

A Panoramic View

Pritam Singh

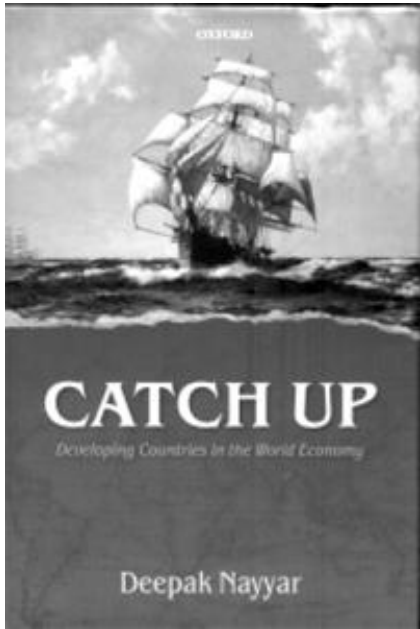
CATCH UP: DEVELOPING COUNTRIES IN THE WORLD ECONOMY

By Deepak Nayyar

Oxford University Press, Oxford, 2013, pp. xvii 221, price not stated.

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The book under review is fascinating and disappointing at the same time. It is a masterly survey of the developmental and economic history literature on the significant changes that have taken place in the global economy over a long historical period stretching into many centuries. The data that has been carefully used and analysed comes from reliable sources, mostly UN data.



Deepak Nayyar, a Left Keynesian who belongs to the developmental state school of thought in the field of development economics has not only surveyed global economic history but also brilliantly summarized the main contributions to development economics in the field of industrialization that is the focus of this study.

The central contribution of work is in two fields: one, it provides a panoramic view of the rise and fall of nations in the tradition of the work which Angus Maddison is most famous for, and two, it critiques the neo-liberal paradigm that still remains hegemonic in development literature in spite of a serious setback that the triumphalism of the paradigm has suffered in the wake of the recent multipronged crisis of global capitalism (For my examination of this multipronged crises, see 'Contemporary Global Capitalism: Multi-pronged crises', *Economic and Political Weekly*, October 11, 2008). A long term historical viewpoint of the economic rise and fall of nations shatters the myth, that 'western nations' have any inherent superiority in technological inventions, innovations and development. Nayyar has made a use of the key data and findings from Maddison's studies to demonstrate that many countries, most importantly China and India, had a far more important place in the world economy than many western economies in the period from 1000 to 1820. China, India and many other developing economies are now regaining the place in

the economy which they once had and had lost in the wake of the Industrial Revolution, its spread effects to western Europe, and the rise of colonialism and imperialism. In examining the successful experiences of industrialization, Nayyar has been able to demonstrate very effectively the enabling role of the state, and through that he provides a robust and reasoned critique of the neo-liberal paradigm that extols the virtues of 'free' markets and liberal regimes of free trade.

In the discussion on the structural change from primary and secondary to tertiary sectors in the process of industrialization and economic development Nayyar provides a very useful insight that structural change is necessary but not sufficient to drive economic growth. He writes: 'The direction of causation does run in both directions but it is strong and positive only in countries where there are virtuous circles of cumulative causation that reflect success in development' (p 102). In his formulation on the learning experience from colonialism for industrialization, he writes: '... colonialism was also a source of manufacturing experience, from the British in India, Malaysia, Egypt and China, from the Dutch in Indonesia, or from the Japanese in Manchuria (China), Korea and Taiwan. For South Africa, manufacturing experience came through a mix of migrant individuals, colonialism and foreign firms.' In the transformation of the global capitalist economy, it is absolutely right to see the dialectical and contradictory role of colonialism than remain content with mere condemnation of colonialism. On the increasing role (catching up) of the erstwhile developing economies in the making of the global capitalist economy and its future consequences, though Nayyar makes an admirable critique of neo-liberalism, he remains orthodox in his understanding of the key role of ecology in the current global context. His view of development remains trapped in the orthodox notion of development in terms of increasing industrialization, rising GDP and per capita income. The entry of ecology in the development literature has fundamentally

questioned this orthodox paradigm of development. Nayyar makes a brief mention in one paragraph of the environmental consequences of the development experience of the developing economies. If the threat of global climate change and global warming has to be addressed, environment cannot be just one add on chapter in alternative paths of development. Ecology has to be made central to the analytical structure. It is this absence of ecology in Nayyar's otherwise superb book that leads to his failure to see the importance of an alternative path of development being pursued in some of the Latin American countries such as Bolivia, Ecuador, Nicaragua and Uruguay. These countries are not only questioning the neo-liberal paradigm, they are going much further in questioning the whole edifice of orthodox models of development that are bereft of ecology. Many of them label their path of development eco-socialism which is a critique also of the old style socialism that mirrored capitalism in its uncritical focus on industrialization. Nayyar's justifiable praise of the role of the enabling state in the march of the nations towards industrialization can be fruitfully re-employed to the enabling role of the state in ecologically oriented paths of development. It is undeniable that the market mechanism with focus on profit cannot be successfully used in a systematic and comprehensive fashion to build an ecologically compatible economy. This does not mean that individual companies cannot pursue ecologically oriented modes of economic activities and where they do, such initiatives need to be welcomed. However, a comprehensive move towards ecologically oriented paths of development cannot be accommodated in the capitalist mode of accumulation. If works such as Nayyar's encourage new generations of economists to build upon such contributions to develop models of eco-socialist economies in the developing economies, then they can aim at going beyond the goal of catching up with the old industrialized countries.

Pritam Singh is Professor in the Department of Accounting, Finance and Economics at the Oxford Brookes University.