

Development alternatives

Essays providing a mix of theory and policy on globalisation and development



TRADE AND GLOBALIZATION: LIBERALIZATION AND DEVELOPMENT: Both by Deepak Nayyar; Oxford University Press, YMCA Library Building, Jai Singh Road, New Delhi-110001. Rs. 795 each.

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This omnibus collection of 30 papers grouped into thematic clusters — economic theory, world trade, Indian experience, and globalisation and development — in two volumes complementing each other, reflect what Deepak Nayyar terms his “intellectual journey over the past three decades.”

While *Trade and Globalization* begins with the limited domain of trade theory and ends with the wide canvas of globalisation, *Liberalization and Development* starts from an analysis of the differences between the economies of industrialised countries and developing countries, and culminates in an appraisal of India’s economic reform and its “unfinished journey”.

Often repetitive and overlapping in some cases, perhaps unavoidable in such anthologies written over a 30-year span, they clearly mirror the precepts and perspectives, concepts and convictions of an outstanding economist and thinker, scholar and teacher, the author who distinguished himself as much in the halcyon confines of academia as in the hum-

drum environs of state bureaucracy.

Trade

Tracing the origins of the free trade doctrine in classical political economy, he analyses international trade also in services, explores the implications of trade between “unequal partners for development” and emergence of transnational corporations (TNCs), East-South trade, and regional trade blocs, in fact, turning out to be “stumbling blocs rather than building blocs for multilateralism in world trade.” The book moves on to evaluate the Indian experience with trade and globalisation, specially its ‘pioneering attempt’ at appraising the ‘phenomenal’ growth in trade with socialist countries.

The ubiquity and salience of globalisation as an enduring theme could not have escaped author’s major attention, his perceptions predictably emphasising globalisation meaning “different things to different people”, leading to an increase in economic inequalities between rich and poor countries, between rich and poor people within countries and also between the rich and the poor in the world’s population. He advocates a new consensus on development to be evolved in which “the focus is on people rather than on economies.”

Causes for concern

The theme is further enunciated in *Liberalization and Development*. As China’s sharp increase in economic inequalities is pointed out, India’s persisting poverty and social indicators are termed causes for concern. A reference is added to the study on

the international relocation of manufacturing production and its implications for industrialisation in developing economies in chapters eight and nine. The imperative for change in the global governance mechanisms, for example, the veto clause and restricted membership of the U.N. Security Council, as also the Bretton Woods institutions, to enable developing countries to have appropriate influence in such multilateral institutions is discussed next. The World Bank needs to redefine its role; the World Trade Organisation (WTO) needs to develop a more democratic and more effective decision-making system; there is need for the creation of an international system of governance for transnational corporations; and for migrant workers some equivalent of the WTO concept of national treatment.

India’s experience with post-1990 liberalisation, adjustment and reform is lucidly analysed in the fourth set of essays (chapters 11-15) in *Liberalization and Development*. Nayyar is forthcoming in regard to his beliefs and convictions with a discernible stance virtually tantamounting to be contrary to establishment: e.g., “1991 was not a watershed...”, “jobless growth is not sustainable either in economics or in politics”; “the balance of payments will turn out to be the Achilles heel for the package of new economic policies and the management of the economy”; “borrowing abroad... will only postpone the day of reckoning and lead to an unmanageable external debt.” He goes on to stress that rapid economic growth, though necessary, is not sufficient to improve the living conditions of people, that the

quality of fiscal adjustment is poor, and the fetishism about reducing the fiscal deficit despite a burgeoning revenue deficit, or eliminating the monetised deficit despite the much higher cost of borrowing, is entirely misplaced.

Unfinished journey

As the author riles against a proliferation of subsidies and bad loans by nationalised banks, he endears himself to a majority of the intelligentsia when he refers to the growing comparative politics of populism. He cautions that the economics of liberalisation and the politics of empowerment imply an unstable, if not volatile, mix fraught with risk.

The finale comes in the chapter “India’s Unfinished Journey: India’s growth performance”, “respectable” in the period 1950-80 and “impressive” in the period 1980-2005; during the past 25 years, the most important failure of economic growth is that it did not create sufficient employment opportunities. Stoutly asserting that his vision of India 2025 is neither “the thinking of an incurable romantic” nor of “a committed ideologue”, he calls for a society in which India and Bharat become one: connected and integrated, providing not only food and clothing but also shelter, healthcare and education for all, to create a world without poverty, deprivation and exclusion. His allusion to some forgotten essentials include: the wellbeing of humankind as the essence of development; rural hinterland; distributional outcomes; a clear distinction between means and ends; and good governance. Overall, the twin anthologies offer a great fare for contemplation.