Globethics Repository




# Globalization Revisited

This page was generated automatically upon download from the Globethics Repository. More information on Globethics see https://www.globethics.net. Data and content policy of Globethics Repository see https://repository.globethics.net/pages/policy.

| | |
|---|---|
| Item Type | Article |
| Authors | Naseem, Imran |
| Publisher | Qurtuba University |
| Rights | With permission of the license/copyright holder |
| Download date | 2026-11-12 22:13:11 |
| Link to Item | http://hdl.handle.net/20.500.12424/187856 |

# Globalization Revisited

Imran Naseem [*]

**Abstract:**

*Globalization is viewed as a centuries-long process, tracking the expansion of human population and the growth of civilization, which has accelerated dramatically in the past 50 years. The verb globalize was first attested by the Merriam Webster Dictionary in 1944, however its concepts permeated popular consciousness in late 1990s. While Pro-globalists point to the decrease in poverty and child mortality, increased trade, social and political libreties, increased life expectancy, and increased feminism, notwithstanding the notion of free trade, the anti globalists point to the highly unequal distribution of wealth, many critics, specially, in developing countries also see UN, WB and IMF as the exploitative tools in the hands of major powers. Many critics of globalization contend that it is another name of Westernization. The environmental section of the anti globalists point to the damage to the planet brought by it. The critics of globalization typically emphasize that it is a process that is mediated according to corporate interests, to them free trade is not fair trade; it benefits strong nations at the expense of weaker ones. However, anti globalists mainly object to the process of globalization and its biased nature rather than the globalization itself. Hence the disagreement is about the fairness of globalization process rather than the entity itself. One may feel inclined to believe that the real issue at stake is the demand for distributive justice. If justice is not ensured, it would threaten the system in the long-term.*

Globalization is a complicated phenomenon fraught with far-reaching effects and consequences. No wonder, the term has acquired diverse meanings and has been hotly debated. Globalization, at one extreme, is viewed as inevitable and a vital source of economic prosperity to people worldwide. It is deemed, at the other extreme, as the mother of all

[*] Imran Naseem, PhD Research Scholar, Dept. of PSIR, Qurtuba University of Science & IT, Peshawar Campus. Email: imrannaseempk@hotmail.com

contemporary ills[1]. Another opinion takes it as a source of international integration of economic, religious, cultural, social and, political systems.[2] It is also seen as the enhanced transnational connectivity of economies and emergence of international life styles. Intermingling trends of production, consumption and a resulting identical culture is also seen as a product of globalization. Some maintain that it is dynamic process and contains many mutually different forms[3].

In terms of economics it reflects the convergence of rates of interest, profits, products, prices, and wages[4]. Globalization of the economy is, however, dependent on transnational trade, mobilility of capital, integration of financial markets, and human migration. The IMF notes that free capital movement across the international borders, increased and varied international transactions, and rapid spread of technology have resulted in the the increased economic interdependence of countries across the globe. Globalization's first use in an economic context is normally credited to Theodore Levitt[5].

Pace of goods, services, and capital mobility is unprecedented in recent years thanks to the latest developments and cutting edge improvements in means of transportation and communication, coupled with the ideology of free-market. Northern countries using international financial institutions and regional trade agreements desire to open international markets to their products and extract benefit of plentiful cheap labor in the South, whereas Southern elites often support such policies. This has greatly benefited investors and exploited the laborers, instigating a strong reaction from civil society[6].

In the global village, knowledge is an important factor of production where technological revolution has been a catalyst. The fastest growing sectors in the global economy are the ones that require

intensive knowledge and highly advanced technologies. This implies an eventual competition of the countries in these sectors. This would require investing in education, training and the spread of knowledge. The serious imbalances of North-South in access to knowledge and technology expose the South to the devastating threats. This upper hand in technology has given even MNEs (mostly western) in the global markets a stronger bargaining strength vis-a-vis developing countries. Low cost international phone services, mobile phones and use of internet, emails and electronic conferencing have made the world more interconnected. Furthermore, ever growing stock of information can be easily accessed, transmitted and discussed from any location in the world. At the same time a global fourth estate has emerged with the advent of the electronic press and the satellite television[7].

The advancement in technology also poses global challenges. Technology, on the one hand, promises a better world through improved health and life standards, on the other hand, it poses threats of ecological pollution causing colossal damage to the biosphere. A similar sore paradox is that, the ongoing revolution in technologies has not brought major changes in the lives of the majority of the third world population still living miserably. Fortunately, a significant number of countries such as, China, India, Singapore, Korea, Taiwan, and Brazil, are now fast developing and offering great relief & benefits to large parts of their populations. However, benefits of technology remain a dream, for huge populace in Africa, Asia, and Latin America. The growing contradictions between promise and threat call for a thorough investigation of the nature of technology and its correlation to society. In the context of the effort to catalyze globalization to a sustainable global society, in which deep changes are envisaged in governance, institutions, business, consumption

patterns, culture, and values, questions about the role of technology become even more important. For example, would intensive use of technology help a global society to abate and arrest the ecological degradation? In case technology could only marginally enhance human capacity to transform nature, would that society fundamentally return to the pre industrial revolution time? We must find ways for the development of underdeveloped countries, whether economically or technologically, in either of these visions[8].

A new systematic whole is incorporating changes in financial flows, FDI, trade and technological diffusion, thus evolving from the influence of global market forces and increasing openness in the economies. Trade and FDI are closely connected as the trade patterns are shaped by global production system; the fast expansion of intra-firm trade in components further facilitates the process. The MNEs roughly take 1/3rd of the world trade. Trade in components and intermediate goods has increased. Structure of the world trade is changing both qualitatively as well as quantitatively; specially trade in components and intermediate inputs. The macroeconomic environment is mainly determined by portfolio investments and other financial flows. This environment outlines blueprints of trade and investment in the real economy. The enterprise competitiveness, comparative advantage, work organization, nature of the employment contract, and demand for labor are greatly affected by the technology diffusion[9].

