Research Paper
Impact Factor - **2.262**
Peer Reviewed Journal

IJMDRR
E- ISSN –2395-1885
ISSN -2395-1877

# CONCEPTUALISING THE GLOBALISATION AND SOCIAL DEVELOPMENT DEBATES IN THE TWENTY FIRST CENTURY

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***Abstract***
*The impact of globalisation on the role of State in national economy and social sector is a major theme of debate in the contemporary world. States used to play an important role in drawing economic and social policies. The process of globalisation has clearly diminished the role of State in social development and economic planning. With the acceleration of globalisation a new environment has been created in the global level wherein State action cannot be restricted within the domestic sphere. It affects the historical role of State in shaping the character of national economy and larger social dynamics. The role of the state was taken over by various non-state actors and development intermediaries. Such developments were visible in the socio-economic sectors of most of the developing countries especially after they facilitated globalisation.*

***Key Words: Globalisation; Neoliberalism; Post Washington Consensus; Sap.***

## Introduction

The debates on globalisation and social development have drawn serious attention of the social scientists during 1990s, as the society was poised to enter the third millennium. The rapid spreading out of western model of development to the rest of the world in the latter part of the twentieth century has brought the human species into a single unified political, economic and cultural system **(**Scholte 2000: 18). This quick spread of western technology, institutions, values and practices have created a common space among a section of society who actually represents the state and link it with international sphere. Thus, the study of globalisation has become the study of the political and the social life of our time. More than a study of trade and commerce, it links political, social economic and cultural interaction of humanity in a wider global sphere and remain a dynamic component of human experience.

This intensification of trans-border relations has catapulted international relations to a post-national arena by redefining the relationship between the state and the economy. The key aspect of a theoretical understanding of globalisation and social development in the developing countries is the shifting priorities from state to market and to social capital in the social development debates at different times. The new policies and programmes introduced under the neo-liberal agenda have also reduced the role of State and public sector in social development from a key player in the national economy/an active participant in the social development programmes to the facilitator of private sector in such activities. State was forced to cut short its social expenditure and limit its intervention in the social sector under structural adjustment. This was a clear shift in the role of state from 'interventionist' to 'facilitator' in social development. This has changed the entire dimension of social development in the developing/third world States, which had a serious negative impact on social development. This trend is very dominant under the new development strategy.

The change in the relationship between the state and the market and the ever increasing competition for investment along with the growing mobility of capital were the immediate outcome of liberalisation that rewritten the state-social development equations. The ideological hegemony of neo-liberal economic thinking has succeeded in the creation of a new international order based on market. This new development plan has accompanied with several institutional changes such as privatisation, marketisation, extensive pro-market reforms in public sector and also certain fiscal measures such as devaluation and export promotion.

The push from neo-liberal agents and market forces has also contributed to the dramatic shift in the historic practice of the special role of state in the national economy of most of the Third World states. The advocates of neo-liberalism have projected the poor resource allocation by state and the incorrect pricing policies caused by unnecessary state intervention as the fundamental reasons or the underdevelopment and social crisis of these states.

Ever-increasing international trade and investment has brought more countries into a global capitalist order (Lechner and Boli 2004: 55-7). This increased the possibilities for action between and among people in situations where the location seems

IJMDRR
E- ISSN –2395-1885
ISSN -2395-1877

irrelevant to the social activity at hand[1]. The philosophy behind liberalisation was that it would lead to economic growth and automatically to social development. Paradoxically, liberalisation and privatisation had deteriorated the social condition of the poor in the developing countries. Market has failed to achieve social development and it is realised that economic growth alone cannot offer social development. The retreat of state from social sector and the failure of market to provide essential social means to people have further deteriorated the social conditions.

Supporters of neo-liberalism advocated that an encouragement of world trade would promote economic growth and bring wealth to the poor in the world. The view upheld by *World Development Report* (1991: 33-4), that if markets work well and are allowed to, they can facilitate substantial economic growth, was contrary to the idea of the planned economic strategy followed by most of the third world states ever since the formation of independent national governments. Experiences from such states show that the pathetic state of affairs of public sector de-legitimised central planning and have pushed the economy biased to privatisation. After the short term resistance in the initial stage – which was apparently very weak - a consensus has been gradually evolved in such states in favour of a market friendly approach to development. Policy makers favoured competitive markets as they found it efficient in organising production and distribution.

