The Impact of Globalization on Third World Countries

Dr. Kenneth Okocha

Professor of Political Science, HillCity University Benin

DOI: https://dx.doi.org/10.47772/IJRISS.2024.8090271

Received: 11 August 2024; Accepted: 18 September 2024; Published: 23 October 2024

ABSTRACT

The impact of globalization on the nations of the world especially third-world countries brings along with it the myriad of problems associated with globalization. The colonial partition of most countries of the third world especially Africa as well as the development of technology and the provision of capital for use in foreign countries by private corporations have all contributed to the development of globalization. At the same time, it may be argued that the global economy passed a series of changes in virtually all areas of human endeavour. Developed countries are now championing globalization to access the untapped resources of developing Third World countries.

Keywords: Globalization, Development, Technology, Economy, Cold War, Institutions, Corporations.

INTRODUCTION

Globalization is not a novel concept. It is a global concept that is in use in the discourse of the world economy. The bringing on board of the third world economy into the global economy comes to mind. While it may be argued that the colonial experience provided the springboard for the African economy, it must be pointed out that the African economy is patterned on the colonial mode of production and distribution of goods and services.

The colonial partition of most countries of the third world especially Africa as well as the development of technology and the provision of capital for use in foreign countries by private corporations have all contributed to the development of globalization. The collapse of the Cold War further provided the fertile ground for globalization to blossom under Western propagation (Obadina, 1998)

While it may be argued that the global economy passed a series of changes in virtually all areas of human endeavour, globalization is now being championed by developed countries as a tool for accessing the untapped resources of developing Third World Countries.

In the effort to champion globalization, the functions of international financial institutions concerning third-world countries come to mind. These institutions are instruments described by Naiman and Watkins (1991) as the "wicked machines" of the imperialists.

It is pertinent to note that any characterization of globalization that excludes international financial institutions will be inadequate since the primary goal of globalization is how to bring about even development. Liberalization involves the process of removing artificial barriers to goods and services. Liberalization of international trade is a necessary condition for globalization.

While private corporations through investment abroad can said to aid globalization, their desire for return on investment comes to mind. This desire to make a profit and to expand into horizons yet untapped itself propels the desire for private corporations to go global (Okodua,1997).

It must be noted that privatization corporations because of their desire for profit and their quest for expansion especially in the Third World Countries, have in a way launched a lot of countries of the Third World into that system of global competition. A lot of the private corporations operating in the third world because of the privatization policies of most third world countries can channel capital from the developed world.

Obadina and Ayodele (1999) argue that the protagonists of globalization in various developing countries have consistently used the inflow of capital into these third-world countries as an avenue of engrafting them into the global village. Science and technology have been effectively deployed in facilitating the inclusion of third-world countries into the global system.

It must be noted that the contrived idea of globalization as the genuine path developing countries particularly in the third world must tow for development is likened to a moving train that third countries must keep up with if they are to be formidable players in the global economy.

We might argue that the above analysis is frightening when one undertakes a perusal at the negative impact of globalization on Third world Countries. The assertion that third-world countries have no choice but to be engrafted into the global village if they are to function effectively with the rest of the world. It is expected that globalization should be viewed from a humane perspective and not from the Eurocentric angle.

We wish to assert that developing countries of the third world would fare better if they could come together and establish economic regions that can exact considerable economic interest on the rest of the world. It must be noted that going against this, is lead third-world countries along the path of extinction (Muhammad, 1996)

It is pertinent to note that the globalization of technology of production and finance has been used in fostering communication between people of the world and so giving developing countries of the third world access to the global market While globalization has made the people of the world closer to one another, it must be noted that because of the third world countries economy which is anchored on the colonial mode of production and distribution, this has made most third world countries consumers rather than producers., thereby leading to cultural subjugation (Muhammad, 1996).

NATURE AND MEANING OF GLOBALISATION

Globalization has been defined by various scholars to give a clear meaning and definition of the above concept. Globalization is a process of advancement and increase in interaction among the world's countries and peoples facilitated by progressive technological changes in locomotion, communication, political and military power, knowledge, and skill as well as interfacing of cultural value systems and practices (U.N. Journal, 1995).

Fafowora (1998) maintains that it is pertinent to observe that globalisation is an international socio-political economic and cultural permeation process facilitated by policies of government, private corporations, international agencies, and social organizations. It essentially seeks to enhance and deploy a country's economic, political, technological, ideological, and military power and influence for competitive domination in the world.

