

### Globalisation: Contemporary issues

5.4 Globalisation, poverty and inequalities

Debates about the impact of globalisation on life chances in developing countries, in relation to education, income and health School

### **Education**

- Literacy demographic factor in terms of overall social development as well as individual
- Between 2000 and 2015 following the Dakar Education Forum and the setting by UN Millennium Development Goals - TNCs and NGOs were able to help improve education in these countries
- By 2015, UNESCO Education for all global monitoring report- Number of children not in school has fallen by a half
- Education for girls is seen as effective not only in getting women into workforce but also in raising general education and health standards

- Gap between rich and poor has increased in education Poor families less likely to attend school
- Consequence of inadequate education- 781 million illiterate adults-14% (4% decrease since the year 2000)
- More children in developing countries can have better teaching and facilities through aid, growing prosperity, easier access to the internet.
- Education modelled on the Western system Cultural imperialism

# <u>Income</u>

- The amount of money and other resources coming in a period through wages, salaries, rent, profit or investment or any other sources.
- The world bank defines poverty as living on less than 2 dollars a day
- By 2013 there were 767 million people in poverty which is around 10% of world's population (1.85 billion in 1990)
- Progress in industrialising economies of countries such as: Brazil, China,
   India. Lifting millions out of poverty
- <u>Paul Collier</u>: around a billion people are being left behind, referred as the "bottom billion" or Africa plus

- Globalists argue that the lack of progress is because these countries have not globalised enough. Africa is not integrated into the global economy like other parts of the world.
- Sceptics argue that bottom billion have been made poor by globalisation, in its previous colonial period and now, becoming globalised now will deepen poverty.
- Development gap has moved great majority and the bottom billion.

## Health

- Globalisation of Western consumer-led lifestyle is changing the health of the people
  - Infectious diseases: diarrhoea
  - Bacterial and viral diseases: polio, cholera, hepatitis and typhoid
  - Airborne diseases: tuberculosis, pneumonia, meningitis, whooping cough, diphtheria and influenza
  - Parasitic disease: malaria
- Sutcliffe (2001): Developed countries: 5% of deaths from these, majority non-infectious medical conditions - cancer and heart disease
- Associated with lifestyle 'diseases of affluence'

- Communicable diseases were brought under control in developed countries by: Nutrition and diet, hygiene, reproductive behavior
  - Aided by improvements in education and literacy
  - Death rates fell, but the threat remains
- Changes to lifestyles and the environment can lead to new disease threats - HIV, SARS, Ebola
- Growth of "diseases of affluence" in developing world



- Sceptics argue that globalisation is creating new health issues:
  - Adoption of lifestyles of the rich world-increase in cancer and heart disease
  - TNCs increasingly marketing junk foods and other products with health risk (cigarettes)
  - TNCs causing pollution which can affect health
  - Pharmaceutical TNCs being reluctant to make their medicines available at the price that people can afford
  - Poor funding of medical research into medicines and treatments for diseases that affect mainly poorer people
- Globalisation changes the demands on health service

## The role of transnational organisations in tackling global inequalities and the extent to which they have been successful School

- United Nations
- International Monetary Fund and World Bank
- The European Union
- World Trade Organization
- World Health Organization
- TNCs



- The UN, 193 member states, promotes global development agenda through programs such as HDI and Sustainable Development Goals. The UN covers a range of institutions:
  - Political institutions (General Assembly, Security Council, International Court of Justice) - international peace and security
  - Economic institutions (IMF, World Bank) development issues (international trade, finance and sustainable development)
  - Cultural agencies (Office on Drugs and Crime, UNICEF, WHO) social and health issues
- UN's official aims:
  - ensuring international peace and security,
  - encouraging cooperation to resolve economic, political and cultural problems,
  - dispute resolution and
  - promotion of human rights and freedoms

