

ADDRESSING INEQUALITIES IN GLOBALISED WORLD

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[Abstract: Globalization of the nation states has many dimensions. Economic globalization is only one of such dimensions. In the overall globalised world inequality and exclusion would remain a dominant reality. There would be international inequality (among nationals), intra national inequality (between regions of the State) and global inequality (among individuals, communities). Nation states can address such inequalities by working on their strengths and minimizing their weaknesses of on each of the dimensions of globalization through strategies as appropriate to their genius. As far as economic globalization is concerned, emerging democratic economies have means to address such inequalities by reprioritizing their investments in social sector with the twin objective of holding the hands of socially excluded and by retuning its spending on human resource development and education to make them digitally literate, technically & scientifically reoriented to innovate and strengthening the programmes of liberal education as well. May be the dazzling growth may not take place in the short run but it will happen in the long run and would be sustained and suiting to the democratic ethos of the country.]

Globalization is a process or set of processes rather than a singular condition. It would refer to the emergence of inter-regional networks and systems of interactions and exchanges resulting in enmeshment of national and societal systems. Resultant transactions are complex webs and networks of relations among communities, states, institutions, non-governmental organisations and multinational corporations which make up the global order. Such interactions define an evolving structure which imposes constraints on and empowers communities; states and social forces across the globe.

These processes are reflected in all social domains from the cultural through the economic, the legal, the military and environmental and scientific. Thus in order to understand the dynamics of and consequences of globalization, a grasp of differential patterns of global interconnectedness is essential. It would be inadequate to study a single dimension of globalization in isolation and draw up policy recommendations.

As economic, social and political activities get increasingly stretched across the globe because of the dynamics of globalization processes, these cut through and across

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political frontiers. Interestingly as globalization intensifies it re pushes towards reterritorialisation of socio-economic activity in the form of sub national regional and supranational economic zones e.g. EU, NAFTA, mechanisms of governance (WTO) and cultural complexes (Asian Diaspora). It even promotes localization and nationalization of societies. Thus globalization is aterritorial.

In an increasingly interconnected global system, exercise of power by agencies on one continent can have significant consequences on other continents thus globalization results in restructuring of power relations and patterns of global stratification mediate access to the sites of power, while the consequence of globalization are unevenly experienced.

To determine the extent of enmeshment of states and their interconnectedness in different dimensions of globalization, researchers have developed indicators for various domains: the political-legal; the military, the economic, the socio-cultural (migration, and media and communications); the environmental. The global stratification indicator sets can be applied and developed for global flows, for individual countries and various time periods, depending on data availability in particular countries¹.

Political-legal indicators when mapped would reflect the enmeshment of individual state's processes and networks of regional and global governance and determine its place in the global political order dynamically. Such a mapping would form a subject of the general pattern of global diplomatic, interstate and transnational activity.

On a closer security of the mapping of political and legal indicators, it would be possible to infer upon the diplomatic connectedness of States including bilateral and multilateral diplomacy and the facilitating support to concerned ministries in the respective jurisdictions to sustain and grow such connectedness towards inspiring confidence among States in general about the recognition and practising of international regimes and enforcement of international contracts and

¹ "Researching Globalization", by David Held and Anthony McGrew, David Goldblatt and Jonathan Perraton, <http://www.polity.co.uk/global/research.asp>

understandings. International connectedness of a State would be reflected in the treaties and formal arrangements covering areas such as geopolitics, health and welfare, economic and technological, human rights, environment, curbing of international crimes including terrorism and economic offences. Interconnectedness of State would necessarily have bearing on the impact of its domestic policies on foreign sources and vice-versa and result in spill over which would be giving rise to distinct networks to address domestic-foreign frontier which would include bringing up the roles of ministries other than foreign ministries in the networks. Such networks should be bringing up regional organisations engaging the States of the region within the overall framework of globalization in general. The degree of intensity of political connectedness would be demonstrated by the degree of participation of the State in the theatres of engagements on multilateral and bilateral issues by professionals, civil society groups, political parties, trade unions and other stakeholders.

