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GLOBALIZATION AND DEVELOPMENT STRATEGIES

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Abstract

This essay situates the process of globalization in the wider context of development. The implications of globalization for development are considered in retrospect and prospect. The main object of the paper, however, is to analyse the implications of globalization for strategies of development. It starts from the premise that development must bring about an improvement in the living conditions of people, but also recognises that, despite enormous economic progress over the past fifty years, development has been very uneven between and within countries. This exclusion of countries and of people from development has become much less acceptable with the passage of time. Globalization, which gathered momentum during the last quarter of the twentieth century, has created unparalleled opportunities and posed unprecedented challenges for development. Yet, the virtual ideology of our times has transformed globalization from a descriptive into a prescriptive word. The reality that has unfolded so far belies the expectations of the ideologues. The past 25 years have witnessed an increase in economic inequalities as the income gap between rich and poor countries, between rich and poor people within countries, as also between the rich and the poor in the world's population, has widened. The exclusion of countries and of people from globalization, which is partly attributable to the logic of markets, is a fact of life. The problem may be compounded by the emerging rules of the game for international economic transactions, which are asymmetrical in terms of construct and inequitable in terms of outcome. What is more, these asymmetrical rules, combined with the economic implications of globalization, are bound to significantly reduce the degrees of freedom for developing countries in using economic policies to foster development. Yet, no

country wishes to be excluded and not even large countries can afford to opt out. The object of any sensible strategy of development in a world of globalization should be to create economic space for the pursuit of national interests and development objectives. In this task, there is a strategic role for the nation state, not only in the national context to adopt policies that maximise the benefits and minimise the costs of economic integration with the world outside, but also in the international context to shape the rules of the game through regional arrangements or strategic alliances. Given the reality of globalization, it is also necessary to think of correctives and interventions in national development strategies that would make for a more egalitarian development. These are, in fact, the responsibility of the state because governments are accountable to their people whereas markets are not accountable. And political democracy can persuade the state to act in the interests of people. The time has come to evolve a new consensus on development, which should be concerned with equity as much as efficiency and social progress as much as economic growth. The focus must shift from economies to people and from means to ends. Markets and globalization can be used as means to further the end of development, which improves the quality of life for people, only if public action remains an integral part of development strategies.