

Globalization and the Development Dilemma of the South

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Globalization has created debate amongst scholars, policy-makers, corporate groups, and civil society over the role of the state, governance, resource management, and participation of the people.

Globalization is not a new period in human history. Indeed, it extends back many years and has several phases. The period of colonization (first phase of globalization); the formation of modern states and retention of "spheres of influence," and military and economic alliances (second phase); the decolonization process (third phase) and the post-World Trade Organization (post-WTO) years (fourth phase) all have theories and concepts legitimizing them.

Globalization, however, has taken on several new elements in recent years. These are rooted in changes that have come along in different spheres of life both within and outside the national boundaries of states. Social science theories in general could not remain outside these developments. Basic premises and sites of analysis ??? including the *state* as the prime agent of development; *growth* as signifying social development; *natural resources* as infinite; and homogeneity of developing countries ??? that underlie different theories in economics, political science, and sociology have expanded in the context of globalization. As a result, economists do not apply only economic variables to understand global, regional, and national developments. Political scientists and international relations scholars do not rely on the state as the only instrument for explaining global, regional, or national developments. Sociologists no longer seek to understand society solely through the lens of social features and legal experts do not limit their examination of legal regimes purely to a rule of law perspective. It is therefore not difficult to imagine how globalization has brought about a paradigmatic shift since the nineties. This paradigm shift cannot be explained in isolation. One has to consider the following:

- * Growth has not brought about a betterment in the conditions of the population as a whole. The divide between the rich and the poor within and outside the boundaries of states has only increased and is challenging human security. It has also failed to prescribe any sustainable development model for all. (The Asian financial crisis serves to illustrate this point.)
- * The role of financial institutions and donor agencies has strengthened in different issue areas
- * Inequality in terms of opportunities and accessibility to resources (as the United Nations Development Programme's human development data evidences)
- * Movements for the preservation of ethno-national and religious identities
- * Movements for democracy
- * Collapse of the socialist system (in East Europe and the former USSR)
- * Forced migration and human rights crisis
- * Conflicts over control of resources (for example, the Iraq War, South China Sea Crisis, Africa???'s ongoing crisis)
- * Unsustainable development policy and environmental degradation (mostly in the poverty-struck Third World)
- * Newer challenges of human security (such as the arms trade, narco trade and non-state actors, deadly diseases, and misuse of information technology)

It is not a chance exercise that the globalization era of the last century has addressed issues of development in terms of moral values, social evolution, and the role of states. The writings of scholars have thus addressed globalization from hitherto different dimensions. One may think of Fukuyama's *The End of History and the Last Man* (1992) alongside Huntington's *The Clash of Civilizations and the Remaking of World Order* (1996) or Kaplan's *The Coming of Anarchy: Shattering the Dreams of the post Cold War* (2000) or Giddens' *The Consequences of Modernity* (1990) against the backdrop of the abovementioned factors. Kaplan's observation that "the end of Cold War did not lead to the end of history, on the contrary, it ushered in a period in which international relations will be dominated by chaos" provides much scope for further research on policy and strategies to address globalization at different levels and in different issue areas. In this context, the scholarly writing of Arjun Appadurai (1996) has clearly made scholars, thinkers, policy-makers, and the business community seek more practical methods for facing the present phase of globalization.

To this end, it is appropriate to address some crucial factors of globalization such as the role of states, governance at different levels, transnational corporations, economic and environmental orders, cultural identities, and the experience of countries like Canada, Australia, and some countries from the developing world. This in turn, will bring forward the compulsions, alongside the strategies, to be adopted for balancing the different issues at stake.

Some Dialogues on Globalization

A. Globalization discourses have addressed the role of nation states. According to Scholte (1995), globalization, as a key feature of late modernity, is not eliminating nations, but only complicating the construction of collective identities. Meiksins-Wood (1997) emphasizes that the nation state may be losing some of its functions in the process of globalization but it is gaining new ones as the main conduit between capital and the global market. Rajni Kothari (1997), while discussing the role of the state, notes that the new framework of capitalism, based on a transition from the politico-military model of international management and domination to a techno-financial system of global integration with one overarching world market, has led to the erosion of the state-based structure of national and international interactions. One may also refer to Linda Weiss' observation (2005) that "in the process of globalization nation states have begun to assume a more active and strategic role contrary to the will that globalization is a constraining force on nation states restricting their freedoms and initiatives across the range of policy areas." We may make our own assessments of the divide between, and convergence of, ideas on globalization and the state among such scholars.

