

Deepak Nayyar | The next 14: it's not just about Asia

A new book looks at world economics from a historical perspective and talks about the 14 very different countries that now show evidence of succeeding

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Economist Deepak Nayyar says it is hyperbole to call this Asia's century. Photo: Rituparna Banerjee/Mint

Economist **Deepak Nayyar**'s new book *Catch Up: Developing Countries in the World Economy* takes a fresh look at the evolution of what we now know as developing economies from a non-European, long-term historical perspective. The book argues that the balance of global economic power is again shifting, this time towards a more multipolar world.

Professor emeritus at the Jawaharlal Nehru University in the Capital and a former vice-chancellor of the University of Delhi, Nayyar has previously authored *Trade And Globalization* and *Liberalization And Development*, among other titles.

In a conversation with *Mint*, Nayyar spoke about why it is hyperbole to call this Asia's century, and names the next 14 countries that will corner a larger share of world output. Edited excerpts:

What inspired you to write this book now?

Much of the history of the world economy is written from a European perspective. I believed that it was time to see this through a different perspective—that of what we now call the developing world, but which could be defined as Africa, Asia excluding Japan and Latin America including the Caribbean.

What did you find in your research?

In a long-term historical perspective, what we now call the developing world—Asia, Africa, Latin America—but essentially Asia, had an overwhelming significance in world economy. A thousand years ago it accounted for 80% of the world income and world population, of which China and India alone accounted for 50% of the world population. And the situation was about the same even 500 years later, in 1500. The beginnings of change, from 1500s to 1800s, had to do with the first phase of colonialism, the discovery of the new worlds, and then there was the industrial revolution. But even in 1820, less than 200 years ago, India and China still accounted for 50% of the world population and world income. But the period from 1820-1950, a short span of 130 years, saw a transformation in the world economy, as there was what is now described as the great divergence. Per capita income in Asia was half that in Europe in 1820, and was one-tenth of that in Europe in 1950. In industrial production, the share of what we now know as the developing world collapsed from about two-thirds to less than 10%.

The reason of my inquiry is how much has the world changed since 1950.

So are we trying to “catch up” with the West or our own past?

The phrase catch up is really used to describe narrowing the gap between what we have lived with as poor countries and rich countries—that reality. The gap in aggregate income, per capita income, share in world output, share in world trade, and rates of growth. Between 1950 and 1980, what we now call the developing world grew at higher rates in GDP per annum than industrialized countries. And from 1980-2010, their rates of growth were close to double those in the industrialized world. While in the first phase the population growth rates were high, their share of output went up but their per capita did not go up so much. Since 1980, as population growth rate slowed down, their levels of per capita income also started to catch up. We mean catch up in the sense of narrowing the gap. But I do ask the question, is there a future in the past? Can we think of the past of developing countries as their future?

Can we reclaim our past in that sense?

The developing world as a whole in 2010 is roughly where it was in 1870. Whether you look at the share in world output, world manufacturing production, world trade, world population, they are back roughly where they were in 1870 except in terms of per capita income—in this regard they are where they were in 1900. And therefore, if things continue on some contingent assumptions that are spelt out in the book, I suspect that by 2030, the developing world will be back where it was in 1820.

However, the question you asked, are they going to be able to reproduce their past—we can't be mechanistic about it.

It would be possible for the developing countries to sustain economic growth and this process of catch-up if, and only if, this process is inclusive of people at large so that economic growth, human development and progress move in tandem. The capacity of these countries to include their people at large—and India has a long way to go—in the sharing of this prosperity will determine the sustainability of the catch-up.

Will this be in a sense Asia's century?

The significance of Asia is not new. For 1,500 years, Asia was dominant in the world economy. China and India were the suppliers of manufacturing goods—whether it was Indian textiles, Chinese silks or porcelain—to Europe, which had a large trade deficit. And the Europeans began to look for the new world because they needed to find silver to pay for these things. In that sense this overwhelming significance of Asia is not new. It is a return to the past.

But we need to recognize that the catch-up is very unevenly distributed. First, among the three continents, much of it is concentrated in Asia. Africa almost has retrogressed and Latin America, which had higher levels of income when we started out in 1950, is roughly where it was. In that sense, if there was a linear progression along this path, you might say that this would be Asia's century. But that's hyperbole, because economics is much more complicated, and politics even more complicated, than the arithmetic of compound growth rates.

In my book, there is a group of countries that I call the next 14—Argentina, Brazil, Chile and Mexico in Latin America; South Africa and Egypt (now Egypt with a question mark) in Africa; and China, India, Indonesia, Malaysia, South Korea, Thailand, Taiwan, Turkey, in Asia. These countries are very different from each other but what they have in common is that they are latecomers to industrialization that show evidence of succeeding.