The realisation of the failure of market in attaining social development has in fact persuaded the advocates of neo-liberalism to divert the focus through new programmes and institutions. While analysing the course of social development in the third world, critics see globalisation as a major reason for the recent increase in poverty and inequality. Neo-liberal globalisation is in fact persuading national governments and their associations to abandon programmes and policies such as extra tariff over foreign producers on the one hand and subsidies and protection for domestic producers on the other. Thus the liberalisation of economies has immediately led to a cut in public spending, employment regulation, and replacing the existing social safety nets with neo-liberal measures because of the pressure from powerful institutions of global capitalism.

This is the context in which a model based on social capital and community development became dominant in the development debates by late 1990s. The basic philosophy of this new approach is developed on the basis of certain assumptions such as; development is an economic phenomenon, but socially conditioned and has social consequences; development is a complex whole of economic, political, social and administrative actions. This was projected as a novel tool for social development - a people centred, state supported - in which development intermediaries like NGOs also play a key role.

The retreat of state from social sector and the failure of market to provide essential social means to people have further deteriorated the social conditions of the poor people in the developing countries during 1990s. This is the context in which the agents of neo-liberalism put forward a new philosophy based on governance and decentralisation in social development. It has developed a new approach to development such as; development as an economic phenomenon, but socially conditioned and has social consequences; development as a complex whole of economic, political, social and administrative actions. The projected measures to achieve social development in the new context are good governance, commitment to the welfare of the citizens and their rights, fair and accountable institutions, well-established rule of law and citizens' involvement in the public sphere.

At the base level, neo-liberal globalisation shapes an opposition to the institutions and forces demanding state control. This leads to the establishment of new institutions. The popularisation of a new philosophy of development - participatory development through expanding the role of people and their collectives - has to be understood in this context. In fact, the idea of participatory development popularised by the agents of neo-liberalism aims to replace state by strengthening non-governmental organisations and community networks. This is aimed at a fundamental transition from individual growth – the core idea of capitalism - to growth of society and expecting more effective social policies and programmes that can give moral courage to local population.

However, this neo-liberal development model was criticised for various reasons. In his criticism Falk (1999) maintains that capitalism generates wealth through measures like rolling back welfare, reducing expenditures on public goods like subsidies, free flow of capital and stringent controls over organized labour and unrestricted currency repatriation. The studies of various

[1] It reflects in various ways such as business people on different continents now engage in electronic commerce: television allows people situated anywhere to observe the impact of terrible wars being waged far from the comfort of their living rooms: academics make use of the latest video conferencing equipment to organize seminars in which participants are located at disparate geographical locations: the internet allows people to communicate instantaneously with each other without being separated by geographical distances.

neo-Marxist scholars in the 1960s and 70s had effectively exposed the problem of dependency and unequal distribution in capitalist development when it moves to peripheral societies. But this theoretical position was gradually sidelined by the advocates of neo-liberal/free trade regime in the subsequent decades (El-Laithy 2002: 321).

The agents of neo-liberalism – especially the institutions like World Bank and IMF - have been following a directive approach to the economic policies of 'client' states (Williams 1994: 215). Their policy decisions like stopping long term loans to countries facing chronic Balance of Payment problems forced many states to accept such hard conditions having negative impacts on social sector.

The outcome of the neo-liberal policies like free market and the logic of competitiveness have only helped the rich and the influential to increase their economic and political power. Like Marxists and neo Marxists, neo-liberals also developed a critique of state, but both are contradictory in essence. While criticising state, by shifting from basic Marxist position, neo-liberals spread an optimistic view on the role of market in social development. They projected it as the strategy to address the problems of underdevelopment caused by 'excessive state intervention' in the Third World states (Glavanis 2002: 460).

