GLOBALIZATION AND HUMAN DEVELOPMENT – REALITIES AND RECOMMENDATIONS FOR DEVELOPING COUNTRIES

FAZLUL KABIR RABBANEE
MOHAMMAD MOINUL HAQUE
FUAD HASAN

This paper is an attempt to highlight the related issues of globalization and its impact on human resources development of developing countries. The paper focuses on a number of outcomes of globalization, which promotes human development. It also states about several factors that inhibit the human development of the said countries. Finally, the paper provides few strategy recommendations to develop the human resources of developing countries in a changed situation of political economy of trade liberalization.

Introduction

Globalization refers to an increasing level of interdependence among the countries by a number of ways like free flow goods and services, free movement of labor, different sectoral and political openness, military alliances, etc. It is a buzzword in today’s world, yet the degree to which different countries around the world should become integrated remains a matter of controversy. With the advent of Globalization, the developing countries have taken a number of structural adjustments and different measures to achieve competitiveness, efficiency in resource allocation and development of human resources. Human resources are the catalyst of development for a country and the government of a country should lay high emphasis for the development if its human resources. But there is a fear that most of the rapidly growing populated developing countries will not have enough purchasing power at the disposal of their consumers to enable them buy the imported food (Haq, Khadija 2002). Moreover, most of the South Asian countries have very low level of reserves and are facing external debt problem leaving no room to ensure food security through reliance on imports (Valdes, A. and A.F. McCalla 1999). In this backdrop, it is worthy to analyze the impact of globalization on the human resources development of the developing nations.

The prime objective of the paper is to identify issues related with globalization and its impact on human development. However, the specific objective of the paper is to evaluate the contribution of Globalization on the human development of developing countries by focusing on the areas where the countries reaped benefits and where they faced obstructions due to globalization. The paper is based on secondary materials. Several articles of the renowned economists are consulted to get a clear concept of the topic in respect to objectives mentioned above. Besides, different other publications like Human Development Report, UNDP report and World Bank report, etc. were also consulted to make the paper informative and objective oriented.

Impact of Globalization on Human Development

Globalization is a process of increasing interconnectedness of individuals, groups, companies and countries. Its impact on trade and human development is immense. Trade liberalization throughout the world is a direct outcome of globalization and it has an enormous and direct effect on human resource development. Due to trade liberalization as well as the rapid development of technology, especially information and communication technology the people of developing country like Bangladesh are facing a bunch of threats as well as enjoying huge opportunities. However, the impact of Globalization on the human development of a country can be discussed in the following manner –

Globalization as a Promoter of Human Development

Favorable Impact on Education

Education is one of the key components of Human Development Index (HDI). Literacy is considered as an indispensable tool for transforming illiterate population into human resources as well as for creating awareness among the masses about the various ills of society including menace of high population growth (Hoque A H M Sadiqul,
1997). Only those societies that have acquired relevant knowledge and skills can compete successfully in the global markets. To harness the benefits of globalization, education and training become a priority (Wan Hooi Lai, 2003). Education leads to many social benefits, such as improvements in standard of living, health & hygiene, reduction in infant and child mortality rate, etc.

The education index, used in the computation of the HDI, itself consists of two components, i.e. adult literacy (with two-thirds weight) and the combined (for all levels) gross enrollment ratio (with one-third weight) (Haq, Khadija, 2002). In this regard, the following table 1 and table 2 show the condition of adult literacy and gross enrollment ratio of the South Asian Countries.

