

"Who has benefited more from globalization: the developed or the developing countries"

### Outline

#### 1- Introduction

Thesis statement: Globalization has benefited both the developed and developing countries. No doubt, equal opportunities were for both but due to dominance in power and resources the developed nations reaped more fruit from it.

#### 2- How significant is globalization for both the developed and developing nations

#### 3- How globalization benefits the first world countries

- a) Dominance in world trade
- b) Preponderance of MNC's around the world
- c) Ease in obtaining cheap labour resource
- d) Global diffusion of technological innovations
- e) Promotion of values, culture and ideas

#### 4- Such benefits are not one sided

- a) Their dominance in world trade, ensures the availability of premium commodities and services for developing countries.
- b) Presence of MNC's attracts revenue and boosts the economy of developing nations
- c) Obtaining cheap labour also creates job opportunities and alleviates poverty in the underdeveloped nations
- d) Access to advanced technology enhances the lives of people of the third world countries
- e) Developing countries are also afforded an equal opportunity to share their values, culture and ideas.

#### 5- Still the developed nations benefit greater than developing nations.

- a) Dominance in world trade creates reliance of many countries on the developed countries for goods and services.
- b) Multinational corporations contribute greater to the economy of the home nation
- c) Overall production cost is reduced leading to cheaper products and services in the developed countries.
- d) More economic benefit and prestige of developed nations through technology

e) Ideal culture is of the developed countries.

6- Conclusion

### "Essay"

A famous Hollywood film named "The Worthy", portrayed a strong macho man facing a frail man, in a tournament which was soon to come. The winner of the contest was to be recognized as the best fighter in the world. The frail guy had an opportunity to establish himself, but owing to his small stature and inadequate preparation, he was unable to measure up to his opponent's standards. The macho man knocked him out in the opening round of the competition. Due to his strength and extensive preparation, he was able to win the match. It depicts the significance of being strong and prepared if you want to seize an opportunity. Such is the case with globalization. The developed nations are already strong whereas the developing nations are still struggling to advance. However, globalization has benefited both the developed and developing countries. Despite its benefits to both, it has still advanced the developed nations more. No doubt, equal opportunities were for both but due to dominance in power and resources the developed nations reaped the fruit from it. This is proven as they have more dominance in world trade, have greater access to the markets of the third world countries, have ease of access in cheap labour resources and have diffused their technological innovations all around the globe. With that it is their culture and values which have also prevailed in the world. However, their actions somewhat benefit the developing nations too. Like they get access to premium products, more foreign direct investment and employment opportunities, availability of advanced technologies enhancing people's lives along with an equal opportunity to share their values and culture.

Globalization is significant for all nations. Not only has it provided access to trade, market, labour and technology but also has become a basis for cordial relationship among the states. It has connected the entire world with one another and also increased reliance of countries on each other. It is through globalization that they are able to survive in the current times, by interacting

with one another. This system of interaction is beautifully portrayed in Wallerstein's world system model. Where he shows the cycle of trade between the peripheral, semi-peripheral and the core countries. Explaining the complex economic relationships that exists in our world. So globalization holds significance for both the developed and the developing states.

If we see it through the perspective of developed nations, then globalization has made them dominate in world trade. The greatest volume of trade occurs between the developed, rich countries especially between the industrial leaders such as Germany, Japan, the United Kingdom and the United States. For instance, according to the World Trade Organization the EU, US and China together accounted for 45% of imports and 44% of exports of goods ~~and~~ globally in 2021 (europa.com). USA alone in 2020, exported an estimated \$2.17 trillion worth of goods and services (worldpopulationreview.com). Therefore globalization has given the first world countries an upper hand when it comes to trade.

Moreover, majority of the multinational corporations around the globe are of the developed nations. They have accessed all kinds of markets and have gained a large audience, eventually leading them to greater profits. For example USA is the country that has the most multinational corporations, numbering 719 companies as of 2021. That is 33% of the total MNC's globally. Following the United States is Japan with 264 MNC's. Moreover the largest company in the world by market capitalization is Apple. As of March, 2022, it has a market cap of \$2.7 trillion. After Apple the next largest company is Microsoft with a market cap of \$2.2 trillion (investopedia.com). Many colossal MNC's like Volkswagen, Amazon, McDonald and FedEx also originate from USA. Globalization therefore has greatly aided the businesses of the developed countries.

Along with having most of the MNC's, the wealthy nations can also easily acquire cheap labour from the underdeveloped countries. It's a natural benefit which comes due to economic disparities. It helps them produce products at a lower cost and pumps up their profit. For instance, many US ~~contact~~ contact centres hire workers from developing countries like Pakistan. Therefore, they

pay \$100 to someone in Pakistan and receive the same service as they would by paying someone in USA, \$200 each month. Due to the disparity in currencies and wage rate the worker in Pakistan is nevertheless receiving a sufficient wage. Nowadays, thanks to technological advancement, corporations procure services from emerging countries on various platforms, online such as Fiverr. Hence the affluent nations capitalize this opportunity more from globalization.