Many developing countries had signed the Structural Adjustment accord with International Monetary Fund (IMF) during early 199os for setting out policies to reduce public expenditure as a way of limiting the budget deficit, which had risen to an undesirable level by that time. The stated objective was to resolve the crises. Many contractive fiscal and monetary measures were taken to handle the situation. It not only ruled out the chances of more state allocation for social sector but also reduced the government spending for social development. Social welfare subsidies went down significantly. The withdrawal of state from social responsibilities has deteriorated social conditions of the states, despite the fact that the new policies created economic growth.

**Understanding Linkages between Social Development and Globalisation**

Globalisation is a multidimensional process that includes social, political, cultural and economic aspects. However, in the 1990s, the context of global expansion of capitalist mode of production, liberalisation and privatisation, the economic and social dimensions of the process has become the nucleus of the debates. Globalisation can be considered as a process (or set of processes) which represents the modern-day shift in the spatial organization of societal relations and dealings, expressed in transcontinental or interregional flows and networks of activity, interaction and power (Held et al. 1999). These spatial shifts are directly linked to the stepping up of crucial forms of social activity. Trends towards a greater global interaction have, in fact, gained momentum radically as they have developed along with the emergence of local, national and continental interaction and power.

Alongside financial integration, the operations of Multinational Corporations (MNCs) have created a global system of production by integrating national and local economies into transnational production networks. In this context, national economies no longer function as autonomous systems of wealth creation since national borders are no longer significant hurdles to the organisation of economic activity. Therefore it is observed that the distinction between domestic economic activity and worldwide economic activity is becoming increasingly difficult to sustain (Woods 1998).

In short, globalisation should be understood as a multi-pronged process since de-territorialisation, social interconnectedness, and acceleration of human activities manifest themselves in different arenas - economic, political and cultural. Although these aspects of globalisation is linked to the above mentioned core components, each consists of a complex and relatively autonomous series of empirical developments that requires careful examination to release the causal mechanisms specific to it (Held et al. 1999).

As it is evident, globalisation represents the growing integration of economies and societies around the world. The process is apparently very complex and variously affecting different countries, regions, and their populations. Obviously, it has far-reaching implications on every facet of human life. Territory, in the traditional sense of a geographically restricted location, constitutes the whole of "social space" in which human activity occurs. But, as a significant move, globalisation has reconstituted this notion by facilitating an array of social activities irrespective of the geographical location of participants (Ruggie 1993; Scholte 2000). In this sense, globalisation indicates the spread of new forms of non-territorial social activity.

The post colonial state had played an interventionist role in the economic and social development of developing countries, roughly from 1950s to early 1980s. Compared to the subsequent waves in social development, this period was rather big, lasted long for about four decades. But this state- led development pattern has undergone severe criticism by 1980s. This led to a new wave of development in line with less state participation and more participation of market and private sector.

Though this started in the 1980s, it is intensified by early 1990s. Gradually, market has dominated the economy; private sector has become key player in the economic activities even in the states where state intervention was dominant till then.

With the signing of Structural Adjustment Programme (SAP), State was forced to cut short its social expenditure and limit its intervention in the social sector. This was a clear shift in the role of state from 'regulator' to 'facilitator' in economy and social sector. The missing link between the revised trade policies and the social development programmes like health care and poverty alleviation designed in the neo-liberal development strategy has held the special attention of scholars and policy makers. This has led to the creation of a new developmental model for developing/Third World states by facilitating participation of people and their initiatives to achieve social development. The major characteristic of the new institutional arrangements is that it aims to develop a people centred/community based model with the support of both state and market.

**Social Development in the Era of Globalisation: Changing Dimensions**

The complex nature of globalisation raises new challenges in the realm of social development. The change in the role of state from an active participant in national economy and social development programmes to the facilitator of private sector in such activities had a serious impact on social development. The economic reforms introduced as a part of globalisation fundamentally aimed to achieve economic growth through financial consolidation. The government spending with low priorities to social development and the failure of the state to convert economic growth into the total welfare of the people were two major issues in social development in the developing countries during 1980s.