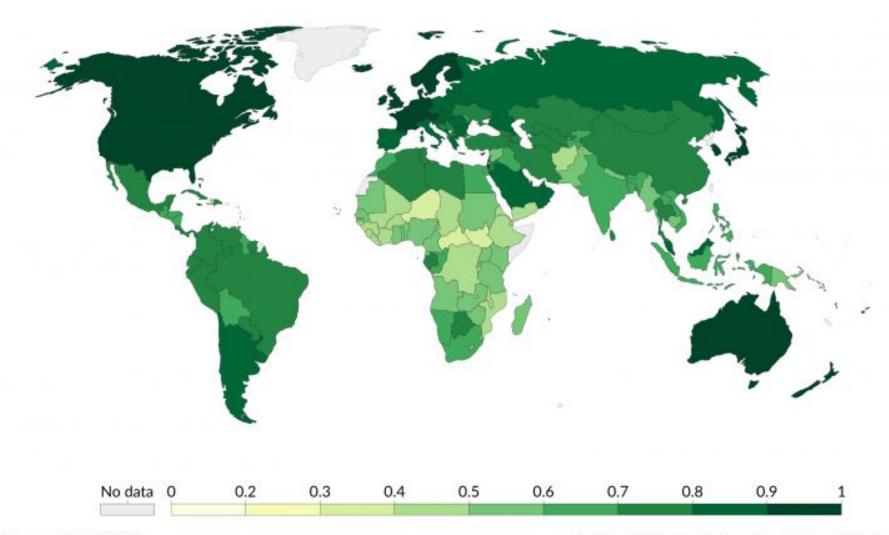
- 1990, UN developed HDI attempt to combine social and economic indicators to assess and rank countries based on:
  - life expectancy at birth,
  - knowledge, as measured by literacy and educational provision,
  - living standards measured by GDP per capita
- Score goes from 0 to 1 (0.35 for CAR, 0.95 for Norway)



### Human Development Index, 2017



The Human Development Index (HDI) is a summary measure of key dimensions of human development: a long and healthy life, a good education, and having a decent standard of living.



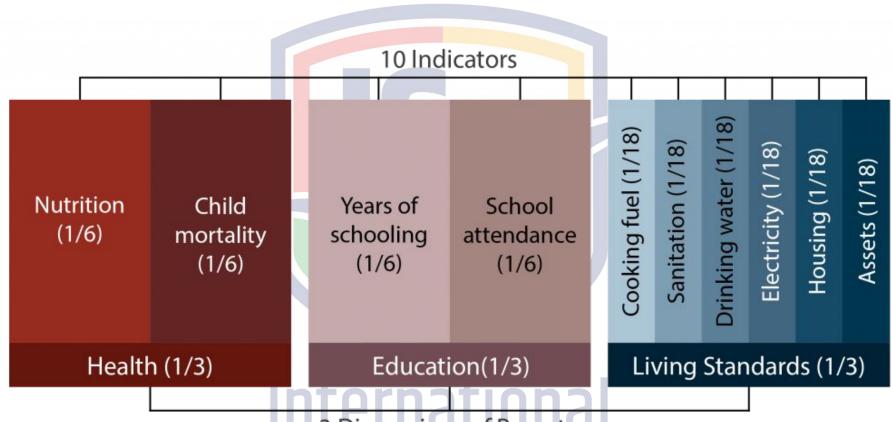
#### **Benefits:**

- Not ranked based on predetermined "development scale"; instead, uses quantitative data to reflect qualitative criteria
- "Level of knowledge" = 75% literacy measures literacy rate
- Measures end of social development in terms of raised living standard
- Indicates issues of overdevelopment: heart disease, obesity, affecting affluent societies and reducing their life expectancy

#### Drawbacks:

- Reliability and validity
- Less developed countries lack resources to keep accurate statistics
- Has to be used with other indexes: HPI
   (human poverty index) that measures social inequality, GDI (gender development index)





3 Dimensions of Poverty

© Oxford Poverty and Human Development Intiative (OPHI)

- Specialised agencies within UN: IMF and World Bank 1944.
  - Primary development role lend money at lower (concessional) rates to LICs
  - Lend money to MICs at non-concessional rates that struggle with raising loans in private markets
  - In "exceptional circumstances" IMF lends money to developed countries: in 1976, UK required emergency of 2.3 billion pounds loan
- WTO deals with agreements upon free trade
- IMF has a membership of 189 countries, each paying subscription based on its relative economic size USA greatest contributor
  - Non-concessional loans to fight economic problems and concessional to fight poverty
  - Crisis prevention measures (advice), adaptation of economic policies (funding)

The World Bank primary objective: reducing poverty, improving living standards

World bank provides two main services:

- 1. Educational support related to economic concerns debt management, repayment, relief and cultural concerns such as health issues
- 2. Economic support low interest loans, interest free credit, grants infrastructure education, health



- To receive assistance, countries have to fulfill certain political and economic criteria
- Economic conditions vary, Greenhill (2004): "the World Bank is is still lending money to developing country governments on condition they adopt specific economic policies such as privatisation"
- Neo-liberal capitalism widest possible role of private sector in determining political and economic aims + ideas such as
  - Private ownership of all areas in the economy
  - Liberalisation of trade between countries
  - Access to internal markets for TNCs



The sets of conditions that receiving countries must agree to are called Structural Adjustment Programmes (SAPS).

- initial drop in living standards, removed subsidies, neo-liberals: long term growth
- neo liberalists: private businesses, generate profits and more jobs created, "trickles down" effect
- against: some remain low-income countries, lack of education, healthcare, benefits minority

For example, TNCs may only employ local people on low wages with few prospects, with expatriates employed for management positions, and profits will leave the country.



#### Typical measures included in SAPS include:

- deregulation of private industry and ending of restrictions on foreign investment
- privatisation of state-owned industries and services
- currency devaluation that increase the costs of domestic production and goods
- cutting government expenditure on social spending in areas such as health, education and food subsidies
- lower corporate taxation
- export-led strategic growth that involved producing goods for foreign markets, to increase national income

Hong (2000): these measures cause huge economic and social changes in developing nations. Many countries abandoned crop diversity for domestic consumption in favour of producing **cash crops**, such as coffee and cotton, that could be sold in developed markets.

While this offered several economic benefits for developed nations and TNCs, the overall result of the SAP strategy, according to Hong, was that developing nations suffered in a number of ways:

- Unemployment and poverty increased
- Government and private corruption increased
  - Hawley (2000): 'Western businesses pay huge amounts of money in bribes to win friends influence and contracts
  - Hanlon (2004): corruption flourishes in developing countries as a direct result of the 'economic liberalisation policies required of Southern countries by Northern donors'.

- Social conditions deteriorate (health)
- Ecosystems alter because of the environmental impact of enforced changes in land use
- Social dislocation and unrest result: Hanlon (2005) argues that 'the World Bank stresses the free market, small government, and fiscal austerity" - Sierra Leone unrest, civil war 1990s

SAP have raised questions about the strategic role of international agencies

Dalmiya and Schultink (2003): some international agencies, including the World Bank and WHO, have 'played a significant role in' raising nutritional standards and combating disease in developing countries.

The OECD (1995) defines aid as assistance given to promote 'economic development and social welfare a across the globe.

Official development assistance can be bilateral aid given by one government to another, or multilateral where aid is channelled through an organisation such as the EU or World Bank.

Its main purpose, according to the American Congressional Budget Office (1997), is 'to encourage equitable and sustainable economic growth in developing countries'. The concept of sustainable growth reflects the idea that economic aid should be <u>directed towards the</u> <u>specific development needs of the receiving country</u>. The long-term goal of this is to establish self-sustaining economic growth.

Poverty reduction - Oxfam

Business creation - one acre fund

Medical Medecins sans
Frontieres

Humanitarian Danish
Refugee
council

Philanthropist -Bill and Melinda Gates foundation

> Microfinance -Bangladesh rural advancement committee

Educational -Barefoot College



### Pursue activities such as

- Relieving suffering
- Promoting the interests of the poor
- Protecting the environment
- Providing basic social services
- Undertaking community developments



# NGOS

Shah (2005) - general perception of NGOs covers a wide range of groups with different forms of funding, organisation and aims.

- Corporate-funded think tanks
- Community groups
- Development and research organisations
- Charities
- Relief agencies



# NGOS

- Diversity = difficult to classify
  - NGOs that work openly with governments
  - NGOs that don't work openly with governments
    - Secretly with national governments
    - Secretly against promote political and economic aims, Schuh - to overthrow the Iranian government



### Increase in the Number of NGOs

- Increase over the last 50 years
  - World Bank more than 30,000 thousand in developed countries
  - UN 50,000 operating in areas such as development human rights security and peace politics
- Reasons according to Robbins (2005):
  - New forms of communications
  - Greater awareness of development issues (media humanitarian and environmental issues)
  - Ideological changes to how states view development
  - Ideological shift at government and individual levels



