

Economic globalisation: opportunities go Invisible under the blown up shadow of challenges

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Abstract:

The adoption of the concept of 'mixed economy' by the founding leaders of independent India has to be seen as a realization of this fact almost half a century before. Thus, soon after the independence, the planners of Indian economy designed such an economic system in which both public and private players were encouraged with varying degree of the involvement which was definitely a reflection of the then existed political and economic philosophy that available ideologies must be used for the benevolence of the people as a whole.

Key words: phenomenon, epicentre, ubiquitous, monocracy

Globalisation, as a phenomenon encompassing almost all walks of the life today, presents not only challenges as overly propagated, but immense opportunities also. Despite its detrimental effects as it is pursued irrationally, globalization can be effectively tamed for the betterment of the society provided that we have people's democracy characterized by bottom-top form of control with people's participation in the decision making instead of the on-going top-down democracy in which people are just spectators. Historical evidences amply make it clear that no specific form of economic organization like capitalism or socialism is complete with respect to the efficient and equitable distribution of the

resources among the people. We have seen evidences of countries like Soviet Union disintegrating and Wall Street, the epicentre of modern capitalism, begging for state financial bailout. Therefore, it is quite sensible and sustainable, to adopt an approach of mixture by blending better characteristics of available economic systems such as capitalism and socialism so that the inherent potential of such systems can be effectively utilized for the welfare of the people in general and of the marginalized section in particular and thereby the detrimental effects can be minimized.

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Whether be it in the past or present or future, the ultimate goal of guaranteeing a decent living to the all citizens of a country especially to those in the lower strata of the society can only be achieved through a ubiquitous people's state both as a regulator (socialism) as well as a facilitator (capitalism) according to the warranty

of the situation. This sort of political economy may be termed as 'democratic socialism'. It is an absurdity not only historically but rationally also to believe that a vast and complex system like modern human civilization involving various aspects like culture, sociology, economics, politics etc will move to its logical conclusion either by way of freeing the market system (capitalism) or by way of restraining the freedom (command economy). Globalization as a reality must be looked at through the prism of such a view of point. In other words, our policy makers must contemplate whether this phenomenon has any inherent potential (of course) to be tapped for the welfare of the people and if so, how it must be tapped as our founding leaders of independent India did by making use of the economic and political philosophy then existed. The same set of norms adopted half a century before need not be relevant as such today as economic and political philosophy has undergone drastic changes in the form of globalization, liberalization etc. It is in that context the will of the state put to the test or it is in that context the picture becomes clear in terms of whether we have a 'people's democracy' or 'monocracy'. At this point, I think it is in order to comment on the role of the academia as the learned group in the society as they often occupy important positions in the form of policy advisors to the policy makers. It is often noted that the so called learned people is also carried away by the fantasies of ideology they believe, turning a blind eye to the naked realities. Therefore, I sincerely believe that academia and policy advisers has to play a key role in capitalizing the opportunities of globalization for which they must bury their differences of opinion over ideologies in the best interest of the public.

Now let us go back to the initial comment with which I have started this discussion that globalization presents not only challenges but opportunities also. It is not required to reflect on the challenges of globalization as plethora of articulations and evidences on it are available

(Stiglitz 2002). Certainly, works such as Baghawati (2004), on the other hand, presents the cases in defense of globalization. However, I would like to present a brief description with two distinct cases - macroeconomic and regional- on the potential opportunities brought about by globalization in the following sections.

Macroeconomic Case

To put across my argument that the macroeconomic opportunities presented by globalization are grossly ignored, I would like to draw the attention to the facts published by planning commission recently. According to data published by planning commission (2013), while the tax revenue since 1990 as a percentage of India's GDP remains almost stagnant, the non-tax revenue as a percentage of GDP has drastically declined implying that the tax buoyancy in Indian economy is literally zero. On the other hand, the expenditure especially the planned expenditure which determines the course of long term economic growth of the economy is also found to be declining since 1990. It is worth noting here that all these shrinking processes takes place over a period of time when the national income measured by, say GDP, has increased manifold since 1990. Given such a background, one can raise a naïve question as why does this happen? It is here we have to examine what sort of democracy we are live in? As I pointed out at the outset, whether it is a people's democracy or not? The governments run by any party are under tremendous internal and external pressure to reduce the fiscal deficit which is shown to be the panacea for all problems of the economy. Given such tremendous pressure, the governments of the day who are bound to be loyal to their financiers outside the political system are left with only one option: cut the expenditure-often capital expenditure- as cutting the revenue expenditure like the salary of government officials will invite the wrath of highly politicized trade unions. Also, this process of government's withdrawal from