Furthermore the advanced states have diffused their high technology all around the world. High technology exports are products with high R&D intensity, such as aerospace, computers, pharmaceutical, scientific instruments and electrical machinery. With already possessing such high technology, globalization has helped them roll it out to other nations as well. According to the National Statistics Office, based on a comparison of 144 countries in 2020, China ranked the highest in hi-tech exports with \$758 billion followed by Hong Kong and Germany. Today majority of people have access to the internet, laptops, iPads and smartphones. In 2022, the number of smartphone users in the world estimated were 6.648 billion, which translates to 83.32% of the world's population owing a smartphone (bankmycell.com). This diffusion of technology from the emerged nations to the emerging ones has been made possible due to globalization.

Along with the diffusion of technology the values, culture and ideas of the first world countries have also spread. Because developed nations have their hands more spread around the globe they reinforce their culture more. Globalization in various ways has promoted it like through media, films, clothing, technology and exchange in labor force etc. For instance jeans were originally designed for American cowboys but are now worn by people all over the world. Moreover, nowadays South Korean culture is influencing both the Pakistanis and Indians through music. USA on the other hand has left its print on the entire world including Pakistan. This indirectly benefits them because people often get influenced by them and opt for their

goods and services. In short, developed countries have benefited from globalization.

However, by flipping the coin we see that such benefits are not one sided completely. If the developed nations have gained dominance in world trade, then this has ensured availability of premium products and services for the emerging nations as well. The developed countries have more sophisticated technology, so they do better in terms of product quality.

They export premium materials and services to emerging countries. Ultimately, making the operations of the businesses and institutes of the underdeveloped nations more efficient.

This improves the overall productivity of their country and promotes market growth through competition. For instance access to various high quality beauty product has improved customer satisfaction for many saloons. It has also enhanced the lives of the people and kept them up to date with the new advancements. Moreover, it wouldn't be wrong to say that it has also open up the mind of individuals and encouraged innovative business ideas for entrepreneurs. So dominance of developed nations in world trade has indirectly benefited the emerging nations as well.

Moreover, when multinational firms invest in the markets of the developing nations they become a source of revenue for them and helps boost their economy. The operations of these corporations not only earn profit for themselves but also benefit the country in which it is operating. They add to the host country's GDP through their spending for example with local suppliers and through capital investment. Additionally, they are required to pay taxes where ever are operating. MNC's are often giant firms and may be able to contribute towards the development of transport, communications and financial services that are needed to support export activities and trade in the host country. They transfer capital intensive techniques which improve efficiency of the host country by maximum utilization of resources. For instance, Cola Cola announced a

\$50 M investment in a 7<sup>th</sup> production facility in Pakistan in the district of haripur, KPK on 16<sup>th</sup> June, 2021 (therevenue.com). Therefore MNC's benefit the host countries as well.

Along with benefiting from MNC's, when developed nations acquire cheap labor from developing nations, it creates job opportunity and helps alleviate poverty in their country. Many people in the developing nations face unemployment problems due to lack of jobs and poverty usually prevails in such nations. However globalization has assisted the developing states in catering with these problems. Many MNC's operating in such countries hire employees and pays them sufficient wage. For example, many giant MNC's like McDonald, Cola, KFC, Unilever, Suzuki ~~and~~ Honda etc are currently operating in ~~Pakistan~~ different parts of Pakistan. They all employ huge labour force from Pakistan for their operations therefore increasing employment in the country. This eventually leads to alleviation ~~of~~ in poverty rates as well. For instance, there are about 6055 Pakistani work force employed in a single branch of Coca Cola (cocacola.com). Hence acquiring cheap labour from developing countries is beneficial for the developing nations as well.

Furthermore, the spread of advance technology from the emerged states to the third world countries has enhanced the lives of people. Access to advance equipment, computers, softwares, smart phones, telecommunication and availability of the internet in almost every nation has made the lives of people much easier. For instance, a study conducted in India to examine the impact of technology on different aspects of human life during the Covid-19 pandemic. Data from 212 people were collected using a survey. The results showed that there was a drastic increase in screen time during the pandemic. Further, the participants found useful in connecting with people and in maintaining their physical and mental well being (Subodh Kumar, July 2023 1). This study has helped us understand how technology is affecting our life, when we ourselves are under the constraints put on by the pandemic like uncertainty, social distancing, lockdown

and living under the confinements of home. The availability of such advance technology to all nations especially the poor developing ones, has been made possible due to globalization. So this act of developed nations has benefited the developing nations as well.