The erosion of the autonomy of state is one of the major debates in the context of increasing involvement of the non-territorial capitalist forces in the economy of nation States (Held and McGrew 1992; Falk 1994; Strange 1996; Scholte 2000; 2005; Clark 2001; Rudra 2002). What is evident today is that the internationalization of capital and the new paradigm of market-led development have reduced the role of the state in economic and social sector. The role of the state altered from being the major player in the economy to 'a partner, catalyst and facilitator' of globalisation and market economy (World Bank 2001). Consequently, many new agencies have entered the sphere of social development in order to fill the vacuum that was formed by the retreat of State. In short, it has strengthened the role of non-state actors both in national and international spheres.

The sudden entry of market forces has created a crisis in the social sector of most of the developing countries and it is reflected in the form of increasing inequality and the marginalisation of the deprived. The decrease in the social sector expenditure, reduction of subsidies and the gradual withdrawal of the State from social welfare policies were the direct fallout of such a change in the development orientation in developing countries.

**Theorising Social Development in the Era of Globalisation**

The primacy of globalisation is unquestionable among the most debated terms in contemporary social science debates - politics, international relations, political economy and development. The intellectual discourse on globalisation has accelerated with the due attention given by recent theorists to the concept, especially since 1970s.[2] It is a fact that globalisation opens up societies and created many new institutions, linkages and values that are more global as well as capable to transfer the existing locally variable activities and institutions.

In a globalised world, the pace and flow of developmental activities specifically related to society is a central aspect of analysis of social scientists of our time. Human societies all over the world have developed closer contacts over many centuries. Of late, the velocity of such contacts has dramatically increased. Although the global economy as a single entity is by no means integrated to the most vigorous national economies, the trends point towards intensifying integration within and across regions. This growing intensity of global interactions can be related with their deepening impact such that the effects of far-away events can be highly significant elsewhere and even the most local developments may come to have massive global consequences.

The ideology of Neo-liberal globalisation has its roots in laissez-faire capitalism. It upholds the moderate idea of peaceful change with prosperity and encouraged cooperation through institutions that bind the states and peoples of the world together into a true international community. In 1980s and '90s, the neo-liberals systematically imposed their economic and political agenda, characterised by free play of market forces, minimal role of state in economic life, more concern with efficiency and productivity, and less concern to welfare and social justice, over the developing countries.

[2] *The academic commentators who employed the term as late as the 1970s accurately recognized the novelty of doing so. For details see also George Modelski (1972).*

There are enough reasons to construe that contemporary financial globalisation is a market driven phenomenon. Under this neo-liberal agenda, market forces have gained much influence in policy making of nation states. By demanding for limited government intervention, these market forces emphasised on sovereignty of free market, individual autonomy and economic self-interest. They tried to popularise such notions and implement their agenda mainly through non state actors like national and international NGOs to whom they funded heavily. A careful observation may make it clearer that, these agencies have played a major role in the coordination and management of social development programmes of Third World states in the post liberalisation period.

Social theorists like Immanuel Wallerstein (2000) effectively co-related globalisation and historical development of the capitalist world system. In his opinion, MNCs - the principal agencies of capitalism today - perform the role played by trading companies in the past by integrating and appropriating resources on the one hand and exploiting low-priced labour from the periphery on the other hand. If expansion and incorporation were two major characteristics of capitalism in its development stage, it has become more exclusionary and exploitative in its present form.

In this connection Fredric Jameson, the well-known Neo-Marxist theorist, argues that late capitalism and newly developed global space has disarmed or absorbed the resistances to global forces by different ways (Jameson 1991; 2000). For Cox (1992), it is a new global Perestroika – promotion of a liberal/free market economic system – emerging across the globe, shaping new political structures. What is special in it is that, in essence, this is contradictory to the Westphalia system of sovereign states. Many new global social forces were also emerged with ecology, feminism, peace and democracy as major agenda. It is also important to note that the world wide emergence of counter forces of capitalist globalisation was also primarily having a global character. Thus, globalisation has led to the proliferation of actors and processes across national boundaries (Paolini 1997: 39).

Petras (Petras and Veltmeyer 2001: 2005) put forward a similar view on globalisation. In his opinion, International exchanges of commodities link markets and classes in social hierarchies that give “globalisation” its class character. In his view, it is no longer self-evident that nation-states can be described as ‘self-sufficient schemes of co-operation for all the essential purposes of human life’ in the context of intense de-territorialization and the spread and amplification of social relations across borders. The rise of globalisation is intimately related to the growth of class conflict and the seizing of profits.

