

The Impact of Globalization on the Socio-Economic Development of States (Developed and Developing)

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Abstract

The concept of globalization remains a complex and dynamic term that can be viewed and analyzed from different perspectives hence, this study strived to unravel the concept of globalization and its impact on the socio-economic development of states (developed and developing). The study relied on secondary sources of data and the Marxian political mode of analysis as its theoretical framework. Data for the study were analyzed using qualitative method and content analysis. Findings from the study shows that the structures of economic globalization at the global level work in favour of industrialized and developed economies hence, indicating that developing countries (weak states) find themselves at the receiving end of the globalization spectrum due to several factors ranging from ineptitude and mismanagement of public funds and institutions. The paper however posits that the nature and impact of globalization depends on the seriousness, commitment and negotiating skills of states and its institutions.

Keywords: *Impact, Globalization, Socio-economic, Development and developing countries*

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Background to the Study

The concept of globalization is perceived by many as a natural historical progression to the internationalization of economic and social policies, activities, ideas and the standardization of political structures and practices. Scholars also hold the view that the father of globalization is science while the activator is technology (the mother). However, the most visible manifestations of globalization are in the economic and communication spheres while the most important characteristic of globalization is the information technology (IT) which makes it possible for states to wage war without the usual mobilization and deployment of troops. With the ongoing cyber space war the pressing of a single button can disconnect another countries satellite system and even send wrong signals to other countries in order to gain strategic advantage. It is, therefore, not surprising to observe that information technology revolution has brought about most profound changes in the way human activities and endeavours are conducted. Thus, the subject-matter (globalization) has been viewed and defined differently by different scholars. It was defined by Giddens (1990) as the “intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring miles away and vice versa”. The fall outs of globalization is now visible and practicable as countries have taken advantage of it to expand their investments, markets and economies through diversification and massive investments in infrastructure, science and technology sector. Contemporary studies have equally revealed that globalization as David Held (1999) posited has turned the world into a global village with the emergence of new international actors in the global stage. However, why the world is rapidly being moulded into shared social space by economic and technological forces and the inherent problems and impact of globalization forms the major thrust of this research work.

Methodology and Scope

This aspect of the study provides a clear description of the sources of data used in the study and the applicable methodology. Thus, most of the data used were curled from secondary sources (textbooks, published articles, journals and internet materials) and the use of descriptive analysis. In terms of scope, the study was limited to the evaluation of the concept “globalization”, its problems and impact on the socio-economic development of states (developed and developing).

Theoretical and Conceptual Analysis

In order to fully understand the concept of globalization and its impact on the socio-economic development of states, the structure, functions and rules of the world trade organization guiding trade relations between nations in the globalization process was thoroughly interrogated and examined. The study relied on the Marxian political economy approach. The basic tenet of the Marxian political economy mode of analysis derived from the inter-connection between the economic, political and other facets of the substructure hence, this approach recognized the complementary relationship of all spheres of human existence but in which the economy plays a determinant role. While describing the relationship between developed and developing countries as a struggle for power Karl Marx, maintained that the importance of geo-politics in human history and the underlying economic gains accounts for the development of ever-larger political associations.

According to Marx “the struggle for power between the European states via the 1884-1885 Berlin Conference led to imperial expansion while economic motives were the reasons for the development of world trade and global markets. Advocates of Marxism further argued that political attitudes especially individual, group behavior and character (political actions and policies) cannot be assessed or determined in isolation hence, the Marxian political economy was used to explain the interrelationship between African economy (developing countries) and the policies introduced by the developed countries (imperialists) in the process of globalization. This interaction no doubt produces two classes of individuals which Karl Marx described as the international capitalist bourgeoisies (imperialists) and privileged African elites (proletariats) who aid the international capitalist bourgeoisies to make super profits. The inconsistencies and discriminatory trade policies at the global level further affirm that the struggle for power and economic gains remains the driving force in international political economic relations of states in the international arena. Several writes and scholars have given different reasons why nations cooperate and compete at the global level but from the power and collaboration perspective otherwise known as the theory of hegemonic stability suggested that international economic collaboration in pursuit of an open (or liberal) economic order is most likely to occur when the global economy is dominated by a single power as was the case from 1945-1971 when the United States was the hegemonic power.

