Does the process of globalization help or hinder wealth creation in developing co...

Finance

Name: Lecturer: Course: Date: Does the process of Globalization help or hinder wealth creation in developing countries? In the past five years, most of the people and organizations that are pushing including the United Nations, the international monetary fund and the world trade organizations have been heard proclaiming the main objective in enforcing or advocating for globalization is helping the world's poor countries especially through wealth creation.

In particular, these proponents of globalization believe that taking away the barriers to corporate trade and financial investments is the most effective means of attaining growth and consequently the best opportunity of liberating the poor from abject poverty (Amin, 99). They continue to assert that those who are opposed to globalization are limiting the interests of the poor especially those living in developed countries. The proponents suggest that it ought to be left to financial institutions, global bureaucracies to do the evaluations and designs aimed at solving the world's problems (Appadurai, 77). With this regard, are the interests of these financial institutions and global bureaucracies truly meant to aid the poor? Alternatively, do these global institutions have other ulterior motives? Therefore, the main question is who benefits? Currently, research into the past thirty years, the period during which globalization has exponentially accelerated, indicate quite the opposite. When evaluating the past three decades, it is clear that poverty and inequality have been increasing rapidly in every part of the globe. A report published by the United Nations Development Program published in the year 1999 indicates that disparities between the wealthy and the poor within and among nations are rapidly expanding. The main cause for this was highly attributed to the global trading system and the global finance system.

The United States' central intelligence agency concurs with globalization creates intense inequalities. The United States' central intelligence agency is of the view that the benefits of globalization do not reach the poor, and the course evidently leads into widespread protests and chaos (Auer, Raphael, and Philip, 56). A lecturer from the London school of economics, Robert Wade, wrote in the 2001 issue of the Economist, that the global disparity between the wealthy and the poor is on the rapid increase Akbari, Ather, and Yigit, 103). He attributed this to technological advancements and financial liberation because they ended up increasing the wealth and number of the rich without minimizing the distribution at the poor end (Akbari, Ather, and Yigit, 103). Research in the last twenty years indicates that the percentage wealth of the world appropriated to the poor decreased by over twenty five percent while that appropriated to the wealthy increased by eight percent (Akbari, Ather, and Yigit, 103). The underlying principles, rules and ways of thought of economic globalization that mainly comprise of free trade, deregulation, privatization, and structural adjustment have led to an increase in the world's poverty levels leading many to abject poverty. These ideologies and principles have left many without reasonable shelter, without basic amenities and food.

Consequently, many have been denied access to health facilities, education, sanitary conditions, healthy water, efficient transport and communication facilities, employment and the like. These effects are on the rampant especially in the developing countries. Statistics indicate that economic globalization and the processes leading up to absolute globalization hinder wealth creation in developing countries thereby rendering the situation worse for the poor (Bodas, Freitas and Izuka, 130). Statistics indicate that economic globalization only enables global corporations and wealthy entrepreneurs increase their wealth rapidly. As an illustration, of the one hundred greatest economies in the globe, fifty are corporations. In one report, the United Nations saw the staggering concentration of wealth among very few wealthy personalities. In the survey, it was found that the grand amount of wealth in the hands of individuals with an asset base of at least one million United States' dollars, had nearly quadrupled during the year 1986 to 2000 (Babu, 45).

This was mainly from seven point two trillion United States' dollars to twenty seven trillion United States' dollars. Even after the crash in the dot-com and the unprecedented global financial crisis, it is predicted the amount of wealth controlled by the ultra wealthy, who make a little percent of the global population will be on the steady increase. This further indicates that globalization does not benefit the poor but mainly hinders wealth creating among the poor especially in the developing countries (Ballentine, Karen and Sherman, 202). Contrary to the arguments forwarded by the proponents to globalization, the processes leading up to globalization seem to catapult the wealthy into new heights. This is done while taking away from the governments and societies, the tools required in wealth redistribution, availing of the basic amenities, the protection of workers, sustainable livelihoods, and in the process hindering efforts aimed at creating wealth for liberating the poor from abject poverty (Ballentine, Karen and Sherman, 202).

There are instances where globalization has brought about benefits in the developing nations over short periods. These instances are the ones mainly used by the proponents of globalization in advocating for their stand (Ballentine, Karen and Sherman, 202). However, these marginalized instances are usually short-lived. The overall benefits are ripped by the multinationals and the few ultra wealthy elites in the global market (Bhaduri, 21). The earnings of the chief executives of the multinational companies and global corporations have been on the steady increase and have now been depicted to reach astronomical levels.

However, statistics further indicated a growing disparity between the earnings of the top executives and the ordinary workers even within these multinational and global corporations (Bodas, Freitas and Izuka, 121). These adverse effects have also affected the known “ poster children” of free trade. These are the “ Asian Tigers” such as Malaysia, Singapore and Taiwan. The benefits reaped by these nations have not been realized assiduously by obeying the dictates of the proponents to globalization (Brecher, Jeremy and Smith, 102). The benefits have been realized through doing the opposite of what is prescribed by the proponents of globalization.

