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THE LIBERAL PERSPECTIVE OF GLOBALIZATION: A CRITIQUE

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ABSTRACT

The central argument of this article is that globalization is essentially the universalization of capitalism. This position is developed as a critique of the fundamental assumptions of protagonist of globalization who in their liberal interpretation of the concept posit that trade liberalization, deregulation, minimal government participation in the economy and foreign direct investment would increase the chances of prosperity in globalized world. The paper argues that Globalization connotes with a form of inequality and marginalization. As a concept it means stupendous wealth for few (western industrialized countries) and shrinking poverty for the majority (the third world countries). Although an outstanding development in human history, the nature and character, purpose and design of globalization are all intended to pave way for global capitalism.

INTRODUCTION

Globalization is amorphous. It is a concept loaded with ideological connotations. Its meaning is in contention. Its character is a point in dispute. Its history is mired in controversy. However, its implications are relatively free of serious contestations, its implications for different geo-political zones of the international system constitute a moot point. The implications of globalization for development are viewed differently by public policy makers and non-governmental Organizations, by elites of the North and South, by members of ruling class of both the North and South and the working class of the countries of the two global geo-political zones. Globalization is seen as a solution by each of the first of these pairs of sectors and as a problem by each of the second. While globalization is perceived by liberal scholars as a solution, its critics see it as a problem. They stressed that globalization tends to empower some global actors and weaken others. That is, while increasing vertical (i.e. North/South) economic integration, it tends to establish or consolidate hierarchical relations between the developed countries of the North and the underdeveloped countries of the South in manner that favours the former. In essence, globalization is the increasing universalisation of capitalism (Asobie 2001:36; Popoola 1997:67).

CONCEPTUALIZING GLOBALIZATION

Viewed from the liberal perspective, globalization refers to increasing integration of the activities and practices of human societies around the world. It is presented as that process of both vertical and horizontal integration, involving increasing volume and variety of transnational transactions, in goods and services, in international capital flows; in human migration; and through a rapid and widespread diffusion of technology (Mussa 2000:1; I.M.F. 1997:45). The primary mechanisms of globalization are said to include open policies with respect to international trade; removal of obstacles to international capital flow or international spread of knowledge. (Mussa, 2000:5-9). Globalization, according to Yusuf (2000:4) may also be defined simply as "openness to trade, factor flows, ideas and information".

Globalization is an inescapable phenomenon. In the words of its liberal protagonists, it is real, unstoppable and that its phenomenal transformation is affecting everything—the nature of our economies, the structure of state, and our basic institutions. The increasing economic interdependence, and the intensified free reign of competition that all the economies are involved on a global scale is believed to be beneficial to all the players in the globalization game (The Director's Lecture, 1999:3).

Globalization is also seen as capable of promoting the much-needed peace the world aspires to attain. This is the more reason why Friedman (cited in Awake, 2002) argues that globalization is a great disincentive to war, as it increases the economic cost of doing so in an increasingly interdependent world. Commenting on the subject further, Friedman (1999:1-2) asserted that:

Globalization is the integration of markets; finance and technologies in a way that is shrinking the world from a medium size to a small size and enabling each of us to reach around the world farther, faster and cheaper than ever before. Like all previous international systems, it is directly or indirectly shaping the domestic politics, economic policies and foreign relations of virtually every country.

Viewed from Friedman's perspective, globalization will seem to be an all encompassing and an all-embracing approach that has succinctly shown that the concept is an octopus that has the goal of touching every aspect of a nation-state.

GLOBALIZATION: A LIBERAL PERSPECTIVE.

From the standpoint of the liberal paradigm, the option proposed for developing countries of Africa is full and extensive integration with global capitalism. In articulating this option, Yusuf (2002) noted that all parts of the world are affected by globalization through several channels: growth of trade, capital flows, international migration, information technology and the diffusion of technology. However, he observed that the full force of the positive changes arising from globalization is felt only by a relatively small number of upper and middle-income countries. According to him, most economies, including those of sub-Saharan Africa are not benefiting from globalization because "they are only partially integrated into the global system."

