Darwin College. It was another formative period. I would say the period before that, at Jawaharlal Nehru University, was possibly even more formative. But those seven years in England were formative too, because they were so international, because it was a little bubble. It wasn't really part of England. We actually got a different perception of the whole context and of economics as well.

■ **Your PhD dissertation, titled *Non-capitalist Land Rent: Theories and the Case of North India* (1983), and your article “The Determination of Land Rent in a Non-capitalist Agriculture: North India, 1860–1930” (*Modern Asian Studies*, 1988; 22(2): 355–382), make two points that are highly relevant to anyone interested in doing economics “the right way”.**

The first point, thinking specifically of your reference to the notion of rent as developed in the works of Ricardo and Marx, which includes “cultivation solely for profit and free mobility of capital between agriculture and other sectors” (Ghosh, 1988, p. 335), is that the assumptions underlying economic theories are, as you put it, “very strict” and lack generality. In the case of rent, you note that these assumptions “do not apply to the majority of agrarian systems historically known” (Ghosh, 1988, p. 335). When we set these assumptions aside, economic analysis can change dramatically. This insight is crucial, because mainstream economics has developed in part by applying the properties of rent to the determination of wages and profits. Could you comment on the role of assumptions?

I'm so glad you raised this, because after my PhD, I did a postdoc, which moved my work entirely into the domain of international finance. I was looking at the external debt problems of developing countries. So there was this shift, and for several decades I didn't think again about the things I had looked at for my PhD in quite the same way. But there are two things that I now realize were absolutely critical.

You've raised the first one, the issue of assumptions and particularly the idea that every factor gets its marginal product and so on. And the critical difference that emerged for me was that the Ricardian approach comes from scarcity and the Marxian approach from control: ownership and control and the legal codes that enable that control. That was a very important distinction. I tried to apply it historically in the case of India over the colonial period and in the post-colonial period within a particular Indian state, looking at what exactly happened to rents. It became very clear to me that what you had was really what Marx called absolute rent, meaning the extra you get, the surplus you are able to extract, not necessarily because something is scarce, but because you are able to establish property rights and control, which were bestowed by the state.

Now this, I find, is a very powerful idea today. I recently delivered the Heilbroner Lecture at The New School for Social Research in New York, and what I spoke about was actually rents. I have gone back to this idea because what I really think is that capitalism has moved beyond the profit-driven model to a rent-driven model. We are now in rent-driven capitalism, where large multinational capital is increasingly oriented towards extraction through rent rather than towards the generation of greater profits through so-called innovation, productivity increases and the like. And this is because multinationals are able to influence State policies, legal codes, regulatory authorities and so on, and that is what enables them to take larger and larger shares of the surplus.

So what we've got now is a capitalism that is rent-driven, which means that it is inherently less dynamic. A lot of that becomes clear if you use this idea of absolute rent, which stems from power. And once you recognize that interplay, then a lot of what we're seeing, not just massive increases in wealth inequality, which are also associated with income inequality, but massive relational inequalities, the power that comes from being able to influence policies and regulations and the like, becomes clearer too. As does the fact that multinational enterprises are no longer just multinational, but multi-zonal. They are generating different kinds of economic zones, forcing governments to create special zones that are often bespoke, with different regulations from the rest of the country. It all contributes to this dramatic increase in rents, which is really what's driving a lot of large capitalist behaviour.

This process has all kinds of outcomes. It means, first of all, that multinational companies' share of total global profits is increasing. Within that, the share of United States multinationals is increasing. Large capital's share of total profit is increasing and, as we know, the share of profits in national income is increasing around the world. The share of wages is coming down pretty much everywhere. All these tendencies are really part of this emergence of rent-driven capitalism.

It's interesting that in coming back to a concept I first thought about 40 years ago, I'm finding that it's actually very powerful in explaining a lot about the world today.

Rent-driven extraction doesn't have to be about just land. It can be about minerals, of course, and fossil fuels and the rest—you're very familiar with that in Latin America. It's also about new forms of property, intellectual property and the rents that come from it. It's a classic example of the different ways in which you can manipulate rules and laws and regulations to extract more surplus, either from wages or from smaller capital. And all those processes really come back to the idea of rent, reflecting not scarcity so much as power and control over ownership.