In principle, capital flows from northern to southern countries and relatively unskilled labor flows in the reverse route can recompense developing countries for their position of disadvantage. Direct investment by MNEs, the availability of loans through international commercial banks, and the procurement of equities or bonds in the

capital markets of developing countries by foreigners can replace private capital flows. The provision of foreign aid by national or multilateral aid agencies mostly forms the public capital flow [10].

Developing countries consider foreign direct investment insignificance in terms of employment or development. MNEs employ less than 1% of the workforce in developing countries, require more skilled labor, tend to engage in the relatively "modern" segments of the economy, and use production methods which are capital intensive. Hence, unskilled labor employment is rather low and their contributions to human development are less than desirable. As regards capital, FDI contributes only a small share to the resources available for capital development. FDI was only 0.9 per cent of the GDP of developing countries when it was on its peak in 1975; the same was only 0.1% in 1974 at its lower ebb. During 1980-85, the average contribution of foreign direct investment was less than 0.4 % of the GDP of developing countries[11].

These figures may not be very accurate as at every new dawn MNEs are adopting new means of investment, control and management, reducing the imperative status of completely owned subsidiaries in developing countries[12]. Direct equity investment is being replaced by franchising, licensing arrangements, subcontracting agreements and joint ventures. The fact that such arrangements may also require technology transfer even if not capital transfer, indicates greater influence of MNEs in southern countries than what is reflected by the size of the foreign capital stock. Furthermore, some foreign investment goes only in export processing zones and is mainly de-linked from the rest of the host economy. In nutshell, developing countries have very small share in global FDI and is still falling. Most FDI is amongst the developed

countries; investments in developing countries by the developed countries are very low. For instance, developing countries share was 30.6 per cent of the world FDI in 1968, which came down to only 21.3 per cent by 1988, indicating a decline by nearly 1/3rd in just 20 years. The fruits of FDI are not equally and evenly distributed across the developing world. Mostly only a few regions attract FDI and, within those regions, a few countries are fortunate. Latin America, the richest developing region and Brazil and Mexico as countries within Latin America have taken major share of foreign direct investment. Although share of Latin America is decreasing, it still holds about 44% of all foreign investment coming in the developing countries. Only less than 3% of the total goes to Africa. East Asia is the emerging region and within East Asia, only 5 countries--China, Thailand, South Korea, Indonesia, and Malaysia --now claim for about a 25%. This concentration illustrates an important point; even this small investment in developing countries by the developed countries goes to the affluent and vibrant regions of the third world. Similarly the same regions and countries also supply the capital. South Korea presents an example. In 1990, its investment outside the country exceeded inward investment by about 20%, Out of this outward investment 56.3% was directed to North America and Europe[13].

Similarly, in 1989 US manufacturing investment in developed countries was 81% of total and only 18.8% went to developing countries. Brazil, Mexico, Taiwan province of China, Singapore, South Korea and Hong Kong were the six countries which accounted for 72.3% of this 18.8% showing the concentration in a few countries leaving only 5.2% for the rest of the developing countries[14]. Unless a less developing country possesses a rich source of raw materials, it is unlikely for it to attract foreign direct investment. Hence global standpoint suggests that

MNEs are unlikely to significantly add to human development except in a few countries.

The argument to this point is that capital transaction across the borders could not create an equitable global economic system. If schism in human development carry on to stay where it is, and if patterns of capital flows remain the same where they largely ignore the developing countries or, rather worse, the developed world continues to exploit resources from poor countries, then the labor flows from south to north are likely to increase. In principle, human development can be supported by international migration by reducing the labor supply in south and increase it in north. Hence, it would help decline unemployment and increase the real wages in the labor exporting countries, resulting in more equitable distribution of income. Furthermore, in the long term migration would help evolve a more sustainable world by bridging the gaps in real standards of living across the globe. In practice, however, the prevalence of stiff immigration controls by the north limits the inflow of foreign workers as opposed to the welcoming capital inflows, and shields the real wages of its own labor force. Obstacles to the free flow of labor are also used to safeguard depressing economic conditions in the developed countries and sometimes foreign labor is repatriated in the wake of recession. Thus the countries that import and export labor have common interest in sustained fast growth in the developed countries. Global standpoint reflects, the migration of labor across the borders has been lagging far behind the international capital movements. In some cases, however, there has been significant quantitative emigration and has contributed significantly in lifting living standards of the emigrants and of those left behind. In countries like Bangladesh, Pakistan and Sri Lanka, 6-12% of GDP accounts for transfer of funds from migrant

workers and a huge portion of total receipts of foreign exchange. Contributions of international remittances, like foreign aid, in promoting economic growth and human development are questioned many a times. It is believed that the remittances are not fully utilized for economic growth and largely spent on personal consumption and social ceremonies. This view is, however, challenged. Evidence shows that migrant households have better savings rates and ventures in different sectors, spend less of supplementary income on regular expenditures such as food and clothing and more on long-lasting goods, mainly housing compared to non-migrants, Some studies demonstrate that $4/5^{th}$ of remittance income is spent on housing.[15]. Such saving and investment rate is considered very high by any standard. The conclusion, then, is that in a perfect world where people freely move across the borders, promotion of human development, accelerated economic growth, distribution of benefits directly to poorer groups and creation of an impartial society would result from international flows of labor and the associated remittances rather than the foreign aid. Hence an emphasis shift from foreign aid to stress on free movement of semi, low and unskilled labor would greatly benefit the international economic policy.

In the 1980s many third world countries faced debt crisis while stagflation was prevalent in industrialized countries. This prompted a deeper exploration of prevailing economic models. Import-substitution policies in developing countries and the export-oriented industrialization policies of the Newly Industrializing Economies (NIEs) of East Asia were the result of the rethinking. By encouraging liberalization of trade and FDI, Bretton Woods's institutions played a central role in redefining industrialization strategies in the wake of that debt crisis. The excessive conditionality on developing countries imposed by the International

Financial Institutes (IFIs) are believed by some policy analysts, trade unions, Civil Society Organizations (CSOs), and developing countries to jeopardize the developing countries and to inflict heavy social costs rather than strengthening the fragile economies. The rise of pro-market economic doctrines over the last 2 decades, fall down of the former Soviet Union and the explosive growth of the internet were central players in laying the foundations for globalization[16].

