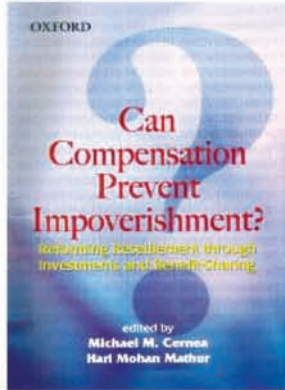


CAN COMPENSATION PREVENT IMPOVERISHMENT?

Reforming Resettlement through Investments and Benefit-Sharing

Edited by Michael M. Cernea & Hari Mohan Mathur



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CONTRIBUTORS

- MICHAEL M. CERNEA
- HERMAN E. DALY
- CARINE DUROCHER
- DOMINIQUE ÉGRÉ
- WALTER FERNANDES
- KUMI FURUYASHIKI
- RUWANI A. JAYEWARDENE
- RAVI KANBUR
- HARI MOHAN MATHUR
- MIKIYASU NAKAYAMA
- DAVID W. PEARCE
- SUSANNA PRICE
- USHA RAMANATHAN
- VINCENT ROQUET
- FRANCES J. SEYMOUR
- TIMOTHY SWANSON
- SUSAN D. TAMONDONG
- BARRY P. TREMBATH

'... This book raises critical policy issues that have plagued economists ever since Pareto ... Financial solutions derived from a narrow compensation theory can neither improve, nor restore incomes ... The authors put forward novel solutions for de-pauperizing those displaced: targeted investments and benefits-sharing, additional to compensation. Development analysts, economists, policy makers, and practitioners stand to gain from ... this book.'

— IRMA ADELMAN
University of California, Berkeley

'Cernea's and Mathur's book places avoidance of impoverishment squarely in the realm of the economics and financing of resettlement. ... with empirical evidence ranging widely from China to Brazil ... this book is an important contribution ... It offers a line of solutions ... to those who must implement them...'

— VASUDHA DHAGAMWAR
Formerly with Multiple Action Research Group (MARG), New Delhi

'... [An] essential reading for all policy makers ... As the book's title emphasizes, resettlement must be reformed through benefit sharing and development investments.'

— THAYER SCUDDER
California Institute of Technology

Book Description

This volume contributes significantly to the international public debate on development-caused displacement and resettlement. It rejects the long-held thesis that compensation is in itself enough to restore and improve the livelihoods disrupted by displacement.

Instead, the authors of this volume, a group of the world's best known resettlement scholars — sociologists, anthropologists, economists, ecologists and legal experts — recommend changing displacement policies, laws and practices, by adding investment financing and ex-post benefit-sharing to full compensation.

This book comes at a time when those displaced are increasingly opposing impoverishment by forced displacement. Their voices, argue the authors, speak of basic needs and human rights, and must be heard.

Readership

This volume will be indispensable for students and scholars of development economics, sociology, social anthropology, environment and ecology. It will also be useful to policy makers, state officials, development practitioners, industry managers, and civil society groups.

Michael M. Cernea is Research Professor of Anthropology and International Affairs, George Washington University, USA; and former Senior Adviser for Social Policies of the World Bank.

Hari Mohan Mathur is Visiting Professor, Council for Social Development, New Delhi, India.

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- **Delhi:** 2/11 Ansari Road, Daryaganj, New Delhi 110002; Ph: 011-23273841-2; 23253647; email: delhi.in@oup.com
- **Kolkata:** Plot No.A1-5, Block GP, Sector V, Salt Lake Electronics Complex, Kolkata 700091; Ph: 033-23573739-4; email: kolkata.in@oup.com
- **Mumbai:** 167, Vidyanagari Marg, Kalina, Santacruz (East) Mumbai 400098; Ph: 022-66973891-93; email: mumbai.in@oup.com

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Review Article

Can Compensation Prevent Impoverishment? Reforming Resettlement through Investments and Benefit-Sharing

Edited by Michael M. Cernea and Hari Mohan Mathur

(New Delhi: Oxford University Press, 2008)

Reviewed by Don Messerschmidt

This timely book addresses the serious issues, society's concerns and public controversies arising over policies and practices that attend resettlement and rehabilitation (R&R) associated with the physical displacement of people due to development. The editors state at the beginning of the book that they and the 15 other authors are dealing with "the main themes of current debates" that "hopefully, may provide new stimulus to them, at both the international and national levels." Much of the discussion and the perspectives here focus on India and other South Asian countries, but the issues are global. Their diagnoses and prognoses, likewise, have global ramifications for dealing with issues arising from development projects that affect local people in both negative and positive ways.

