Journal of Sociology, Volume 1 Number 2, January 2009

Benefits from Globalization: Evidence in the Context of Global Interaction

Md. Jahangir Alam [1], Taslima Rahman[2]
Musfiqa Ashraf[3]

Abstract

Globalization, a historical process, is the result of human innovation and technological progress. Its' economic benefits are; faster growth, cheaper imports, greater exports and investment and new technologies, that few countries have enjoyed in recent years. Despite all the gains that the Globalization brings, it has also created losers- mostly developing countries. The significance of Globalization differs for individuals, groups and countries. The main focus of the paper is that, the impact of various global flows varies depending on the stages of economic development of a country, its access to technology, strength of its state and democratic institutions, and cultural characteristics. This paper, aims to show the impact of Globalization on the developing countries focusing on trade, labor, migration flows and socio-cultural context.

Introduction

The globalization is a convenient to express so many things with different connotation. However, amidst its diverse and loose definitions there runs a central strand indicating something new in the world affair which keeps eroding the national seat of power so far the foundation of all economic, political and social life of human kind. So, Globalization's potential is immense, concerns are manifold but the fact is it has not yet touched the vast multitude of mankind. Globalization is a value free term for what used to be referred to as imperialism in the era of monopoly capitalism (Amin, 1997). It is an American led process of change. Globalization bears the potential of completing the process of capitalism that was almost aborted by the socialist challenge and Third World countries rejection of market norms and free trade as basis of post-colonial strategy for development.

It is something that is changing man's pre-occupation with territorially arranged state system and has initiated a 'process' where the people, practices, norms, ideas, currencies, goods, services, information and institutions will transcend geographical barrier obliteration on its way the traditionally- held notions of state boundaries.

---

1. Assistant Professor, Department of Sociology, University of Dhaka, Dhaka
2. Lecturer, Faculty of Business and Economics, Daffodil International University, Dhaka
3. Lecturer, School of Social Science, Humanities and Language, Bangladesh Open University.

But then, it cannot be looked upon as altogether a new phenomenon and, some kind of globalization existed even earlier as early as in nineteenth century when the industrial revolution was taking place with its impact felt all over the world. The international mobility of the capital, which began in small ways by late eighteenth century, has, in fact, been the sine qua non of twentieth century globalization. Since then, the power of economic variables has been strengthened through revolutionized information technology and with the diffusion of the consumer products, the rapid transfer of financial resources and the efforts of transnational corporations to extend their market share. These factors have proved to be so forceful and durable as to withstand and eventually surmount any pressure of political and cultural protectionism.

It was not thus surprising that by the end of 1980s the self-isolating dictatorship from Chile to Soviet Union had yielded to democratic and free market ideals of globalization spread through radio, television, fax machine and e-mail. Since then, in addition to bringing down the Berlin Wall and the shredding of the iron curtain the powerful technological forces of Information Age have stitched together the economic, political and cultural lives of the nations making border more permeable to the movement of people, product and ideas. The spread of the economics innovations around the world and the political and cultural adjustment that accompany such diffusion can hardly be stopped any more.

Methodology

This study completely based on secondary source. Different books, journal and research papers are used for preparing this article. Data received from above mentioned sources analyzed in the following steps.

Who loose from Globalization?

It is argued that Globalization of high-tech economy has been reducing the sovereign power of all nations in three distinct ways:

a) Trade liberalization promotes access of foreign products to local markets, with gradual elimination of indigenous products
b) De-regulation allows foreign capital in an out of a country without notice, and
c) Exploitation of resources of developing countries, faster than nature can re-make or restore.

Experts say that every year the world burns as much fossil fuel as the earth produced in almost a million years (The Daily Star, 2001).

It is alleged that Globalization has promoted a uniform operating system among nations and made national borders disappear. The competition has become so fierce that the industries of the developing countries are unable to compete with those of giant corporations and as a result the indigenous industries gradually cease their existence. The global merger of wave of the past few years affecting banks, airlines, pharmaceuticals and many others has virtually created global monopoly and the people of the developing countries are being dictated to what they can eat, use or buy by the giant corporations. Being destroyed self-sufficiency nearly in all respects, nation states find themselves in a world of interdependence of a magnitude when scope of living without obtaining resources and goods from far beyond one's one place of residence is impossible. Fortunately the science and technology, by revolutionizing the transportation and communication means and lowering the costs, is allowing this interdependence to reach new heights. Professor Amin remarked in this regard because of this interdependence, Globalization is accompanied by a sense of insecurity at national (even a country as developed as Japan or USA is not free from this insecurity) as well as individual level. This is particularly true for those who are totally dispossessed of their land and resources and do not have a marketable skill or qualification.

