

①

## Essay

Who has benefitted more from globalization  
Developed or developing world

1. Outline

① Introduction

Thesis statement

Globalization has brought prosperity to the whole world, but its dividends have not been evenly distributed.

By creating a system based on dependency and exploitation, developed world has made the most out of globalization

2. Who is the ultimate winner of globalization

3. Developed countries have taken greater advantage of globalization

i. It has enabled them to access resources in developing countries

ii. It has provided them with the opportunity to invest in new markets.

(2)

- iii Skilled labour from developing countries is bolstering the work force of global north.
- iv Cheap labour and lax regulations are resulting in greater profits
- v. Globalization is resulting in the proliferation of western values

4. Critics of this view believe global south to be the bigger beneficiary.

- i. Selling of raw material has greatly enriched developing economies
- ii. FDI has led to improved infrastructure and enhanced industrial base
- iii. Immigration has increased remittances exponentially
- iv. Cheaper labour has resulted in affordable products.
- v. Some of the western values are beneficial for the developing world.



(3)

5. Despite all the benefits, developed world is still the winner of globalization
- i. Cost of raw materials is minimal compared to the finished product
  - ii. FDI often buys political influence in the developing world.
  - iii. Immigration is leading to brain drain in the developing world.
  - iv. Local industry cannot compete with the prices of MNCs.
  - v. Proliferation of western culture has resulted in the loss of indigenous identities

6. Conclusion



(4)

"Ensuring that benefits of globalization are shared widely remains a challenge" - (Sushma Swaraj, World Economic Forum)

Globalization has largely remained a force of good, but it has a tendency to provide unequal benefits. The free movement of goods, capital, labour brought by the liberalization of trade policies led to exponential economic growth, millions of people escaped poverty and standards of living improved across the globe. Indeed globalization has brought prosperity to the whole world, but its dividends have remained unequally distributed among nations. By ~~the~~ creating a system based on exploitation and dependency, the west has made the most out of globalization. By enabling the developed world to access raw material of developing countries, it has ensured the wheel of western industry turn round



(5)

the clock. The liberalization of trade policies has provided them with the opportunity to venture into new markets which offer greater profits due to cheap labour and relaxed regulations. Moreover, the influx of skilled workers is bolstering western workforce and enabling proliferation of western culture in their home countries. On the other hand there are people who believe that the developing world has been the bigger beneficiary. Through sales of raw material, they have enriched their economies, Foreign investment has led to improved infrastructure and affordable products. Despite all these benefits, the developed world remains the ultimate winner of globalization. This essay shall discuss how the west uses globalization to enrich itself and how it extracts maximum advantage out of the process.



Globalization is the process of integration of the world economy through policies of liberalization of trade. It encourages free trade among nations by removing obstacles such as tariff barriers and protectionist policies. Such actions have resulted in the increase in global trade volume. In 2021, global trade hit a record high of \$28 trillion, (Global outlook report, 2022). The benefits of this increase are not confined to developed economies. The trade ~~of~~ among developing countries increased from 8% in 1980 to 21% in 2019. (WTO, 2020). Despite the fact the west is still the major beneficiary due to its monopoly over supply chains and various economic sectors. For example, developed world currently holds 60% of the global service industry.



(7)

Due to its economic resources and political clout, the west uses the system of globalization to reap greater benefits.

The process of globalization has enabled the global north to access raw materials and resources of developing countries. Through sophisticated and well coordinated supply chains this raw material is transformed into a finished product. Raw material is in short supply in many industries like electronics and electric vehicles nowadays.

For example USA buys most of its Cobalt from Democratic Republic of Congo. It is the main component used in the manufacture of electric vehicles. Therefore by utilizing resources of developing countries, west ensures the smooth running of its own industry.



(8)

Due to relaxation of protectionist policies - which protect local industry in developing countries - multinational corporations have gained access to new markets. Investment in new and unexplored markets increases the economic footprint of these conglomerates. Most of these corporations belong to the developed world. For example in 1990, the combined revenue of fortune 500 companies was \$4.8 trillion. In 2021 it expanded to \$33 trillion. Such a massive increase in revenues has only been made possible by investments in newer market which in turn spurred growth for these MNCs.

Nowadays, the developing world is experiencing a massive exodus of skilled workers and professionals. These workers are looking for work opportunities abroad due to grave economic conditions at



(9)

home. Most of these workers usually immigrate to developed countries because they offer better salaries and living standards.

For example in 2022, more than 8 lac Pakistanis moved abroad in search of work.

(Pakistan bureau of emigration and employment, 2023). Such

a skilled human resources proves to be an asset to their adopted countries and contributes in the progress of developed world.

Developed countries mostly outsource their industries to developing nation due to the availability of cheap labour and low regulations. This leads to reduced operational costs and increased profits. By outsourcing its manufacturing to India, Apple Inc increased its profit margins from 27%



(10)

to 41% (McKinsey Institute, 2019). Moreover, outsourcing also reduces the production cost thereby making the product more affordable and competitive in the market. Therefore, outsourcing allows western countries to extract maximum advantage from globalization.