In the 1990s, the theory of hegemonic stability became less fashionable as new trends and theoretical works emerged. For instance, Keohane, R. O. (1984) in his work “After Hegemony; Cooperation and Discord in the World Political Economy” identified power and economic resources as the major reasons why countries relate with one another at the regional and global levels. He noted that when these resources are scarce or limited, such relationships could degenerate or improve depending on the value and location of the resources. Nevertheless, a careful study of the literature on globalization shows that it is one phenomenon that is not easily understandable, and is therefore, not agreed upon by all as what it really is. Thus, there is no simple or agreed definition of what constitutes globalization, nor any consensus about how far the process has advanced, and in which areas. What is rather evident is that globalization is a major site of contestation making it a complex but dynamic subject-matter at all levels. While analyzing international political economy from the realist school of thought, Kauppi (1993) stated clearly that international political economy realists also work with a conception of the world in which states struggle instinctively for power, prestige, and influence, but their focus is on the 'Low' political arenas associated with commercial and financial pre-eminence.

He added that realist scholars intuitively turn issues of contemporary concern in world economic affairs into problems of international economic diplomacy and trade wars. In his structural realism model, Hans Morgenthau explained the reasons for the aggressive and selfish nature of modern states. According to him, “in anthropomorphizing the state and therefore treating state behaviour as epiphenomenal of essential human behavior and that it is part of human nature to be self-serving and to chase gains solely by one's self and in the process, self-interested actions are consequently inscribed into the very logic of state behavior. E. H. Carr, however disagreed with Hans Morgenthau's position and posited that modern historical realists work within a tradition where emphasis is on developing historically

contextualized explanations for how the instinct for combative self-interested actions might be balanced in any given instance by the perceived need for a state to demonstrate to rival states that it is acting within the bounds of international political norms. E. H. Carr, therefore, contended that the structural logic of state behavior might therefore always be offset by historically conditioned concerns for turning away from exercising full aggression towards other states.

This no doubt explains why most states/country tries to outsmart one another in the international arena and organizations such as the World Trade Organization (WTO) where rules and guidelines are formulated and drafted without the consent or input of others. In his contribution to the subject-matter, Cox (1981) raised several technical questions bothering on system management; how best to organize the relationship between states in order to minimize the potential for violence between them, and how best to integrate states into an international system whose emergent properties emphasized liberal concerns for cooperation in the interest of meeting common goals. On the issue of equity and fairness Cox, wondered and asked how the basic structure of world system was predicated upon the forced institutionalization of social relations of production consisted with capital accumulation (John Ravenhill, 2003: p. 42). Using the structuralist and center-periphery framework analysis, Wolf (1974) argued that the integration of developing country's economy into the world capitalist system through trade and globalization resulted into their underdevelopment. According to him, "dependence causes underdevelopment". The conflicts and instability confronting Africa and indeed the third world further explain why advocates of Marxism continue to insist that it is capitalism both at the national and global levels that produced underdevelopment and poverty in the past and present day Africa. Neo-Marxists (dependency theorists) also contended that the international capitalists through foreign direct investment (FDI) collaborate with their domestic allies (governments) in host economies especially developing countries to perpetuate the exploitation of the unsuspecting host economy.

Structures of Contemporary Economic Globalization

This section of the paper examined the structures and institutions that facilitates, propel, sustain and promote contemporary economic globalization. It is imperative and fundamental to state at this point that globalization especially economic globalization will not be possible without certain structures which includes; the World Bank, the International Monetary Fund (IMF), the United Nations and its agencies and more significantly, the World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD). These international organizations and institutions serve as structures or platforms upon which economic globalization is anchored. It will be recalled that the United Nations General Assembly in conjunction with the World Trade Organization (WTO) sponsored the first international conference on financing for development (FFD) held in Monterrey, Mexico in March, 2002. The above globalization structures no doubt help to also draw up guidelines and procedure that controls international trade relations amongst states at the regional and global level. Their presence in the globalization process has also helped to reduce friction and conflict at the global level. Although, it is alleged that existing trade guidelines promotes discrimination and inequality, the fact that states are not compelled to engage in the process

also indicate that globalization is a bargaining process hence, what you put in is what you get. Thus, indicating clearly that the whole process entails negotiation and bargaining among states and actors in the international arena.

