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Economic Globalisation and Society in Developing Countries

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The topic of globalization is a tricky and volatile one. Forums discussing it often have the tendency of becoming deeply divided with an ensuing crossfire of opinions, some touting its benefits while others recall its detriments. Perhaps the main trouble that plagues the progress of the discourse is the weighty validity of the different positions taken by opposing intellectuals and so the challenge is then for speakers to delicately and precisely position themselves. Unfortunately for me, I am faced with this challenge as I attempt to enter the conversation and so I too must posit myself carefully. Economic globalization, I will argue, reaps social benefits in developing countries.

Airing on the side of caution, I will take time now to define the parameters of important terms with regards to my treatment of the subject. The extent of economic globalization dealt with in this paper is economic development and economic integration, measured predominantly in terms of, but not limited to, international trade, foreign direct investment, and foreign portfolio investment, including as well how open a country is to these factors. Henceforth use of the word "globalization" will refer strictly to economic globalization unless specified otherwise. Social benefits under consideration are those restricted to developing countries (DC), which are often so hotly disputed and passionately debated. The information available from the consulted studies imposes a non-linear temporal restraint that spans from the mid-1970s through to the late 1990s.

The paper will proceed as such: I will present the arguments supporting my claim and will refute the claims that run counter to my stance. Closing my paper will be a brief discussion of the limitations of this paper followed by my conclusion.

Stability and Internal Security

Economic globalization produces stability in society. Of particular note, globalization has been revealed through a number of studies to reduce the incidence of violence. Barbieri & Reuveny (2005) have determined its ability to negatively influence the likelihood of civil war. Their study shows that the increase in economically globalized activity increases the opportunity costs of waging a civil war which encourages peaceful avenues in place of combat and quick resolutions to on-going conflicts (Barbieri & Reuveny, 2005). This is especially important as DCs have been the site for the vast majority of civil wars that have occurred in the time period under scrutiny (Barbieri & Reuveny, 2005). Li & Schaub (2004) as well have studied the effects of economic globalization on transnational terrorism in light of the 9/11 attacks. Though terrorism often is politically charged, it must be acknowledged that the brunt of the damage is borne by society rather than by the government; in the end, public attacks result in predominantly civilian deaths and the repercussions, such as supply shocks and disturbances to business, ring loudest at the societal level. Their results have shown that the outcomes of increased globalization deter terrorism by partially eliminating the incentives and alleviating some of the grievances that cause such actions to be carried out (Li & Schaub, 2004). The main proponent of their paper is that economic globalization addresses what they identify as the primary causes of terrorism, that is, underdevelopment and poverty (Li & Schaub, 2004). Li & Schaub (2004) continue, adding that the economic development of a given nation's top trading partners also have a discouraging effect on terrorism.

The suggestion that economic globalization acts as a ballast for the societies of DCs is often scoffed at by naysayers

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and, admittedly, not without validity. Dependency theory dictates that DCs are merely members of the developed countries' periphery and that, mimicking the current state of affairs in the world, globalization, perceived as driven by self-interested multinational corporations, will cause only a select and elite section of a DC to experience progress. The widening gap between rich and poor caused by uneven development would thus beckon violence. As well, globalization causes the transportation of factors to be largely unregulated, with some venturing to say it causes deregulation (Amin & Luckin, 1996). This weakness provides more incentive for criminal organizations, including terrorists, to carry out their activities as illegally obtained money, weapons, and people will experience greater ease of movement (Friman, 2004).

The mechanisms, however, by which economic globalization facilitates social security is straightforward: it will make accessible more money to a DC's government. Globalization will inevitably cause ongoing development in a country, creating a larger tax base thus resulting in more revenue (Barbieri & Reuveny, 2005). According to neoclassical economics, trade would see benefits shift to places possessing factors of production. As DCs have greater capacities for labour-intensive work than developed countries, they will begin to see increasing returns (Barbieri & Reuveny, 2005). Increasing development would also allow DCs to diversify their income, reducing reliance on primary exports such as cash crops, oil, diamonds, and timber (Barbieri & Reuveny, 2005). These commodities, which have sprouted many well-documented conflicts such as in Sudan and Nigeria, will decline in relative importance and reduce conflicts over control of these resources. As well, greater economic integration will as a matter of course require greater flows of communication and information, thus making the internal affairs of a DC more visible to the international community (Barbieri & Reuveny, 2005).