The “ Asian tigers” have been able to reap these benefits by refusing to follow the models forwarded by the proponents of globalization. This has mainly led them into liberating them from the volatility of the export markets (Brecher, Jeremy and Smith, 102). The poor and developing countries are yet to reap the benefits of globalization. Research into the past thirty years indicates that the intense funding by the international monetary fund and the World Bank and policies set out by the world trade organizations are yet to yield fruit. This has led to most of these developing nations realizing that the benefits of globalization on their part simply a false promise.

The policies set out by the world trade organizations are not aimed at benefiting the developing nations but benefiting the industrialized nations and their multinational and global corporations (Cerny, 45). The world trade organizations cannot be deemed to have faltered in designing a biased policy, but it can be concluded that they simply knew what they were doing (Diaz-Mora, and Triguero-Cano, 102). The underlying suggestion that the motive behind the policy of taking away all the hindrances to the free flow of global capital in pursuit of opening up the global natural resource deposits, markets and cheap labor can only be termed as pure cynicism (Diaz-Mora, and Triguero-Cano, 102).

The policies forwarded by the world trade organizations do not in any way assist in wealth creation in the developing nations. These policies have more to do with the creation and increase of poverty especially in the developing nations. Free trade dictates that all nations implement the same economic model. This has the effect of taking out the differentials that may hinder the efficient global operations of global corporations in pursuit of raw materials, new markets and cheap labor (Eisenstein, 66). Free trade is hindered when nations are allowed to set out and adopt their own procedures for the multinational companies and global corporations through their own democratic laws. These laws are however, meant to protect the interests of the individual nations through the protection of the environment and the natural resources, or social services for the less fortunate in the society, or the requirement of foreign investors to include domestic ones and the protection of worker’s wages (Diaz-Mora, and Triguero-Cano, 102). These expressions are however, deemed as limitations to corporate freedom and impediments to corporate globalization. The proponents to globalization are opposed to the setting of such laws and are of the view that such laws should be abolished.

This further illuminates light on their underhand objectives of exploiting the developing nations (Fullerton, 130). The world trade organization is responsible for designing uniform rules and regulations for all nations. This organization is also responsible for contesting national environmental and social laws that are viewed as impediments to corporate globalization. The world trade organization has the ability of enforcing certain powers and regulations by imposing harsh, punitive measures on democratic nations that fail to abide by its regulations.

This means that if a developing nation, executes laws and regulations aimed at protecting its interests such as labor exploitation, it can face harsh, punitive measures from the world trade organization (Guha, and Martinez-Alier, 77). The world band and the international monetary fund have powerful structural adjustment programs aimed at implementing the policies for economic globalization. These structural implementation strategies are mainly in the form of loans that usually come with harsh conditions. Since it is a known fact that most of the developing of nations have to rely on external financial aid mainly from the international monetary fund, this aspect is usually used in yoking the developing nations by having them adopt the policies forwarded by the world trade organizations and other participants of corporate globalization (Held, McGrew, Goldblatt, and Perraton, 21). The financial loans are mainly aimed at funding sectors of the economy that do not generate any revenue. These are mainly in the provision of education and health services. The loans offered by the international monetary funs usually accrue interest (Held, McGrew, Goldblatt, and Perraton, 21).

Since the programs funded by the financial assistance bodies do not generate any revenue for the developing nations, the nations are therefore rendered unable to paying these loans, and thereby end up downsizing the agencies of these governments and render these nations creditors for the long term (Keohane, 77). This also has the effect of increasing rates of unemployment in faster rates than the private sector can absorb them. The interest-raised rates caused by the policies enforced by the international monetary fund and the World Bank, limit the ability of small business enterprises from obtaining much needed capital needed to expand the business or continue their activities and thereby facilitating unemployment in the developing nations (Keohane, and Nye, 118).

The removal of barriers to free trade as supported by the world trade organizations renders it impossible for local small-scale businesses to compete against the large multinational companies. This further leads to unemployment, depletions of resourced, and the offering of low wages to the citizens of developing nations. This further hinders wealth creating in developing countries. This is clearly seen as a means of yoking the developing nations, depleting their resources, exploiting them and further leading them into abject poverty (Konrad, Kai, Konrad, and Benny, 102). The most adverse aspect of corporate globalization is the inherent shift of policies that tend to favor technology-oriented industries as opposed to the agricultural sectors (Kothari, 102). These policies tend to cause adverse effects in terms of poverty creation. Most of the people in developing nations depend on agricultural activities for survival. These communities concentrate on the growing of staple food crops and a minute mixture of diverse crops.

There are however campaigns aimed at curtailing these activities. In an export oriented culture as supported by globalization, is aligned to high prices and mechanized production activities. These policies highly favor multinational companies, as opposed to the local small-scale farmers who cannot afford the heavy machinery. This also tends to attribute to the increasing poverty levels in the developing countries (Kustepeli, Yaprak and Sedef, 124).