

India and the Ascendancy of the Global South

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THE ELEVATION of a Jesuit from Argentina to the highest rank of the tradition-bound Roman Catholic church – arguably one of the most conservative and orthodox institutions of the established world order – is the clearest sign for believers of that faith of the ascendancy of the global South. For followers of other faiths and non-believers, however, this dramatic shift was highlighted yet again by another more secular ritual: the release of the 2013 Human Development Report (HDR) by the United Nations Development Programme (UNDP).

Aptly titled *The Rise of the South: Human Progress in a Diverse World* the Report notes: “For the first time in 150 years, the combined output of the developing world’s three leading economies – Brazil, China and India [BIC] – is about equal to the combined GDP of the longstanding industrial powers of the North – Canada, France, Germany, Italy, the United

Kingdom and the United States [six of the original G-7].” The global South is generally understood to be countries that do not belong to the Organisation for Economic Cooperation and Development (OECD), with one or two notable exceptions, such as Chile.

The narrative of the rise of the global South is not new; it has often been foretold. Jim O’Neill of Goldman Sachs in a 2001 paper entitled “Building Better Global Economic BRICs” predicted the ascent of the primarily southern economic powerhouses of Brazil, India and China, with Russia being a curious inclusion. Similarly, the formal establishment of the G-20 in 1999-2000 by members of the western G-7 club acknowledged the fact that this exclusive club could no longer protect the international economy from systemic vulnerabilities without including the bigger emerging southern market economies, like India. This was recognition not only of the growth of the bigger economies of the global South but also the role that they play in

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sustaining the global economic growth. While the advent of both the G-20 and BRICS marked the ascendancy of the global South it did so only in terms of GDP and not human development.

In contrast, the HDR looks not only at GDP but also measures the human development index (HDI) of a country based on education, health, gender inequality and income parameters. In doing so the HDR puts human security on par with the traditional notions of state and economic security. In this context, the Report's findings are revealing: apart from matching the combined GDP of the G-6, the BIC countries have also dramatically improved their HDI scores. India's overall HDI score, for instance, rose from 0.41 in 1990 to 0.554 in the latest Report.

However, even more significantly, in addition to the BICs, at least 40 other countries of the South made gains on their HDI scores between 1990 and 2012. These countries were as varied as Bangladesh, Benin, Columbia, El Salvador, Gambia, Laos, Uganda, Vietnam, as well as countries either recovering from or still in the throes of violent turmoil, such as Afghanistan, Egypt, Myanmar, Rwanda and Tunisia. In fact of the 132 countries with a complete data series only two – Lesotho and Zimbabwe – had lower HDI value in 2012 than in 1990.

In addition the Report also records the rapid rise of the middle class in the global South from 26% to 58% between 1990 and 2010. By 2020 it is estimated that of the

3.2 billion projected global middle class population as many as 1.7 billion (over 53%) will be located in Asia-Pacific region alone. Moreover, within this region, China and India will account for more than 75% (about 1.3 billion) of the middle class population, with related consequences of higher consumption.

In terms of income the worldwide proportion of people living in extreme poverty fell from 43.1% in 1990 to 22.4% in 2008, with the BIC countries making the most impressive strides in reducing the proportion of their "income poor" population. China has made the most striking reduction from 60.2% in 1990 to less than 13.1% in 2008 while Brazil's reduction was from the relatively higher base of 17.2% in 1990 to 6.1% in 2009. In contrast India is the laggard that marked a decline in its "income poor" population from 49.4% in 1990 to a mere 32.7% in 2010.

In fact, India is a straggler amongst the BIC and even the BRICS countries. Its overall HDI ranking of 136 (out of a total of 186 countries) is not only the lowest among the BRICS but is 15 places behind its closest BRICS partner – South Africa, which ranks at 121. India also comes in last among the BRICS in all of the other HDI indicators, except two – women's participation in national parliament and maternal mortality ratio.

Its adult literacy rate of 62.8% is way behind even South Africa's 88.7% and only 38.7% of India's population is educated up to the secondary education – again, the

lowest among BRICS countries. India also has the highest infant mortality rate; highest death rate of children under the age of five; and the highest number of underweight children among all the BRICS countries. India's gender equality ratio is worse than every country even in South Asia, except Afghanistan. What are the reasons behind India's relatively poor ranking in key HDI indicators?

To address this question, it is important to understand the factors that led countries to improve their HDI standing. These are revealed in the 2013 Report, which identifies several crucial elements.

First, countries that have improved their HDI standing did so on account of three principal drivers: "a proactive developmental stage, tapping of global markets and determined social policy and innovation".

