Globalisation and the Third World

In recent years, "globalisation" has been put forward as the only option left for Third World countries. Globalisation means the Third World countries' economies with the advanced capitalist countries and opening up Third World economies for the Transnational Corporations (TNCs). GATT, NAFTA and EU are strongly supported by the dominant TNCs and defended as an enlargement of free trade. Globalisation has been propelled by the breakthrough in technology and communications. Modern communications are actually a special offshoot of technology as they are highly dependent on computers and satellites. Dozens of satellites and endless network of cables has made instant communication possible. The communication revolution and the increasing rate of technological obsolescence have added powerful new dimensions to the operations of the TNCs. Now billions of dollars are circulating in the bank's speculation race. This has led to a sudden increase in TNC's transfer money across borders, making a mockery of the regulations in sovereign countries. These networks have annihilated both time and distance, TNCs now locate their plants and operations anywhere in the world at any advantage. Escalating costs of production have forced the TNCs to establish production units abroad in order to write off costs and raise profits and outwit competitors. This also is said to have added an element of competition to manufacturing and increased profits in the TNCs' drive towards globalisation.

Modern technology is a two-edged sword. It requires a highly professionalised class whose expertise has to be updated all the time. Third World countries are placed at a great disadvantage in all these areas and with the technological sophistication on the increase, the gap between the poor and rich countries will keep widening. Of course, some technology will be transferred to the Third World by the TNCs, but the cream will be skimmed off by the corporate heads of the TNCs, who will be transferred to the poor countries. Thus, the poor countries will continue to subsidise the advanced capitalist countries and may even emerge as the Asian Tigers but this will be limited to a small number and the majority will suffer.

Under the influence of international lending institutions like the World Bank and IMF, the neo-liberals have set the agenda. They argue that long-run growth is stimulated through the supremacy of the market. Various ideas have had a devastating impact both in the debate on development and in policies implemented. As a result, measures have been implemented in inflation and foreign debts have meant a reductio in research and development expenditure, a decline in education in a majority of Third World countries. Important changes have taken place in the scientific and technological progress in the 1980s such as the expansion of biotechnology. These technological breakthroughs threaten the competitive position of Third World countries who are dependent on export incomes from natural resources, minerals and basic commodities.

Through globalisation, power is increasingly concentrated in unacceptable inhumane policies and the rich have ever been in the past. The international spread of capitalist exchange and production relationships is a very destructive and brutal process. The mobility of capital makes it more and more difficult for political organisations to use their governments to impose regulations on polluting firms. The base of neo-liberal principles by which economic activity shall be organised provides enormous incentives to create a public sector or to counter the negative influence of the private sector. It also limits the power of the government to regulate private business and pushes for uncontrollable capitalist development. Therefore, GATT agreements are designed to undermine the possibilities for planning by the less developed countries.

One of the objectives of the free-market policy is to ensure that big banks backed by advanced capitalist countries can continue to exploit the poor countries. While capital is now highly mobile, labour is increasingly immobile and that has a very serious effect on the Third World economies. Therefore, GATT envisages an expansion of trade dominated by a handful of Third World countries. However, it poses a serious threat to the small producers in the poor countries and produces a devastating effect on the poor countries.

There are two important consequences of globalisation. Firstly, it extends the 'free market' as a development policy model and has no mechanism to alter the existence of the vicious cycle of poverty and unemployment for the few and huge misery and despair for the many. Competition for scarce resources is brutal and unrelenting. The Third World economies are the net exporters of the natural resources on which their development depends. The Third World is also a major supplier of basic commodities.

The third aspect is the model of the Third World elite. Over the past decade, the debt crisis, recession in the West and Bank-led "Structural Adjustment Programmes" have contributed to a greater concentration of income, high rates of unemployment, widespread poverty and marginalisation of the rural and urban poor in the Third World. As Jorge Nef has emphasised of Latin America, "The state has become the receiver and...</p>