



THE GLOBAL VILLAGE

The aim of globalization, says Sundeep Waslekar, should be to create not just new economies of scale but whole new worlds of hope.

Let's start with the big question. What is the world going to look like 25 years from now?

That's a small question. The way I look at the next 20-25 years is that we are now at the stage where we have a world of opportunity and a world at risk. The big challenge for the people around the world is to expand the world of opportunity for as many people as possible and reduce the risk posed to the world. The two issues are interlinked because the more people that are covered in the world of opportunity, the less risk there will be because there will be less exclusion, less alienation and less reason for people to bring down the present global systems.

You're talking about extending both political and economic opportunity.

Economic, political and social.

What has globalization wrought? In India, we can see some very positive examples. What's gone right in the last decade and what hasn't gone right enough?

If you take all the growing economies – India, China, Brazil, South Africa – in all these countries what you see is that globalization has helped segments of the population to increase their prospects. At the same time, you have significant sections of the population that are outside the market

place, or what I call the world of opportunity. In the case of India, we have done calculations and about 20 percent of the people belong to the business class and the consuming class – or are on the periphery of the market in what I call the ‘bike economy.’ But about 80 percent of the people in the country are outside this market. In the case of China, about 30 percent of the people are in the marketplace and about 70 percent of the people are outside the market. In the case of Brazil, the percentage is 50-50. In the case of the United States, one of the wealthiest countries in the world, 70 percent of the people are part of the global marketplace and 30 percent are only marginally linked to the international market.

In every country – except perhaps Scandinavian countries and Switzerland, where 90 percent of people benefit from the global market and the prospects for growth – there are segments of the population that have tremendous amounts of opportunity and reason for hope. For them, even the world is not the limit. Some of them can even go into outer space.

Sure, this is all true. But there’s another world out there, as well, where there are very few opportunities.

Yes, of course. There are segments of the population in every country – and I’m only talking about the rising economies and the established economies; I’m not talking about the least developed countries, like Nepal or Bangladesh or some of the African countries, which are outside the world of opportunity. The challenge for the world is to construct policies, to develop new industries and new growth opportunities to move a greater number of people into the dynamic fields, away from the stagnant fields. The question is, How do we do that? There are a number of strategies that one can think of at the global level, at the regional level, at the national level. Before one can agree on the strategies, it is important to agree that we need to create an inclusive world. I don’t think that today that people are consciously thinking about the need to create an inclusive world.

You have this debate on globalization and you have another debate that is against globalization. But globalization is a process. Globalization is simply a tool, and any tool is only as good or as bad as you make it. My concern is that we should focus on the objective. Our objective should be to make a world that is very inclusive. If the people who are excluded today see others on the outside are included, then they will have hope and will not want to join terrorist groups or criminal groups or other destructive forces. But if they see there is no hope, then they are bound to join these other forces, and that will create a vicious cycle.

But isn’t it a reality that globalization increases wealth in a stratified way?

I don’t quite agree with you. Globalization increases wealth for certain segments of the economy, absolutely no doubt about that. The problem is, in many countries, the governments are only thinking about certain segments of the population. They are not even thinking of certain other segments

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of the population. Take China and India, for instance. Both governments are very much focused on the manufacturing sector in the case of China and the service sector in the case of India. Both countries need to invest substantially in agriculture.

If you can think of creating wealth in agriculture, then you would be bringing large sections of the population above the poverty line. In China, what they have done – and I admire the Chinese for that – is to create industrial employment that has been able to absorb job losses from agriculture, which is why you have this migration from rural areas. They have created a mechanism for absorbing these people. In India, the focus is on the service sector, and we don’t have corresponding growth in the manufacturing sector. We have not been able to absorb the surplus level on agriculture.

But how can the agricultural sector really be competitive, even in the case of India or China?

Both China and India have not really done much to make the agricultural sector productive and dynamic. For example, there is a huge amount of wasteland in both countries. Nobody is even thinking that wasteland development is a concept that we have to work on. Everybody’s thinking of software but nobody’s thinking of developing wasteland. There is a tremendous opportunity to convert primary commodities into processed food, and that can create added value. Nobody’s thinking of that as a priority. So it’s a question of what the rulers define as their priorities.