Ideally a proactive developmental stage will lead to policies that are "based on long-term vision and leadership, shared norms and values, and rules and institutions that build trust and cohesion". In addition, policies for investing in human development and capabilities should not be regarded as "an appendage of the growth process but an integral part of it". For instance, there is a clear co-relation between public expenditure on health and education and rapid economic growth. In reality, however, the development and implementation of policies is likely to be uncertain, especially in large and complex societies, like India.

Similarly while global markets and foreign direct investment (FDI) have played an important role in wealth generation that alone is not adequate to enhance the HDI ranking of countries. This is particularly evident in the case of FDI into countries rich in natural resources but relatively poor in human resources: for instance, between 2003 and 2009 many resource-rich African countries which grew economically on account of FDI inflows still notched up some of the lowest non-income HDI values.

On the other hand, successful integration with global markets requires investment in people, institutions and infrastructure. As the HDR notes: “Without investment in people, returns from global markets are likely to be limited”. Thus, there is a direct co-relation between the need to enhance HDI standing to draw the maximum benefit from integrating with the world economy.

Moreover, countries that have deliberately pursued social policy and innovation, especially public investment in health and education, have sustained rapid growth. Coupled with this, “growth has frequently been much more effective at reducing poverty in countries with low-income inequality than countries with high-income inequality”. Indeed, policies that promote social equality among different religious, ethnic and racial groups and inclusion of those on the economic fringe “can underpin

long-term economic growth by supporting the emergence of a healthy, educated labour force”.

This echoes almost exactly the *India Human Development Report 2011* which also argued “investment in health and education can enhance human functioning... and further economic growth”. Based on its HDI assessment of states the Indian HDR also stressed the need for promoting social and economic equality on the grounds that “poorer states are so because there are large proportions of the excluded social groups (who are generally poorer) living there; conversely, in the poorer states the different development programmes do not reach the targeted population” of economically and socially deprived sections.

Thus, there is a close co-relation between the need to build national consensus for long-term policies on the one hand to ensure the gradual but deliberate integration with the world economy and on the other to invest in domestic human development to take full advantage of the opportunities provided by the external openness. Without this two-pronged approach neither economic growth nor human development can be assured. Such an approach calls for political leadership at the highest national level.

Finally, South-South cooperation, which for most of the 20th century was a mere slogan, is emerging as a vital factor not only in the economic growth of poorer

countries but also the human development of their populations. This cooperation is evident at several levels. At the ideational level the less developed countries can learn and benefit from the success of the emerging economies of the South; their experience is more relevant to the developing countries than the experience of the OECD countries. At the practical level, South-South cooperation in investment, finance, technology transfer, and trade were key new factors in facilitating the economic growth of the global South.

One indication of this is the rise in South-South trade from 8.1% in 1980 to 26.7% of total world trade today. In addition nearly half of all remittances sent home by emigrants from the South come from workers living in other developing countries. Similarly growth in low-income countries would have been lower by as much as 1.1-percentage point between 2007 and 2010 had China and India registered a fall in growth rate similar to that of developed economies. Moreover, global South countries have increased their share of global FDI to 50% and, as an example, nearly half the financing for infrastructure projects in Sub-Saharan Africa over the past decade came from countries and regional funds of the South. Similarly, the BICs have emerged as the largest donors outside the OECD. Moreover, the development assistance from the South often, if not always,

comes without conditionalities (unlike most OECD assistance) and is mostly used to build much-needed infrastructure.

Yet, despite the clear ascendancy of the South and the evident improvement of the HDI ranking of a significant number of developing countries, including India, human development remains precarious on account of income, health, gender and education inequalities. According to the HDR inequality-adjusted HDI trends for 66 countries revealed that “overall inequality declined only marginally, because declining inequality in health and education was offset by rising inequality in income”.

Consequently, even though income inequality fell in Latin America it still has the most unequal distribution of all regions. Similarly, Sub-Saharan Africa has the most inequality in health while South Asia is most unequal in education.

Against this backdrop and to sustain the gains made in human development the Report identifies four areas for particular attention: “enhancing equity, including on gender dimension; enabling greater voice and participation of citizens, including youth; confronting environmental pressures; and managing demographic change”. Their relevance for India is evident in the spate of civil society-led movements calling for progress in all these areas and the excruciatingly hesitant response of India’s polity.

The Report also encourages the establishment of new institutions to facilitate regional integration and further strengthen South-South cooperation. It calls on emerging powers in the global South, like India, to lead by example not just domestically but also regionally and globally. At the same time the Report boldly points out the need for the outdated global governance structures to be reformed to reflect the new economic and geopolitical realities.

While this will, doubtless, sound like sweet music to New Delhi, it comes with the important caveat for India to shoulder the responsibility of leadership and governance at the domestic, regional and global level. □

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