Adding more to it, if globalization has diffused the culture values and ideas of the developed nations then it has also given the developing nations an equal opportunity for it. When states interact with one another and individuals of distinct culture and ideas communicate with each other they get to know each others culture and traditions. This does not mean that the values of the developing countries are neglected instead both are given a fair chance. In many parts of the world, the culture of the third world countries prevails. For instance indian culture is adored by many and has its imprints in many parts of the world. Therefore, it would be wrong to say that the developing states are not given an opportunity for their culture, ideas and values.

However, if we see the big picture then regardless of these benefits to the developing nations globalization has still aided the developed nations more. If the dominance of developed states in world trade has ensured premium products for the developing nations then it has also given the developed states an economic edge through trade. Many countries trade with them and this has created reliance upon them for certain goods and services. This dependence economically benefits them a lot. According to the United States Trade Representative, the top five purchasers of US goods exports in 2009 were: Canada (\$292.6 B), Mexico (\$256.6b), China (\$106.4b), Japan (\$74.4b) and the United Kingdom (\$69.7b) (ustr.gov). These countries rely upon USA for certain commodities and this economically aids United States a lot. Hence when it comes to world trade then globalization has given the developed nations an upper hand.

Along with that if we see the other end of the benefit of MNC's, then multinational corporations benefit greater to the economics of the home nation. No doubt they are a source of revenue for the developing country in which they function but what they accumulate due to cheap labour and greater market capitalization for their home country is nevertheless the same. For instance a review of the MNC's of UK and USA operating in Pakistan found out that the UK companies repatriated around \$170.3M while US based firms sent around \$146.7M back to their home countries. During the period under review (Salman Siddiqui, Jan 29<sup>th</sup>, 2022) (tribune.com). Moreover Apple, which has its branches all around the world has recorded a revenue of \$394.328 billion in 2022. This shows how much benefit do these firms earn from globalization for their home countries. Therefore, this further solidifies the opinion that developed nations benefit more from globalization.

Moreover, if we talk about cheap labour creating job opportunities and reducing poverty in the developing countries then that is true but on the other side, it has reduced overall production cost in the developed nation; leading to cheaper products and services. When businesses acquire low cost labour from developing nations, they are able to make their operations more efficient by reducing the overall production cost. This allows them to reduce the price of their product or service and therefore encourages market growth through competition. Ultimately, ensuring low cost products and services for the masses as well. For instance, the minimum wage in Colombia as of 2021 was about \$1.61 an hour, and based on a work week of 48 hours the yearly wage becomes a bit above \$4000. If US employs labour from them then they only opt to pay them \$4000 a year. This will help them earn more by reducing cost and will even reduce their product prices. Thereby, boosting economy of the country. So cheap labour benefits the developed countries more as compared to the developing ones.

Furthermore, expansion of technology from the developed nations to the third world countries is still more advantageous for the developed countries. The economic benefit that



comes from exporting advance technology is massive. For instance, according to World Intellectual Property Organizer (WIPO) in the first 10 months of 2020, USA exported high tech goods of worth \$207.4 billion and south korea of \$137.8 billion. This shows how much economic benefit developed countries earn from technology. Additionally, when advance technology of the developed is used for various purposes all around the world, it creates prestige and ~~name~~ name of their country. For example, when Pakistanis use imported premium products of united states, they feel honored and good about it and therefore it increases reputation of US. Hence, spread of high quality technology benefits the developed nations more.

In addition, regardless of both the developed and under-developed countries having spread their culture and ideas through globalization, it is still the culture of the developed nations which is considered ideal in most parts of the world. That is because these nations have more reach around the world. Along with that dominance in movies, technology, media and internet have played a pivotal role in it. It also indirectly brings economic assistance for these countries as it promotes xenocentrism among the masses of the developing states. For example now a days, many people of Pakistan consider the culture of the west as ideal, particularly <sup>that</sup> of europe. This makes them more inclined towards their values and norms rather than their own. Hence it also has brought economic benefit for the developed nations. So globalization has aided the developed nations more even through the spread of their culture and values.

In a nutshell, globalization is mesn't for the whole world, wheather it be for a developed or a developing nation. It has given a chance ~~for~~ to economically, socially, technologically and politically benefit one ~~self~~ <sup>self</sup>. But how much advantage one nation can take from it depends on how much strong they are. In this case, ~~the~~ the developed nations are more advance and hence are better prepared to benefit from it. Therefore globalization has aided them more as has given them dominance in world trade, provided easy access to cheap labour resources,

Expanded their corporations more internationally, spread their technology throughout the globe and along with that their culture and ideologies as well. No doubt on the other end the developing nations have also benefited from their actions as they have gotten access to premium products and services, more employment and less poverty in their country, ease in lives of their people by acquiring advance technology, more revenue from MNC's and a equal chance to promote their culture and values. Yet in the end, benefits to both are not equal and it is the developed nations which have benefited more from globalization.

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