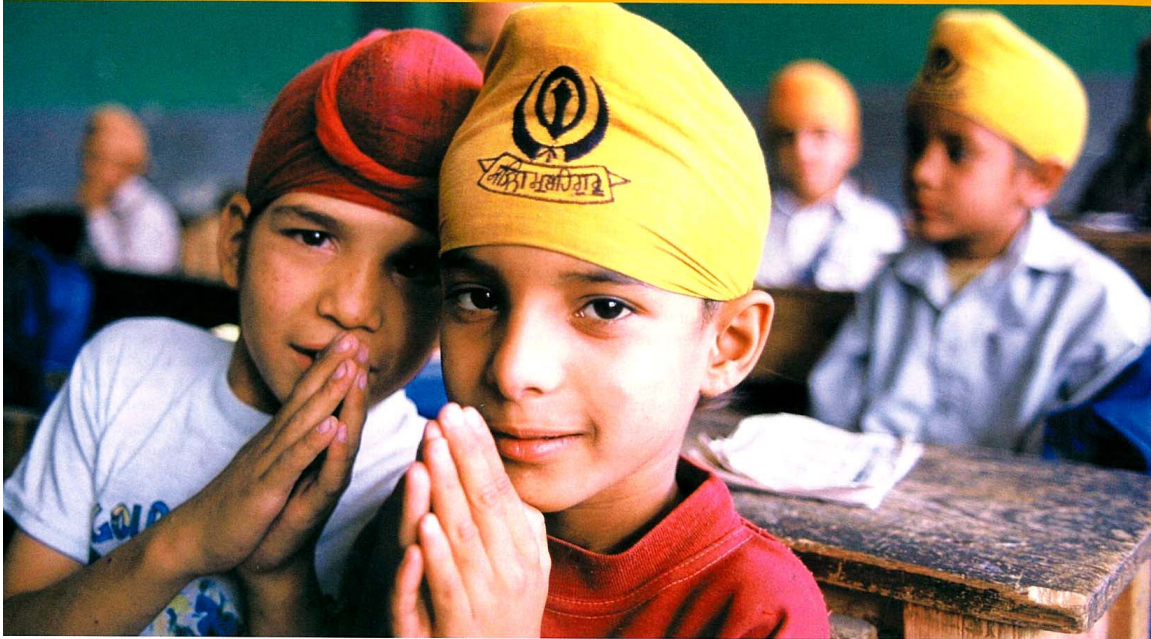
If they decide that agricultural is a priority in China and India, then they will have to create appropriate infrastruc-



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“You can’t think about the knowledge economy if you haven’t invested in the health of children”

ture, capacity building and training. It will take at least 10 years before you can get things moving. But sometimes you have to think ahead so that you can have progress 10 years down the line.

But if you scale your priorities to what is going to add value to the economy, agricultural is going to fall lower than software.

If you want to see that your country is going to survive 30 years from now, then agriculture is going to come way above software: in India, for instance, only 1 million people are employed in software. Even if turnover increases five-fold, employment in software will at most increase from 1 million to 5 million. The current labor force is 400 million, which in 20 years time will increase to 600 million.

If you make the comparison with the United States, while there remains a large agricultural sector, which is protected by the government, the American economy is now essentially driven by knowledge, not manufacturing, not agriculture. Why shouldn’t China and India do the same thing?

I’m not making the case against software or the knowledge economy. All I’m saying that we have to focus much more on the industrial economy and transforming agriculture into agro-processing and agro-industrial. Secondly, in the case of

India and China, our ability to convert to a knowledge economy you have to look at the literacy rate. In the United States, literacy at the completion of school is close to 100 percent. We have 65 percent literacy. We have a very high secondary school dropout rate; it’s less in China but they do have that problem, too. It’s a significant problem all over South Asia. You can’t think about the knowledge economy if you haven’t invested in the health of children, good primary and secondary school education, and then great tertiary education. All that we are producing right now is 250,000 engineers per year. If we just concentrate on them, other people will join criminal gangs and terrorist groups and pose a threat to those who are well-off. We should increase our investment and encourage sectors where the returns are high. All I’m saying is that we should look beyond them also.

What could Saudi Arabia do at little cost?

First of all, development of areas in the south and east.

But that’s awfully expensive.

But Saudi Arabia has the money for that. They have got huge oil surpluses. A lot of that is just going to buy Treasury bills. I don’t see a great deal of thinking about diversification of the economy. With this recent oil boom in the last six months, if something has happened, I don’t know. There are lots of significant changes taking place in Saudi Arabia. But by and large there is a failure on the part of the government in terms of diversification of the economy, whereas some of the smaller states have done quite well. ■