GLOBALIZATION HAS UNDERMINED AS WELL AS FACILITATED DEVELOPMENT IN THE THIRD WORLD

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Introduction

Nothing has increased international developments more than globalization itself. It has had a profound effect on almost every country around the globe, resulting in the expansion of global trade, the spread of products and services, and technological exchange from one corner of the world to the other. Such exchange is primarily directed from developed countries to developing third-world countries. It leaves a profound, multi-faceted impact on these countries in terms of economic development and trade, which involves both import and export, availability of facilities, health, and education. Therefore, globalization and the resulting international economy leave on developing countries is multi-fold. However, it is yet to decide whether this impact is negative or positive, facilitating or impeding, liberating or subjugating, which is the central issue discussed in the current essay. When discussing the impact of globalization in developing countries, various factors are involved, such as development rate, industrialization, health, education, poverty, gendered workforce, and many others. Therefore, based on these factors, the current argument is divided into sections to provide a more precise, detailed picture of the problem under discussion: the facilitating or impeding nature of globalization for developing countries. It is true that globalization has changed the world (Weiss, 2002), and developing countries are equally affected by it. However, when we consider the factor of facilitation, the process of globalization has facilitated the developed countries to the utmost.

In contrast, third-world countries are still in a marginal position and have negligible global economic benefits (Prasad et al., 2005). Therefore, globalization facilitates developing countries to the least extent. However, several steps can be taken to enhance the economic production and overall well-being of the people of these countries. This essay will shed some light on how globalization has undermined and facilitated developments in third-world countries.

Industrialization and Economic Development in Poor Developing Countries

Economic development, according to Amsden (2001), is "a process of moving from a set of assets based on primary products, exploited by unskilled labor, to a set of assets based on knowledge, exploited by skilled labor" (p. 2). In terms of development, globalization means the swift growth flow of different products, technology, artifacts, services, assets, and resources in different nations for their economic benefit. This increased interconnectedness resulting from globalization has resulted in entirely modifying the economic reality by contributing to the creation of a united global economy (Weiss, 2002). However, economic globalization benefits developed countries the most, while developing countries are still striving to better their economies. Economic Globalization has resulted in a flow of goods, services, and products from developed countries to different parts of the world. It must be noted that the products from high-end brands such as Nike are produced by workers and laborers in far-off areas of third-world countries such as China, Indonesia, and Vietnam (Sperling, 2009). They are paid extremely low wages for their work, and then these products are sold at extremely high costs, with all the profit flowing to the developed countries. In this way, globalization is a way of taking advantage of the developing countries by using their labor at a low cost for the benefit of the developed countries.

When talking about economic development, the percentage of production growth of a country is a significant factor that indicates whether that country is developing economically or not (Wade, 2017). In this regard, the developing countries mostly remain at the periphery of the global economy, with no more than a slight advantage to their development, with exceptions such as Taiwan, Korea, Mexico, and China. Globalization affects developing nations mostly in the form of production employment, but this is often possible through trade solely. Even in trade, the export of raw materials does not significantly benefit the manufacturing employment, and the production of refined and processed goods for export is very costly for the developing countries (Kaya, 2010). Hence, none of these significantly plays a role in the development of these countries.

Development is majorly possible in third-world countries through industrialization for increased economic growth (Wade, 2017). However, some countries succeed while some might not have the striving phase of development for a long time. Let us take the example of India from developing countries to consider the development and industrialization trends and how they can fail. With the increasing trend of Globalization after World War 2, India embarked on a developmental and industrial plan in order to push the country to the frontline in developing countries. Nevertheless, it failed in its developmental agenda. Though it cannot be neglected that the project succeeded somehow in creating an industrial base and introducing technological innovations to benefit from the global economic market. However, it failed to function as a developmental agency, probably due to the lack of capability of the state to accomplish the tasks set for it as a developmental state (Chibber, 2006).

