Preface

The question of the retreat of state from social sector has been a matter of concern for social scientists ever since the mid-eighties with the expansion of globalisation and the deepening of neo-liberal economic ideas. The entry of many new players like the non-territorial capitalist forces (eg; International Economic Organisations, Multi-National Companies & Trans-National Corporations) and International Non-Governmental Organisations to fill the vacuum created by the withdrawal of state is a novel trend that has gained momentum in almost all developing states in the last decade of the 20th century along with the acceleration of globalisation. Subsequently, the role of state was redefined from a builder of economy to a facilitator of favourable conditions for foreign capital and for the participation of private sector in the development process. As a result, globalisation and social development has become a dominant theme in the socio-political, economic and even cultural debates.

Though there is no single accepted definition of globalisation, it is generally identified as the process, which integrates economies and societies through cross-country flow of information, ideas, technologies, goods, services, capital, finance and people. That is, globalisation has incorporated more countries into the global economy through cross border expansion of trade, free trans-national flow of capital and information and the advances in communication technology under certain unified laws and regulations. This intensified the interdependence of states, people, and economies.

The complex nature of globalisation with its deepening tendencies raises new challenges in the realm of social development. However, scholarly opinion differs on the impact of globalisation in human societies. There is a strong view that globalisation is a natural phenomenon and the gradual outcome of the dynamics of global economy which integrates the world and creates large-scale fresh economic opportunities. Nevertheless, the critics argue that the process had adversely affected the social development since it has increased the level of inequality among people and between states.

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.
The state-led development strategies followed by Egypt and India since independence came under sharp criticism by early 1980s. The unfavourable conditions in balance of payment and the serious debt problems had forced the regimes of these countries to follow the World Bank instructions based on Structural Adjustment Programme that insisted on less role of state and more intervention of private sector. This has automatically reduced the ascendancy and the sovereignty of state even within the domestic sphere. Consequently, globalisation has facilitated a clear departure from the traditional institutional understanding of state-society relation that was predominant in the developmental debates in the developing countries. Under these circumstances, the study also discusses the changing dynamics and dimensions of state in social development in the age of globalisation with special reference to Egypt and India.

Overall, this thesis is a critical study of the neo-liberal policies and their impacts on social development in Egypt and India. In this study, the term globalisation indicates the developments that have taken place in the developing countries with the introduction of neo-liberal policies, especially since 1991. The period under study, 1991-2001, signifies the completion of the first ten years of liberalisation experiment in both the states. While undertaking a comparative analysis of the impact of globalisation on the role of state in the social development in Egypt and India, two states having different political structures, the study also investigates how far the political structure of a country influences the rate and flow of globalisation and its impacts on the society.

Both India and Egypt had signed the Structural Adjustment accord with International Monetary Fund (IMF) in May 1991 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. In this background, this study develops a broad understanding of the problems and prospects of the new development model proposed by international economic institutions like World Bank and IMF and its adverse social impacts.
The study is organised with special emphasis to 'social capital', a major theme in the social development package proposed by World Bank and IMF to attain balance between social development and economic growth. The international economic institutions like World Bank and IMF, who are apparently the promoters of liberalisation, promptly realised that their policies and programmes have actually deteriorated the social condition of the poor in the developing countries. Essentially, the concept of social capital was popularized by these agents of market economy/neoliberalism as a viable alternative to the state and as a complementary to the market in the 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 policymakers. This has led to the creation of a new developmental model for developing/Third World states, based on building social capital and 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.

The thesis has four core chapters besides the introduction and conclusion. The introductory chapter gives a historical overview of the patterns of the socio-economic development in Egypt and India. The chapter also introduces the major concepts and the organisation of the study. The second chapter discusses the conceptual aspects of globalisation, social development and social capital and provides a theoretical framework to the study. The third chapter examines the state – globalisation interaction with a special emphasis on the changes in the role of state/government in the social sector. The fourth chapter analyses the institutional changes that took place in the social sector and their impact on social development. The chapter focuses particularly on the aspects related to state policies in the social sector in Egypt and India and analyses some of the key social indicators in India and to understand the changing trends in social development in these states since the introduction of neoliberal policies. The fifth chapter critically evaluates the major obstacles and policy imperatives of the new social development strategy initiated under neoliberal globalisation and the final chapter presents the major conclusions of the study.