A greater amount of money at a DC's government's disposal translates into greater capacities for that government to serve its populace. More money can be rechanneled into increased social provisions, as newly industrialized countries Argentina and Brazil have done (Barbieri & Reuveny, 2005), thus quelling dissent to a degree and into enforcement forces, which would increase the country's capability to regulate activities and uphold peace (Li & Schaub, 2004). The by-product transparency would additionally place the country under the watchful eye of the international community, compelling its government to behave fairly, peacefully, and democratically. As well, regardless of the initial trends of development, the gains from economic globalization can also be used to fund the expansion of industries, the improvement of infrastructure, and the further development of other areas. The ongoing project of improvements and developments would thus cause less discontent for potential terrorists (Li & Schaub, 2004).

Human Welfare

Difficult as it may be to believe, economic globalization has been shown to improve human welfare. Barbieri & Reuveny (2005) have noted that increasingly globalized economies face more competition and as a result, greater urgency and value is put on education. Tsai (2007), after conducting empirical studies, has determined that globalization is capable of producing and does produce those things that benefit societies in DCs. Most obvious among these things, she determines the presence of more capital as having a positive effect on the human development index (Tsai, 2007). Availability of more money strengthens the state while allowing it to engage in more social spending. A negative correlation between globalization and inflation has also been observed, which contributes both to welfare as well as stability (Tsai, 2007). Similar to terrorism, although inflation may be conceived in terms of economics, the price of the phenomenon more significantly impacts society, not least those outside the elite classes. Figini & Santarelli (2006) have studied the effect of trade openness on absolute poverty levels, concluding that increased openness leads to lower poverty. Similarly, they have found that larger public sectors, denoting greater government engagement and entailing larger revenues, are also linked to lower levels of absolute poverty (Figini & Santarelli, 2006). In connection to Barbieri & Reuveny (2005), Figini & Santarelli (2006) have also observed an association between agriculturally-based export economies, characteristic of many DCs, and with high poverty levels.

True to nature, globalization has its critics, and there are ample opinions that run counter to the human welfare capacity of economic globalization. An oft quoted detriment is that it radically increases inequality by sacrificing the labour populations of DCs that constitute the majority of those states (Amin & Luckin, 1996). Frequently portrayed as

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the capitalist project of predominantly Western hegemony, globalization, rather than improving the status quo, it worsens it by increasing income inequality and lowering standards of living (Kaplinsky, 2001). It creates massive surpluses of labour, thereby increasing unemployment and thus marginalizing unskilled workers (Friman, 2004; Kaplinsky, 2001).

A major component of the research carried out by Figini & Santarelli (2006) and Tsai (2007) disproves these previously held notions. Figini & Santarelli (2006) found no connection linking financial openness with increasing levels of absolute poverty and that trade openness in fact decreases absolute poverty. Tsai (2007) concluded that there is a lack of support for the belief that globalization incurs the significantly negative human consequences it is repeatedly accused of. She notes instead that deepening the connections between states improves social and economic conditions and the stability of both while also mentioning the converse, that poor economic development results in limited social spending (Tsai, 2007). As well, her research has pointed towards alternative causes for these concerns. Of note, she highlights high levels of population growth as having negative consequences on human development index (Tsai, 2007). She also interestingly draws attention to a by-product of increased economic linkages that bear benefit for society. Most deserving of recognition is the accompaniment political globalization that occurs, facilitated by economic globalization (Tsai, 2007).

Extended Communities, Communal Benefits

Another benefit of engaging in economic globalization is the induction of DCs into the international community. Inclusion in the affairs of developed countries allows DCs to reap the inevitable gains that the Trickle Down theory predicts; the greater their inclusion, in turn affected by the openness and willingness of DCs to economic integration as well as their actual engagement, the greater their gains. Another important factor to point out is that the concentration of the world's capital is primarily focused on the developed countries. In contrast, DCs are economic depressions where relatively little money accumulates. That saying, the amount of money available to a state inside the state ultimately determines its ability to ease the distress of its populace and to overcome obstacles in the face of progress. Developed countries possess the means to assist DCs in emerging from the "Third World" and this is most easily and effectively facilitated by economic globalization. As the "vast majority of financing for development comes not from aid, but from trade and domestic capital and foreign investment," (Bush, qtd. in Li & Schaub, 2004, pp. 238) entering and expanding economic activities through globalization will allow for the inflow of much needed capital to DCs from these rich areas and give them the ingredients for growth.