Military remains the power arm of states and its strength and preparedness has come to be dependent on not only availability of arms from domestic and external sources but also on the global intelligence networks. Militaries across the nations are required to complement and supplement their effectiveness by engaging one another as constructively as possible and get enmeshed into a network to maintain a steady military order. Such an engagement among the militaries would have military indicators such as security treaties—bilateral and multilateral, security arrangements—bilateral and multilateral, peace keeping activities—U.N. and regional; Deployment of military forces—abroad and basing arrangements including numbers. World military order would also have indicators about the indigenous capacity of producing arms, ammunitions and other military equipment and also the capacity expansion exercise including by way of increasing production, acquiring technology, strategic alliances and arranging strategic supplies etc., as demonstrated through increased budgets and increased projections of men, material, Research and Development, Training, Communication equipment, Weapons of mass destruction and exercises on simulating wars of different intensities. Indicators about military would include the stage of preparedness of entry into international and bilateral

treaties on matters such as Arms limitation. Workable data resources exist for mapping the military dimensions of globalization.

Economists have concentrated exclusively on the economic aspects of globalization. There are plethora of indicators and data for enabling mapping of enmeshedness of states in the economic globalization processes. Broadly these would cover International Trade, International Finance, Multinational Corporations, and the stage of development of domestic institutions to take advantage of the broad inflows and resultant investments and opportunities to generate value additions in coherence with the international value chains in production and services. There would also be indicators state specific/regions specific which would tend to take away from the capacity potential which can be addressed, if there are remedial indicators of managing such concerns to minimize the impact of such indicators reducing the efficacy of economic connectedness.

States also get globally interconnected because of migration of people from one state to other legally, illegally, temporarily, permanently, seasonally, voluntarily or involuntarily and also for the purpose of tourism, business travel, family reunions etc. Degree of integratedness of the states on dimensions of migration would have its specific indicators both in regard to ingress and outflows of immigrants and these would depend on related policy and legal instruments of host countries and its potential in providing adequate opportunities of livelihood and advancement on non-discriminatory basis and also on its regime governing immigration. Similarly, where intensity of migration from a country would have specific indicators ranging from domestic internal scenario to the initiative of its people to go out for seeking adventure livelihood opportunities, advancement and in extreme cases seeking shelter. Sponsoring states may encourage migration of citizens for attaining higher skills for utilising them for increasing internal strengths by encouraging them to return and if they do not do so, states may have advantage of inward remittances. Reliable data sets for mapping the effect of migration on globalization are available from related publications of U.N. and other national and international agencies.

Global connectedness of states would certainly impact on the culture of states. To map out this dimension of globalization, it would be essential to go by quantitative as well as qualitative indicators. While quantitative indicators in the term of international sales by advanced economy like U.S. may be easy to access but the impact on respective cultures would depend on several factors depending on the perceptions of those who make such studies. Thus the conclusions drawn on such mappings would remain fragile and can thus be an uncharted plane of understanding which may result in conflict situations of otherwise unifying forces of globalization.

Environmental indicators are thrown up by enormous amount of scientific data available across the world but in certain areas and regions it may be patchy and uncertain. On certain indicators like global warming and ozone depletion, the problem faced by these, can be studied country wise. However, impact of global environmental problems is more complex to quantify. Quantitative data banks of climate change, associated disasters, storm damage, loss of land to sea, etc. can be assessed. There would be indicators reflecting the responsiveness or its lack to environment on the issues relating to waste disposal, toxic control and handling nuclear and electronic debris.

A common thread running through all the indicators is that not all countries, places, or communities can equally be enmeshed in global flows or networks. Inequality and exclusion would remain a dominant reality of globalization. Mapping of stratification of states is obviously a complex business and any casual relationship between globalization and inequality would be controversial. There would thus be international inequality (between states/nations), international inequality (within states) and global inequality (among individuals/communities/local)². These inequalities can be fairly mapped in terms of economic indicators excluding indicators involving other dimensions. Obviously such a mapping would be inadequate at least qualitatively on other dimensions and the indicators surrounding them not only affect the economy outcomes but also trigger off forces which may

² *Ibid.*

immeasurably affect even economic indicators globally. Thus the global efforts of economic globalization have to address the other dimensions of globalization continuously. Relative advantages of one country over the other for being termed its economy more globalised than other cannot thus be measured by comparing economic indicators alone. Taking note of the obsessiveness of economists to compare competitiveness of countries, Paul Krugman in his book *Pop Internationalism* termed “competitiveness: a dangerous obsession” and argued,

“Concern about competitiveness are, as empirical matter, almost completely unfounded [...] the obsession with competitiveness is not only wrong but dangerous [...] thinking in terms of competitiveness leads to bad economic policies on a wide range of issues.”

Krugman went on to point out that the concept of national competitiveness is elusive because countries, unlike firms, do not go out of business irrespective of whether they are happy or unhappy with their economic performance³.