B. Scholars like Jagdish Bhagwati (2004) and Amartya Sen (1999; 2000) provide insights into governance in the period of globalization with the introduction of economic reforms focusing attention on basic developmental needs. Deepak Nayyar (1997) points out that the game of globalization is still there but the rules are new. Earlier the game was dominated by imperial nation states; it is now transnational corporations (TNCs) and international banks that do so. Nation states are no longer the main economic players but they remain important political players.

Schuurman (2001) categorized globalization scholars into nine groups as follows:

1. *The True Globalists* (Martin Albrow, Partha Chatterjee, Manuel Castells). They advocate that there are major transformations going on in society, politics, and the economy and that these transformations are taking place on a global scale. These transformations do not form part of

modernity, late-modernity, or post-modernity but indicate the coming of a new era of "globality." They state that we still have to make use of concepts that come to us from the modern age and that are not adequate to describe the true nature of globalization.

2. *The Cyberspace Globalists* (Mike Featherstone). The microchip revolution ushered in the twenty-first century before the end of the twentieth century. The computer age has had such a profound effect on production, consumption, and interpersonal relations that, like the true globalists, the cyberspace globalists believe that major transformations are taking place. They are of the view that it is cyberspace that is going to be the major political, economic, and cultural arena for the new century.
3. *The Neo-liberal Globalists* (Kenichi Ohmae, Francis Fukuyama, John Naisbitt). For this group of authors globalization is also a process with an ontology of its own. It is the global spread of market logic, liberalism, and democracy. In general, the position is rather structuralist in the sense that globalization has an inner logic which cannot be stopped.
4. *The Cosmopolitanist/New-Age/Postmodernist/Culturalist Globalists* (Rajni, Kothari, David Korten, David Held). Here globalization is also a fact but it is primarily cultural in nature. Space and culture are delinked, and non-traditional identities are strengthened in the face of a threatening homogenization because of the onslaught of globally diffused information. Traditional identities are under threat, indigenous people are alienated from their cultural heritage through the global movement of consumer capitalism. The globe is the political arena for a conglomerate of new social movements, indigenous movements, and environmentalist movements.
5. *The Hybridization Globalists* (Ulf Hannerz, Arjun Appadurai). These authors interpret globalization as a dialectical process where "the global" meets "the local." This results in an increasingly hybrid praxis. Authenticity of culture (an anchor point in the previous position) is rejected. Culture is becoming increasingly hybrid.
6. *The Neo-Marxist Globalists* (Ellen Meiksins Wood, William Tabb). Their position is that globalization is a fact and it is capitalism gone global. It is time to get the classical Marxist analytical framework out of the cupboard because if there ever was a time for using scientific Marxism, it is now. These are the times of the purest form of capitalist logic no longer contaminated by the existence of "non-capitalist" modes of production or unequal exchange on the international market. Class struggle should be internationalized and, in fact, it is becoming just that.
7. *The Historical Globalists* (Paul Hirst, Grahame Thompson, Deepak Nayyar). Their position is that globalization is nothing new. The claim that it is new is fashionable and exaggerated. We have seen earlier periods with a tremendous amount of internationalization of money and trade. The international economy between 1870 and 1914 was hardly less integrated than today.
8. *The Non-Globalists* (Michael Mann). They insist that there is no such thing as globalization. At most there is regionalization but even that is not new. The whole globalization discourse is one without any ontological foundation. These critics tend to concentrate on the nation-state, which they still consider to be as important as it ever was. In this they differ radically from the globalists who tend to concentrate on the demise of the nation-state.
9. *The Diehard Modernists* (Ernest Laclau). The thesis here is that, contrary to what the true globalists assert, globalization is nearing its end. Since the Enlightenment modernity has spread itself to all corners of the earth, as a truly global process. Among other things, this has led to the Universal Declaration of Human Rights. The feeling among the diehard modernists is that an increasing cultural relativism leads to a noticeable decline in modern universal norms and values. They see this cultural relativism as being fed by post-modernism, post-colonialism, a revival of fundamentalism, and a growing balkanization at the global level. This has led to a

disturbing denial of international solidarity by the fragmentation of erstwhile universalized values and norms concerning human rights and emancipation.

These differing views illustrate that globalization and its prescriptions to govern are not uniform vis-à-vis states. This is also reflected in two significant reports (UNDP 1999; 2000). The UNCTAD has noted the negative effects of globalization on developing countries while the World Bank has proclaimed globalization the only way forward for the developing countries. The confusion and dilemma of understanding and interpreting globalization in terms of equality and equity is very clear.

