

Name: Sajid Ali

(MOCK EXAM - 5)

ESSAY

5. Who has benefited more from globalization: developed or developing countries?

Outline

1. Introduction

2. Understanding the Concept of Globalization

3. How have developed countries benefited more from Globalization?

a) Enhancing Trade and Commerce through Trade Liberalism;

i) Increasing American trade through free trade regime supported by the World Trade Organization

b) Increasing Concentration of Wealth by global North over Global South;

i) Oxfam study emphasizing how developed world accumulate more wealth than developing world

c) Growing network of multinational corporations (MNCs) of advanced countries in the developing world;

i) Investment of Shell oil company

and Nestle brand

d) Mounting exploitation of cheap labor and raw material by developed countries to increase productivity

e) Growing monopoly of developed world over currency market;

i) American dollar, the mostly used reserved currency across the globe

f) Boosting pace of research and development of global North;

i) Global race fuelled by the western countries to have greater control on COVID-19 vaccines

g) Increasing monopoly of the advanced economies over technology;

i) Technological competition in the west on developing artificial intelligence system such as OpenAI's Chat GPT

h) Expanding control of international institutions by the developed world;

i) American-controlled financial institutions - the World Bank

and IMF (International Monetary Fund)

i) Increasing high standard of living in core states as compared to periphery states;

ii) Higher human development indicators of Nordic countries than that of developing countries

4. Developing countries have benefited more from Globalization; Counter Arguments

a) Trade surplus of developing countries in exports;

i) China holding trade surplus with the United States

b) More remittance earned by developing economies through their diasporas

c) Enhanced online business among the emerging economies

5. Conclusion

ESSAY

Ever since industrialization took place, globalization has gained momentum. During the era of industrialization, advanced machineries encouraged the industrialists to acquire cheap labour and raw materials to enhance their industrial productivity. Resultantly, industrial countries held edge over the less developed regions in the very globalization age. Even during the recent times when the covid-19 engulfed the world, the developed economies were the first to prove their technological might through developing vaccines. This is how globalization has enabled ^{the} developed economies to acquire more benefits contrary to the emerging economies. Moreover, there has been enormous gains for advanced economies in the realm of international trade. The global north has also gained currency when

it comes to concentration of wealth. In the age of artificial intelligence, advanced automation have increased economy of the advanced economies countries manifold due to technological monopoly. Apart from artificial intelligence, these countries have made the most of globalization through controlling global financial institutions. However, some people view that developing countries have benefitted more from globalization than developing countries. They say that some developing economies have trade surplus with advanced economies. But they are ignorant of the fact that a major of developing countries are deprived of technological and scientific advancements to make the most of globalization. Hence, it can arguably be established that developed world has benefitted more from globalization.

Before moving forward, it is pertinent to briefly explain the concept of globalization. The term "Globalization" signifies the integration of people, cultures, societies and economies. It calls for the world a global village marked by a complex web of interdependence. From people to people contact to capital flow across the world, there have been various manifestations of globalization.

To start with, developed countries have benefited more from globalization than developing countries because the international arena is marked by enhanced trade and commerce of advanced economies. Globalization has introduced the concept of free trade which guarantees exports and imports rights of all countries. However, the World Trade Organization - led

trade regime has benefited advanced economies more than developing countries. To manifest this, The Economist, an international magazine, revealed that America earned more in exports in 2022 than other countries in the global south (except china). Thus, the advanced economies hold sway over developing economies when it comes to trade and commerce.

Not only trade and commerce but also wealth accumulation of global north is another indication of more benefits acquired by developed world from globalization. Although globalization has created opportunity for all to get economic gains, yet advanced economies have obtained more advantages. According to Oxfam study, billions of dollars were earned by global north through their MNCs in global south.

Therefore, one cannot deny the fact that global north has accumulated more wealth as compared to the global south.