Though the concept of globalization is not a novel doctrine in that for thousands of years, people have always engaged in cross-border trade, it must however, be noted that the development of science and technology has aided global trade and development (Fafowora, 1998)

This current age of Information technology has created the means whereby people across the globe can engage in global trade and have access to information regarding the market from a global perspective and has also fostered market collaboration among peoples of various divides.

While we may assert that Globalization is deeply controversial, it is believed by proponents of globalization that it paves the way for developing countries to be engrafted into the global market and thus with time

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume VIII Issue IX September 2024

experience development. In contradistinction, opponents of globalization have maintained that all that globalization has done is merely the creation of an unregulated market that is beneficial only to Multinational Corporations at the expense of the common people in the developing world.

Tander (1998) posits that Globalization is the process of the intensification of economic, political, social, and cultural relations across international boundaries. It is principally aimed at the transcendental homogeneities of political and socio-economic theory across the globe. It is equally aimed at making global being present worldwide on the world stage or global arena. It deals with the increasing breakdown of trade barriers and the increasing integration of the world market.

Akinbobola (1999) is in total agreement with the above when he asserted that Globalisation is an evolution that is systematically restructuring interactive phases among nations by breaking down the barriers in the areas of culture, commerce, communication, and several other fields of endeavour.

The collapse of the Soviet bloc has created the platform for the spread of capitalism as an economic system more than it had ever been at any time in history (Akinbobola, 1999). it is relevant to make bold to say that globalization has imputed negative consequences on the people of third-world countries.

Bearing in mind that globalization has undergone several phases, some scholars have copiously argued that globalization has nothing good that is inherent other than the exploitation and subjugation of the economies of third-world countries into the larger global economy knowing full well that the access to the global market by Third World Countries is very minimal. Nevertheless, scholars have divergent views regarding the issues of globalization (Lecture Notes, 2007).

GLOBALISATION AND THE STATE

It is pertinent to note that globalization is believed to consist of a plethora of great controversies linking global forces and the modern state. It must be asserted that three dominant schools of thought exist on this. First, are the globalizers or hyper-globalists who see the forces of globalization as being asymmetrically linked with the state. This conception is anchored on the presumed non-linear relationship between the forces of globalization and the state.

Globalization is antithetical to state sovereignty and autonomy. The forces of globalization are said to weaken the state's capacity to render welfare services (Akinbobola, 1999). This is because international and Multinational Corporations now determine priority areas of a State and exert influence on States to see that their policies are implemented. The policies developed by these institutions are not favourable to the people and this has exacerbated the level of poverty in third-world countries (Schirato and Web, 2003).

The globalists argue that the retreat of the state is premised on the following: first, that democratic and government deficit has aided the shift in the policymaking of a state from that of the protector of public good to market interest. They argued that the state now merely handles a few of its traditional functions and is now acting in line with globalization policies and best practices. This logically amounts to a change in the functions of the state from that of welfare (people) to capital (market) (Schirato and Web, 2003)

Another area where the forces of globalization are seen as relating inversely to the state is in the realm of security or what has been described as a security deficit by Lubber and Koorevaar. According to them, this refers to the inability of the modern state to claim that certain issues are purely domestic affairs. This is because, under this disguise, international communities can now intervene in the domestic affairs of the state.

With this development, one could argue the amount of the loss of the sovereignty of the state to external factors related to the above is the environmental deficit identified by Lubbers and Koorevaar (1999), which renders the state redundant. This purely refers to the activities of various transnational corporations which produce environmental problems that national governments cannot address.

This becomes more problematic given the fact that various factors such as differences in the level of development, political choices, and cultural background have not allowed for the emergence of global policies to deal with these environmental issues.

The second school challenges the view of globalizers. They do not see the contemporary global arrangement as a threat to the modern state. They that internationalization is not a recent phenomenon. Hence, the state is still very much central to the contemporary global political and economic order.

The third school of thought contends that in contradistinction, globalization is in the process of transforming the modern state to assume a role and equally able to accommodate non-state actors who now share decision-making with the state in the public realm (Lubbers and Koorevaar, 1999)

GLOBALISATION AND THE AFRICAN STATE

It is pertinent to assert that among the continents of the world, Africa has the highest number of countries that depend on international aid. The reason for this stems from the high level of poverty among African States (Aka, 2005).

Several international scholars who are versed in the socio-economic and political conditions of the developing countries of the third world have copiously opined that the decade of the 1980s would have been the decade of the socio-economic development of the third world countries because of the upsurge of the global economy but which failed to use in the progressive development of the Third world countries.