General Agreement on Trade and Tariffs (GATT) was transformed in World Trade Organization (WTO) in 1995 in the wake of multilateral trade negotiations launched in 1986. To smoothen the free trade across the borders, subjects such as competition policy (the behind-the-border issues), services, intellectual property rights (IPRs), and investment measures were also added to the agenda which earlier was confined mainly to tariff reduction and trade barriers. This necessitated to complement national policies to extend liberalization of international trade. Since numerous third world countries see Uruguay Round results as hostile because of inadequate dispensation of market access given by the north in swap for the high costs of binding themselves to new multilateral trade rules, tension pertaining to the desirability of extending behind-the-border issues persist[17].

With the rapid globalization of the world, emergence of international law is inevitable. The evolution of international law has also taken pace in the recent times Globalization is attempting to give muscles to the international law whereas the same has been weaker in comparison to the traditional nation law. New global legal institutions and norms are being developed. The International Criminal Court undertakes to bring to justice abhorrent public offenders on the basis of a criminal code applied worldwide. Of all globalizing sectors, business law

is the fastest, as countries consent to standard rules, regulations, and legal practices. Diplomats and jurists are devising worldwide rules for banking procedures, bankruptcy, intellectual property, and many other areas of corporate law. Law firms are going global in their practice to serve big MNEs[18]. But on a whole international law is believed to be in its infant stage still, especially when it lacks the enforcing mechanism.

**Globalization: its nature and impact**

It is broadly acknowledged that the key features of globalization are liberalization of international trade. Due to the effects of new technologies, the current process of globalization has acquired a distinctive character. Time and space have contracted. The cost of mobility across the borders has decreased radically; also international communication has become much easier. The relatively low massive cross-border movements of people in comparison to goods, firms and money mark an additional distinguishing feature of the present process of globalization.

With the globalization interconnectivity of the world has reached its apex. This covers not only socio-political interaction among persons and organizations worldwide but also mounting interdependence in trade and industry relations, finance, investment, and trade. Many see immense budding for good. The mounting interconnectivity is cherishing the recognition that we all form one international/global community. This sense of solidarity among peoples, pledge to shared universal values, and interdependence can be channeled to evolve democratic and enlightened global governance benefiting all. Great productive capacity has been witnessed in the global market economy. It can produce more dynamic and superior jobs for all, bring unparallel material progress and

contribute significantly in reduction of world poverty. But we also see how far short we still are from realizing this potential.

One view about globalization refers it as the result of the search for profit by multinational corporations. The present globalization process is producing unhinged effects/results, both between and within countries. Wealth is being created, but while too many developing nations, even at the cost of their children, are the source of this wealth creation, its benefits are not reaching to them. They also have insignificant role in shaping the process. Seen through the eyes of the millions of the child labor, globalization has not met their simple and legitimate aspirations for decent living, quality education and a better future. Many of them live not only without any formal rights in the limbo of the informal economy but they happen to be in poor countries that hardly exist in the global economy. Many companies exploit the lack of organization of labor in less developed countries and pay below subsistence-level wages. Even in developed countries globalization has adversely affected some children through the menace of child labor. In the meantime the revolution in international communications brings these inequalities to surface and contributes in spreading awareness.

The World Commission on Social Dimension of the Globalization in its report reflects its views on the nature and impact of globalization. The report highlighted the emergence of economic policies that are more open and enabling effects of new technologies as the two driving forces of the globalization for the fast growth of international financial arrangements including trade, investment, and other financial flows. According to the report the world trade has increased twice as fast as world GDP (Gross Domestic Product) and that FDI (Foreign Direct Investment) and other financial flows had increased still faster in the

recent years. 18 It also recorded the increasing emphasis on more open economic policies throughout the world:- the increasing quest to attract Foreign Direct Investment, the substantial easing of trade barriers, the increased liberalization of domestic financial arrangement and the opening up of capital accounts. Such policy shifts paved ways for a more integrated global economy to emerge from the national boundaries. Hence the cross border trade and other financial flows faced less hurdles as compared to the pre-globalization era. The emergence of free economies helped shaping the global production. The above mentioned report also reflected the enabling effects of the new technologies easing down the costs of transportation and communication which further helped global village to emerge still faster. In this fast growing global village we face threats and opportunities for the weaker nations including their people notwithstanding the even more weak population consisted of children, specially the child labor. The global village can either provide them their legitimate right of a more secure tomorrow or it can further destroy the already 'fragile today'. Today's dilemma is not to determine the nature of rights but to determine rights for whom? Our band wagon is human rights but the definition of human is still in question. Although Universal Declaration of Human Rights extended rights to all persons of flesh and blood, the term 'person' has acquired greater meanings as for example definition of 'person' in the US includes "any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization (whether or not organized under the laws of any State), or any government entity."

This is definitely not what the formulators of Universal Declaration had thought of. The newly created immortal persons manage domestic and global markets through internal operations, and freely

manipulate market conditions with the critical support of powerful states. Hence these private powers disturb the democratic governments by becoming both their tools and tyrants. They monopolize public arena by using powerful states as their tools, and feed 'neo-liberalism'. These immortal persons are acquiring many more rights than the person of flesh and blood and are preparing to replace or at least lesson the role of the governments. Where the governments are somehow accountable to the public, these persons with enormous powers are not. NAFTA and Multilateral Agreement on Investments (MAI) give such rights to these entities which are not available to humans. While a migrant may not be in a position to demand for the 'national treatment' these entities can. While individuals may face difficulties, these entities can actually sue national states for expropriation, interpreted as failure to provide free access to resources and markets. Such powers and rights give new dimensions to international trade in which trade may increase but who benefits from it, a real open secret. FDI accelerated, during the early 1980s, both as a percentage of GDP and in absolute terms. The policy environment throughout the world was not conducive to the growth of FDI in 1980s. Steadily increasing number of countries adopted reasonable liberalization measures towards FDI in 1990s. Investment continues to be highly focused in about ten of developing countries, despite the rapid growth of FDI flows to the developing world. The nature of investment has taken modern forms. Now, multi-country based production and its growth have become feasible both technically and economically, thanks to the reduced transportation costs and revolution in information and communication technology (ICT).