### **Role of NGOs**

Smaller amount of aid compared to bilateral/multilateral aid provided by IGOs

ODA (official development assistance) and neoliberals against states providing aid (economically distabling) - NGOs growing in importance

NGOs raise funds and help in emergencies

NGO Medecins sans Frontieres - Ebola outbreak 2014,

Quicker response than WHO



### Effectiveness of NGOs - sand dams in Africa

- Can undertake smaller projects more sustainable
- Sand dams project used local resources and technology trap water so people have accessible source of clean water and don't have to travel long distance to get it
  - Children can attend school
  - Communities involved sense of ownership
  - Expensive important spare parts not needed



### **Criticism of NGOs**

- Spending too much on administration
  - Donors complain not all money they give reaches the people that need it
- Working too closely with governments
- Faith based prioritise converting people
- Overly concerned with good publicity
- Behaving in patronising / exploitative ways
- More successful on local level



### **Effectiveness of aid**

### **Benefits**

- Stimulates industrialisation, allowing for transition from agricultural to industrial societies - bring developing countries into world political infrastructure
- Political advantage can ensure environmental targets are met
- Develop semi-peripheral and peripheral societies so that it contributes to global economic markets (<u>World systems theory - Wallerstein</u>)

Video: What is World Systems Analysis?



### Effectiveness of aid: Further benefits

- <u>Reconstruction projects</u> promote development following conflicts
  - US Iraq after Second Gulf War
- Reduce disease
  - Polio, smallpox eradication
- Humanitarian aid lessened natural disasters
  - Famine, drought in South East Asia + sanitation/education
- Helps to <u>develop economic infrastructures</u>



## Criticisms / drawbacks of aid

- 1. Official development assistance contributes to the client status of the receiving states
  - Developing nations stuck in dependency loop and economic development benefits mainly the donor country
  - US agency for international development USAID "the principal beneficiary of America's foreign assistance programmes has always been the United States"
  - 80% of contracts and grants go to American firms

**USAID: TWOFOLD PURPOSE** 



## Criticisms / drawbacks of aid

2. Neoliberal : trade rather than aid - most efficient/cost effective solution to problem of development/dependency/industrialisation

Only long term development solution - incorporate developing countries into global market economies

TNCs operate freely in developing countries

Develop natural resources

Generate employment

Develop indigenous economic infrastructures



## Criticisms / drawbacks of aid

3. Is aid the best way to promote political/economic development?

<u>Collier and Dollar (2002):</u> whether or not aid stimulates economic growth depends on the political situation

Stable countries benefit Unstable countries don't benefit

<u>Easterly et al. (2003):</u> no significant factual relationship between the amount of aid and economic growth of recipient countries

Should politically stable countries even receive aid?



## Criticisms / drawbacks of aid

- Aid is not long term
  - You can build roads in a country, but if a country cannot maintain the roads was it beneficial?

- Bauerv (1971) historically, aid has been given directly to governments used by the elite to strengthen their power - corruption, patronage
  - Meaning of aid has changed from <u>donation</u> to <u>promoting trade as</u>
     route to self development



Corporations exists to make profit = effect inequalities

Raghavan (1996): estimates TNCs account for a third of the total world economic output and control around two thirds of the world economy

Anderson and Cavanagh (2000):

Out of the 100 largest economies 51 are TNCs

Top 200 TNCs account for 25% daily economic activity

30% of trade - economic activity among units of the same TNCs



Vitali - mapped the architecture of the international ownership network - through ownership and control patterns among the world's largest TNCs

Found a small number of financial institutions at the centre of global network of ownership and control







Criticism for the strategic role in marketplace

NGO Action aid- failure to regulate the behaviour of global food corporations has caused problems for developing nations that affect

consumers:

- 1. Abuse of market power
- 2. Profiteering
- 3. Marginalisation
- 4. Human rights and the environment
- 5. Corporate social responsibility
- 6. Social harm



1984 - explosion of pesticide factory in Bhopal, India TNCs paid no sanctions







Madeley - TNCs have used their money size and power to influence governments (in the developing world)