In view of the fact that economic indicators sought to determine economic competitiveness of a country would be superimposed by the indicators of other dimensions of globalization, competitiveness does not remain a yes or no concept but a fuzzy one and its measurement means would be fuzzy and cannot be evaluated quantitatively to lay policy prescriptions. The measurement of competitiveness even within a well-defined conceptual framework is very much matter of compromise with available data, and entails a number of trade-offs among different criteria and objectives. In addition, a number of technical considerations arise in the construction of competitiveness indicators, not all of which have unambiguous situations; even in theory⁴.

Nevertheless World Economic Forum (WEF) has been in the business of stratifying the nation states in terms their global economic competitiveness (GEC) by bringing out reports annually. WEF has been presenting its annual reports for the last three decades and annual reports are presented after conducting executive opinion

³ “Pop Competiveness” by Roberto Cellini and Anna Soci, *BNL Quarterly Review* No. 220, March 2002.

⁴ *Ibid.*

surveys of business executives of the Nation states and taking support of their industry/business associations. The reports are towards creating understanding of key factors that determine economic growth and thereby tend to explain why some countries are more successful than others in raising income levels and opportunities for their populations and thus offer an important tool in the formulation of improved economic policies and institutional reforms⁵. WEF keeps recommending sustained structural reforms aiming at enhancing competitiveness of countries to stabilize their economic growth and ensure rising prosperity of their populations. WEF maintains that a country's competitiveness would depend upon its ability to raise productivity which would finally determine the rate of return on investments in the country which are fundamental drivers of the growth rates. Thus a competitive economy would need to identify factors boosting productivity which would be (i) Focusing on specialization and the division of labour (ii) Investments in capital and infrastructure (iii) Education and Training (iv) Technology upgradation & skills developments including innovation (v) Macroeconomic stability (vi) good governance (vii) Sophistication of firms carrying on business in an environment of transparency and also efficient market systems supported by sound financial structures.

Most of the factors outlined above which are pre requisites for productivity increase and hence ensuring competitiveness advantage exist in advance capital economies of west and on such reckoning, it is not surprising that in the stratification of global competence arrived by WEF, all the top positions are occupied by such countries. In world economic order interconnected globally these countries would continue to maintain their competency advantage and continue to access the world's economic resources and would remain in a position to have economic surplus to invest in other countries who are able to offer resources in kind and/or have competent manpower capable of being allies in the value chains of these advanced economics. Countries capable of supporting the value chains through resources and or skilled and innovative manpower would have necessary inflows to increase the levels of the income of their populations and yet they would be becoming producers of economic wealth of the advanced countries further. Countries that lack in providing resources

⁵ "Global Competitiveness Report 2012", *World Economic Forum*

and or skilled manpower would be deeper at the receiving end. Thus the international inequalities have become deeper.

In economies like India, who have diversity within, the intra-inequalities have arisen as the percolation effects of growth in economy have not kept pace with the differentials being caused.

In the democratic setups, where the diverse communities have managed to find expression in the national governance, widening inequalities are capable of disturbing stability of the system and thereby have the potential of disturbing the gains that are being accrued from the economic globalization of the country. Such countries have the challenging task of continuing with the processes of globalization in all its dimensions and in economy particularly and also make optimal investments on public good programmes aimed at not only addressing the population's basic need of food, education, health and shelter but also make them useful participants and beneficiaries of the gains of globalization to take them out of the vicious circle of poverty and unemployment. In such states, the role of governments, therefore, is bound to increase even under the forces of globalization which the advanced globalised economies would do well to appreciate as a stable economic order globally is in their own interest and they would do well to sustain and encourage the regions of value addition to the overall economy. However, the advanced economies in the post 2008 economic global crises themselves continue to face a number of significant and interrelated challenges threatening to hamper a genuine upturn. Financial difficulties persist in the periphery of EURO-ZONES threatening a sovereign debt crisis. WEF maintains in its GEC report of 2012-13 that in the crisis management it is critical that countries manage to establish the fundamentals that underpin economic growth and notes that policymakers around the world remain concerned about high unemployment and social conditions in their countries. There seems to be an obsessiveness with the WEF about the sanctity of its prescriptions even at the cost of employment and social security and such an obsessiveness is counterproductive because in real world no political order can continue to ignore the loss of jobs and incomes and thus the zealotry of the post-1970s globalization

optimists that globalization would wither away the state has been belied. 2008 global crisis has ushered in largely synchronized enlargement of government with a momentum rarely seen in post war period. Dormant Keynesian socialism has been resuscitated by the policy makers of all hues to embark upon an unprecedented “fiscal stimulus” sending sound budgets out of the windows. This has resulted in more than \$50 trillion global tax payers’ money at stake as debt. Besides arm’s length relationship between fiscal and monetary policies has been shaken by lowering of fiscal rates to an extent that it has resulted in reduced savings. Further steps in similar directions could lead to withering away of globalization itself⁶.