Rapid integration of financial markets stands out in the process of globalization over the last two three decades leaving behind the

Bretton Woods System that is based on capital accounts and fixed exchanged rates. The world monetary system witnessed three simultaneous revolutions, innovation, internationalization and deregulation. The revolution in ICT greatly boosted the increase in capital flows by making better and timely knowledge of foreign markets, 24 hours transactions round the clock and globe, and the emergence of new financial instruments.

These flows consisted of elements such as bank lending to the corporate sector, short-term speculative flows, investments in the equity markets by investment funds, and lending through the international bond markets.

While a global economy is rapidly taking shape the need for the development of institutions at the global level is paramount, the same is clearly essential for supporting and regulating this new entity. While the need for establishing more comprehensive market-supporting international systems to prevent the abuse of market power, enabling property rights and the enforcement of contracts, ensuring regulatory regimes to correct market failures, and prevent social institutions to temper the harsher social impacts of market forces etc is being realized, this is also very pivotal to the hearts of human rights and specially and child rights advocates that the new systems should also play more progressive role to enable a safer childhood for the children across the globe. The problems arising from the globalization process are not due to the nature of globalization itself but perhaps due to the deficiencies in its governance. Development of socio-economic institutions is essential for smooth and equitable functioning of the global markets. While the latter has been rapidly growing, the former is not. At the same time North-South perception of the key global rules are primarily different. Another

concern is that present international strategies/policies failed to react properly to the tests posed by globalization. Social measures are shadowed by the market opening actions, financial and economic deliberations. Lacking policy coherence, democratic norms, inequitable decision powers between North and South, transparency and accountability multilateral system responsible for design and implementation of international policies also needs performance improvement. Similarly, global governance needs to incorporate poor countries and their poor population notwithstanding the deplorable state of the child labor particularly in the developing countries.

**Different Views on Globalization**

With the emergence of rapid globalization a hot debate on the pros and cons of globalization has taken place. There are a lot of arguments both in favor and against this phenomenon. Teenagers from America, Middle East, Central Asia and Far East voted in favor of globalization during a survey in 2003. Azerbaijan, Lebanon, New York, , and the Philippines represented the above mentioned regions[19]. While citing fears of major job insecurity only 5% of all America favored globalization in another survey conducted by CNN in 2007[20].

Economic growth, low inflation, democratization, and new job opportunities as means of poverty reduction and stabilization of the society are presented as benefits of economic globalization by the advocates of free trade and market economic policies. The opponents claim that by destroying small farms and businesses, reducing work forces, and raising the cost of food, fuel, healthcare and education in the developing countries through undermining democracy, magnifying the power of the global finance and MNEs at the cost of common man, eroding public health by overriding national and local legislation through

unelected "dispute settlement committees", economic globalization brings increased poverty, inequality and joblessness on one hand and environmental catastrophe and depletion in natural resources on the other hand[21]. Comparative growth of world trade has significantly grown faster than the world domestic product (GDP) since 1986. Trade liberalization in 1970s was slow under GATT which began to accelerate in 1980s but not uniformly.

While the developed states and a cluster of 12 third world nations have the major chunk, majority of the third world countries could not see any noteworthy trade growth, and rather the Least Developed Countries (LDCs) especially from Sub-Saharan African despite trade liberalization faced a relative decline in their share of world markets[22].

Jeffrey Sachs and his likeminded advocates of globalization spot the average decrease in poverty rates in countries that experienced increased globalization, such as China, compared to Sub-Saharan Africa and other areas where poverty rates have recorded stagnation in the absence of globalization. Those who support free trade think developing nations benefit from the increased economic prosperity and opportunities resulted from free trade.

They claim that it enhances civil liberties. The competitive market in the free trade improves resource allocation efficiency, standard of living in developing countries, lowering prices, generating more employments, benefiting all countries involved in the trade.

The world poverty has decreased between 1981 and 2002. But much more remarkable decrease in poverty is achieved by China. China being the most populous country of the world has greatly contributed in the decrease of the world poverty. World Poverty minus China would not be the same level. The Sub Saharan Africa has not witnessed any

significant change which also points that the change in the world poverty graph is greatly due to the development in the few selected countries such as China and India which are also thickly populated.

Supporters of globalization see it as means of political and economic freedom and production of higher material wealth, resulting from democracy and capitalism. They see it as fishing rod for the poor in the international economy. Advocates of democratic globalization stress on the establishment of global political institutions, leaving to the democratic process to define any ideology to orient this will.

According to pro globalizists the anti-globalization advocates lack substantial ground evidence in favor of their protectionist view. Global statistics, to them, stoutly support globalization. The number of people living in absolute poverty came down from 1.5 billion in 1981 to 1.1 billion in absolute terms in 2001, according to the World Bank Report. Considering growth in the world population, this decline in percentage is more visible coming down from 40% to 20% in the respective period. The economies with rapid reduction in barriers to trade and investment collected the greatest improvements; although, a few opponents argue that for measuring poverty, more comprehensive variables should be studied instead.