■ **This is a very different concept from Ricardian rent.**

Absolutely. Yes.

■ **And it's rent driving profits.**

Yes.

■ **Can you give examples of two or three assumptions that really prevent economic analysis from accurately depicting or understanding how capitalism works?**

I have so many, I don't think I can stop at two or three, so let me give you a few. Some of them are obvious, and I think everybody is familiar with them, right? The assumption of full employment that is in so many models, growth models, trade models, and so on—complete garbage, to the point that everybody now recognizes it. The assumption of perfect competition, again: it doesn't exist anywhere, and never has done, so again, completely irrelevant. Constant returns to scale are hugely irrelevant.

But do you know what concerns me even more? Because people have pretty much recognized all of this. Economists, even mainstream economists, are increasingly bringing in models that do

not make such assumptions. There are models of imperfect competition and trade. Although full employment is still often assumed, there are also models that recognize there's no full employment. So these things are obvious, and more economists are beginning to recognize them.

But there are some concepts that really bother me because I'm unable to grasp them. I want to highlight three. The first is the most basic thing you get in Economics 101, right? In every micro textbook, in any textbook that is "introducing" economics, you find utility maximization of the individual. And that's supposed to be the basis for rational economic behaviour thereafter, rational economic man.

There's a reason why it's a man. Because what are we told that you maximize? You maximize your utility, which is a trade-off between leisure and work for which you get income. And this is so basic and intrinsic to everything else that follows in terms of consumer utility that people (or students) take it for granted and move on and say that's the way it works. Now, imagine if people were actually doing that—then there would be no unpaid care in the world. There would be none because you're not getting paid for the care you do. So then you have to bring in another dimension; maybe claim that some people get utility out of caring even when it's unpaid. But a lot of care work is performed even when people do not get utility out of it, even when they don't enjoy doing it. Whether it's housework or looking after the elderly or the sick or the young or whatever, it's not always enjoyable and pleasurable. So what happens in real life? Our societies and our economies are basically little ships floating on a sea of unpaid care work. And yet we don't recognize it. And our economic theories have explicitly eliminated the very possibility of it. There's this distorted view of human motivation which leaves out an essential feature of all societies and economies, yet the discipline doesn't seem bothered by it. So that's one angle.

Another concept that really bothers me is related to this. It's productivity. And I wish I could say I had resolved it in my head, but I have a real problem with this term, productivity. Total factor productivity is hugely problematic for many, many reasons. Sraffians could tell you them in detail, but it's clear that, conceptually, total factor productivity has issues. Consider one example, labour productivity, which is usually just output per worker. And increasing that is supposed to be a good thing. The more output you get per worker, the better. Really? Especially in service industries, is it really better if one waiter has to wait on 20 tables instead of 10? Is it better if a nurse or a teacher has to look after 100 patients or 200 students rather than 30 or 40? And so on and so forth.

Once you begin to define productivity as the value of output divided by the number of workers, you're asking for trouble. Because by that criterion, the most productive workers on the planet are probably bankers at Goldman Sachs or Morgan Stanley or some hedge fund managers, or maybe now the likes of Elon Musk and Peter Thiel. And those doing unpaid care work are the least productive, or maybe they're completely unproductive, because they get zero income for doing that. There's zero "productivity" in their work.

So I have a deep conceptual problem with productivity as something that has to be constantly pushed up, if you see what I mean. Yet it's such a widely accepted tenet even among progressive economists that I think we really need to go back to thinking seriously about what we value, how we value it, what we measure, and how we give some importance to the things that we're not measuring correctly.

And it's not just about GDP, though of course GDP is critical. It is true that, especially when we're looking at developing countries, we do need to increase output per worker, to get to higher per capita GDP. We do need people's incomes to move up. But somehow we link that with notions of productivity that are very, very limited, and I would say even counterproductive, for many reasons.