Table 1  
**Adult Literacy Rate of South Asian Countries (in %)**

<table>
<thead>
<tr>
<th>Country</th>
<th>1990</th>
<th>Male</th>
<th>Female</th>
<th>Overall</th>
<th>2000</th>
<th>Male</th>
<th>Female</th>
<th>Overall</th>
<th>Increase</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>48</td>
<td>62</td>
<td>34</td>
<td>57</td>
<td>68</td>
<td>45</td>
<td>9</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>35</td>
<td>47</td>
<td>21</td>
<td>43</td>
<td>58</td>
<td>28</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>35</td>
<td>47</td>
<td>22</td>
<td>41</td>
<td>52</td>
<td>30</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nepal</td>
<td>26</td>
<td>38</td>
<td>13</td>
<td>42</td>
<td>60</td>
<td>24</td>
<td>16</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>88</td>
<td>93</td>
<td>84</td>
<td>92</td>
<td>94</td>
<td>89</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bhutan</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>47</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maldives</td>
<td>95</td>
<td>-</td>
<td>-</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Asia (a whole)</td>
<td>46</td>
<td>58.9</td>
<td>31.8</td>
<td>54</td>
<td>65.8</td>
<td>42</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Table 2  
**Enrollment Ratios in South Asian Countries (in %)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>71.6</td>
<td>100.3</td>
<td>19.0</td>
<td>44.7</td>
</tr>
<tr>
<td>Bhutan a</td>
<td>73</td>
<td>-</td>
<td>5.0</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>97.2</td>
<td>101.6</td>
<td>44.4</td>
<td>48.7</td>
</tr>
<tr>
<td>Maldives a</td>
<td>134.0</td>
<td>133.7</td>
<td>49.0</td>
<td>42.8</td>
</tr>
<tr>
<td>Nepal</td>
<td>107.7</td>
<td>117.9</td>
<td>33.1</td>
<td>50.8</td>
</tr>
<tr>
<td>Pakistan</td>
<td>60.7</td>
<td>73.1</td>
<td>22.7</td>
<td>26.4</td>
</tr>
<tr>
<td>Sri Lanka b</td>
<td>102.9</td>
<td>105.9</td>
<td>73.8</td>
<td>72.1</td>
</tr>
</tbody>
</table>

Source: UNDP 1995, 2002  
Notes:  
a. 1990-91 date is of 1992-93.  

From the above tables 1 and 2, it is evident that South Asia has made substantial progress in education over the decade of nineties as the literacy rate increased for both the male and female and the overall literacy rate increased at least 2% (for Maldives) to 16% (for Nepal). Mentionable is that Maldives and Sri Lanka both had achieved literacy rate of over 90% at the beginning of the new millennium which is considerably higher than regional average of 54%. On the other hand, though Nepal, Bangladesh, and Pakistan entered into nineties at lowest literacy rates of 26% and 35%, but gradually the overall rate increased by 16%, 6% and 8% at the end the decade. Similarly, the enrollment rates for all the countries also increased for both the primary and secondary level over the decade. Alarmingly, the status of Pakistan is at the lowest position among the South Asian countries where as Maldives is the best performer among them.

**Increase Quality of life by Ensuring Product Availability**

Trade liberalization helps the people of country to increase their life quality by lowering prices of imports and keeping prices of substitutes for imported goods low. Most developing countries reaped benefits in this issue as the per capita income of those countries increased dramatically. This is even more applicable for South Korea, Malaysia, Thailand, India, Vietnam etc. These countries have opened their economies in recent years and have experienced faster growth and more poverty reduction (Dollar 2001). On average, those developing countries that lowered tariffs sharply in the 1980s grew more quickly in the 1990s than those that did not (Dollar, op. cit., 2001).

Again, imported products that might be especially important for the poor people of a country include basic foods, pharmaceuticals and other medical or basic health products, and used clothing. The poor may also be benefited significantly from removal of export taxes or prohibitions. An example of trade liberalization resulting in tangible and immediate benefits for the poor is the African Summit to Roll Back Malaria, held in April 2000, at which the continent's heads of state pledged to reduce or waive taxes and tariffs for mosquito nets, insecticides, antimalarial drugs, and other goods and services needed for malaria control (Bannister Geoffrey J. and Thugge, Kamau, 2001).
Increasing GDP

Again being influenced in international trade, the productive resources of a country are channeled into the economy's comparative advantage industries. Because of this redistribution of resources, overall output produced (GNP) raises. The following figure 3 compares the gains to developing countries that are projected from the removal of merchandise trade barriers in the industrialized countries with the gains that they are projected to receive from removing their own barriers by 2015 as a percent of GDP.

Figure # 3: Annual Gains to Developing Countries from Reduction of Trade Barriers by 2015 (Percent of GDP)

![Graph showing gains to developing countries from reducing barriers compared to industrialized countries.](source: World Bank 2002, Table 6.1)

Employment and Income Generation

Trade liberalization has a direct impact on the employment scenario and wage condition of a country. Labor market of a country comprises rural, urban and informal sector. The informal sector, a part of the economy where businesses are not incorporated or otherwise registered with governments, has a significant role in income generation for the poor people and is also affected by trade liberalization. Employment in micro enterprises, especially in the informal sector, has increased at high rates in developing countries over the last 20 years. The proportion of this type of employment in the nine largest Latin American countries reached in the early-mid 1990s 58%, and the corresponding values for sub-Saharan Africa, North Africa and Asia were 74%, 43%, and 62%, respectively (Sainz P, and Young S, 2000). Again, globalization leads to the informalization of the economy through outsourcing and subcontracting by large corporations. Nike, for example, relies on a cascading chain of over 10,000 micro subcontractors.