According to the Human Development Report 2005 population living under poverty line decreased from 1.4 billion out of a total of 3.7 billion (38%) in 1970 to 1.2 billion out of a total of 6.1 billion (19%) in 2000. Proponents of anti globalization would point the difference in purchasing power parity of one dollar in 1970 and 2000 respectively. This is very obvious in developing countries that inflation rate has gone sky high during last 3-4 decades. This is especially true in case of items of daily uses. Different economic reports are witnessed to it. Hence the

anti-globalists much doubt the figures game of pro-globalists. Opponents of globalization also suspect the growth benefiting the poor as a genuine outcome of neo-liberal policies that go hand in hand with globalization and capitalism. They also point to the statistical data for indicators such as literacy, life expectancy and child mortality presented in favor of globalization. They point that such data typically includes years between 1950 to 1975, while neo-liberal reforms of globalization were actually introduced afterwards. Whereas 3% growth in per capita income of the developing countries was witnessed during 1960 and 1980, the same fell to only 1.5% during 1980 and 2000.

Excluding China and India this further falls to 1% . Center for Economic and Policy Research (CEPR) reveals that economic progress in economic growth, infant and child mortality, life expectancy and to some extent education decreased during 1980-2005 . Furthermore, including positive data from countries, such as China, which largely ignored neo-liberal policies, discredits the proponents of globalization. Human Development Report 2005 reflects that on regional basis poverty decreases in South Asia from 30% to 28%.East Asia saw the most significant decrease in poverty from 56% to 32%. While East Europe and Latin America saw an increase of 1% from 0% to 1% and 3% to 4% respectively, it was Africa who suffered alarming increase from 11% to 35%. The report says that last 3-4 decades have changed the face of global poverty where while South and East Asia were accommodating most number of people living under poverty line in 1970, in 2000 Africa has taken them over by accommodating 35% of the total poor people which amounts greater than one third of all poor in the world. Africa has the gloomiest scenario in 2000 with 66% of its population living under poverty line while the OECD (Organization for Economic Cooperation

and Development) enjoys the perfect ride with majority of its people living with over 10 dollars per day while no one lives under poverty line. Globalists argue that by opening up its economy China and India saw remarkable growth rates during the last few decades while anti-globalists argue that in first place these countries did not follow the instruction given by the developed countries or international institutes mainly governed by the citizens of these developed countries. And secondly the improvement in two countries should not be seen as improvement in overall world.

They argue that decrease in the overall percentage from 38% to 19% is simply because China and India being the two economically growing countries of the world also contain a very large part of the world population. Hence any development in these two countries affects a huge population. They further argue these countries saw the positive growth rates largely due to the fact they had large markets for international trade which allowed them to have better bargaining power at the international scenario. Such development is hardly seen in weaker countries especially in those where major powers have no considerable vested interests.

The pro-globalists point to the fact that the areas which embraced globalization witnessed a decrease in percentage of populace living below poverty (less than $2 a day) in contrast stagnant poverty rates have been recorded in other areas. Whereas Sub-Saharan Africa (not globalised) has witnessed an increase by 2.2% in poverty, East-Asia, including China, has recorded 50.1% decrease in poverty.

On the whole income inequality is diminishing for the world. Disagreement on this statement exist, as mentioned below. In his analysis in 2007, the economist Xavier Sala-i-Martin rejects the claim that on the whole the world has recorded diminishing trend in income inequality. In

any case, absolute poverty, arguably, is more important than relative inequality. Relative income inequality would definitely be very low in a world where everyone lived in an abject absolute poverty. Anti-globalists also point out the highly unequal distribution of the world wealth. The HDR 2005 reflects that in year 2000, 20% of the world population have control over the 74% of the world wealth, while 80% of the remaining population are restricted to only 26% of the wealth. This scenario further deteriorates when it reflects that the poorest 20% of the world have access to only 2% of the wealth.

United Nations statistics reveal that poverty-related causes take about 50,000 lives per day or 18 million a year. This makes one third of the total death toll per year. Counting since 1990, total death toll mounts to about 270 millions which roughly equals the US population. Majority of these deaths encompass women and children. Nearly 11 million children die every year before they reach age of 5. About 1.1 billion people lived on less than $1 a day in 2001, while another 2.7 billion people lived on less than $2 a day. About 800 million people sleep hungry every day. Extreme poverty percentage fell from 28% in 1990 to 21% in 2001. However, it increased since 1981 in Sub Saharan Africa from 41% to 46% in 2001. The spread of HIV reversed improvement of life expectancy from 50 years to 47 years in this area which was only 30 years before the World War II. Child mortality has decreased worldwide.

Mainly governed by FDI, the global production systems excelling in high-tech industries, service sector, and labor intensive consumer goods, also offer opportunities for developing countries. However, playing central role in these systems, Multi National Enterprises (MNEs) coordinate global supply chains. Driven by flexibility and cost efficient timely adjustment to consumer demand

MNE based developments and hence their controls are mainly pronounced in the developed countries. Unfortunately, parallel development of multilateral rules to govern these production systems failed to match the speed of the latter resulting in increased number of concerns.

Since the World War II, developing world has almost doubled life expectancy and the gap between the developing and developed world is starting to close where the improvement has been smaller. As earlier said even the least developed region of Sub Saharan Africa witnessed improvement of life expectancy from 30 years before the World War II to its peak of 50 years which only reversed when HIV badly hit this area. While many thickly populated countries were having low life expectancy in early 1960s, they greatly improved over the time and in late 1990s their life expectancy had greatly increased. Overall most of the countries exhibited improvement in health standards and hence recorded increased life expectancy over the years.

Infant mortality has decreased across the developing world. Human Development Reports reveal that almost all regions of the world had lower child survival rate in 1975 with Sub Saharan Africa having the lowest percentage of 78.3% for child survival while its average income was greater than South Asia and Eastern Asia. During last three decades scenario changed which saw a tremendous improvement in Eastern Asia, which increased its average income from 932$ to 4820$ in 2003 with a 417.2% improvement.