Analysis Showing the Impact of Globalization on the Socio-Economic Development of Developed and Developing States

This section of the study examined the impact of globalization on socio-economic development of states from the following perspectives:

1. Economic Development
2. Technological Revolution in Science and Technology.

Economic Development: Available records show that globalization via economic development has contributed immensely to the Gross Domestic Product (GDP) of states including foreign direct investment (FDI) of both strong and weak economies. The nature and type of economic relations including the institution and facilitators of such economic relations/transactions will be x-rayed in this part of the paper. The history of the World Trade Organization initially started with the General Agreement on Tariffs and Trade (GATT) which was established in 1948 as an aftermath of the Bretton Woods talks spearheaded by the United States and Britain in 1944. The next stage was the establishment of what is referred to as the Bretton Wood institutions which include;

1. The International Monetary Fund (IMF) to address physical and monetary issues.
2. International Bank for Reconstruction and Development (IBRD) otherwise known as the World Bank, to address financial and structural issues.

The desire to promote a free market economy at the global level through the elimination of all inhibiting obstacles and policies continued. Further efforts to realize global integration and globalization within a capitalist operational framework under the hegemony of the United States, ably supported by Western capitalist economies like Britain, Canada, France, Italy, Belgium, Holland, Spain etc; led to several rounds of talks and negotiations among members. This development no doubt brought about amendments in the structure and functions of the General Agreement on Tariffs and Trade (GATT). The discussions, negotiations and meetings otherwise known as Round of Talks that led to the eventual formation of the World Trade Organization include;

1. The Geneva Round of Talks of 1944.
2. The Uruguay Round 1950 Tariffs reduction.
3. The Annecy Round of 1949 Tariffs reduction
4. The second Geneva Round of 1956 Tariffs reduction.
5. The Dillon Round of 1960 Tariffs reduction.
6. The Kennedy Round of 1964 Tariffs reduction and anti-dumping etc.

However, in pursuant of its mandate, the world trade organization meets every two years hence, the ministerial conferences convened by the organization include;

1. The inaugural Singapore Ministerial Conference 1996.
2. The Second Geneva (Switzerland) Ministerial Conference 1998.

3. The Third Seattle (USA) Ministerial Conference 1999.
4. The Fourth Doha (Qatar) Ministerial Conference 2001.
5. The Fifth Cancun (Mexico) Ministerial Conference 2003.
6. The Sixth Hong Kong (Hong Kong) Ministerial Conference 2005.

Membership of the world trade organization is open to interested countries that must be seen to have met the requisite stipulated conditions for admittance into the organization. Member states must also show evidence of visible dichotomy between political and economic expressions without overbearing political interplay. Its membership figure presently stands at one hundred and fifty seven (157) including twenty seven (27) observer states with the state of Russia being the newest member as at 2012. The European Union (EU) is the only non-state member. The table below further explains the economic importance of globalization as expressed by David Held (1999).

Table 1: Showing Summary of Econometric Results of Medium-Term Baseline Scenarios of FDI Flows By Region (Billions of Dollars)

Host Region	AVERAGE					PROJECTIONS		
	2005-2007	2009-2011	2009	2010	2011	2012	2013	2014
Global FDI flows	1473	1344	1198	1309	1524	1495-1695	1630-1925	1700-2110
Developed Countries	972	658	606	619	748	735-825	810-940	840-1020
European Union	646	365	357	318	421	410-450	430-510	440-550
North America	253	218	165	221	268	255-285	280-310	290-340
Developing Countries	443	607	519	617	684	670-760	720-855	755-930
Africa	40	46	53	43	43	55-65	70-85	75-100
Latin America and the Caribbean	116	185	149	187	217	195-225	215-265	200-250
Asia	286	374	315	384	423	420-470	440-520	460-570
Transition Economies	59	79	72	74	92	90-110	100-130	110-150

Source: UNCTAD, World Investment Report 2012.

The World Investment Report 2012, a document of the United Nations Conference on Trade and Development (UNCTAD) revealed from the above data that global foreign direct investment (FDI) flows exceeded the pre-crisis average in 2011, reaching \$1.5 trillion despite the global economic crises. The table above also shows that the increase recorded in 2011 was 23 percent below what was achieved in 2007. In summary, the UNCTAD World Investment Report 2012 as presented in the above data further revealed the following;

1. FDI inflows increased across all major economic groupings in 2010 and by 2011, flows to developed countries also increased to \$748 billion representing 21 percent.