Human Development Index

Usually people are expected to live a long and healthy life, to be educated and to have access to resources, needed for a decent standard of living. Human Development Index, constructed as a measure of human development, consists of three components: longevity, knowledge, and decent standard living (Haq, Mahbub ul 2002). Life expectancy at birth, education or literacy rate are the proxy for longevity and knowledge situation of a country. For child mortality rate and child immunization rates are the signs of healthy life leading and for decent standard of living, GNP per capita is the prime indicator. Thus the combined HDI of the South Asian Countries is shown in table 4 below –

![Table showing HDI values for South Asian Countries.](source: UNDP 2002)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>Pakistan</th>
<th>Bangladesh</th>
<th>Nepal</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>0.511</td>
<td>0.442</td>
<td>0.414</td>
<td>0.416</td>
<td>0.697</td>
</tr>
<tr>
<td>1995</td>
<td>0.545</td>
<td>0.473</td>
<td>0.443</td>
<td>0.453</td>
<td>0.719</td>
</tr>
<tr>
<td>2000</td>
<td>0.577</td>
<td>0.499</td>
<td>0.47</td>
<td>0.49</td>
<td>0.741</td>
</tr>
</tbody>
</table>

It has been observed from the above table 3 above that the HDI values of the South Asian countries have been consistently increasing over the last decade though the increasing tendency is slow and the growth rate of HDI values is not increasing. Among the countries, Sri Lanka has the most attractive HDI values and the increasing trend is
The second best value is for India followed by Pakistan and Nepal. Unfortunately, the scenario of Bangladesh is at the lowest position though the HDI value is still in increasing trend. Thus, in case of health sector, globalization paved the way towards different NGOs to act as a catalyst in the health sector of developing countries in general and Bangladesh in particular to play a positive role and contribute in the development of the same. Free flow of vaccines for child immunization is also the outcome of globalization which has reduced the child mortality rate.

**Impact on Gender Equality**

Trade liberalization typically results in an increase in labor-intensive exports such as garments, shoes, jewelry, etc. from developing countries. Employers in these industries often prefer to hire women, and the growth of exports of these sectors has almost always been accompanied by a significant increase in female wage employment in the formal sector. A study of 35 developing countries found a strong positive correlation between the female intensity of manufacturing (the number of female workers per 100 male workers) and export growth (Wood 1991). In Bangladesh, about 2 million jobs had been created in the garment industry by 1998, of which two-thirds were held by women (Paul-Mazumdar and Begum 2000). In Madagascar, women accounted for three-quarters of the country’s nearly 140,000 textile and apparel workers in 1999 (Nicita and Razzaz 2003). Moreover, 85 percent of the women in Madagascar found new employment in the textile sector had never directly received any monetary income, compared with 15 percent of new male entrants. Again, a study that followed 50 rural families in Mexico for 20 years found that a significant proportion of the women reported an improvement in their “quality of life,” due mainly to their income from working outside their homes, including in (export-oriented) factory jobs (Gladwin and Thompson 1995).

**Globalization as an Inhibitor of Human Development**

**Reduction in Government Revenue**

The basic requirement of trade liberalization is to eliminate or reduce import tariff. But developing countries will incur substantial reduction in revenue from tariff compare to developed countries if they are to withdraw or cut import and export tariff. It is found that tariff revenue accounts for 10-20 percent or more of total government revenue in many developing countries. A chart regarding this has been sown.

![Table 4](image)

**Table 4**

<table>
<thead>
<tr>
<th>Low and Middle Income Countries</th>
<th>High Income Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>16%</td>
</tr>
<tr>
<td>Argentina</td>
<td>07%</td>
</tr>
<tr>
<td>Bolivia</td>
<td>07%</td>
</tr>
<tr>
<td>Peru</td>
<td>10%</td>
</tr>
<tr>
<td>Chile</td>
<td>08%</td>
</tr>
<tr>
<td>India</td>
<td>21%</td>
</tr>
<tr>
<td>Kenya</td>
<td>15%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>17%</td>
</tr>
</tbody>
</table>


* data for 1990

Now the question is how these low and middle income countries will keep their budgets in balance if tariffs are reduced or eliminated. They will have to impose large increases in other taxes like income tax, holding tax, VAT, etc. in order to keep their budgets in line. But such step will decrease the amount of disposable incomes of citizens each of the developing countries which will ultimately result in decline in the level of living standard or to buy those imported products.