Other means by which increased globalized economic activity aids societies in DCs are through the prior experiences that are available from developed countries. Developed countries possess not only money, but knowledge and technology. From them, DCs can obtain these necessary tools for progress and make them available for their own populations. An enlarging wealth of knowledge would translate into higher standards for public education and, as aforementioned, economic globalization will increase economic competition, thus increasing the value placed on education. Increasing value on education would also set in motion a self-sustained growth: as demand for education increases, the availability of education increases and as more people receive education, more people will demand better and higher quality education. A better educated labour force would then make it more plausible for a country to adopt more sophisticated technology and expand its economy to include services requiring more skill. This would allow DCs to move away from the primary sector, such as agriculture or extraction and mining, and develop their secondary sector, such as manufacturing, and perhaps even tertiary or quaternary sectors, all hallmarks of economic progress, recalling Barbieri & Reuveny (2005).

As well, associations with developed countries, the strongest of which being democratic countries, will also lead to a diffusion of democratic ideals, thus catalyzing democratization in DCs. According to studies by Li & Reuveny (2003), increased foreign direct investment has a positive effect on the development of democracy. The international community would reward those institutions honouring the democratic process, thus encouraging institutions within a DC to follow suit. The establishment of democracy would further benefit a DC by allowing it to partake in the relative peace that exists in democracies around the world. As Democratic Peace Theory predicts, democracies are less engaged in violence with each other than with non-democracies. By increasing economic globalization over regions of the world thereby mobilizing democracy in these areas, regional peace and stability will supersede violence, thus

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benefitting those countries as well as the rest of the international system and economic links in between.

Limitations

I will acknowledge there are limits to the arguments I have assembled in this paper. While I hold that globalization would provide a DC's government with the means to make progress, this does not presuppose the behaviour of the government. Completely without my focus, the actual actions carried out are an entirely different issue, which, unfortunately, is one still rampant as corruption to any degree impedes the social wellbeing of countries. As well, the positions presented assume a high degree of economic globalization within DCs. Failing to globalize towards a predetermined "end" would not yield the potential results globalization is supposed to. Stalling or halting the process runs the danger of seriously inhibiting a DC's advance. Of course, another intrinsic limit is the ambiguous definition of the "end."

As is the nature of large-scale transitions, they are often messy and there are many variables to consider. Li & Reuveny (2003) acknowledge the short-term pains that are associated with globalization and I do not deny their presence. My paper, as previously mentioned, discusses the "end" results of globalization, after the short-term pain has subsided to a substantial degree. When referring to the Trickle Down Theory and to government action (excuse the tongue-in-cheek), systemic lags and the passage of considerable amounts of time should be assumed. As well, the speed of change is dependent on the responsiveness of actors; using Tsai's (2007) example, the responsiveness of the unskilled and uneducated labour force in a DC will determine how swiftly it can transition into a skilled and educated labour force. The short-term is not any less important however, as the volatility of the period can quite easily erupt into violence.

Resistance to change is something that is not necessarily or explicitly accounted for in the previous studies yet is just as valid. The receptivity of a society to adopt the new methods inherent in globalization has the potential to be the source of internal friction. Edwards (2006), on surveying public opinions of globalization, observed that as modernity replaced tradition and as people became increasingly aware of this, resentment grew. He found this resentment to be indiscriminate of the types of globalization (dropping, for the time being, the restrictions on its inference outlined for this paper), regardless of whether cultural or economic.

In defence, studies by Lieber & Weisberg (2002) have noted that resistance becomes violent backlash only in DCs. They had found that developed countries, notably Japan, that faced the challenge of reconciling cultures, most often against the "cultural primacy" of the United States, posed their resistance symbolically, noticing as well lower levels of scapegoating (Lieber & Weisberg, 2002, pp. 275). They specify the cause of violence in DCs as stemming from the inability and failure of their governments and their populaces to negotiate their own culture and contextualize it in the globalized world (Lieber & Weisberg, 2002). Once again, this highlights the unpredictability of government action, whether they will oppose globalization, like much of the Middle East, or embrace it, like Turkey, albeit Turkey's encounter not being exactly seamless. Edwards (2006) as well offers a possible explanation for this difference in response, that being level of education, with higher educated individuals looking more kindly upon globalization. What this implies, then, is that as globalization moves forward, there will be a break-point in public stance where resistance will move from active to passive as the gains from globalization set in.

Conclusion

Economic globalization reaps social benefits in developing countries. Granted, it must navigate a fine line in the course of its life, balancing between optimizing opportunities and realising potential, and creating its own enemies and thus becoming the architect of its demise. The benefits of globalization are true for it has produced favourable results just as often as it has caused ruin. It does lead to increased stability and internal security. It does lead to better human welfare. And it does share the luxuries of the developed countries. However, much of globalization is admittedly a waiting game; it is truly a time-consuming process. The decision is whether the ends justify the means, whether it is worth the wait, whether the long term benefit outweigh the short term detriment. Economic globalization is, at its basic, an investment for the future.

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