Therefore, notwithstanding the prescriptions of WEF or other similar agencies, every country in globalised order has to determine its own fundamentals taking into consideration its specific internal and external strengths and weakness. Prime Minister Man Mohan Singh in his address to the U.N. General Assembly on 24 September 2011 observed,

“Till a few years ago the world had taken for granted the benefits of globalization and global interdependence. Today we are being called upon to cope with negative dimensions of these very phenomenon [...] Iniquitous growth, inadequate job and education opportunities and denial of basic human freedom are leading to growing radicalization of youth, intolerance and extremism [...] Prescriptions, if imposed from outside, would be fraught with danger”⁷.

Indian government even during the process of globalization has been adopting strategies taking into consideration the democratic polity of the state and has maintained social sector programmes⁸. Emerging inequalities and higher expectations across the regions call for reorienting social sector programmes in their content in tune with the demand of globalised world taking into strength the demographic advantage of India over all other economies.⁹ It needs to exploit the

⁶ “Instead of the State, Globalisation has Withered” by Julie Novak, *Canberra Times*, 16 April 2013.

⁷ “Text of Prime Minister’s Speech at the UNGA, *India Today*, 24 September 2011.

⁸ “Limit Consumption or Perish” by M.M.K. Sardana, *ISID Discussion Note DN2011/16*.

⁹ “India aims at becoming Global Hub of supply of Skilled Manpower” by M.M.K. Sardana, *ISID discussion*

basic innovativeness of its people at grass root levels and combine the trickle down approach of growth with the bottom up approach¹⁰. Programmes in education sector need to be redesigned to spread digital literacy to take advantage of the opportunities being offered by data explosion¹¹. These programmes would prepare a pool of manpower competent to avail of the opportunities which would be coming up in years to come all over the globe and offer exciting opportunities of emigration and or economic remittances. These programmes, though in social sector, would raise the skill of available manpower for immense economic gains and work towards reducing the regional inequalities and also result in deeper economic integration of India with the possibility of reducing the level of inequality between India and developed countries in future.

In the emerging global scenario study of humanities and liberal arts would be as important as the acquiring of technical skills. In emerging competitive economies linked globally, the corporates and its managers would need to quickly adjust to host countries' cultural milieu to get best out of their allies in their joint ventures in emerging value chains. Thus investment on liberal education would be as enduring as investment on technical skill development programmes. A technically skilled person well versed in digital language would be able to search nuggets from the digital data with keener eye if he is clued up in social and economic matrices as well.

Social sector spending on science and technology development and adaptation would be dividend paying for the economy of the country making it to attain a position of reckoning.

Historical back log of India is a challenging dimension as there are large sections with huge numbers whose existence is at a precarious level and whose hands need to be held at a considerable cost by creating entitlements for them so that they survive in the first instance to take advantage of social sector spending on quality education

Note DN2013/01.

¹⁰ "Integrating Trickle Down Approach for Inclusive Economic Development on the Wings of Innovation in Globalised Economy", by M.M.K. Sardana, *ISID Discussion Note DN2012/10*.

¹¹ "Information Explosion and Opportunities", by M.M.K. Sardana, *ISID Discussion Note DN2012/09*.

and health care and become participants in the economic development by contributing their skills and thereby contribute to the economy.

Obviously, if reorienting social sector programmes are to be placed in position, these would require a lead time and considerable investments. May be, the overall economic growth may not be dazzling immediately but the steady development would be for preparing the economy for rapid growth in the long run. No one be harbouring a fear about the rates of growth not being spectacular at this stage if the social sector reforms carried on towards preparing a skilled & innovative reserve of manpower in future is a sound investment itself. The implementation of meaningful social sector reforms would itself create job opportunities within the internal economy and the sheer size of the same should be reassuring. Economic growth resulting as a result of such strategy would be globally competitive in the long run and would be suiting the democratic ethos of the country. There is only one caveat to this prescription and that is of the responsibility of the State to provide good and corruption free governance.

The above approach would have the potential of not only reducing the intra-regional inequalities in the country but also of enhancing harmony within the country. The country would attain the required strength and credibility to increase its enmeshedness with the international community in all the dimensions of globalization illustrated in the earlier paragraphs of this paper to become an effective and true participant in the globalised world and globalised economy.