Its child survival rate also improved from 90.5% to 96%. Sub Saharan Africa had a setback of decreased average income from 2020 to 1750 while it saw 5.4% increase in child survival. Eastern Asia reaped great benefits of globalization while Sub Saharan Africa remained

unaffected with the globalization and it did not saw the desired results. On the other hand the anti globalists point out to the Eastern Europe who opened up after the collapse of former Soviet Union in 1990 but for the last decade and half or so did not produce promising results and as a result have decreased their average income from 8100$ in 1990 to 7500$ in 2003 and their child survival rate has also shown only 1.1% increase. Anti globalists also argue that a great deal of benefit is being taken by the Organization for Economic Cooperation and Development (OECD) who have increased their income from 16300$ to 28500$. Improvement in Eastern Asia is largely due to China with a huge population and improvement in South Asia is largely due to India and Pakistan. India's growth can be related to its big market and bargaining power while many critics argue that improvement in Pakistan is largely based on the interests of international community for having Pakistan as a Front Line Ally in the fight against terrorism.

But income is not necessarily responsible for improvement or deterioration of health. Global spread of wealth and health did not follow the same patterns. Many countries with the same income level have different scale on health, similarly many countries with the same scale of health have different income. Eritrea and Niger have the same income but Eritrea enjoys much better health level. India and Eritrea have same level of health whereas India has much better income than Eritrea. India and Viet Nam have similar income level but the latter enjoys much better health. South Africa has much lower health rate than Viet Nam even with much greater income level. With similar income level as South Africa, Malaysia enjoys much higher level of health. Singapore and Sweden having lower income level than United States enjoy the higher level of health. The Millennium Development Goal Achievement Report 2001

also reflects the similar trend where most of the countries were having low income and low under five mortality rate in 1970. But over the years majority of the countries have shown progress especially in Asia including thickly populated countries like China, India, Indonesia, Pakistan and Bangladesh etc while no significant change occurred in Africa.

While in many countries life expectancy has greatly improved, anti-globalists argue that many countries fell victim to fatal diseases such as HIV/AIDS which have spread globally. Spread of such global diseases have claimed heavy toll on life expectancy which have reversed the human development in many countries.

According to Human Development Report 2004, show us that life expectancy sharply decreased in Botswana once it fell victim to HIV/AIDS, a life threatening disease. Life expectancy has a strong link with overall health which also decreased in such countries. Similarly education also received set backs.

In 1900, almost no nation had the universal suffrage; however, with the dramatic increase in worldwide democracy 62.5% of all nations enjoy the universal suffrage in 2000. But nature of democracy also needs to be determined. The information and doctrinal systems are dominated by the new entities known as immortal collectivist persons. They are able to set the framework, thanks to their wealth and power, within which the political system functions, however, these controls (especially in the US) have further gained strength through recent US Supreme Court ruling which defined money as a form of speech. The US elections in 1998 illustrate that about 95 percentage of the successful candidates spent more than their adversaries, business contributions were 12 times greater than those of labor; individuals scarcely contributed, making effective

election of candidates very marginal and strengthening the belief of less willingness to vote.

Such environment favors immortal persons who want people to disbelieve in governments. The powerful actors have long understood the significance of limiting the very core right of human to free speech and genuine elections as envisaged in Universal Declaration of Human Rights, but the same received increased significance only in the recent years.

The intelligent minorities are devising new tactics to mould the minds of the masses. Media and education systems are also manipulated for the same purpose. It was rightly warned by the Hutchins Commission on Freedom of the Press in 1946 that control over great mass media by the private agencies compose a basic danger to the free press. Ability of these agencies to impose "an environment of vested beliefs" and manipulation exerted by the biased commercial enterprise were pointed in the same context where commercial aspects take priority over the moral ones. European Commission of Human Rights and Human Rights Watch have also taken similar position. Excessive absorption of media under a few agencies has also been partly facilitated by the recent deregulation further eroding even residual protection of public interests.

Areas such as Bangladesh have witnessed great advances in feminism through economically liberating and empowering women with jobs. Majority of the countries have shown improvement in the fight against female illiteracy. While in early 1970s many countries had bigger percentage of their female population illiterate, in late 1990s many have at least partially succeeded to bring this percentage down. Different countries of the different regions have shown decrease in adult female illiteracy over the last few decades.

Global literacy of the world increased from 52% to 81% between 1950 and 1999, mainly due the increase women literacy rate which rose to 80% in 2000 from 59% in 1970.

World Health Charts 2001 developed by World Health Organization also reveal improvement in the overall world literacy rate. Randomly selected 17 countries from different regions of the world reflect a decrease in illiteracy from 51% in early 1970s to 34% in late 1990s. Everyone of this group of 17 countries has shown improvement in over all literacy rate.

Iran showed the highest improvement by decreasing its illiteracy by 35% followed by China and Indonesia with 28% and 26% decrease respectively. Hungary showed the lowest decrease of only 1% in its illiteracy rate but that mounts to 50% overall decrease as it had only 2% illiteracy in early 1970s and in late 1990s it decreased this percentage to 1%. This makes its adult population 99% literate. This is Niger that reflects alarming results as it had a huge 94% illiteracy rate in early 1970s and it could only bring it down to 86% in late1990s with only 8% decrease. However, from this group, it is difficult to relate their improvement or deterioration with globalization as both Iran and Niger are not active actors of globalization. If Iran has been facing several sanctions since its revolution in late 70s, Niger has also been a passive actor in the globalization race. While being out of the globalization race both reflect results in quite opposite direction. If Iran tops the list in terms of simple percentage decrease in illiteracy, Niger shows negligible improvement. Even China for that matter has just opened up in 1990s but not taken the dictates of the world institutes, the symbol of globalization. Proportion of the countries with less than 2,200 calories per capita food supply fell from 56% to 10% since mid 1960s by 1990s respectively.

Child laborers have decreased from 24% in 1960 to 10% in 2000. Per capita in electric power, telephones, radios, cars and access to clean drinking water have also increased. The book 'The Improving State of the World' also verifies the proof for measures of human well-being and accepts that globalization has contributed in this process.

To people like Senator Douglas Roche stress on developing international democratic institutions to exercise oversight over process of inevitable globalization governed by the immortal and unelected international entities . Others accuse globalization for imposing credit based economies which ultimately result in unsustainable growth of debt and its relevant crisis.

