

## Globalization- Rich or Poor Dichotomy

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Globalization is a process by which national economies integrate into the world economy. The process of globalization is on increase. Globalization takes place generally through the process of liberalization and privatization. The trend towards market economic reforms in terms of liberalization and privatization have been on rise. Various countries have started opening their economies to integrate into the world economy. Even the communist countries like China and former Soviet Union have not lagged behind and are now going for radical market economies. They have privatized many areas of their economies for better management and efficiency. But in the process of opening up economies, the developing countries have to compromise on various conditions, even at the cost of their independent decision-making powers.

The process of globalization gained momentum especially after the disintegration of former Soviet Union and end of cold war. Deideologization of international relations has made the real difference. When the world is out of rigid ideologies and blocks, only then a country can go for globalization process freely. Most importantly, the communist countries or system failed miserably on economic front. Command or controlled economies became non-functional due to stagnancy, inefficiency, lack of entrepreneurship and rising prices. Meanwhile capitalist countries following the path of market economy were doing good in terms of rate of growth, quality of life, social development etc. G-7 countries has good rates of growth. World Bank and IMF were the institutions helping both the developed as well as developing countries but more inclined towards developed countries. In 1995, World Trade Organization replaced GATT to promote free and fair world trade.

Today the world economy has become interdependent. The scientific developments in communications has made the world a global village. Any information or communication is accessible to any part of the world. System of internet has made the situation more favourable. Now the developing countries are realizing that they will be left [??] the race of economic development if they do not open up and [??] into the world economy. Especially, India lagged behind. India was denied of information on latest development in science and technology. There was lot of protectionist policies followed by both developing as well as developed countries. The South East Asian countries known as Asian tigers did very well and enjoyed 7-8 percent GDP growth due to integrating and going for export led growth policies. Though they are facing turmoil presently and prospects of sliding growth rate which can be attributed to the globalization proves itself.

Globalization has certain advantages. It can accelerate the economic activity through liberalization and privatization process. It can increase efficiency through entrepreneurship abilities and initiatives. It cannot tolerate stagnation and mediocrity. It leads to competitive market which will rely on quality goods and products. Only the quality products will stand in the competition. Through globalization world trade can increase which will pave way for enhanced economic growth. It will also help towards greater cooperation in solving world problems and global issues like terrorism, fundamentalism, emotional degradations, human rights, etc.

If there are advantages of globalization, certain disadvantages are outstanding. It is mainly against the developing countries' concerns and growth. Globalization is going to help developed countries more because they are at a higher rates of economic and social development. Competition and free trade can help them more than the developing countries. The biggest draw back is that globalization processes are eroding the autonomy of decision making powers of sovereign nations, especially the poorer nations. So globalization is basically a rich poor dichotomy. The developed countries are pursuing the policies of economic domination through back door, *i.e.*, neocolonialism. Various conditionalities are being imposed to get IMF loan or any economic aid and assistance. The conditionalities are like privatise more and more, cut subsidies, cut the fiscal deficit, etc. The developing or poorer countries are not in a position to go for radical reforms in economic activities at a sudden and accelerated pace. They have to perfect their indigenous industries also and go for export led growth. If they do not perfect their indigenous industries they may be superseded by multinationals. Developing countries can allow multinationals in scientific know-how like computer chips but not in consumer products like potato chips. Their resources and local manpower will be completely ruined. By allowing free access to foreign capital, those countries start interfering in the internal affairs of that country too.

New trend has also developed in the area of formation of regional economic blocks in the wake of globalization which is a real threat because it encourages protectionism in trade. Also non-trade barriers like child labour, *anoint* protection, human rights are imposed as conditionalities for trade and investment from developed to developing countries. United Nations Development Agencies are often manipulated to the advantage of developed countries especially by U.S. to pursue its policies. In addition to this, globalization process will throw itself to the market forces in which the relationship between the state and economy will be threatened because state will have least control over its economy.

In such a globalised economic system, market forces play greater role, the loss of economic independence or economic sovereignty is inevitable. In order to

remove this lacunae, while keeping the globalization process intact, selective strategic interventions of state on economic matters are also necessary. Any country should gradually open its economy and all efforts should be done to protect its indigenous industry from multi-nationals by having a strict political control. At the same time the countries of South should strive towards producing quality products by streamlining production through scientific modernization in order to remain in the competition.