Labor mobility not encouraged

Globalization is supposed to make free flow of goods and services and full mobility of labor, capital, and technology. But in reality 'labor mobility' is least welcomed. As a matter of fact, labor mobility has become a bigger sin this era of so called global labor market. This gets vividly manifested in the fate of "illegal" Mexican migrants in the U.S.-Mexico borders and South Asian migrants being driven away by Malaysia, who are now taking shelter along the Thai-Malaysia bordering jungles.

AFL-CIO president's comment regarding impact of Globalization on labor market, 'Globalization today is accompanied by "flexible labor market" and "flexible enterprise" structure. Often they really mean "to make it easier for corporations to fire workers (J. Sweeny, 1997). These flexibilities (labor market and enterprise operations) are credited for creation of 11 million jobs over the last five years of Clinton presidency that has reduced unemployment at a low 5.4%. Inflation has fallen to 35%. But, as the AFL-CIO chief points out, it is seldom mentioned, "good workers and mangers are being laid off at record rates: from 1979 to 1995, 43 million jobs were eliminated in corporate "downsizing"- mass layoffs of employees of major corporations. Two-thirds of these workers ended up at jobs that pay less than those they lost. The majority of working people working harder and longer just to stay even.... In America, a union represents only 11% of the private workforce. One in five workers goes without health insurance. Millions more are under nourished. Corporations are cutting back on pensions and benefits, increasing hours and decreasing vacations. One in four children born into poverty. Working people get little help for day care and no child payments or family leave. Middle-class families go into debt to finance the education of their children. Inequality is at a level not seen since the Great Depression and growing worse each year. The desperation of our inner cities is a moral disgrace.

Note that this is America, which has been gaining most from Globalization, afforded by its "basic building blocks" a unified open market of more than 250 million people, anchored by a large middle class, spread over a continent with abundant natural resources; a currency with a unique global role, including the fact that oil prices are set in dollars; a well-educated and highly skilled workforce, one in four having graduated from college, replenished each generation with new waves of hard working immigrants.

Who benefits from Globalization? Evidence on three major channels of global interaction.

Experts point out is three major channels of Globalization by which nations are being benefited identify it; (World Development Report; 1995)

1.) Trade flows
2.) Capital flows
3.) Migration flows

Table: 1 Trade, Capital flows and Migration in Industrial and Developing and Transitional Economies

Three major channels of global interactions	Industrialized countries		Developing and Transitional Economies	
	Period I	Period II	Period I	Period II
Trade flows (As share of GDP)	28	45	25	45
Capital flows (As share of GDP)	6	10	7	9
Migration (Per thousand of population)	6.7	4.6	1	1

Source: World Development Report, 1995, p.52

Note: Period I & II are respectively 1970 & 1990 for Trade flows, 1971-75 & 1989-93 for Capital flows, and 1985 for migration.

Trade flows

Trade flows have grown unambiguously, most participating countries have benefited but the countries that remain producers of primary commodities (e.g. those of Sub-Saharan Africa & the Middle East) could gain little because of continued fall in terms of trade for such commodities.

Capital flows

Capital has also become increasingly mobile, ever in search of best returns. But capital does not always flow toward poor countries as generally assumed or expected. World development Report, 1995 confirms that, overall; the transfer of resources from rich to poor countries has played only a moderate role in complementing domestic saving in developing countries. Data on Foreign Direct

Investment (FDI) makes it very clear that capital flow's main beneficiary is still developed country. Globalization notwithstanding finance capital has primarily one destination the United States of America and its partners of G'7. Their share accounted for 78.7% of total FDI of 1988 and developing countries share only 21.3% following table shows:

Table 2: The Distribution of Foreign Direct investment, 1988

Country		Percentage of FDI
Developed countries		
USA	27.0	
UK	9.8	
Germany	6.8	78.7
Canada	8.8	
Other developed countries	26.3	
Developing countries		
Latin America & Caribbean	9.4	
Asia	9.3	21.3
Africa	2.5	
Other developing countries	0.1	

Source: Keith Griffin and Azizur Rahman Khan, Globalization and the Developing World *(Geneva: UNRIS), 1992, p.29.*

Migration flows

International migration mainly in search of work from developing country to the developed countries has been of limited scale and significance, which could benefit the developing countries most. Annual migration flows from developing countries are no greater now, relative to population size, than in the early 1970s, at about one emigrant per thousand inhabitants. Only about 2% of people born in low and middle income countries do not live in their own country of origin. That most migrants still stay within their region (e.g. African migrants most often go to other African countries and those from Asia to Middle East and the Arab Gulf countries) suggest that "international migration yet to be a global business" (World Development Report, 1995). The major beneficiary is still developed countries. In their population of each thousand migrant labor has varied from 4.6 to 6.7 compared to the developed countries corresponding figure remaining at 1 over the period of 1970-1985 following table shows:

Socio-economic and Political Consequences of Globalization

Economic consequences

Some 28 mega-cities of the world have become the "Theaters of Accumulation" as a result of intensive interactions of flows of International Finance, International Transport and Trade- oriented Manufacturing. Scholar suggests that fewer than a dozen urban centers in Asia (representing perhaps 4% of the total population) are the focus of 90% of International Finance, of International Transportation, of Trade oriented Manufacturing and of International networks (T. McGee, 1996).