While we might posit that the low development in the third world countries most especially in Africa can be attributed to both internal and external factors. Agreeing with the above point of view, Iyoha (1996) argues that the internal factors include poor domestic microeconomic management leading to inflation, unemployment, stagnation, and rising budget deficit.

He further argues that the external factors are a result of the increasingly hostile international economic environment which has brought about low and falling prices of primary commodities, the protectionism of industries by the government of the industrialized countries as well as the fluctuating capital flow in Africa. The problems associated with the balance of payment as well as the debt burden of African countries have all impeded the development of the continent (Iyoha, 1996)

It is pertinent to assert that while a plethora of reasons have been enumerated for the seemingly economic woes of the developing countries of the third world especially Africa, we did categorically maintain earlier that the socio-economic woes that bedevilled the African continent were internal and external.

The World Bank maintains that "adverse development in the world economy also had a part in the falling growth rates of the 1980s. Weak external demand, declining terms of trade, diminishing supply of external finance, and a great increase in the volatility of interest rates combined to produce an unusually adverse climate" (World Bank Report, 1990)

From the above report of the World Bank, Iyoha (1996) further asserts that three factors can be pointed out in the World Bank report as being the external factors that negatively impede the socio-economic growth of Africa. These include (I) the escalating external debt and crushing debt-services burden; (ii) rising trade definite; and (iii) declining inflow of concessional finance and deteriorating terms and conditions of loans.

These are interrelated and inextricably linked. He further argues that any deficit in the trade or current account balance necessitates the need to finance it either by external borrowing or other non-debt-creating financial flows.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume VIII Issue IX September 2024

The high susceptibility of most African economies to trade and current account deficit arise from the following:

- Extreme volatility of primary commodity prices
- High dependence on the exportation of a limited range of primary commodities.
- High external trade dependence.
- Low world share.
- Declining terms of trade; and
- External export earnings, variability, and falling export revenues.[24]

It is pertinent to note that prices of primary commodities, particularly tropical products and food crops, fluctuate sharply in response to changes in global supply and demand. Many countries in Africa depend on the exportation of a limited range of primary commodities. Some countries like Nigeria, Algeria, and Libya obtain the bulk of their export earnings from oil. Many African countries obtain their export earnings from one or two primary commodities (Iyoha, 1996).

The seeming failure of African leaders to protect the African economy made it vulnerable to external shocks. Africa, it is argued accounts for less than 2 percent of the world export. Africa, it could be argued does not influence international trade yet because of its openness. It is highly vulnerable to internationally transmitted shocks. This situation is further made worse by declining terms of trade, which became quite pronounced in the 1980s (Iyoha, 1996).

The World Bank estimated that the fall in commodity prices during the 1980s cost sub-Saharan Africa 15 percent of the real purchasing power of exports. All these factors combined to bring about a drastic fall in Africa's export earnings and a rising trade and current account deficit in the 1980s.

It should also be pointed out that the increasing marginalization of Africa in world trade has been exacerbated by the excessive dependence of African countries on the European export market (Iyoha, 1996).

A solution being considered by African countries is that of economic integration of the continent, specifically, by forming a continental customs union or common market. Believing that intra-African cooperation and trade are essential to the economic survival of the continent in the years to come. The Heads of African Unity signed a treaty in June 1991 to establish an African Economic Community by the year 2025. A lot of academics and economists within the continent have advocated for the establishment of such international organizations according to UNCTAD.

That economic co-operation and integration by countries of on African continent will further bring about economic development and an expansion of the African market. While it may be correct to reiterate that very few African countries have the resources to facilitate industrialization which is necessary for economic growth and development. Yet very few have what it takes to embark on a revolutionized industrialization which is needed to make them a part of the global competition (Iyoha, 1996)

GLOBALISATION: ITS CONSEQUENCES FOR THIRD WORLD COUNTRIES

Nation-states in the Third World today are virtually unable to define policies regulating generally their socio-economic life owing to the problems associated with globalization. They can hardly manage their political, economic, and socio-cultural development without external interference and manipulation.

Mbabazi and Taylor (2005) argued that it must be noted that globalization has made it difficult for governments to provide social welfare for their people, which is one of the cardinal functions of government. The provision of social welfare by the government of developed nations is one of the main factors responsible for their social cohesion and domestic political support. Because of the socio-economic differentiation among states within the international community, weaker states of the third world within the global system are unable to resist policy imposition by the developed countries of the world.