C-1. A recent environmental issue concerning global trade practices is Brazil's banning of imported, re-treaded tires from the European Community (EC) on public health grounds, under GATT Article XX(b) (Measures Necessary to Protect Human, Animal or Plant Life or Health). Brazil argued that the disposed tires provide a breeding ground for disease-carrying mosquitoes, increasing the potential for dengue, yellow fever, and malaria, and that the import volume is already beyond the country's capacity for disposal in an environmentally responsible manner. In June 2007, a WTO panel ruled in favour of the European Community holding that Brazil's restriction was contrary to WTO rules as it allowed imports of the same product from its regional trade bloc partners. Brazil responded by declaring that there was substantial difference in disposing of 100,000 tires imported from Uruguay and doing the same for 80 million tires from the EU. Several environmental NGOs have defended Brazil's point. The final decision is yet to be taken.

C-2. The issue of maximum pesticide residue levels imposed by several developed nations is perceived by developing countries to be creating trade barriers. The matter has been brought before the Sanitary and Phytosanitary (SPS) Measures Committee of WTO by a group of commodity exporting, developing countries led by Argentina who are urging for the establishment of common international standards by the Food and Agriculture Organization (FAO) of the United Nations, World Health Organization, and other entities.

C-3. The problems of migratory birds in the boreal forests and the paper industry have been an area of concern for conservationists and local communities.

C-4. To prevent over-fishing and other destructive fishing practices that may result in permanent damage to ocean ecosystems, a group of 125 international marine scientists appealed to WTO in May 2007 for a reduction of fisheries subsidies (estimated at US \$34 billion per annum globally). In a similar vein, the United States has sent a proposal to the WTO to impose a broad ban on subsidies which fishing nations extend to their marine fishery sectors. At the multilateral institutional level the FAO has laid out a set of "Guidelines For the Eco-labelling of Fish and Fishery Products from Marine Capture Fisheries" (2006) which has been designed for the purpose of certifying and promoting the labelling of products from well-managed marine capture fisheries. The goal is to focus on the issue of sustainable use of fishery resources. Apart from principles and approach, the Guidelines outline the procedural and institutional aspects of eco-labelling. The Guidelines are voluntary in nature, market-driven, and recognize the sovereign rights of states where balanced and fair participation by all interested parties have been provided for. The principles, *inter alia*, highlight the requirements of fair trade and competition, opportunity to enter international markets, and consistency with WTO Agreements. The terms and conditions as well as the procedures for accreditation and certification of fisheries, eco-labelling schemes, and institutional requirements are fairly detailed and require financial interventions and serious exercises in capacity building at different stakeholder levels in developing countries.

D. A report of the UN Secretary-General (2007) on the implementation status of the agreements reached at the International Conference on Financing for Development (2002) while taking a positive view of developing countries??? macroeconomic and fiscal management, expressed concerns about the significant increase in the total debt of developing countries as well as the lack of progress in reducing poverty levels and improving wealth distribution. The report noted that the current and projected levels of overseas development assistance (ODA) for the period 2006-2010 was far short of the targets established for achieving the Millennium Development Goals.

E. The process of development in South and Southeast Asia in the post-Cold War period has given rise to views both favouring and opposing globalization. The Asian financial crisis and an increase in social disturbances along with a surge in ethno-national and ethno-religious movements spurred strong anti-globalization sentiments. In an unpublished paper, Dr. Mahathir Mohamad (1996) criticized globalization "as an instrument of control and a conspiracy of western capitalists, international financial and regulatory institutions, governments and international non-governmental organizations." South Asian scholars are also divided in their views of the top down globalization process which tries to reconcile unequal terms of trade within overall development policy. Those with an anti-globalization mindset point to data on the South Asian development process and the fact that the fruits of globalization are basically enjoyed by the urban class and not the majority rural population. Moreover, participation of people in development planning is seen to be far from satisfactory.

F. Deprivation and injustice are commonly associated with globalization in South Asian societies. A brief discussion of the development dilemma in India will help to illustrate the opportunities and challenges of globalization and provide scope for further investigation and research in the identified issue areas. The challenges faced by India in its development process can be attributed to the fact it has followed an import-substitution industrialization (ISI) model of development since independence. A turning point came in the 1990s with the introduction of a New Economic Policy with an emphasis on export-led industrialization (ELI), leading to liberalization of trade. This is clearly a challenge in itself for a vast, multi-ethnic, multicultural country like India. The introduction of economic reforms in the 1990s therefore encountered economic, political, social, ethnic, and environmental questions.