The studies conducted by United Nations Research Institute on Social Development (UNRISD) have popularised development in terms of structural changes rather than human welfare. However, the Human Development Index method emphasises more on purchasing power, life expectancy and literacy as the indicators of social development. The understanding of underdevelopment also has been redefined, as it is a sense of personal and social impotence in the face of disease and death, confusions and ignorance.

**Social Development in a Globalised World**

The key aspect of a theoretical understanding of globalisation and social development in the developing countries is the shifting priorities from state to market and to social capital in the social development debates. The new policies and programmes introduced as part of the neo-liberal agenda has reduced the role of State and public sector in social development and consequently, this changed the entire dimension of social development in the developing/third world States. It is pertinent to add that the imbalance between economic growth and social development has remained unchanged even in the midst of high economic growth. This is reflected in the form of increasing inequality in the distribution of wealth, increasing poverty, unemployment and ever-deteriorating condition of women and other weaker sections.

It is vital to note that the concept of development has been thoroughly re-examined as part of the globalisation debates leading to the espousal of many new approaches. It is recognised that development is a complex whole of economic, political, social and administrative process. Even though development is an economic phenomenon, it is socially conditioned and has significant social consequences. Both quantitative and qualitative aspects of social development have undergone meticulous deliberations and reassessment. The new wave supported ideas like advancement and progress have linkages with the transformation in institutional and social structures as well as popular attitudes. This aspect has utmost significance because globalisation facilitates many new institutional[3] and social changes within and beyond the geographic borders of nation states (North 1990).

[3] *Institutional changes generated by globalisation are reflecting in issues like modifications in state policies, in industrial organization, in the regionalization of States and in the administration of laws and regulations that govern the behaviour of economic agents.*

The popularisation of concepts like social capital and participatory development as well as the entry of institutions like private sector and Non Governmental Organisations (voluntary groups) in the debates of social development may be understood in this context. There are five aspects confining the structural and cognitive forms of social capital in order to apply the concept at operational level in development related issues. These are: a) Groups and networks: it indicates the collections of individuals that support and preserve personal relationships, which contribute to welfare. b) Trust and solidarity: these are the elements of interpersonal behaviour, which promote greater cohesion and more energetic and united action. c) Collective action and cooperation: this leads people to work together toward resolving communal issues. d) Social cohesion and inclusion: this lessens the risk of conflict and encourages equitable access to benefits of development by mounting the participation of the marginalized and e) Information and communication: this breaks down negative social capital and enables positive social capital by improving access to information (World Bank 1999).

UN Secretary General observed that the movements and meetings of people have the potential to make ‘partnerships for change’ in government, business and civil society. [4] It hints that states seem to be changing from ‘government’ to ‘governance’, that is, a kind of space is developing in which both public and private providers of services are driven by public interest and shared policy. In this process, we shall see a fundamental change from building up the ‘institutions of state’ to building up ‘public institutions’ or the ‘institutions of the public’. The agenda of social capital to promote ‘good governance’ has to be understood in connection with this. As Falk (1999) pointed out ‘the promotion of a global civil society to make governance more accountable and transparent’ is also part of this wider project.

The most encompassing view of social capital emphasises on the social and political environment that shapes social structure and enables norms of development. Here, this view highlights the importance of social capital to the most formalised institutional relationships and structures such as government, the political regime, the rule of law, the court system, and civil and political liberties. They accept that political environment of a country in the domestic level and economic environment in the global level can make it easier for social capital to grow and also to deteriorate. This particular view on social capital proffers that the capacity of various social groups to act depends crucially on the support (or lack thereof) that they obtain from the state as well as the private sector. In nutshell, economic and social development flourishes when representatives of the state, the corporate sector, and civil society create forums in which they can identify and pursue common goals.