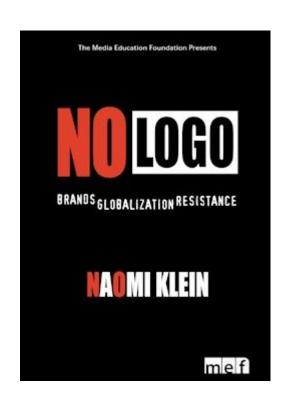
2009 - Royal Dutch Shell paid \$15 mil without admitting liability to settle a lawsuit alleging the company collaborated with the Nigerian government to pay soldiers to silence critics of the company's operations

Amazon and Google accused of developing complex ways to minimise their tax liabilities

Griffiths and Bowers - Amazon paid little to none corporation tax or

Its profits from UK sales - 4 billion pounds

## Naomi Klein - NO LOGO





"Nike was the essence of sports .... Starbucks was community. ... Disney was family. .... The Body Shop was marketing environmentalism. Nobody was actually selling what they were selling."



# TNCS

- Not always destructive !!
  - Aisbett (2003) empirical data suggests that actually benefit to transnational corporations does not suggest loss to everyone else
- Trade and investment economic growth and poverty reduction
- Contreras (1987), benefits are:
  - employment/income increase
  - Educational development skilled force required
  - Capital income from rents, dividends, shareholder income
  - Development of supplier and service industries
  - Increased government income from taxation







#### Contreras - technological development

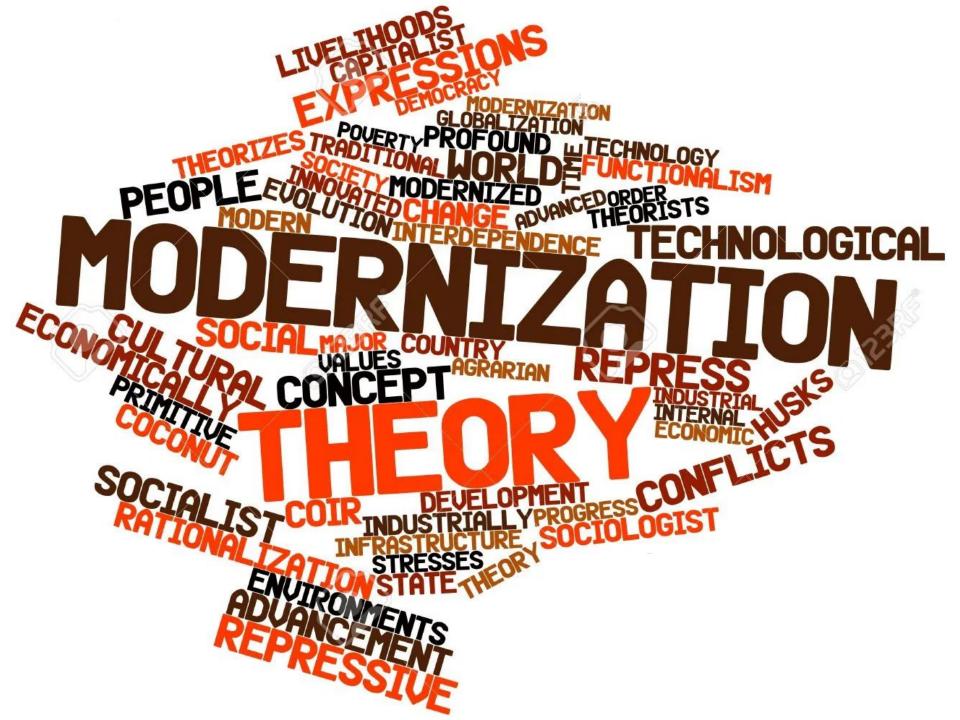
- Regional development
   Underdeveloped regions can realise their productive capabilities
- Industrial growth
   Technological -> economic development
- Technology transfer
   Increased access to knowledge and skills from TNCs





# Sociological Explanations for Global Inequalities

Capitalism, Postcolonialism, and Patriarchy



## Modernisation Theory

- Early sociological thought (Comte, Marx, Weber) saw evolution as linear i.e. traditional to modern, undeveloped to fully developed.
- The passing of each stage of development has a cumulative effect
- The achievements of one stage of development become the platform for the next.

## Comte (1853)

- Saw development in *ideological terms*.
- Societies pass from superstition to science:
  - ☐ **Theological**: Religion explained the world.
  - Metaphysical: Transition between religion and science
  - Scientific: Scientific knowledge is used to explain the world.