The northeastern part of India is composed of eight states (Assam, Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Tripura, and Sikkim) which account for about 8 percent of the country???s geographic area. About 4 percent of the country???s population reside in the region which has a large tribal population of varying ethnicities, rich cultural heritage, and skilled craftsmanship. In Arunachal Pradesh alone, there are twenty-six major tribes and fifty-six sub-tribes. The region is predominantly hilly/mountainous. The economy is backward with high unemployment and limited access to basic infrastructure. The region is endowed with immense natural beauty with the mountain ranges of the Greater Himalayas and the Eastern Himalayas, glacial rivers, forests (tropical evergreen, sub-tropical, pine, temperate, alpine, secondary), rich biodiversity with presence of some endemic, rare and endangered floral and faunal species. The entire northeastern region is a favoured destination for eco-tourism, adventure tourism, and cultural tourism. In addition, it is considered a repository of ethno-science. Natural resource management has become an integral part of the development paradigm in the region where the economy in general and the livelihood of the local people in particular are significantly dependent on natural resources. This per se has become a part of the development process in rural India. In a way, India???s northeastern region provides a typical context for evaluating the development paradigm, with its vast socio-cultural diversity and abundant natural wealth/resources coupled with a backward economy.

G. In the context of India's northeastern states globalization is perceived as an opportunity for redressing economic backwardness by integrating with the world trading system. On the other hand, the socio-cultural impacts on communities are not always immediately apparent and become visible over time through changes in value systems and behaviour which tend to threaten the indigenous identity of the local population. Changes occur not only in the collective traditional lifestyles but also in community structure, family relationships, ceremonies, and morality. One may note that though endowed with a vast resource base, the greater part of the northeast is confronted with ethnic unrest, insurgency, illegal immigration, and underdevelopment. In fact, the ethnic fabric of the region needs inter-stakeholder and inter-community interactions, training, and capacity building to cope with the situation. These developments cannot be set aside in further research on making globalization work either from above alone or alongside globalization from below.

H. The ethnic crisis in Bhutan, which borders two northeastern states, can be cited as an example of majority-minority relations and their impact on development policy. The democratic movement in Bhutan needs to be addressed as a contemporary development in the era of globalization and the rights of the minorities need to be analyzed in the context of globalization.

I. Unrest both within and across the border of Bangladesh is another expression of lack of opportunity among the religious groups which has deeply affected the development of the region as a whole. The push-pull syndrome has also created several impediments in the pursuit of regional development programs.

J. The impact of these developments are felt most profoundly in the economic activities both within and outside South Asia. The result is a return to the socio-political confusion that favours military security rather than human security. These socio-political and economic issues need to be addressed in any research program concerning India's "Look East" policy, global integration processes, and regional development in the era of globalization. Ignoring such issues may not provide a clear understanding of development in South Asia today.

Conclusion

Globalization is a reality. No country can afford to remain insulated from the process of global integration. Globalization is explicitly and implicitly strengthened by different policies, programs, and legal instruments at the international level. This process has given rise to the role of the state as a facilitator in the process of development. The challenges of globalization are numerous. Studies made by scholars both from the developed and the developing world reflect the continued presence of the North-South divide over a number of issues. This can be understood by the very fact that researchers themselves are not above the contemporary developments and strongly hold differing points of view based mostly on ideology. The heterogeneous character of the Third World also reflects the positions and programs undertaken by different states of the Third World. For instance, Singapore's response to globalization differs greatly from that of Malaysia. Moreover, the articulations of ethnic, religious, and social groups in the countries have their own impact on the overall development strategy and policy. One needs to consider the internal dynamics of each social order and the local perceptions of the development agenda. Globalization from below, with inclusion of the peoples' voices, can help meet the challenges of globalization. The experience of South-South cooperation and cooperation with pro-Third World countries may shine a light in this direction.

A recent report of the UN Secretary-General (2007) as a follow-up to the International Conference on

Financing for Development indicated that the increase in the net outward financial flows from the developing to developed countries persisted, from US \$533 billion in 2005 to US \$662 billion in 2006 and the net transfers from the economies in transition also increased from US \$112 billion to US \$133 billion in 2006. The net increase in total financial transfers from the developing and transition economies includes the substantial positive net private capital flows to these countries. This trend on the part of the private sector for increasing exposure to and investing in developing and transition economies heightens the paradox of public authorities in developing countries devoting resources to investing in financial assets in developed countries. Such issues can be taken up for collaborative research that would help reach a better understanding of globalization in its entirety.

Collaborative research thus might organize itself to focus on: studies of the internal dynamics of any society and their perceptions of development (the study of both India and Canada seems appropriate in this context); studies interacting with different corporate groups that have an important role in globalized economies (the interaction with the Chambers of Commerce and Industries may provide fruitful experience); studies of global, regional, national, and local policy programs (such as those concerning resource management, cultural identities, community management) linked to globalization; and studies requiring the interaction of scholars from different disciplines in workshops or conferences for better understanding and charting more balanced policy programs.

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