The link between state and social capital has got much attention in this regard. The argument has gone to the extent that whenever the state is weak or faces any trouble in the functioning of its social role, civil society can play the role of facilitator of socio - economic development or at least the role of a vital supplier of informal social insurance. Precisely, all these attempts are made to ratify the role of social capital and civil society over the state in promoting welfare and economic development in less developed states.

State, market and civil society can increase their effectiveness by contributing jointly to the provision of welfare and economic development. For them, the key for success in this regard is to be found only in the convergence of local groups and grassroots organisations from various parts of the world to form a trans-national civil society. As a result of this, today, a considerable amount of the governing functions are done beyond and above nation states.

Perhaps, the central argument in this debate is about the degree to which globalisation actually promotes social development in proportion to economic growth in the developing states. It is a fact that the spread of free trade encourages enterprise and hence sponsors economic growth and wealth creation even in the developing states. But the missing point here is that in such a system, the welfare of the marginalised has never been addressed. The question of economic and distributive justice gets primary attention in any attempt to understand the process as such, especially in the context of the developing states. It is a fact that the spread of free trade encourages enterprise and hence sponsors economic growth and wealth creation in the developing states.

The crux of the whole debate on globalisation and social development linkage is that, all these new measures are aimed to develop a new culture of social development in which the role of state is subsidiary. The major proposal of social development for the century, the Millennium Development Goals (MDGs), with grand objectives like halving extreme poverty and hunger, achieving universal primary education, high availability of health services, strengthening local

[4] *Quoted from the speech of former United Nations Secretary-General Kofi Annan, which he had delivered at the closing session of the World Social Forum meet 2002 held at Porto Alegre.*

administration and governance, and high level participation in development by 2015 (the date is already expired without much result), has brought much attention to reform debates.

The increasing collaboration between United Nations, WTO and the Breton Woods institutions on the one hand and the dominance of free market regime on the other hand created an identity for globalisation that it is a phenomenon put down on the developing countries by external forces. Generally, the experiences of the developing countries show that the hegemonic control of foreign capital has never been complementary to the interests of native people at any point in history. Those who seek to de-legitimise the state ignored the fact that market cannot be the mechanism for equitable distribution of resources. It is in fact the failure of market that forced the agents of neo-liberalism to introduce certain new measures (for example, social capital) to address the deteriorating social condition of these States.

**Washington Consensus to Post Washington Consensus: Rethinking Development**

Washington Consensus[5] indicates the shift from modernisation to neo-liberalism in socio-economic development in the developing States, which remained dominant in the debates of 1980s and until mid 1990s. The soul of the strategy proposed by these institutions was to build a competitive market economy through privatisation and deregulation. This paved the foundation for a set of institutions and policies that became instruments of globalisation as well as extremely influential in the debates on development of developing countries.

The elements of Washington Consensus are trade liberalisation, financial liberalisation, privatisation, de-regulation, foreign capital liberalisation, secure property rights, unified competitive exchange rates, diminished public spending, public expenditure switching, tax reform, social safety net and flexibility of labour markets. By rejecting State interventionism and relying totally upon market, Washington Consensus has completely changed the nature of debates on development in the developing counties. It projected a new understanding on development that ‘development is what market brings’. By overemphasising the role of market, Washington Consensus has set a new agenda of ‘market versus the state’.

The East Asian crisis provoked a series of debates on the advantages and disadvantages of liberalisation and globalisation to developing States. Academic critics targeted Washington Consensus and liberal international order since they found the programme not suitable to address the severe social crisis in the States. The work of Stiglitz (2002) thoroughly exposed the adverse effects of neo-liberal globalisation – ‘market fundamentalism’ in his terminology – to developing States. He argued that, since mid 1990s, the policies of market fundamentalism have produced financial instability, economic crisis and chronic poverty in most of the developing countries. The major reason pointed out in this regard was that the new norms in international trade imposed by international institutions were against the interests of developing countries.

Evidences show that, the radical liberalisation of international trade favoured only the interests of advanced economies. The core of Stiglitz’s (1998; 2000; 2002) criticism on liberalisation and structural adjustment is that they just concentrate on the rapidity of approaches proposed by the agents of neo-liberalism. Privatisation should be preceded by suitable competitive policies and institutional and legal changes to create a viable framework for market reforms. Stiglitz developed a two dimensional critique by highlighting the inappropriateness of international institutions to address developmental issues of developing countries on the one hand and failure of states in reforming domestic institutions on the other hand.