In the service sector, for example, Kenneth Boulding made the famous argument that it takes exactly the same number of people to play a Beethoven quartet now as it did 200 years ago. There's no productivity improvement there. (Interestingly, he was also an early proponent of looking at sustainability in an economy and a pioneer of ecological economics.) But we don't think about

that at all. And we somehow see all that as being outside the economy. But by being so beholden to this concept, I believe that in some ways we are denying ourselves a better way of imagining an economy. We are constantly thinking of what we can do to serve the economy (defined in terms of total monetary exchanges) rather than how we can make the economy serve us, serve society within planetary boundaries.

And that relates to another bugbear of mine when it comes to concepts, which is efficiency. Again, it's so hard to define. And I have talked to some very famous economists who have ended up telling me, literally, "Well, I know it when I see it." Efficiency is such a widely used and yet fundamentally loose concept. We can say, for example, that a steel plant is more efficient if it's using more inputs in a particular way. That's one notion of efficiency. We can talk about the efficiency of workers doing a particular task and how quickly they can do it. That's another very specific and limited use. But when we start talking about sectors or organizations or corporations or governments in terms of efficiency, we are in a quagmire. We haven't understood the concept. We can proclaim that public services are inefficient without really getting to the bottom of just what we mean by efficiency and what things would actually make them more valuable to society rather than just "efficient".

These are two concepts I have a problem with, although that doesn't mean I have a very well-worked out analytical critique. I have written a paper critiquing the idea of productivity. I delivered it as a David Gordon lecture a couple of years ago. Efficiency, I think, is something else that really needs to be thought through much more and critiqued in terms of the ways it's used.

■ **Let's move on to the second point you make in your dissertation. You discuss the "forces" that determine rent, which are much broader than just "market forces". These include physiological factors, land ownership patterns and power structures influenced by history and culture, such as "sub-infeudation", along with the effects of tradition and extra-economic factors on the relative bargaining power of landlords and tenants (Ghosh, 1988, pp. 379–380). Can you elaborate on this?**

Yes. In my thesis, I was trying to apply these ideas to nineteenth-century colonial India and the India of the 1950s, '60s and '70s, post-independence India, and to a particular state, where I looked at agrarian relations through this lens. And in both cases I found that in fact market relations were deeply embedded in society, in the Polanyi sense. Incidentally, I had had this idea before I read Polanyi, but when I did read him, I found he confirmed so many of the processes I had observed.

Polanyi has this notion of fictitious commodities that should not be commodities: land, labour, money. Fictitious commodities are things that have been forced into an exchange relationship, commodified, so that the functioning of markets in them is inherently problematic. And so either they have to be hugely regulated or they are regulated by other forces, extra-economic forces: power relationships, cultural protocols and motivations, and so on.

I do believe that these notions of rent and fictitious commodities are immensely applicable today, not just in those specific contexts that I was talking about, but to the global economy, to the way transnationals behave, to the way States behave today, to the way not just natural resource exploitation and mineral extraction occur, but all kinds of trade occur.

For example, I don't think you can understand pricing in any market, let's say the agricultural commodities market, without looking at power relationships and at how far the price is actually set by the rent-driven kinds of behaviour that I've been mentioning. In the case of labour, it's obvious that there are all these other things in play. It's not so obvious in a lot of other markets, like those for commodities or even high-grade services, yet they operate just as much in those as well.

I really do believe that you cannot see markets in isolation. That's why I said that to understand the economy, you have to understand the politics of a society, its history and culture. You really do, because those things don't just determine the workings of markets within countries or localities or regions. They are making our global markets work in a particular way.

- **Towards the end of the article you published in *Modern Asian Studies*, you talked about the determination of rent and about the factors pulling it upward and those pulling it downward. So implicitly there's some kind of stability, despite the fact that rent is driven by different and contradictory forces.**

I think in hindsight I'd be more cautious about saying that, because I now feel that we can get extremes of domination and control that I really had not anticipated 40 years ago. We can get greater relational inequalities, meaning the power one person or group has over others and the ability to control their behaviour and outcomes. We have much more of that. Of course, we've always had it with patriarchy and so on, but in the global economy there's a lot more of it. So, in a way, the countervailing factors that I mentioned, that kind of create a balance over the medium term—I don't know whether we still have those. I'm not sure we haven't created a world in which capital, large capital, has become too powerful even for its own good, a world where there are too few counterbalancing forces.