**Negative Impact on Agriculture**

Most of the developing countries are still largely dependent of agriculture. When developed countries are transiting from industrial era to information era most of the developing countries are still entering into industrialization. Most part of their GDP still comes from agricultural sector. A bumper production of crops usually results in a hike in GDP or vice versa.

On the issue of domestic support, developing countries farmers get subsidy from government in different forms. Usually fertilizers and electricity are provided at subsidized rate; capital is provided under simple conditions and at low interest rates. On the issue of Aggregate Measurement Commitments (AMS) Reduction Commitments, the
member countries of WTO are committed to reduce domestic support that encourages domestic support and is therefore considered to distort potential trade flows (OECD 2001). Though developing country members with no AMS will be exempt from reductions in *de minimis* and the overall cut in trade-distorting domestic support, it is not sure how long this benefit will continue. Here it is worthy to note that under URAA (Uruguay Round Agreement on Agriculture) Art. 6.4, *de minimis* percentage for developed countries is 5% and for developing countries it is 10%. On the issue of export subsidies, an end date for all export subsidies in agriculture by 2013 has been agreed in the WTO meeting. This will also harm the developing countries more compared to developed countries. Because the share of export subsidies for developed countries is far smaller in overall agricultural support in comparison to that of developing countries. As for example, export subsidies consist of only 3.5 percent of the overall agricultural support provided by the EU. On the issue of tariff, if they are decreased, farmers will face tough competition against imported agro products. Tough competition may lead to reduction in price. In that case farmers may not be able to reap the real price of their product or they may not be able to sell their products at all.

All these, in the long run, may lead to large-scale displacement of the rural population. It would be worthy to note that annual loss due to trade liberalization in agriculture in different countries is significant. Drusilla Brown, Alan Deardorff and Robert Stern (BDS) calculated annual loss of different countries in agricultural sector due to trade liberalization (shown below).

**Figure 5: Annual Loss in Agriculture Due to Uruguay Round Trade liberalization (in million dollars)**

![Graph showing annual loss in agriculture due to Uruguay Round trade liberalization](image)

Source: Brown, Deardorff, & Stern 2001, Table 1.

The losses shown are the projected decline in annual GDP for each nation after the agreement has been fully implemented. However, from the diagram we find that the South American and Caribbean countries are the most affected countries due to liberalization in agriculture.

**Downbeat Effect on Income Distribution**

Though the proponents of globalizations argued that trade liberalization has a positive impact on the income distribution of developing countries as it generates employment and ensures fair wage for the labors however, these views are challenged recent studies. For example, an analysis of domestic trends in income distribution between the 1950s and the 1990s showed that income inequality rose over the last two of these decades in 48 of the 73 countries analyzed (Cornia GA, Kiiski S, 2001). The study showed that only nine countries, the evidence of a decline in income concentration over the long term was found; these included mainly small countries (Honduras, Jamaica, Norway, Tunisia) and medium- sized countries (France, Malaysia, Philippines). Income concentration remained constant in 16 countries, including Bangladesh and India. The rise in inequality was universal in the countries of the former Soviet Union, almost universal in Latin America, common in member countries of the Organization for Economic Co-operation and Development (OECD), and frequent in South Asia, South-East Asia and East Asia (Cornia, Giovanni Andrea Cornia, 2001).

Again, Behrman et al. (Behrman J, Birdsall N, Székely M. 2000) assessed the impact of the overall globalization policy package on wage differentials in 18 Latin American countries between 1980 and 1998 and found that it had a significant disequalizing effect, although this tended to decline over time. Furthermore, a review of the effects of liberalization and globalization during 21 reform episodes in 18 developing and transitional countries over the last two decades indicated that inequality rose in 13 cases, remained broadly constant in 6 and improved in 2 (Taylor L. 2000). Therefore, it has been proved by the researchers that globalization does not necessarily bring welfare for the inhabitants of a developing country as it often broaden the income inequality. Large inequality increases or the persistence of high-income inequality reduces growth. Where the increase in income inequality was sizeable, growth itself was often reduced, thus depressing further the prospects for poverty alleviation.
Trade Related Aspects of Intellectual Property Rights (TRIPS)