The critics of market economy had found Washington Consensus not suitable to address the severe social crisis in the states. The negative impacts of the policies and programmes under Washington Consensus over the overall development of developing States has actually led to Post Washington Consensus – the latest paradigm on development. Post Washington Consensus is an overlapping combination of Keynesianism, welfarism and modernisation in its essence. The paradigm was developed on the basis of certain assumptions like markets do not work perfectly in underdeveloped economies due to some structural limitations and therefore the states must intervene to correct market distortions. Besides, states should adopt favourable discretionary policies to address this situation.

The advocates of Post Washington Consensus are also highly critical to Structural Adjustment and stabilisation, especially regarding its social content/social consequences, and put forward the agenda of a new adjustment, that is an adjustment with human face. They underscore the comparative and historical experiences that make state intervention vital in attaining

[5] *Here the term ‘Washington’ represents IMF, WB and the US Executive Branch in the institutional level and macroeconomic prudence, outward orientation and domestic liberalisation in the policy level.*

development, especially social development (Fine 2000: 135). In fact, this has reemphasised the role of state in social development, which was marginalised by Washington Consensus as part of the pattern of globalisation projected by them.

The neglect of social actors and social dimensions in development as well as the undue importance given to getting prices and technology right in the first stage of neo-liberalism has made a clear demarcation between the ‘economic content’ and the ‘social content’ in development. Washington Consensus has given much liberty to discretionary intervention under commitment to laissez-faire and the Post Washington Consensus has widened and deepened this through the policies and programmes that intent either to market strengthening or to market correcting.

It is interesting to note that, while setting the latest agenda of development, World Bank has stepped back from its earlier argument (based on Washington Consensus) of conflict between market and State. Rather, it has followed a more admissible approach to criticisms like neo-liberalism neglect the poor, women and environment and undermine popular participation in development programmes. It accepted the importance of non-economic dimensions of development. In other words, when Washington Consensus invariably projected the notion of market versus state in the development debates, Post Washington Consensus presented development as a non-market response to market imperfections. Social capital represents this shift from Washington Consensus to Post Washington Consensus. What is significant in this latest discourse is that, the ‘social and its theories’ are taken seriously by economists. The relationship between market and non-market activities and the strategy to correct market imperfections were the major concerns for those who emphasised on Post Washington Consensus.

The criticism of Joseph Stiglitz (1998a) on neo-liberalism and Washington Consensus was the manifesto of this new consensus. The most important aspect of Post Washington Consensus was its emphasis on a kind of adjustment with a human face. According to this understanding, more focus and intervention by government on economic policies, basic education, healthcare, law and order and environmental protection - the fundamentals of social development - can produce better results. At the same time, it is also important that mere focussing on these fundamentals is not the only duty even for a minimalist government. Rather, the State has an important role to play in appropriate regulation of industrial policy, social protection and welfare.

Concisely, Post Washington Consensus reemphasised state intervention in greater depth and breadth by totally rejecting the analytical agenda of state verses market. For the new paradigm, these two (state and market) are complementary: not one against other and it is possible that both can work together. The fundamental question is not whether the State should or should not be involved, rather how it gets involved. In the opinion of Stiglitz, “(we) should not see the state and markets as substitutes…..the government should see itself as a complement to markets, undertaking those actions that makes markets fulfil their functions better (Stiglitz 2002: 25). The advocates of Post Washington Consensus have propagated this basic philosophy in developments debates they engage. This has projected an alternative view of development by re-establishing the appropriate role of State in view of market imperfections.

However, Post Washington Consensus was also criticised for reductionism because the social variables and processes used were unfamiliar to the traditional economic variables like power and conflict and class relations. It is argued that the social transformation facilitated by globalisation could not suit individualist approach of Post Washington Consensus. Few scholars criticised it a product of same World Bank, so that it cannot be anything else, but the facilitator of neo-liberalism.