- **Would you say you have become more prone to thinking the system is unstable?**

I am prone to believing that the system is not just unstable, but heading for collapse. Wolfgang Streeck, the German political philosopher, had a wonderful quotation about this. He wrote a book called *How Will Capitalism End?*, but his argument is really that capitalism is already dead. It's just that there's no one to take away the body, and that dead weight is lying on top of all of us.

The dynamism that characterized capitalism, with productive forces being constantly improved and so on, doesn't exist. Yes, there are individual pockets of rising productivity and emerging technologies, but the system as a whole is fundamentally undynamic. It is a lower-growth, lower-investment system that is much more rent-extractive. And that is what is giving us all the economic inequality, the social polarization, the rampant injustice in the way economic processes work themselves out, all of which strikes me as highly unstable. And of course, in planetary terms, in terms of our resource use, the way we are overexploiting nature and the damage we are doing to the earth don't make for a stable process.

- **You have been a major force, alongside colleagues such as C.P. Chandrasekhar, Jomo Kwame Sundaram and Vikas Rawal, in the creation and consolidation of IDEAs, an international network dedicated to research and the dissemination of heterodox perspectives in economics. You served as the Executive Secretary of IDEAs from 2002 to 2021. Can you describe how the project to create IDEAs originated, what its purpose is and why it's important?**

IDEAs originated with Jomo Kwame Sundaram. He's a very famous development economist from Malaysia who was also an Assistant Secretary-General at the UN for some time.

Jomo grew up in an environment of Third World nationalism. He's very much a Bandung Spirit kind of person, if you like, and was involved in several attempts to bring together people from the developing world, especially economists. He came up with this idea that we really need to bring together the economists of the developing world so that they can have a direct dialogue with one another. Because too much of everything we do, write, say and learn is mediated by the Global North. We write in its journals, we publish there, we go to seminars and conferences there, we go and study there. Everything is mediated by the Global North.

And yet there is so much knowledge, so much wisdom in the work that is being done in the Global South. Often we're just unaware of it. With Latin America there is a language barrier, for sure, for those of us who are English-speaking. But that's not the only reason.

We are unaware of work done in East Asia, in India, in Africa, where many English-speaking economists live. So the purpose of IDEAs was, first of all, to bring together economists from the developing world who had a different perspective on how economics should be conducted. I mean those of us who were not stuck in the mainstream. We didn't say you had to be a Marxist or a neo-Ricardian or a neo- or post-Keynesian or anything specific like that. No, we just wanted people who had recognized that the mainstream paradigm was not really all that useful and then opened up to other paradigms.

The goal was to bring together heterodox development economists based in the Global South. I think this was very important, critical in fact, because you experience daily what the problems are, what the issues are, what the realities are, and we needed to talk to each other. Besides getting to know each other, getting to know each other's work and so on. We realized that the dominance of neoliberal economics had led to a real de-skilling of young economists around the world.

They simply hadn't been exposed to some of the most basic Keynesian or Kaleckian ideas or some of the most basic development theories. They had a simplistic model that was already outdated way back when, but most of these younger scholars had simply not had the exposure. So IDEAs also started holding capacity-building workshops for young people — which you're very familiar with, Esteban, because you've helped with many of them — followed by research conferences where they could then meet and interact with a lot of the people doing research into recent and ongoing issues.

And I'm absolutely amazed and delighted that IDEAs has not only survived this long but is actually, to my mind, scaling greater heights. Thankfully I'm no longer involved. I say "thankfully" because it was exhausting to do that for two decades, though of course I enjoyed it. But I'm delighted that it's still in such good hands, that there is still so much activity, that there is such great and growing engagement, and I think it meets a real need.

It's not just that an alternative economics is needed, though it absolutely is. But we need to move away from the North-centred kind of dependence that we've had, the intellectual subjugation that too many of us have been through, and to recognize, celebrate and learn from the huge amount of fascinating and really important work that's being done in the Global South. And I am delighted that you now have your own branch in Latin America and that it's being so active, because I believe it's very important for us to get to know each other and to be able to disseminate that work to each other as well. And it's a continuous learning process for me, for sure, but it's also very exciting to see younger people becoming a greater part of this global desire to know more about the world as it really is.