developmental activities especially in the areas like basic infrastructure guarantees a lucrative business space for private capitalists.

At the same time, if we look at this scenario through the eyes of common man at large, we can see the opportunities presented by globalization and liberalization. No one can contest the view that the phenomena of globalization and liberalization have played a key role in catapulting Indian economy to a higher growth trajectory manifested in the form of manifold increase in the national income of the country. But, instead of an increase in the income of the government in proportion to the increase in the national income, what we have seen is the just contrary. That is, the state has missed or ignored an opportunity to mobilize resources to the public exchequer and use so mobilized resources for the betterment of the society as a whole. For this, instead of top-down government which will be concerned only about the growing expenditure side of the budget, people must choose their own democracy which will concentrate not only on expenditure side of the budget, but on revenue side of the budget also through the strict and effective enforcement of tax rules.

Let me consider the case of the private investment in education to illustrate the same point that globalization and liberalization presents not only challenges but opportunities also. All of us are aware of the controversies associated with the issue of encouraging private investment in providing socio-economic services all over the world often, as I mentioned, being carried away by the nicety of the ideology one believe in disregarding the substance of the matter. Of course, the question of whether the private investment or foreign investment should be allowed in all sectors of an economy alike like education, retail etc cannot and should not elicit a unique answer as the socio economic impact of the same policy will be different. Hence, in

my view, we have to have a differentiated treatment of the issue of private or foreign investment in provisioning economic and social services. Acknowledging this fact, I am of the view that government must encourage private investment in the education both by domestic and foreign players. Because, it is a reality that there is an affluent section of the society who can afford as well as ready to avail services provided by such private players. Given that, one can ask why should the society obstruct them from enjoying such privileges? I do not find any justification from restricting the affluent section from enjoying such privileges in a modern welfare society. We should not penalize the rich for having born rich. Obviously, critics may brandish the sword of equality here. Of course, we must strive as much as possible to ensure that who cannot afford to avail such expensive education is guaranteed with quality education. How? To answer this question, again I would like to invoke the concept of people's democracy. It is a reality today in our country that the wards of extremely rich are educated at the centers of excellence like IIMs and IITs with substantial amount of subsidized educational expenditure whereas the centers of misery like traditional government schools, where the wards of less privileged people are studying, are starving for resources. All of us aware of the many instances reported in the past in which the educational institutions especially schools where often students from less privileged families study running short of all sort of resources. Why should the government bear the cost of the education of the rich at a time they are ready to subscribe it at their own cost? How the government can afford to waste scarce resources by channelizing it to rich when crores of people are badly in need of it (Milton Friedman, 1972)? It is in this context, the relevance of private investment in the education sector arises. Let the government facilitate investment by the private players, both national and international, in education sector and at the same time, government act as watch

dog ensuring that such private players are operating in the best interest of the nation ensuring quality education is provided. Hence, the resources unnecessarily wasted by subsidizing the education of the affluent can be channelized to the deprived sections so that their educational aspirations will not get dampened simply because of the shortage of resources. Thus, globalization presents not only challenges in the form of ensuring that private players provides quality education, but opportunities also in the form of the necessary resources for providing quality education to the larger less privileged sections of the society.