2. That developing countries and transition economies together continue to account for more than half of global FDI (45 percent and 6 percent respectively) for the year as their combined inflows reached a renewed record high. In all, the table clearly shows that globalization through trade and economic relations has truly moulded the world into a social space or what is commonly called a global village.
3. Technological Revolution in Science and Technology: This is a another field or discipline where globalization has actually turned the world into a common social space (global village) scholars who share the same views with David Held include Jens Bartelson (2000) who in his work “Three Concepts of globalization” maintained that globalization can be analyzed from three main perspectives, namely; Globalization as transference; Globalization as Transformation; Globalization as Transcendence. What is science and technology and how has it impacted positively in the affairs of man? These and other issues will be addressed in this section of the paper. M. E. Brown (1981) defines science and technology as a body of knowledge that is applicable to the production of goods. While it is embodied in tangible products such as machinery or industrial complexes, or in legal documents such as patents, licenses or know how contracts, it may also be expressed in the form of a skill, a practice or even a technology culture which finally becomes so diffused that it is no longer noticed. Because of the value attached to science and technology, its utilization, transfer or outright sale of such resources is the exclusive prerogative of the owner of the technology. Thus, the fear of its adulteration or duplication therefore explains why most countries flood the international market with substandard or inferior products.

In most cases, advance economies treat science and technology related issues as confidential and secrete due to the security implications attached to it. From the military perspective, scholars like Thomas Schelling have argued that development in science and technology which led to the invention of missiles and bombs have made war and military strategy less attractive. Liberal scholars have also argued that modern science and technology has equally made production and expansion easy since industries and industrial complexes have moved from manual labour to scientific labour (use of machines). This point was well captured by Richard Clarke when he said “now with cyber war, we have another means of launching attacks on the other side of the world, this time with only a key board” (Richard Clarke, 2009). Technological revolution as a fall out of globalization refers to the way modern communications (internet, satellite communications, high-tech-computers) made possible by technological advances have made distance and location less important factors not just for government but equally in the calculations of other actors such as firms investment decisions or in the activities of social movements. The gains of science and technology can, therefore, not be over emphasized.

Conclusion

The study showed that globalization enhanced and accelerated the pace of socio-economic development and growth in both developing and developed economies. In the same vein, the process of development and growth is further propelled by the advancement in science and

technology which has made communication and production also easy. In the process of interaction, industrialized states gain more advantage while developing countries (weak states) find themselves at the receiving end of the globalization spectrum hence, implying that globalization is a complex but dynamic concept which increases the challenges faced by all actors in the world economy; states, firms, transnational actors, and international organizations. While strong states are trying to shape institutions to manage financial crises, powerful non-governmental Organizations (NGOs) and globalizing firms. Weak states are trying to survive increasingly precarious and changeable economic circumstances. While the paper accepts the fact that the search for greater stability and predictability is the goal of all actors in globalization, the paper posits that the nature and impact of globalization remains a subject of profound debate among scholars within international political economy and international relations.

Recommendations

The following recommendations will no doubt help to correct the inequalities and anomalies inherent in the globalization process involving all the actors:

1. In order to reap the advantages of globalization, developing countries need to play active roles in the international economic structures and drivers of globalization such as the World Trade Organization, the World Bank and the International Monetary Fund etc. The control of such structures will no doubt help developing states to participate actively in the policy formulation and implementation process on issues affecting trade and economic relations at the regional and global levels.
2. There is an urgent need for the democratization and restructuring of the World Trade Organization (WTO) and other structures of international globalization in order to make it more inclusive, dynamic and acceptable. This will help to remove all discriminatory rules and principles which hinder free trade and free movement.
3. There is also need for a strong and neutral regulator at the global level to check the excesses of transnational corporations and other international actors. The study revealed that the infidelity and dubious actions of multinational corporations and their agents help to create hardship rather than create development in the peripheral states. Thus, to ensure compliance, sanctions should also be imposed where necessary.
4. Since the study revealed that comparative economic advantage can only be gained in international economic relations through effective bargaining, Africa and third world states should take steps to strengthen its capacity and also build institutions that can compete with global institutions like the European Union (EU), European Economic Community (EEC) etc.
5. Since globalization involves several actors and players, developing countries also need to implement coherent, coordinated and complimentary economic development strategies. This therefore means that African agenda and interest should be promoted and projected at all global events including World Trade Organization (WTO) organized conferences.

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