The case of India cannot be solely discussed without other developing countries which actually succeeded in climbing up the ladder of development and industrialization, such as Taiwan, Japan, China, and Korea. Here, it is significant to argue that to benefit from the global economy, the countries of the third-world need to plan their development strategically. This can be done by adopting different policies for making them developmental states by industrialization for economic expansion and harmonization of their institutions (Nayyar, 2003; Beeson, 2009). Having said so, in contrast to India, the countries mentioned above strategically worked up for setting up businesses in mid-technology industries by making investments to set up their own national market instead of solely relying on the international market and using their own industry to replace the global industries. In addition, some countries such as Taiwan and Mexico used the make or buy policy to jump up the ladder by purchasing technological equipment from different countries and adapting it to their purposes to benefit their own industrial production (Amsden, 2001). As a result, these countries had increased production and distribution rate.

Third-World Development, Neo-Liberalism and Debt Crisis

In the global developmental theory, there are majorly two opinions. Some researchers believe that globalization has proved to be a catalyst for development in the developing Third World countries, while others believe it to be a device used to serve the needs of the West. However, it is true that the global plan of development that was shaped in the twentieth century is considered a major failure. According to the statistical analysis in this regard, in many areas of the world, the poverty has rather rose to an alarming situation as an output of Globalization (Philips, 2017). Though the notion of globalization in the beginning was hailed to yield expansion in global market and a resulting advancement in the global development (Sachs, 2000), it did not prove to be of much advantage to the poor countries.

The early development theories aimed to guide the Third World developing countries on a “Western-style development” (Philips, 2017, p. 358). It was followed by the modernization theory, with more or less the same goals and agenda of Westernizing the under-developed countries. However, it is noteworthy that the state policies implemented as a result of development plans proposed by international organizations such as World Bank focus majorly on education and infrastructure rather than focus primarily on the industries (Amsden, 2001, p. 5-6). As a result, instead of development of Third-World countries on the parameters of the Western world, there has been seen a widening of the gap between the developed Western world and the under-developed Third-World countries (Irogbe, 2005), termed as “a marked increase in inequalities among the world's population” (Philips, 2017, p. 357).

The Third-World or developing countries strived to climb up the ladder by using strategies such as industrial autonomy through Import Substituting Industrialization (ISI) to decrease dependency on foreign, developed countries by increasing the domestic production of goods. They introduced 'protectionist trade policies' to aid the local industrialization by giving extra incentives to local industries for purchasing the machinery required in the domestic manufacture process. However, instead of fully succeeding, it led to more of a crisis. The local industry majorly relied on imports of machinery, etc. which were more expensive. Foreign investments were constantly needed, which increased the debt taken by third world countries from the first world. In the time from 1990 to 1994, the debt payment levels for largely indebted countries rose to 120% (Philips, 2017). In these circumstances, the economies of heavy indebted countries begin to fall in.

In regard of development, it is essential to consider neo-liberalism, according to which "the main reason why poor countries remain poor is not because they lack machines, infrastructure or money (as used to be generally accepted by economists) but, rather, because of misconceived state intervention, corruption, inefficiency and misguided economic incentives." (Saad-Filho, 2005, p. 114). The neo-liberal premise emphasizes on "the liberalization of foreign trade" (Saad-Filho, 2005, p. 114). It involves the depoliticizing the economic sector, with autonomy of markets, trade, and public property rights rather than the public control. In this regard, neo-liberal development intrinsically promotes Globalization (Philips, 2017). However, the problem with neo-liberalism was that it was in opposition to the rising concept of developmental state, which intrinsically promoted state as the primary factor in economic development. Whereas neo-liberalism presented development as a 'global process', the idea of developmental state presented development as a "national process" (Philips, 2017, p. 61). Neo-liberal agenda was a part of the developmental plan called Washington Consensus, an economical agreement between IMF U.S. Treasury, and World

Bank, which defined what steps were essential to be taken by governments of developing countries if they borrow a loan from the above-mentioned organizations, for development and tackling debt crisis, such as trade liberalization, automation of domestic financial structure, and flexibility of labor market for enhanced productivity. However, the consensus benefited foreign capital at the expense of local capital, and resulted destructively for local jobs and industries which are categorized as ineffective and inefficient, which leads to unemployment and increased poverty rate in the developing countries (Saad-Filho, 2005).

