The process of globalization is more robust than people think and that markets remain powerful instruments even in the face of the environmental problem. In the context of sustainable development, however, globalization for the first time in 200 years, challenges the hegemony of the North vis-à-vis the South. Only a structural adjustment in the North, as drastic as the South has experienced during the last twenty-five years, will save the North.

Globalization is a new buzz word, a cliche, a new term to frighten the children. Its champions say that it has altered all economic relations, marginalized the nation state, given unregulated and highly mobile capital the upper hand over labor and over governments, and that it is ushering in a borderless world. Its detractors say that it is globaloney or globaldegook to say these things. Globalization is not new: it is merely a throwback to the nineteenth century or, indeed, merely another chapter in the saga of the world systems built up by capitalism since the fifteenth century. Economists point out that, despite all the hype about globalization, interest rates diverge even between OECD markets, and that domestic savings still correlate highly with domestic investment which they should not if there was a global market and that national policies still have a significant role to play. Political economists on the Left especially discount globalization by saying that it is merely internationalization, that there is no truly global firm but only multinationals, based in a few advanced countries, parading falsely as global.

There has been, however, a fundamental change in the world economy as I shall explain below (see also Desai, 1995). First, capitalism is alive and well and pervading all over the globe except for a very small number of countries--Cuba and North Korea--which still retain fully a Leninist character with central planning and
a command economy. Leninism, as a variant of Socialism, is dead and gone, after occupying a pivotal position as an alternative to capitalism (Desai, 1992). Capitalism has a variety of formations across the world, from Anglo Saxon to Scandinavian, to Asian/Confucian to European social corporatist. But even as debate continues about the role of the State one thing is clear: successful State intervention, as in the Asian case, has to be capitalist friendly, i.e. profit enhancing. Call it managing the market, but it is a market friendly way of intervening that we have all come to accept as the limit of intervention, as against the Fabian or the Leninist versions which were market hostile and sought to control and divert the market from its uncontrolled dynamic flow.

The defeat of socialism at the level of a single country, and indeed even the demise of Keynesianism in one country, has led to a search for new limits to global capitalism on the Left (Desai, 1996). There is no global state nor a global working class ready to take on global capital. May not the ecological crisis define the limits to global capitalism? people ask, half in hope and half in desperation. What with global warming and exhaustible non-renewable resources and the hole in the ozone layer, could it not be that global capitalism will run into its contradictions with the ecosphere? Sustainable development becomes the new cry.

The purpose of this paper is to damp down this speculation. I shall argue that the globalization process is more robust than people think and that markets remain powerful instruments even in face of the environmental problem. At the same time I argue that globalization, for the first time in two hundred years, challenges the hegemony of the North vis-a-vis the South and that only a structural adjustment in the North, as drastic as the South has experienced during the last twenty five years, will save the North.

I argue these points in the context of the now widely accepted, but loosely defined, notion of sustainable development. The following section questions the precision of the concept of sustainable development and gives examples of where the market has worked in an eco-friendly way. It then goes on to describe globalization as a process with some asymmetric effects on the North and the South and shows that the North will have to alter its ways drastically to survive global competition.