The TRIPS provisions of the WTO include the protection of U.S.-style, patent and copyright in the developing countries. This will lead to the transfer of billions of dollars from developing to high-income countries in the form of royalties and licensing fees. In several cases, the outflow of fund in terms of royalty and license fee is considerably large and costly for the country. The case of South Korea is notable here. The World Bank estimated the size of the net outflow at 3.4 percent of GDP (World Bank 2002). South Korea is a comparatively wealthy developing nation. An implication of this pattern is that TRIPS will become considerably more costly to developing countries as they grow richer. Therefore, while patent fees may present only a limited burden to these countries at present, they will become a much greater drain on countries’ resources and pose more of an obstacle to development as they get wealthier (Weisbrot & Baker, 2002).

The TRIPS provisions are also encouraging the MNCs to take a monopoly in controlling the production and marketing of the high yielding agricultural varieties and other foodstuffs through using the patent laws resulting in a serious threat to food security of the developing nations. Protection of biodiversity has also become difficult due to relevant provisions. As a result, the poor nations are being compelled to increase their dependence on uncultivable sources for food rather than the once available cultivable ones. The developing nations have already lost the 40% of their total cultivated source.

Withdrawal of GSP and Quota System

Under the free trade arrangement throughout the world, there is no GSP and Quota system. Many developing countries used to get direct benefit from such kind of protection measures. For example, Bangladesh used to enjoy GSP facility from European Union and Quota facility from the United Stated for the export of its garments products. But from 1st January 2005, Bangladesh does not enjoy quota facilities any more. This caused a severe problem for the garments exporters of the country as they are now facing tremendous competition in the world market specifically in terms of price to sell their goods in the EU and USA. Though the country has already recovered such set back efficiently but initially it was thought to be one of the key factors of loosing market share in global market. Again BDS (Brown, Deardorff & Stern 2001) projected losses in Textile and Apparel sector of different developing countries due to trade liberalization which is shown in the following Figure 6.

Figure 6: Annual Losses Due to Uruguay Round Trade Liberalization in Textile and Apparel (in million dollars).

BDS projected the losses for these countries from the phase out of the multi-fiber agreement which is a part of Uruguay Round Agreement. From the figure 6, we find that the South American and Caribbean countries are also the highest looser in this sector like agriculture.

Food Security and Impact on Peasants

Though it is assumed that free trade will increase food security, but this assumption is under question. The goal of food security is in danger because increased market access was the hallmark of the free trade agenda. WTO agreement on Agriculture (AOA) has promoted an industrial model of agriculture that has jeopardized food security in developing countries. AOA had incorporated three broad areas of commitments from member states, namely in market access, domestic support and export subsidies. The global food chain is increasingly distorted by the disparities in power between global agribusinesses on the one hand and farmers and consumers on the other. For instance, the virtual removal of quantitative restrictions, the phenomenon of declining agricultural commodity prices in India since 1999-2000 had lead to a spate of farmers’ suicides in Punjab, Rajasthan, Karnataka and Andrapradesh ((Francis Sheelu, 2001). Alarmingly, 36 countries
(all developed) have the right to impose special safeguard provisions if agriculture imports distort their domestic markets and these countries have used this provision 399 times till 1999. Thus due to negative effect of trade liberalization on agriculture, small and marginal farmers gradually displaced from food crop production. Mechanization has displaced the landless agricultural laborers. The farmers are also facing a situation where the cost of the agriculture inputs is much higher that the actual returns they get from their production. Moreover, the developing countries are flooded with cheap and highly subsidized agricultural imports and their agrarian economy has gradually been thrown out of gear. The farmers of these countries are facing severe marginalization and the tendency toward urbanization has increased alarmingly.

**STRATEGY RECOMMENDATIONS**

Globalization paves the way for human development, side by side opens up a threatening situation where the human development factors are hindered to grow in a smooth manner. Again, it is evident that there are still significant economic gap between developed and developing countries. Moreover, the developed countries themselves still have protection in different sectors like agriculture, steel, textile, etc. Such scenario among the different counties of the world does not show a universally applicable principle of world trade. In such backdrop, what strategies the developing countries should adopt? Following are the few strategy recommendations for the smooth human development of the developing countries in general and Bangladesh in particular under a global economic structure.