## Marx (1867): Modes of Production

- Saw development in *economic terms*.
- Societies pass from one mode of production to another which are categorised by different and unique forms of economic organisation e.g.
  - 1. Feudalism
  - 2. Capitalism
  - 3. Communism



## Weber (1905)

- Saw development in terms of a change from a *traditional, pre-modern* society to a *modern, industrial* society.
- Once started, the inevitable process went as:
  - **□** Industrialisation
  - Urbanisation
  - Rationalisation: behaviour and society is organised based on scientific principles.

Though the theories are different, they share a number of ideas about development:



- Phased- it had different, separate stages.
- Cumulative- each stage is built on the preceding one.
- Linear- it goes from underdeveloped, to developing, to developed.
- Progressive- each stage is superior to the previous one.
- Inevitable- once started, modernisation cannot be reversed.



#### Traditional Society

- Characterised by:
  - ☐ **Religion** and **magic** as the dominant ideological forms
  - Agricultural production, with no industrial development
  - Rigid political hierarchies with little or no social mobility, social status is ascribed by on family and kinship

#### **Preconditions for Take-off**

- This stage is caused by development of relationships with other societies in areas such as **trade** and **aid** from developed societies.
- 3 basic characteristics of this stage:
  - ☐ Scientific ideas and practices develop
  - ☐ Industrial production begins to develop
  - Societies develop as **nation-states**, often by elites- emergence of bourgeois class

## Take-off

- At this stage, economic growth becomes self-sustaining and political and cultural institutions develop more mature forms.
  - There is rapid expansion of **manufacturing** and a sharp decline in the significance of **agricultural production**
  - Democratic transition: representative government, education systems



## The Drive to Maturity

- This is the consolidation phase.
  - Economic activity **diversifies**, providing a wider range of goods and services- service sector becomes significant
  - Democratic processes are **extended**, and social reforms such as **welfare-systems** are introduced

## Maturity

- $\square$  Rostow calls this the *'age of high mass consumption'*.
  - Advanced levels of economic activity and development- not just in manufacturing, but in knowledge and communications as well
  - Increasing range of choices about development, such as what type of society we want to live in
    - ☐ Individual- consumption patterns
    - Institutional- social infrastructure like education and welfare



## Criticisms of Modernisation Theory

#### **Not Universal**

- While the description of development as linear and moving towards a set point may fit the European societies to modernise, they do not fit the conditions faced by **African** and **Asian** societies.
- Developed societies have an interest in economically and socially **exploiting** less developed societies.



#### Reductive

- There is only one way- the Western way- to achieve development.
- This can be used to justify interventions on the basis that they're necessary for 'modernisation'.
- Enhances the hegemony of developed nations by prescribing what underdeveloped nations must do to modernise.

## **Coury (1997)**

argued that
development is
defined in terms of
very specific
Western societies



- Individualism
- Democracy
- Capitalism
- Science
- Secularism
- Stability



#### DEPENDENCY THEORY

## Dependency Theory

- Examines the relationship between developed and underdeveloped nations.
- Underdevelopment occurs as a consequence of developed countries **keeping** underdeveloped countries in a state of economic dependency.
- Argues that underdeveloped countries are not merely primitive versions of developed countries, but have unique features and structures of their own; and, importantly, are in the situation of being the *weaker members in a world market economy*.

**Chalailand (1977)** argued that underdeveloped countries are those with 'distorted and highly dependent economies'. They're dependent on developed economies in terms of:



- Producing primary
   products for the
   developed countries
- Providing markets for their finished goods
- Gearing economic
   development to the **needs** of industrialised countries
- Product prices being determined by powerful
   TNCs from dominant
   Western countries

#### Ways They're Kept Dependent

- ☐ Ideologically: ideas about economic and social development are imposed by developed societies
- Culturally: developing countries adopt 'behavioural and consumption' features from developed nations e.g. clothes, films, and food (Capitán & Lambie)
- Technologically: underdeveloped nations import technology rather than developing 'indegenous technologies'

#### Neocolonialism

- Dominant societies have a long-term interest in 'creating and maintaining underdevelopment' by establishing **TNCs** in the dependent society.
- They give aid to political and economic infrastructures that benefit the TNCs.
- The lending practices of world banking organisations **limit** the ability of underdeveloped nations to develop modern, industrial economies.
- Weaker countries are **locked** into dependent economic and political relationships instead.