The reflections on these policy changes are visible in developing states ever since they are integrated to international economy. Moreover, the level of dependency of those states to international economic institutions has increased unparalleled given any point of time in their history. Obviously, from both angles, the states were forced to continue with such policy reforms due to internal social crisis on the one hand and external pressure from WB and IMF on the other hand,. The expansion of social security nets and new social protection schemes has to be understood in this context.

**Conclusion**
It is evident that globalisation has intensified the interdependence of states, people, and economies and made possible a clear departure from the traditional institutional understanding of state- society relations in most of the developing countries. Resultantly, the territorial political communities are nested within global, regional and trans-national communities of fortune, identity, association, and solidarity, and thus radically altering the association between the citizen and the state. On the other hand, by accommodating the financial schemes more favourable to the interests of global capital, the developing countries lost their economic sovereignty. They were even forced to set policies that are contrary to the interests or desires of the majority of their people.

The philosophy behind liberalisation was that it would lead to economic growth and further to social development. The developing countries followed market based development strategy as they expected the economic growth generated by a free market system would lead to social development. Paradoxically, liberalisation and privatisation had deteriorated the social condition of the poor in the developing countries. Either they failed to comprehend the hegemonic and greedy intentions of global capital or they did not take these acutely. Market has failed to achieve social development and it is realised that economic growth alone cannot offer social development Experience from history shows that market has never been a mechanism for equitable distribution of resources and it has predominantly offset such expectations. The importance of state in social development in the developing countries has been increased because of the failure of market to ensure social development.

Market economy predicts greater efficiency in the use of productive resources. However, what is evident in privatisation is that the resources of the state are decreasing. This is leading to a situation where the state is not able to allocate enough resources for social necessity. The failure of state eventually led to the popularisation of the concept social capital which is also an outcome of the neo-liberal policies. The inability of governments in the developing countries in achieving their development goals is linked to certain aspects like poor politics and poverty in vision and planning: it is not just poor resources (El - Laithy 1996: 131-3).

John Harris (2001) has criticised the new social development model proposed by the advocates of globalisation based on social capital as apolitical and uncontextual. In his opinion it serves only the interests of international capital by depoliticising issues of development in the third world. Harris has pointed out that the exclusion of political parties from the World Bank's list of 'formal organisations' to work for social development and build social capital as an indication of this de-politicisation agenda inherent in the social capital debates. In sum, by restricting the free and fair participation of people in socio-political arena through certain totally apolitical instruments like village committees and development associations, the social capital based development strategy largely ignored the politics of poverty and unequal distribution most significant as far as social development of the third world countries are concerned.

It is important to note that a global ethic of responsibility can be seen in the current debates on environmental and human rights issues, but it is not there in social development debates, especially in the debates on poverty and distributional inequality, two crucial social issues. Even the global debates on democracy, human rights and civil society are not ready to address this. The issue in it is that an unfair share of global resources and opportunities are still possessed and enjoyed by the dominant groups, especially the industrialised states in the West and the newly emerging economic elites in the developing countries, and they are not ready to share it with the poor (Linklater 1990: 3) in the developing countries. As we see in many countries, the traditional power groups mounting up wealth even in the reform period which is true at national and global level.

Political leadership in the developing countries are misguided and become prejudiced by the extreme claims of Neoliberal development models propagated by the international economic institutions in the era of globalisation. The ever-widening gap between the rich and the poor and the refusal of the rich to accept demands for intercontinental cooperation to meet social crisis created by new rules in the economy explains the limitations of this new strategy. Though it contributed to economic growth, the evidences show that it has created an asymmetrical growth between economic and social sectors.

To conclude, there is a clear setback in social development in many developing countries as poverty, unemployment and inequality in income distribution increases. This is particularly important compared to the economic growth that the countries achieved in last two decades. Most of the countries, the absolute material poverty has remained unchanged and the inequality in the distribution of income is increased. It is clear that the core problem of social development is not economic growth and investment. It is rather a problem of choosing the proper development model and economic planning that can tackle the major social maladies like poverty, unemployment and distributional inequalities. This is directly related to the inability of the new development model that became popular with globalisation.

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IJMDRR
E- ISSN –2395-1885
ISSN -2395-1877


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