

Globalization and the developing world

Business



Globalization is the extension of age-old markets beyond ones national boundaries.

It sometimes results in the geographical mobility of labour and technology across international borders. Most often an individual's life can be transformed by global forces and one's connections can be expanded around the world, their lives get effected not merely by their local communities but by economic, political, and cultural forces that function globally. In short, globalization is the spread and connectedness of production, communication and technologies across the world. The producers, markets and manufactures are exposed worldwide through globalization. Multinational corporations backed by their national governments, and international financial organizations like the World Bank, the International Monetary Fund(IMF), the International Finance Corporation(IFC), the World Trade Organization(WTO), are the key agents of global economy.

Currently the global economy is under the mighty influence of the industrialized countries where the multinational corporations and the international financial organizations are headquartered. This sometimes leads to negative consequences for less influential nations. With the increase in globalization , all big and small nations are affected both ways- positively and negatively. By looking at the present scenario, it can be said that all national economies will be ultimately integrated into the global economy in different ways and to varying degrees. A further, imperative facet of globalization is the nature and authority of multinational corporations.

Such companies now account for over 33 per cent of world output, and 66 per cent of world trade (Gray 1999: 62). Almost 25 per cent of the entire world trade takes place within the multinational corporations (op. cit). This last point is well illustrated by the operations of car manufacturers who typically source their workings from plants positioned in countries which are poles apart. For participating countries the main benefits of unobstructed foreign trade stem from the greater than before access of their products to larger international markets.

For a national economy that access means an opportunity to benefit from the international division of labor, and face stronger competition in world markets. Domestic producers manufacture a superior quality product more efficiently due to the pressure that comes from foreign competition. In addition, the developing countries gain copious benefits from the unique technologies that “ spill over” to them from the respective trading partners. Multinational companies can impact upon communities in very diverse places. First they prefer to setup operations (production, promotion and sales) in countries and regions where they can reap the benefits of cheap labour and resources, this structure of globalization results in significant inequalities.

The wages paid can be nominal with almost no labour rights and very poor working conditions. For example, a 1998 survey of special economic zones in China showed that manufacturers for companies like Ralph Lauren, Adidas and Nike were paying a meager 13 cents per hour (a ‘ living wage’ in that area is around 87 cents per hour). In the United States workers doing

similar jobs might anticipate US \$ 10 per hour (Klein 2001: 212). Second, multinationals are always on a lookout for new or under-exploited markets.

Their aim is to increase sales level, which is often accomplished by creating new needs among different target groups. One example is the activities of tobacco companies in the southern part of the planet. Multinational companies can also have significant influence with regard to policy formation in many national governments and in transnational bodies such as the European Union and the World Bank (key actors within the globalization process). They have also profited from privatization and the opening up of services. Despite its pitfalls and failures, there is a universal desire among the nations of the world to participate in, contribute to, and be enriched by the global techno-economic system and the emerging global cultures.

They are participating in the globalization process not necessarily because they love it but because it is here to stay despite the motley resistance by those who consider it truly evil.