Moreover, on front of foreign investment through multinational corporations, the developed world has also gained comparative advantage. Despite the fact that globalization has open the door of foreign investments to generate revenue, yet the developed economies gained more than emerging economies. There are a number of foreign investment companies from ^{the} developed countries which are working in the developed world. For instance, Shell oil company and Nestle are some of the prominent MNCs working in the African and Asian countries. Thus, the investments through MNCs is another manifestation of the

advanced economies acquiring more benefits from globalization.

Apart from it, in the pursuit of increasing productivity, there has been mounting exploitation of cheap labor and raw material by the developed countries. In the field of international relations, the concept of core and periphery nations is well-known. The concept signifies the acquisition of cheap labor and natural resources by the developed countries from the poor countries. This builds the case that the advanced economies increase their productivity through globalization of goods and services as compared to the poor nations. In a nutshell, in the arena of economic globalization, the developed world does not lag behind.

Furthermore, growing

monopoly of developed world over currency market also strengthens the arguments that the advanced economies have comparative edge over the developing countries. Globalization has offered a chance to trade with foreigners in a certain currency. However, the monopoly of the American dollar over the other reserve currency is dominant. This indicates that the advanced economies have acquired more gains from globalization.

Additionally, there has also been increasing pace of research and development of global north. During the era of the covid-19 pandemic, the world was desperately looking for antidote to the covid-19. Amid these circumstances, global race ~~was~~ started on developing vaccines.

As a result, the global north at large became winner.

This development reflects ~~that~~ how ^{the} developed economies gain currency in the realm of technological integration.

In addition, in the realm of the 21st century's technological advancement, ^{the} developed economies have gained more from globalization.

Due to ^{the} worldwide integration, ^{the} flow of information has become advanced more than ever before. The age of artificial intelligence has increased the pace of ~~disseminating~~ disseminating information.

In this area, the developed economies have made rapid strides. The American company, OpenAI's ChatGPT is one of the evolving artificial intelligence technologies developed by global north showing acquisition

of more benefits by the developed world.

Moreover, when it comes to financial institutions, the developed world has edges over ^{the} developing world.

From the establishment of the World Bank to the formation of the International Monetary Fund, the advanced economies have significant role. Due to these institutions, the world trade at large is controlled by the global north led by the USA. Hence, expanded control over international institutions is another indication of the developed economies' control over globalization.

Besides, the rich states have higher standard of living as compared to the poor ones due to acquisition of more benefits by the former from globalization.

On account of monopoly over technology, trade and foreign investments, the developed world enjoys more benefits from globalization. For example, the nordic countries have better performance on human development as well as per capita income. Resultantly, they enjoy the higher standard of living. Hence, it can be established that globalization has benefited the rich countries.

The above paragraphs discussed how the developed countries have gained more from globalization than developing countries. However, the following paragraphs will shed light on the counter arguments.

Firstly, some people view that trade surplus of developing countries discards the notion that the advanced economies are main beneficiaries

of globalization. They say that the developing economies have like China has trade surplus with the USA. However, one cannot ignore the plight of many other countries of the developing world from Pakistan, South Africa, Yemen to Nigeria. Hence, it can be argued that the advanced economies still hold sway over many developing countries in terms of ^{providing} benefits of globalization.

Secondly, the critics view that more remittances earned by developing economies through their foreign nationals showing more advantages acquired by the developed world from globalization. The proponents of this view argue that the developing economies like India, China and Pakistan are earning billions of dollars through remittances, advanced by

globalization. However, if it had been true, Pakistan could not have turned to the IMF box ^{meeting} balance of payment crisis. Hence, it can be said that the advanced countries have made the most of globalization.

To sum up, the developed economies have acquired more ^{advantages} from globalization than the emerging economies. Some people, however, believe that trade surplus of the developing economies with the advanced countries discards the argument that the developed world has comparative advantage over the rest of the countries. Nonetheless, on various occasions, the developed world has been a major beneficiary of globalization. From monopoly over the world trade to technology, the advanced

economies have gained ground in the age of globalization. Resultantly, they end up having higher standards of living. Besides, they have an enormous investment potential abroad as a huge network of MNCs working abroad.

Thus, one cannot deny the fact that developed countries have gained more benefits from globalization than developing countries.