**Development of Agriculture Sector with Continuous Govt. Assistance**

Agriculture is the main profession of about 80% of inhabitants of developing nations. It is widely acknowledged that agricultural development has a very healthy effect on human development through raising rural income. Due to high population pressure, low income of the farmers and low investment on land, the labor productivity in these countries is low. To get rid of such vulnerable situation, Government assistance in the agricultural sector is a must. It is notable here that despite the high per capita income of the developed countries like USA, EU, they provide, their government provide subsidy in the agriculture. Therefore, the government of developing countries should continue to give subsidy in agriculture without any compromise with the developed nations.

**Development of Rural Infrastructure**

Any development paradox is the outcome of weak infrastructure. Both human development and agricultural development are channeled into social and physical infrastructures in the rural areas. Unfortunately, the rural infrastructure of the developing countries, especially Bangladesh is still vulnerable. Besides, the rural areas and the people are prone to natural disaster, which hinders the rural development as well as human development. Therefore, the government of these countries should prioritize the rural infrastructural development. The development budgets (of the annual budget) of developing countries should include a significant allocation for the rural infrastructural development.

**Increasing Adult Literacy Rate and Developing Human Resources**

Though South Asian countries have made considerable progress in the field of child education but the adult literacy rate is not still up to the mark especially in case of Bangladesh. Child literacy is a basic human right where as adult literacy is an integral part of development as it is essential to innovate and generate knowledge and to generate human resources. Though the Government of Bangladesh usually allocates highest amount of money in the education sector from its annual budget but still the allocated amount is not enough to cater the need of the education of 150 million people. Therefore, more allocation of money and more priority should be given on education sector for the development of both child literacy as well as adult literacy.

**Reducing the Corruption and Wastages in Govt. Expenditures**

It is widely accepted phenomenon that corruption is like an epidemic in the South Asian countries specially Bangladesh, Pakistan, India, etc. Corruption is making these countries economically cripple despite huge economic potential of these countries. Due to corruption the development budgets are not spent in an effective and efficient manner to get the economic independence. Besides, we need to reduce the wastages in the Government expenditures to get the maximum utility and to ensure the highest productivity of the Government efforts. It is often said that 25%-30% of Government budget is spent
unproductively, which is again an outcome of corruption. But if such corruption and wastages can be reduced and optimum utilization of Government budget can be ensured, then more development works can be done to accelerate the human development process.

**Building Industrial Backbone and Adopting Globalization Principles in Selective Manner**

Developing Industrial backbone is essential for developing countries especially for Bangladesh. This is because, most of the developing countries are agro based and over populated. It is not economically viable to depend on agriculture only. Therefore, if the countries can build industrial backbone then it will help them to be self-dependent.

In case of building industrial base, globalization has a direct impact. What strategy the countries should adopt – *Import Substation industry or Export – Led industry*? In fact, the countries should follow export-led strategy for the best utilization of the existing labor-intensive skills and resources of the countries. This will ensure enough employment and increase per capita income, which will lead the country to go for capital intensive & techno based import substitution strategy. Here, the countries should provide government assistance for the development of export led industries. The countries should open their market for free flow of education, knowledge so that the literate adult people can be benefited directly. They should also open their market to have foreign direct investment (FDI) in those sectors where they don't have expertise and which they usually import from abroad. This will help will ultimately help the developing nations to acquire the technology, knowledge and to develop their own human resources to build such industry in near future.

**Emphasizing on Regional Trade and Building Bargaining Capacity of the Developing Nations**

Though the developed countries like USA, EU are the main proponents of Globalization but they are not following the Free Trade Concept rather they are practicing Preferential Trade. NAFTA and EC are the two bright example of such preferential treatment of developed countries in this regard. On the other hand, the developing countries are not still economically sound enough to open their market fully for the world. Therefore, they should adopt preferential trade agreement and emphasize on SAFTA, BIMSTEC, ASEAN, etc. and conduct trade preferentially among the member countries without any trade barrier. This will help them to attain economic sovereignty and build understanding and cooperation among the member countries to have a better bargaining capacity in a united form, which will help them to achieve their claim in different trade negotiations with the developed countries in the WTO summit or others of the kind. Such effort ultimately will have a positive impact on the human resource development of these countries.

**Notes:**
2. Devinder Sharma :GATT to WTO: Seeds of Despair and In the Famine Trap.
References

13. OECD (2001b.), p.3.
16. UNDP Report 2001