Large MNEs and International Institutions such as UN, WB and IMF are seen, by many, as instruments of unfair and manipulated globalization. Many critics of globalization see these Multi National Companies (MNEs) and international institutions as global means of exploitation through which bigger and stronger countries heavily tax the smaller and the weaker countries through different tactics.

The World Development Chart 2004, World Health Chart 2001, World Education Chart 2001, and World $CO_2$ Chart respectively like many others typically reflect that the greatest beneficiaries of globalization are the developed countries and developing countries pay the greatest toll on it. To MNEs nothing means anything but the net profit. MNEs play their business tactics within the contextual references. They might be law abiding in a state where law implementation is strict but in other countries this may not be true as their primary objective is not to bring any social change or uplift the poor and help the marginalized people but to make money. Hence they would not care for people's health, environmental degradation or other crucial aspects of

human society if it is not in their commercial interest and law is missing or not properly implemented.

Many critics, specially, in developing countries also see UN, WB and IMF as the exploitative tools in the hands of major powers. Weaker countries have little or no say in the decision making which is against the basic human rights. Similar concerns are raised by some western scholars and leaders as well. Pope John Paul II, in his New Year's message in 1999, denounced not only the theories of Marxism, Nazism, and Fascism, but also the ideology of "materialist consumption" in which the negative implications on others stand entirely extraneous, where nations and peoples have little say the decision making even in matters that greatly influence their way of life, political and financial power concentrates under market manipulations, financial markets change steadily and voting process can be rigged. Thus guarantees for the equitable distribution of benefit, the exercise of socio-economic rights, and sustainable development of society must be the central constituent of a new dream of uniformed global progress. However, these concerns are overlooked due to so called national interests. Hence major powers manipulate the proceedings of these institutes to their own advantage. IMF and WB extend loans to developing countries with high interest rate.

Developing countries pay great portion of their budget in shape of debt servicing. Being low on capacity standard, developing nations mostly fail to utilize the loans properly and crumble under the debts. Developing countries seek further loans even to pay the debt service. IMF and WB set strict conditions for further loans. These conditions normally include the cutting off subsidies, encouraging contractual employment hence disallowing fringe benefits such as pension etc,

recruiting human resource from developed countries (normally much expensive), restructuring the systems, lowering tariffs, evading quotas on imports, open up the market, allow market competition hence allowing international business actors to invest ensuring security of their major interests. Ironically other UN bodies like ILO influence these countries for ensuring the higher wage rate, stronger salary package, ensuring fringe benefits, old age allowances etc. This leaves developing countries in limbo of two opposite directions. While the same institutions like IMF and WB encourage the very similar measures in developed countries they discourage in the developing countries.

Hence, naturally, many critics are extremely critical of a few present policies in the developed countries. Particularly, huge subsidies and robust tariffs in the developed world to protect agriculture. For example, in European Union agricultural subsidies to entities which form powerful lobbies account for half of the budget, 46 billion dollars agricultural subsidies in Japan was about four time of its total foreign aid in 2005 , the yearly 3.9 billion dollars subsidies to its cotton sector by the US is three times of its entire USAID budget allocated for 500 million people living Africa . Such policies of trade barriers and undermining industries (of comparative advantage) of developing countries result in hindering the development of developing economies and badly hit the living standards of the people of these countries by preventing developing countries' competitive agricultural exports, decreasing efficiency in absence of fair competition, and increased prices for the consumers in developing world . However, the critique of westernization on globalization is repelled by UNESCO report 2005 showing cultural exchange becoming mutual. China stood third in exporting cultural goods in 2002 after the UK and the US. Asia's cultural

exports surpassed North America by 2002 while share of the latter and the European Union declined between 1994 and 2002. Damage to the biosphere of planet, perceived human costs, the erosion of traditional culture, inequality, injustice, to the critiques, are the result of the current wave of economic globalization. They consider measures such as Happy Planet Index of the New Economics Foundation more appropriate than GDP, and alike, promulgated by the institutions like World Bank. They claim that social disintegration, failing democracy, environmental deterioration, and spread of new diseases are the accidental but real costs resulted from globalization. They emphasis the importance of alternative global institutions and policies to extend the benefits to the poor and working classes and taking good care of environmental concerns as the present process of globalization, to them, caters for the corporate interests .

Many opponents of globalization argue that trade agreements such as NAFTA, GATT, and FTAA have elevated the transnational corporations above the law, where they are served by the sovereign powers they are not accountable to them. Rejecting the automatic call on the resource of Colgate Palmolive, its chief financial office, Cyril Siewert's remarks may be considered as spokesman for all the transnational entities. International committees of unelected individuals such as WTO have the authority to supersede domestic laws in events of crisis where corporate interests are at risk and can also inflict fines and trade sanctions. Instead of being beneficial to all, opponents consider process of globalization a revolt by the giant business interest against the sovereign states. Examples where WTO has ruled against laws considered against free trade include eroding bans on asbestos, on fuel economies, and emission standards for motor vehicles, forcing Japan to

accept imported food with greater pesticide residues, ban on products of endangered species, reverting the European Unions' decision against hormone-ridden US beef, ruling against marine-life protection laws, overturning a portion of the US Clean Air Act banning certain additives in gasoline, and overturning a portion of the US Endangered Species Act which forbade the import of shrimp caught without safety measures for sea turtles . Free trade benefiting the 'haves' at the cost of the 'haves not' is not fair trade. They believe that globalization brings back the reforms of the 20th century negating the freedom to boycott, no health and safety protection risking corporate profits, no guarantees on benefits, not catering for child labor, and absence of pubic service to compete private services.