Uneven distribution of benefits within developed countries widening of international income inequality across the world. Many nations are even marginalized. Even due to global economy benefits are not equally distributed among social groups within a country. This system also widening social and interpersonal inequalities. Cutting across these distributional issues is an apprehension that the rapid diffusion of new technologies- a major driving force behind the globalization is causing massive job losses. Evidence on this mixed; many stable and secured jobs are lost but many short-term, contractual, secondary, part-time, subcontracted, piece-rate based jobs have been created.

Social consequences

Spread alien values, culture and standard

Creation of duality in economic, cultural, social and technological

Growth of religious movement as demand as counter force of imperial power

Change in life style and Consumerism.

Political consequences

Withering away of the state

Withering away of the trade union movement

Emasculation of the state/Government power to control and guide

Weakening of political forces and rise of bureaucratic /technocratic grip over national and international grip.

What stands in the way of full realization of the potentials of Globalization?

Protection of agriculture by the developed countries control the total market, on the other hand developing countries farmer suffer more. One report puts the subsidies for "Western" agriculture to the tune of US$ 150 billion a year (Emmerij, 1994). Trade barriers of the developed countries; in the one hand the "West" urges the rest of the world to liberalize trade, to deregulate and to eliminate subsidies, on the other hand it simultaneously imposes all kinds of "Technical Norms" in the way of developing countries reaching their markets just at a time when the latter have embraced what the West has been preaching so long.

Restrictions on flows of international migration, particularly of unskilled workers migration are strictly controlled, which does not cover the benefit of Globalization.

Lack of national and global appropriate institutions, different groups within the country and different developing countries are affected by Globalization. Instead of creating new institution required for the globalized world, the state and its institutions and the system of United Nations have been weakened that are affecting the need of concerted national and international action to make best use of national inter-dependence.

What is to be done?

Capital flow

Capital movement from high wage, less profitable economies to low wage &high profitable economies must be encouraged by all concerned.

Migration

Labor migration must take new momentum from its present muted state for true emergence of global market.

Freeing debt

Debt relief must be worked out to free countries from the burden of unequal trade and exchange of the past. Freeing debt burden also bears good potential for preservation of natural resources.

AID

New scheme for international aid for assisting participation in market by the poor countries and weaker sections of people in all countries must be created. Internationals humanitarian assistance, particularly for human resource development, must grow for those who are unable to participate in the global interactions or cannot gain form them.

Conclusion

Finally, as globalization has progressed, living conditions have improved significantly in virtually all countries. However, the advanced countries and only some of the developing countries have made the strongest gains.

The income gap between high-income and low-income countries has grown wider is a matter of concern. And the number of the World's citizens in abject poverty is deeply disturbing. But it is wrong to jump to the conclusion that globalization ha s caused the divergence, or that nothing can be done to improve the situation. To the contrary: low-income countries have not been able to integrate with the global economy as quickly as others, partly because of their chosen policies and partly because of factors outside their control. No country, least of all the poorest, can afford to remain isolated from the world economy. Every country should seek to reduce poverty. The international community should endeavor-by strengthening the international financial system, through trade, and through aid-to help the poorest countries integrate into the world economy, grow more rapidly, and reduce poverty. That is the way to ensure all in all countries has access to the benefits of globalization.

References:

Amin, A. T, M. Nurul "Globalization and Regional Integration: Its Economic, Social & and Political Consequences", X111th Brotherhood of Asian Trade Union Congress, Asian Institute of Technology, Bangkok, Thailand. March 10, 1997.

Emmerij, L " The employment problem and the international economy", International Labour Review, Vol. 133, No. 4, 19994, p. 466.

Griffin, K and Azizur Rahman Khan, Globalization and the Developing World (Geneva: UNRIS), 1992, p.29.

McGee, T "On the Utility of Dualism: The Informal Sector and Mega-Urbanization in Developing Countries", Regional Development Dialogue, Vol. 17, No. 1 (Spring 1996), p.11

Rashid, Harunr 'Davos - bridge between the haves and the have - not?' Daily Star, (Dhaka), January 30, 2001.

Sweeny, J. J President of the AFL-CIO, the 13-million member Confederation of American Labor Unions, Global Viewpoint, Bangkok Post March 9, 1997, p.7

World Development Report, 1995, p.53

World Development Report, 1995, p.52