Regional Case

To convey my argument under this title, I would like to consider Kerala as a case in order. There is unanimity that globalization is, in a sense, expansion of market from economic perspective. In other words, market is at the centre of the globalised world. Given that, the potential of a vast market has to be tapped if we really want to exploit the potential of globalization. For this, the state or country must design a holistic course of action or plans as to how to effectively utilize the potential of market for the overall welfare of the society for which the inherent indigenous potentials of the country have to be made use of. In the traditional economic jargon, let us say that the comparative advantage of the country or the region has to be effectively utilized. For instance, why should Kerala not explore the export potential of its own pride- Coconut? Let us not ignore the immense export potential of the coconut, for instance, as source of income and employment for the state. A variety of value-added products like sugar (which is extolled to be healthier than its substitute available), soft drinks from tender coconut, *neera*, (sweet healthy drink collected from the tender bunch of coconut), products like coir, timber etc can be produced with the help of modern technology. It is worth drawing attention to the statement of a state minister that if Kerala

utilizes 10 percent of its available coconut trees for *neera* production, it can earn an annual income of Rs 54,000 crore and also he pointed out that Kerala can generate one lakh job opportunities if Kerala make use of just one percent of the available coconut trees for the same purpose. If available technologies are not adequate to deal with the situation, new technologies should be developed here through the scientific innovation for which government must encourage R&D by setting up new scientific research centres and also encourage such research initiatives in the existing universities. Thus, this kind of holistic approach involving protection of environment through the expansion of the greenery, generation of employment opportunities, enhancement of employability and skills of the people through the restructuring of education etc must be designed by the government for the people. With the advent of such schemes issues like unemployment especially educated underemployment can be effectively addressed in a state like Kerala known for the menace of the educated underemployment. As I mentioned earlier, this kind of a comprehensive and pragmatic approach cannot be expected to delegate by government to systems like market or individuals as it is highly complex and monumental. It is, therefore, only a proper government with strong mandate to address the burning issues of the people as well as vast resources in its command can deal with this sort of gigantic issues. Thus, the point I am making here through the case of coconut as an illustrative example is that country or states must deliberate over the their strengths through their governments or executives in the context of globalization and thereby adapt the system, at least economic philosophy, in such a way that the inherent potential of globalization is made use of for the material well-being of the society.

One addendum is in order here. Now here the so called fiscal conservative may challenge

this kind of holistic plan citing pressure on fiscal situation of the government. As adage goes, where there is a will there is a way. If there is political will for our rulers, finance for this kind of project can easily be found out. For instance, Kerala's talented human resource is heavily dependent on the foreign countries for its livelihood. According to latest report, about 25 lakhs malayalees are working aboard especially in the Middle East. Why the government cannot form a co-operative of such expatriates so that they can contribute a sizeable amount so as to form a corpus fund to which government should guarantee them either a fair financial return or employment opportunities generated as a part of this project either to them so that they can come back and live with their families or to their relatives which is of paramount importance from the social life of the Keralites are concerned. Thus, government can mobilize resources and thereby can act as facilitator. If the government can buy the service of cine actors to propagate the social significance of purchasing a 'Karunya Lottery Ticket' through visual and print media, why not dare to form a cooperative society of expatriates to mobilize fund for introducing a mega project to provide quality education, health service, employment opportunities etc to the people of the state and thereby making Kerala, really, a God's own country.

To conclude I am pretty sure that the above description may evoke some feeling that these are all utopian and thereby impossible. Of course no one can blame if somebody feels so because we are somehow made or accustomed to believe that 'possible-is-impossible' because we, the ordinary people, are too helpless and hapless. However, I firmly believe that this iceberg of impossible will be melted in front of the will of the determination; commitment, patriotism and

above all humanness of the one whom we elect to serve us not rule us. Joseph E. Stiglitz (2006), winner of Nobel Prize in Economics in 2001, observed that "a change in mindset will be essential if we are to change the way globalization is managed". All that I advocate is that globalization brings about enormous economic opportunities to the world which can only be effectively utilized under the leadership of an efficient, far-sighted, people's government. Therefore, no country including India can ill-afford to miss this historic opportunity to change the standard of living of millions of millions living below poverty simply because of our parochial and chauvinistic politics. Globalization in no way admits the argument in favour of withdrawal of government and leaving the destiny of the country to be determined by the vagaries of the market. Instead, globalization presents both challenges and opportunities and there must have a strong and effective government to make advantage of the unfolding scenario for the benefit of the people.

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