The imperialistic cultural dimension of globalization, particularly in internet connectivity, which has often been used as bait for luring Africa and other developing polities into the globalized world, has recently been put into perspective by Otokhine when he says that "the world is gradually moving in a unidirectional manner and the tendency towards uniformity has never been so appealing as it is now.........." (Obadina, 1997). This trend is a sort of cultural imperialism that has enslaved the minds of the inhabitants of third-world countries, making them culturally disorientated.

As it is, globalization has become a threat to the poor rather than an opportunity for global action to eradicate poverty. Obadina argues that the concept of absolute freedom that underlies the rationale for globalization is the same notion used to justify slavery and colonization. It is equally anchored on the belief that the strong however defined should be free to exercise their strength without moral or legal humanization that protects the weak (Obadina, 1997).

He further argues that it is distinct from positive freedom which is underlined by the fact that people should be free if they do not deny the rights and freedom of others. People should not be at liberty to deny others freedom and basic rights. There must be limits otherwise the liberty of the powerful becomes the oppression of the weak (Obadina, 1997).

From the above views of Obadina, it is pertinent to note that he opines that the free-market undertone of globalization is anchored on greed and the politics of winner takes all and the beggarly position of the loser philosophy irrespective of the seeming moral terms of freedom used in hoodwinking the developing nations has greatly increased the debt burden of most countries in Africa

CONCLUSION

We have attempted in this paper to discuss the Impact of Globalisation on Third World Countries. We began this paper by doing a general introduction of the above topic, taking a look at the nature and meaning of globalization, globalization and the state, globalization and the African state as well as the globalization and its consequences for Third World Countries.

As posited earlier, globalization is not a novel thing. It has existed for thousands of years but became more pronounced in the 19th century. It is purely an attempt to make the world a global village founded on the capitalist free-market economy. We also pointed out how globalization leaves the developing countries at the mercy of the developed countries owing to the inequality in trade and finance as well as technological development which leaves the developing countries handicapped and placed in a state of disadvantage when it comes to world economy.

REFERENCES

1. Aka, J.M. (2005). International Aid and Development. (NIEO).
2. Akinbobola, A. (1999). Elements of Politics. Daystar Press.
3. Eskor T. (2002). Background to Globalization. A Mimeograph Published by the Academic Staff Union of Universities, ASUU Nigeria.
4. Fafowora, O.O. (1998). Management Importance of Globalization. A Journal of Nigeria Institute of Management, Vol. 34 Nos. 2-4.
5. Iyoha, M.A. (2005) Macro-Economies: An African Perspective. First Publisher
6. Lubbers, R, and Koorevaar J. (1999). Primary Globalization and Secondary Globalization and Sustainable Development Paradigm: Opposing Forces of the 21st Century". A conference paper for the 21st Century Social Dynamic towards the Center Society, Berlin.

7. Maiti, P. (2001). Humpty Dumpty had a Great Fall. World Globalization Impact on State Dissolute, Vol. 2.
8. Mbabazi P. And Taylor, L. (2005). Botswana and Uganda Compared: The Potentiality of Developing States in Africa. CODESTRIA.
9. Muhammad, M.B. (1996). Globalization: What it means to Small Nations. Third World Economy
10. Naiman, R. and Watkins, N. (1999). A Survey of the Impact of IMF Structural Adjustment in Africa: Growth, Social and Debt Relief. CEPR.
11. Obadan, M. And Ayodele, S. (1998) Commercialization and Privatization Policy in Nigeria. NCEMA.
12. Obadina, T. (1998). Globalization, Human Rights and Development. African Today.
13. Okoduwa, A.P. (1997). Introduction to International Finance Theory and Practice. United City Press.
14. Schirato, T. And Webb, J. (2003). Understanding Globalization. Sage Publications.
15. Tander, A. Y. (1998). Globalization and African Option" Part 1, in AAPS NEWSLETTER, Harare. African Association of Political Science Vol. 3, No. 1.
16. World Bank Development Report 1990.

ABOUT THE AUTHOR

Dr. Kenneth Okocha is a Professor of Political Science at Hill City University Benin Republic. He holds a B. A., M.Sc. (Ibadan), D.Sc. (Hawaii)., CADC (New Jersey). Former Acting Dean Faculty of the Social Sciences at Hill City University. Current member, Governing Council Hillcity University of Science and Technology Liberia. Areas of research interest include International Relations, Strategic Studies, Military and Defense, Nuclear Deterrence and Arms Control, Law and Public Policy. He is an accomplished scholar and publisher.