Globalization has also led to cultural diversity. This amalgamation of cultures has created a global culture which is dominated by the western values, narratives and trends. Through social media, television and videogames, western culture has proliferated into the developing world.

For example, children in Pakistan are attracted to fast-food like KFC and McDonalds and prefer eating it over local food. Therefore, globalization has led to the adoption of western culture.



(11)

in developing nations.

While most people believe that west has benefited more from globalization, there are some who don't prescribe to this idea.

Critics of this view believe that selling of raw materials has immensely enriched developing economies. It has resulted in the accumulation of much needed foreign exchange which is the main driver of growth in these economies. By selling raw materials like rare earth minerals and hydrocarbons they have been able to provide their populations with facilities such as health education and infrastructure etc. for example, Saudi Arabia used to be a poor country before the discovery of crude oil, but by utilizing its hydrocarbon resource, it became one of



richest countries in the world.

Proponents of this view believe that foreign investment has brought massive improvements in infrastructure and has bolstered the industrial base in developing countries. This has led to creation of jobs for local population and supplementation of economic growth. For example CPEC, which is the flagship project of China's Belt Road Initiative has brought about an infrastructure revolution in Pakistan. The \$65 billion projects has created networks of roads, motorways and railways which will enable Pakistan to become a transit corridor in the future. Projects under CPEC also include Power projects, industrial zones, special economic zones. Therefore foreign investment can transform developing countries into competitive economies.



(13)

Critics argue that exodus of skilled workers is not such a bad thing as it brings in a flow of remittances. Workers living abroad send money to their families in their home countries, which provides developing economies with valuable foreign exchange. For example, remittances in Pakistan reached a record high of \$ 31 bn in 2021, which was almost equal to the exports of that year (Economic Survey of Pakistan, 2022). Remittances contribute in improving the overall economic conditions of the country and are a vital source of income.

Outsourcing often results in cheaper and more affordable products. Local population of the host country also benefits from outsourcing, as it leads to job creation, greater competition in market. Imported products



cost a great fortune and are out of reach and affordability of the populace. Cheaper products manufactured locally allow the less privileged segments of society to buy these products for example, Phones like Samsung and iPhone have become quite expensive due to the depreciation of rupee in the international market. In comparison the Chinese phones provide a viable alternative. Many Chinese phones like Q Mobile are manufactured locally which results in reduction of manufacturing costs.

While many believe that proliferation of western culture is a negative thing. There are some western values which are highly beneficial for developing countries. For example, qualities like work ethic, professionalism and hardwork can bring about



a positive change in the attitudes of the people living in developing countries. Values like honesty, rule of law are most desirable for global South.

Despite all the benefits accrued by the developing world, West is still the winner of globalization. This is due to the fact that the system of globalization was created by the global elite & to give it an upper ~~hand~~ hand.

Although global south has benefitted by selling its raw materials, its share of profits is miniscule compared to what the developed world earns by selling finished products. For example, the factory price of the cheapest Tesla car is around \$40 thousand. Lithium and cobalt



are acquired from poor countries at a fraction of the cost.

By using these raw materials sophisticated finished products are ~~made~~ manufactured. This illustrates the exploitation of global south by the global north.

Although foreign direct investment improves infrastructure and industrial base, at the same time it buys political influence for the investing countries. The United States uses FDI as a tool to propagate its foreign policy.

In the aftermath of World War II, USA introduced Marshall Plan to provide financial help to war ravaged Europe.

In return, of the aid, the beneficiary countries were to promote democratic values and US foreign policy objectives. This lends credence to the idea that



Foreign investment is a tool used to propagate western agenda.

While emigration brings remittances to the developing world, it also causes brain drain. This leaves the global south devoid of expert professionals who can contribute immensely to their national economies for example, In 2022, more than 17000 skilled professionals left Pakistan in order to work abroad. Such a loss of talent can have adverse effect on developing economies.

The ~~negative~~ <sup>adverse</sup> effects of proliferation of western culture are becoming more obvious with each passing day. Although some of the

The globalized culture dominated by western values is eroding cultural identities in the developing countries. This has led to an acute identity crisis



in global south. Taboos like homosexuality are being normalized in developing societies through dramas and films. The youth is foregoing its own culture and values and adopting western values and attire to become more acceptable to their peers. This may eventually lead to the loss of cultural and linguistic identity in the developing world.

In a nutshell, the west has used globalization to its advantage by exploitation of the global south. Its exploitation of natural resources and use of investment as a tool to propagate foreign policy ~~have~~ has perpetuated a cycle of dependence. The monopolization of developing economy by MNCs has resulted in the collapse of local industry



Moreover the proliferation of western culture has resulted in the loss of cultural identities in the developing world. Through the discussion in this essay it has become clear that the developed world has benefitted immensely from globalization.