■ **Since its creation, IDEAs has increased in importance, activity and influence. IDEAs fills a very large gap in the effort to better understand the developing world.**

You have visited Latin America many times. Can you share your thoughts on what you see as some of the main challenges for development in the region? How do economic and social conditions in the countries you've visited compare to those of India and Asian economies more generally?

I'm so glad you've asked me that question, because I have arguments with my Latin American friends. Latin American economists are very depressed about their economy and its future. They say that Latin America has deindustrialized, that it is characterized by low productivity, and that growth rates are not good enough. You come from India and you think, "Oh my God, wow." There's been so much progress already. You're so developed. Your per capita incomes are maybe 10 times ours or 5 times

ours. And your standards of living and your levels of social protection and minimum wages are so much better. I mean, 95% of our workers in India, I think, are informal. That's true of much of South Asia, though Sri Lanka's an exception. But in Latin America you complain because 30% are informal.

One difference I have found that quite amuses me is that you Latin American economists seem to think yours is the worst-performing region because you arrived at some kind of autonomous industrialization and it's been downhill since then. You know, a lost decade, then a bit of a recovery, but much more speculative, bubble-based, and then another lost decade.

But for us, Latin America has been a source of inspiration, especially during the decade of what has been called the pink tide, when we saw in Brazil, in Argentina, in Ecuador, that you could have increases in minimum wages along with increases in employment, the spread of social protection, greater formalization in positive ways.

Yes, there was inequality, of course. The inequality in Latin America is obscene, and it's wrong, and it's terrible. But it's so much less than the inequality in India, which is massive and multi-dimensional. We have some of the world's richest billionaires in India. And we have huge quantities of the most destitute people. You've been to India. You've seen some of the conditions people live in, especially the poor in different parts of the country. And we also have caste, a social inequality that is unique in its oppressiveness and its persistence. It has persisted through everything, through the colonial period, through a Nehruvian statist, dirigiste regime, through a neoliberal market-oriented regime, through a patronage-based crony capitalist regime... Caste is a terrible, terrible reality for India. And it condemns Indians to inequality because you don't really think of people lower down the ladder as being the same as you. That's why we didn't even legislate for universal school education until 2006. And even now, it's not fully happened. That's why our healthcare is so terrible.

Caste actually enables us to treat a large portion of our own citizens as though they were a different order of beings from the elite. In a way, I've always found that people in Latin America haven't understood just how bad things can be. I do recognize you have lots of problems. I'm not saying you have no challenges. I think there are huge challenges. But somehow I always come back from Latin America thinking that there are many more opportunities here, and sometimes your governments take them, and sometimes your governments show an ability to do things, to swim against the tide, that we haven't had enough of in India.

■ Do you think the ideas of ECLAC have influenced economic thinking in Asia?

There are phases. There was a period when ECLAC writers, and the structuralist economists in particular, were very widely read and talked about and debated, when I was a student actually. So that was 40 years ago. And ECLAC thinking was very much part of the conversation because we could relate to it. Structuralist approaches to inflation were a very good fit with the Asian reality. I mean, most of our wages were not index-linked, that wasn't what was causing inflation. We could relate immediately to the concept of sectoral imbalances. There was so much we could relate to, such as the role of elites in perpetuating certain industrial policy patterns or the characteristics of the underdevelopment process. Many, many features of different economists' thinking were widely discussed in that period and became part of the thinking of many economists, and especially political economists, development economists, in India at that time.

Now, I have to admit, there seems to me to be much less knowledge of the work being done by ECLAC in the rest of the world, not just in South Asia, but also in Africa and East Asia. I think very interesting work has been done, and I know because I am familiar with your work, and because of IDEAs and friends who have been at ECLAC. You have done very interesting and important work, but there is not much knowledge of it. I think it would be great to get IDEAs to work together with ECLAC to disseminate the very important ECLAC research that we are not fully aware of.