The editors write that "This volume aims to bring... new ideas and policy recommendations, ... to overcome some of the fallacies or omissions in current thinking, policies, and practices in resettlement." An underlying concept of the discussion revolves around *displacement*, which one author defines as "something... pushed aside or destroyed as something else takes its place", meaning: people, families, whole communities, their social systems and cultural artifacts, and traditional infrastructures. Following on that, the more fundamental discussion highlights the widely acknowledged public debate and controversies attending the policies and practices of *compensation*.

Displacement of and compensation for whom? The Dedication aptly points out whose circumstances inform the book's main purpose; i.e., the millions of people in families and communities who experience development-caused forced displacement and resettlement (DFDR). It is dedicated, therefore, "*to the countless poor who are forced to sacrifice their livelihoods, their lands, and their communities, so that their place on earth may become the platform for development for the benefit of many.*"

The book has 15 chapters and is divided into four parts. Following an editor's Preface and Overview, it begins with an insightful and provocative Introduction entitled 'Reforming the Foundations of Involuntary Resettlement' (Ch.1). Then, each part works progressively through a range of development and resettlement issues. In a short book review we can

only deal with the highlights, which from the editors' perspectives include these: (a) the unevenness of achievements so far, (b) the paradox of impoverishment that attends displacement, (c) the nature of compensation and its problems, as well as (d) methodological problems, and finally the issues of (e) resource scarcity and sources for financing. They point out, for example, that it is compensation and the economic aspects that embody "no doubt... the least examined problems and the deepest, most pervasive failures" of forced displacement.

These challenging issues are discussed throughout the book. Part I deals with *Theoretical Issues in Defining Compensation for Displacement* (Chs. 2-5). Part II is about *The Policy and Legal Framework for Compensation* (6-8). Part III reveals *Empirical Evidence on the Limits of Compensation* (9-11). And, Part IV details some *Constructive Solutions: Supplementing Compensation with Investment and Benefit Sharing* (12-15). An essential point arising is the importance of recognizing, understanding and appreciating past failures by examining and taking lessons from case examples of success. A related point, though one that is not as clearly articulated, is the critical notion that the attentions of policy makers and development workers should not focus *only* on the multiple 'risks' involved (and there are many), nor singularly on the 'opportunity costs' (one category of 'risk'), but upon the potentially new and progressive 'opportunities' (in the more positive sense) that *also* attend displacement. (For further discussion, see this reviewer's article entitled 'An Opportunities-Based Approach to Mitigating Risks Associated with Infrastructure Development Projects' elsewhere in this issue of HYDRO Nepal.)

Though it might appear to some that this book says it all, this is not the end of it, for the displacement compensation debate will surely continue. As the book was going to press, the Government of India was about to publish its long-awaited new policy on forced displacement and resettlement, one that it is hoped will better deal with the tough issues of resettlement and rehabilitation in India and, at the same time, will help policy makers in other countries to revise and improve their own national approaches to the issues of displacement and compensation, as well as of opportunity and risk.

There are ample references cited with each chapter, along with Tables, Figures and Boxes, an Index, a List of Abbreviations, Acknowledgements and Notes on Contributors. The contributors are largely economists and anthropologists with years of experience in both national policy analysis and field implementation. The readers are provided not only with the editors' and authors' qualifications, but also with each of their email addresses, so that they can be contacted directly to compare approaches, learn from one another, and continue the intense and ongoing

discussion.

This book is highly recommended to policy makers and practitioners involved in resettlement and rehabilitation, as well as to teachers and students of the subject. Whether the book answers the question in its title—*Can Compensation Prevent Impoverishment?* — is likely to be further debated, but there is no doubt that it provides important lessons and insights as a foundation upon which the discussion will continue.