Unequal Income Distribution and Global Governance

The patterns of economic distribution are greatly dependent on globalization, which results in an unequal economic distribution among rich and developing countries. This entirely depends on whether globalization has a positive or a negative effect on a country. For instance, if globalization has helped the local industries boom and increase production and export rate in China, the resulting income of its ordinary citizens will increase (Milanovic, 2012). Contrarily, if a country is impacted negatively by the advent of globalization and has not been able to industrialize, then consequently, Nigerian people will significantly suffer from a low income.

It must be noted that the economy of developing countries lacks autonomy. These countries are not given a say in state control and decision-making regarding the economy due to the increased control of the global economic multilateral organizations, also known as GEMs, such as the International Monetary Fund (IMF), World Trade Organization (WTO), and World Bank (Thomas, 2002). Such organizations have concentrated authority in these international economic matters due to different economic strategies and policies such as Washington Consensus set by them. (Gill, 2002; Saad-Filho, 2005, Wade, 2017). For instance, the African Commission was apparently announced for introducing reforms, fighting poverty and accelerating progress in the

African region. However, it had underlying goals in alignment with global governance, expansion of the global market, and the international capitalist economy and positioning of the local structures that comply with the strategies of global structures (Cammack, 2006).

Poverty

A rough estimate of poverty can be made by measuring the number of people in the world surviving on less than an international standard line of poverty; this international poverty line is defined by the World Bank to be a smaller amount than 1.90 dollar per day, and the number of people living below this line is seen to be reduced with time (2021). It is notable that the impact of globalization on poverty cannot be generalized as being beneficial or bad for the poverty rate, as within the same country, it might affect two different farmers in different ways, proving to be beneficial for one and creating a loss for the other. For instance, export trade and capital invested by different foreign companies result in a decrease in the poverty rate, while importing foreign services and products consequently results in an increase of the poverty rate (Harrison, 2007; Harrison and McMillan, 2007). Different developmental theories claim poverty reduction by providing different assumptions about it. However, all these theories do not bring anything new in this regard, rather, all are newer forms, such as globalization theory, with repetition of the claims of the same old theories, such as modernization theory, and only new names are given to them (Kiely, 2005).

Though different global organizations such as World Bank have made efforts to lessen poverty, it must be noted that extreme poverty is still on the rise, both in incidence and severity, specifically in the developing countries, as delineated by Chen and Ravillion from the World Bank, “While the new data suggest that the developing world is poorer than we thought, it has been no less successful in reducing the incidence of absolute poverty since the early 1980s” (2008, cited in

Wade, 2017, p. 343). The situation of poverty is very alarming in developing countries. Taking the example of China, the majority of people in the country live below the international poverty line, on only $1.25 per day, and this economic crisis is exacerbating instead of mitigation in the developing countries, and this too, might be the result of a biased approach of showing the poverty in these countries to be less than it is in actual (Wade, 2017).

Conclusion

Summing up the whole argument, it can safely be concluded that globalization has its own perks and drawbacks for the poor third-world countries that are far behind in development from the first-world countries. On the one hand, it provides various facilities to the developing countries, such as medical competence, and opportunities and scholarship grants for higher educational qualification. On the other hand, it impedes their development by the dominating global economy as it aids in the flow of low-cost raw materials from these countries o developed countries, providing them most negligible economic benefit, and in turn, aids them in sending refined, costly, end-products to these countries, thus contributing solely to the global economy. When the people buy the imported products, it proves devastating to the local industries and economy, as all the earned capital from the imported products and goods is transferred to multi-national organizations located in developed countries. The international institutions such as WTO, World Bank and IMF need to take more responsibility to maximize increased trade and participation of the developing countries in the global economic affairs. It is the need of the day to create consciousness and awareness in the people of third-world countries to avail the opportunities provided by globalization for increasing the economic stability and betterment of their countries.

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