■ **Is there or has there been anything like Latin American structuralism in India? I'm thinking of concepts like structural heterogeneity, which can be applied to society but also to the production structure. What are your views on this?**

I think so. I think there was very much a tradition along the lines of structuralism. It might not have been called that exactly, but it was a broad tradition in political economy and had many strands.

There were huge numbers of dual economy or triple economy models that were structuralist in their assumptions and thinking and modelling. There were exercises in political economy that considered ways of establishing different kinds of economic strategies that would work in the context of the social and other divisions that are so predominant across the country.

This work wasn't described in quite the same way, and possibly a lot of it is not well known. Recently, the Nobel Prize was won by a bunch of people who looked at economic history in institutions. Personally, I find those arguments trivial compared to the really important work done by Amiya Kumar Bagchi, Prabhat and Utsa Patnaik, or even Walter Rodney in Africa.

I think there have been interesting theses along these lines which are not widely known outside of their specific regions. So once again, this is an important element of what I think IDEAs can contribute.

■ **You sit on several international boards and commissions focusing on financing for development, a major topic in development economics. What can you tell us about the recent Fourth International Conference on Financing for Development (Seville, 30 June to 3 July 2025) as regards achievements, missed opportunities and the challenges ahead for developing nations?**

I think the first big positive takeaway is that it happened at all, because this was something the United States walked away from. The Sevilla Commitment is a reasonably good document. It says a lot of positive things about global taxation and the need to reform it. It is not as strong on sovereign debt, but it makes a lot of the right noises on several other issues.

However, the Sevilla Commitment is the fourth Financing for Development document at the global level, and we know that the other documents didn't make a huge difference. What may change things now —and the Spanish government showed remarkable initiative in this matter— is the creation of the Sevilla Platform for Action for coalitions of countries willing to work together to take specific issues forward. The Platform has many different thematic areas, and there have been more than 130 specific initiatives. One of them concerns taxation, the taxation of the extremely wealthy, and was launched by Brazil, South Africa, Spain and Chile with the hope that more countries would join. Others are concerned with social protection, demanding changes in the way the multinational development banks operate, and so on. Then there are debtors, who are mentioned in the Sevilla Commitment. If debtors can share information about what they are being asked to do compared to what others are being asked to, what kind of deal someone managed to get, how they went about getting it, this is immediately helpful and opens up promising avenues for further collaboration.

In the medium term, working through coalitions may be the only way to advance progressive measures internationally. The point is that you don't have to be alone, you can form groups and work out common strategies. This is a critical issue, because we need to deal with the power imbalances that exist, and particularly the power imbalance that divides very large capital and very large capitalists from everyone else. Since the official forums are still restricted, we need to create these alternative platforms where a greater number of groups and countries can come together to move forward. The effects will show up, not immediately, but over the medium term.

I've been on several multilateral boards and commissions. I'm still on the High-level Advisory Board on Economic and Social Affairs of the United Nations. And I was part of a board on effective multilateralism. And I have seen that too often we expend our time and energy preparing a document, arguing about the phrasing and about every statement and goal, trying to insert more progressive elements into that document. And then that document disappears into cyberspace and doesn't really have an impact or even get widely known. With that experience in mind, I think I'm now much more interested in what we can do practically by working with smaller groups of countries to change power balances so that over time we can actually make multilateralism itself more progressive and more effective.

■ **Do you think the fact that some European countries like the United Kingdom, France and Germany are imposing major restrictions on social spending because they're giving priority to the military may represent a constraint for the implementation of the Sevilla Commitment?**

I think there's no doubt that geopolitics is moving in a very unhappy way. It's certainly not desirable, but I don't think we should be too obsessed with the dramatic decline in ODA. Remember that 85% of ODA from the G7 in the last three years has gone to Ukraine, not to developing countries affected by such phenomena as starvation or civil war. But ODA had already shown itself to be mostly irrelevant.

We need to think of a different model now. I am very much an advocate for a global public investment model that recognizes the importance of global public goods, with every country contributing to the financing of these according to its means. That would move away from a patronage-based approach of "being good to the poor" and providing some money, and towards a system where countries were doing something that was good for themselves. It's only by switching to that kind of model that we can get some real movement in terms of the minimum financing we need. Countries must recognize that it's enlightened self-interest and not charity, that they're actually enabling their own survival.