Believing that globalization destroys national industries, the anti-globalist movement includes various factions like reformists, revolutionaries, reactionaries. Challenging World Bank figures of decreased poverty, they believe increasing income inequality is one of the results of globalization. This is supported by a 2001 study in which 7 out of 8 metrics, income inequality has increased in last twenty years. The so-called 'champagne glass' effect is also debated which in 1992 demonstrated the sharing of global income to be very unbalanced with the 20% richest populace having 82.7% of the world income. Incomes in the poor have further fallen since 1980s. Unfair distribution of globalization feed into factional, ethnic, religious and regional tensions leading to world instability and helping breed terrorism. These terrorists are more technologically advanced and innovative than the nation states and generate a new class of rivalry based on the disturbance of the interconnection, which are essential ingredients of globalization. Impacts of global migration are also substantially debated in favor and against by

the proponents and the critics of globalization. Where proponents consider it a simple process of free labor movement across the international borders, critics cite social and political cost of such free movement. A 2003 UN-Habitat report "The Challenge of Slums"'s statement "the cyclical nature of capitalism, increased demand for skilled versus unskilled labor, and the negative effects of globalization — in particular, global economic booms and busts that ratchet up inequality and distribute new wealth unevenly — contribute to the enormous growth of slums" is just one such argument amongst many.

State nationalists and public-interest activists consider various aspects of globalization harmful. 'Anti-globalization' is a term preferred by media rather a unified name for the movement. People like Noam Chomsky see this name meaningless as objective of the movement itself is to globalize justice which makes it fit to acquire name like Global Justice Movement'. Hence, activists oppose certain aspects and impacts of globalization rather then the whole.

Critics claim that results of the globalization are not inline with its vision and interests of the deprived and much needy ones are not taken into account notwithstanding the sidelining of the environmental concerns. Activists suggest fair rather than free trade as the latter exploits the poor to benefit the rich. To address the environment damage, environmental cost is recommended, rather than making scarce environmental resource literally free. However, to enable efficient use of stuff of economic value restricted supply should be priced, argued by the economic theory. Examples of environment cost include 'Carbon Tax' proposed in the US and attempted in Pakistan in the current budget or 'Cap and Trade System' in European Union. Globalization, with its

intent to promote corporatist interests, shapes the political economies of the world. Some opponents also see it as imperialistic in nature.

The Southeast financial crises of 1997 as well as the recent economic crunch exposed some new risks and volatile nature of rapidly growing globalized markets. For anti globalization activists, the event was an evidence of the lofty human cost of the haphazard/indiscriminate global economy; they also took note of the IMF's bailout package, with attached conditionalities, as means of undermining national sovereignty. Private fiscal transactions overtaking the official transactions and the increased manipulation of rating agencies, banks, equity funds and hedge funds have changed the global financial system. Whereas an ideal market with the augmented pressure of the private actors should result in better efficiency and greater market discipline, the information failure and asymmetries have denied the realization of any such ideal market with an expected result that many developing and the debt trap of the early 1980s is still going strong in the least developed countries.

There is great deficiency of democratic norms in many global institutions with strong influence, hence labeled as supranational undemocratic powers. Lack of transparency, accountability, democratic process and belief that they are more pro-corporate rather than being pro-poor constitute the main opposition to this unfettered globalization. Inclusion of money and corporations in the globalization process rather than, and at the expense of, exclusion of people, the environment and unions is also a point to debate. Strict migration rules across the globe and weak labor rights in many developing countries are some examples in this context. Encroachment upon the powers of nations by the NGOs is opposed by more conservative camp of state-centric nationalists such as Ned Pencil, Jean Marie Le Pen and Pat Buchanan. Many differ with it

due to its lack of unity and direction, opposing others, such as Noam Chomsky, to whom the same is strength of globalization.

## End Notes:

[1] The term globalization did not become popular until the 1990s. The final report of the Study Commission of the German Bundestag, Globalization of the World Economy: Challenges and Answers (14th legislative period, June 2002) notes that the number of times the word globalization was used in a major German newspaper, the Frankfurter Allgemeine Zeitung , increased from 34 in 1993 to 1,136 in 2001.
[2] Wikipedia, <http://en.wikipedia.org/wiki/Globalization>, (18/10/2007)
[3] Raskin, P., et. al. The Great Transition: The Promise and the Lure of the Times Ahead. (Boston, MA: Tellus Institute, 2002).
[4] Ismail, Shariffl. "Global Economic Integration: Prospects and Problems", Indian Development Review, Vol.1, No.2 (2003): pp. 163-178
[5] Theodore, Levitt. "Globalization of markets", Harvard Business Review, (1983).
[6] Global Policy, <www.globalpolicy.org/globalization/econ>
[7] ILO, <http://www.ilo.org/public/english/wcsdg/docs/rep2.pdf>, (24/1/2008)
[8] Vergragt, Philip J. "How Technology Could Contribute to a Sustainable World", p.6
[9] ILO, <http://www.ilo.org/public/english/wcsdg/docs/rep2.pdf>, (24/1/2008)
[10] UNDP, <http://hdr.undp.org/docs/publications/ocational_papers/oc2b.htm#chap3>, (5/7/2008)
[11] Keith, Griffin. Alternative Strategies for Economic Development, (London: Macmillan, 1989), Table 4.5, p. 83.
[12] Charles Oman, *New Forms of International Investment in Developing Countries*, (Paris: OECD Development Center, 1984).
[13] Korea Economic Institute of America, Korea Economic Update, Vol. 2, No. 2, (Summer 1991), p. 2.
[14] U.S. Survey of Current Business, August 1990, p. 64.
[15] See, for example, Richard H, Adams. Jr. "The Economic Uses and Impact of International Remittances in Rural Egypt," Economic Development and Cultural Change, (July 1991).
[16] ILO, <http://www.ilo.org/public/english/wcsdg/docs/rep2.pdf>, (24/1/2008)
[17] Ibid.
[18] Globalization, <www.globalization.org/globiz/law/index.htm>
[19] Wikipedia, <http://en.wikipedia.org/wiki/Globalization>, (18/10/2007)
[20] Ibid.
[21] Mentonite Central Committee, <http://www.mcc.org/economicglobalization/debate>, (6/4/2007)
[22] ILO, <http://www.ilo.org/public/english/wcsdg/docs/rep2.pdf>, (24/1/2008)