#### Colonialism

- From the 15th century onwards, European states began trading aggressively on a larger scale.
- This period included the expansion of the Atlantic Slave Trade.
- ☐ European states began **conquering and colonising** territories that they then exploited.
- The economies of the colonies were distorted to meet the **interests of their colonisers**.

#### Decolonisation

- The majority of underdeveloped nations today used to be colonies.
- Most achieved independence through wars of independence and liberation movements in the the second half of the 20th century.
- However, developed capitalist nations developed neocolonialism as a way of maintaining their economic dominance and keep exploiting the new nations.
- Postcolonialism: the study of the legacy of colonialism and imperialism and their continuing effects today.

Direct political rule has ended, but power over former colonies remains through:



- Support of (corrupt) local elites who make political and economic decisions that benefit the dominant nations
- Trade agreements that give exclusive access to raw materials to TNCs
- Aid only being provided on the condition that access to the underdeveloped societies allow access to their internal markets

## **Exploitative Relationship**

- International investment and trade are not necessarily mutually beneficial.
- Marxists see global inequalities as a part of global capitalism.
- Former colonies may benefit from the development of their political and economic infrastructure e.g. access to technology, markets, expertise and capital investment.
- Local elites are co-opted into the exploitation process as agents of global capitalism.



## Criticisms of Dependency Theory

#### Criticisms

- Elite corruption may contribute to underdevelopment, but not always or necessarily.
- Indigenous political movements have succeeded in developing formerly dependent countries and developing a more equitable relationships with developed countries.
- Aid is not always prompted by economic self-interest e.g. promotion of political stability, reduction of human suffering, environmentalist policies.

#### **Both Theories Suck**

- Globalisation has made the process of development seem more complex.
- Modernisation does not seem to be a simple one-way movement, nor does dependency simply involve periphery countries being exploited by core countries.
- Both theories see economic growth as essential to reducing inequalities, but this may not be **sustainable**.
- They both overlook how women are affected.

Rapid industrialisation in semi-periphery regions such as China has had both nice and not-so-nice consequences.



- Core regions' industries,
   such as the USA's, can take
   advantage of low labour
   costs and produce cheap
   goods
- Core regions have to deal with the environmental costs of China's rapid industrialisation.
- Core regions lose
   employment because of
   manufacturing jobs moving
   to cheaper regions.



#### Feminist Criticisms

- Women are overlooked because the work they do, within the house and subsistence agriculture, though essential, is not counted in GNI and official statistics.
- These measures need to be extended to include women, especially by bringing them into paid work, in order for modernisation to benefit too.

#### Globalisation

- ☐ Globalisation has spread ideas about **gender equality** and **women's rights**.
- It has made education for women and women in positions of power seem more **normal** and **expected**.
- □ It has also increased the industries and jobs in which women can be **exploited**.
- They argue that the spread of global capitalism *requires* the exploitation of women and the persistence of the patriarchy.

#### Globalisation

- Many women are employed in sweatshop factories in South-east Asia and elsewhere by TNCs and local companies.
- The female workers are treated poorly, paid little and work in where health and safety protections are weak.
- Work may help women achieve **financial independence**.
- However, most management positions are held by men and women face workplace discrimination.



#### Service Work

- **Ehrenreich & Hochschild (2002)** describe how millions of women leave developing nations each year to work as nannies, maids and sex workers in rich nations.
- This move to work has led to women being unable to spend time on family and home as previous generations of women did.
- Global care deficit: the absence of care created when women are working abroad to look after the homes and families of the wealthy and are unable to look after their own children and relatives as they used to.

#### Reassertion of Traditional Values

- Strongly patriarchal traditional values and practices are **reasserted** as a backlash to globalisation.
- Women's rights are seen as associated with Western values.
- Education of girls has been seen asthreatening by Islamic fundamentalists.
- E.g. attempted assasination of Malala
   Yousafzai, kidnapping of schoolgirls in
   Nigeria by Boko Haram.
- There has been an **increase of violence** against women and sexual minorites in some countries as part of the backlash against equality.