■ **Last year, IDEAs organized an event on financing for development in Rio de Janeiro. The main question on one of the panels was whether there was any prospect of global financial institutions changing and becoming more attuned to developing countries' needs. One of the panellists gave a strongly negative answer: the global financial architecture will not change. And I think there was some consensus at that meeting that things were not going to change. Have you been more optimistic about the global financial architecture since the Fourth International Conference on Financing for Development in Seville?**

I'm not a fan of the current global financial architecture, for sure. I think we all know the reforms that are required. Reform of the Bretton Woods institutions, regulatory reforms, all of those things: I think most of the people involved are aware of what is needed. But we also know it won't happen because the countries that control these institutions will not allow it to happen.

What I think is more likely is that many more countries are going to opt for a plan B. They're going to develop their own linkages and ways of dealing with an increasingly unreliable global system. That's already happening with exchange mechanisms like BRICS Clear as an alternative to the SWIFT system; central bank digital currencies, which are going to be employed more widely; and new kinds of trade credit extending across different groups of countries. In addition, the current international institutions are showing themselves to be not just ineffective, but counterproductive in many ways. The IMF is still prescribing the same old austerity medicine, the same regressive policies, wherever it goes. I believe that these institutions will, like the WTO, become essentially irrelevant if they continue along these lines.

■ **What advice would you offer younger economists currently being trained at universities in the region and around the world, drawing on your expertise as a leading development economist?**

The most basic advice: question everything about any argument you are presented with, especially its assumptions, whether it is an economic model or a particular statement of fact or supposed fact or a policy measure. Begin by asking what the assumptions are, and then see whether those assumptions correspond to the reality being analysed and how important they are. Accept or reject the argument on that basis. Hence the number one piece of advice is to question everything.

Number two, please read more than just economics. Read history, read politics, read sociology, read about culture, because all of that will help you understand the economy better.

And I guess the third piece of advice is a tough one: because of the sad state of our discipline and because of who the gatekeepers of that discipline are, you must have a lot of courage. You must be prepared to swim against the mainstream. Mind you, the results aren't always too disastrous. I am living proof of that: in my own life, I've enjoyed professional success way beyond anything I would have imagined, even though I've never conformed to typical mainstream perceptions. So being courageous can have its benefits, apart from being necessary!

■ **Would you say that, where assumptions are concerned, the advice should be to start with an analysis of stylized facts?**

Yes. That's certainly the way, more and more, that I do it myself now. Look at the reality. And for empirical work, especially when you're looking at processes, look at the time series.

Don't use any regression or other fancier technique before you have looked at the time series and identified patterns. Nowadays it's so easy, they just do these panel regressions or other empirical exercises without looking carefully at the evidence for clear patterns. Far too many students tend to do this, and then if they are asked what actually happened to an economy during a given period, they have no idea because they haven't really observed its behaviour over time and tried to understand it, not least by recognizing its complexity. So I agree that looking at stylized facts — and, importantly, recognizing their context — is an essential first step.

■ **And would you also agree that younger economists would be well advised not to be too technical, but to look at concepts first?**

Let me put it this way. What I would advise is: be very careful about the precise meaning of every concept you use, and its applicability and limitations. In theoretical work (which must provide the framework for all empirical work), clarify and recognize all the assumptions you are making. In applied work, don't get obsessed by the empirical techniques and don't let the techniques get the better of your understanding. Today, unfortunately, many young researchers go the other way, following the latest fashions in techniques and shaping their research to fit them. For example, over the past few years, the fashion in applied work has been to do difference-in-difference studies. So too many young scholars look for a problem that fits the difference-in-difference method. I find that so limiting and so unnecessary. Choose a problem that excites you and then use any method you can get hold of that enables you to understand and explain it. Don't let the technique rule your research or your attempt to understand economic reality.

Thank you, Professor Ghosh, for sharing your valuable thoughts, which will undoubtedly encourage further reflection among our readership.

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