In his vigorous pursuit of the liberal viewpoint, Yusuf (2000: 6-7) argued that; openness to trade, factor flows, ideas and information, promote economic growth for all countries. Free trade enlarges the market for domestic producers allowing them to reap economies of scale, forces them to be competitive and offers incentives and

opportunities to assimilate as well as develop new technologies. Free trade also boosts export earnings, thereby loosening foreign exchange constraints on the economy and facilitating the expansion of other sectors of the economy. Reducing or removing protection of domestic enterprises whittles away distortions in the prices of capital goods, and at the same time, discourages industrial policies, which can be a source of rents. Similarly, greater openness to financial flows has a positive impact on the national economy. For instance, Foreign Direct Investment (FDI). "Whether in manufacturing, services or resource extraction, generally produces positive outcome for the country even when spillovers are modest through competition and linkage effects. On balance, it generates more productive and better-paid employment and is environmentally friendlier than similar investment by indigenous producers"

Another facet of globalization considered to be helpful to the economic growth of developing countries is increased migration. As Yusuf (2000:8) argued.

Because migrants send remittances to their home states, migration facilitates the diffusion of technical skills and experience among nations, with net benefits accruing to the sending countries; and migration is the basis of industrialization and commercial success.

Finally, the international linkage afforded by computerization, coupled with the worldwide web, facilitates trades in goods, enlarges trade in services and has moved capital flow to a new and higher plane. Given these alleged benefits of globalization, Yusuf unequivocally concludes that openness is likely to be the surest way for low-income countries to tap into the technologies that will galvanize agriculture, the nerve center of their economies. He therefore recommends that "all the key elements of globalization" should be embraced (Yusuf, 2000: 9).

A CRITIQUE OF THE LIBERAL PERSPECTIVE OF GLOBALIZATION.

The identification of the social, political and economic agents of globalization is important in understanding the unequal impact of globalization. Likewise a historical analysis of the phases of globalization allows one to refute some of the ideological claims of its liberal proponents. A retrospective analysis reveals that globalization has been cyclical in the world's historical development. There were periods of high globalization, moments of crises and periods in which economic flows turned inwards. There is no universal inevitable tendency towards globalization. Inter-imperial wars resulting from global competition, internal crises of overproduction and more important social and political revolutions have all affected the trajectory of globalist nations and classes (Petrus, 2003).

The very idea of globalization as a historical necessity has been questioned by its cyclical history. The notion that we enter a new period is also dubious. Thus, the globalization idea is itself suspect. In its most widely expressed usage, it argues for a universal incorporation to the world market place and the spread of the benefits throughout the world. To its liberal protagonists, globalization is an inescapable process that confers certain benefits and imposes certain costs on all who embrace it. They argued that globalization has some beneficial effects on the economies of the developing countries, that make themselves open to it, but also inflicts some costs on them. However, the empirical reality is neither universal incorporation nor the spread of benefits. There are wealthy creditors and bankrupt debtors, super-rich speculators and impoverished unemployed workers, imperial States that direct international financial institutions and subordinate States that submit to their dictates (Asobie, 2000, Peter,

2003:2).

Globalization in essence has been a force for equality and marginalization. It has, rather than promoting oneness of global village, constituted a dividing factor between developed and developing nations of the world. The underdeveloped regions of the world have been the victims of globalization. The irony is that these regions (Africa, Asia and Latin America) have contributed largely to the process through systematic dispossession and exploitation of their initiatives and resources by the imperialist economic forces. Put differently, the less-developed countries have made enormous contributions but because they lack the capacity to compete on favourable terms, it is at the receiving end of the side effects rather than the gains of globalization. This odd position in the global village is further aggravated by their largely mono-product, structurally deficient economies and debilitating debt overhang. The consequences of the foregoing is that whether culturally, economically and to a large extent politically, the third is at the receiving end (Aina, 2003)

Stigitz (cited in Fanikayode, 2002) put it more bluntly when he asserted that: "globalization has advantages for developed nations and disadvantages for underdeveloped nations". This view has been demonstrated in the fact that the African continent continued to suffer from globalization as depicted in the "fast track" privatization, an index of globalization, which has consistently resulted as the greatest vessel of corruption and job losses. In fact, privatization alone has jacked up poverty level in Russia from 2% in 1992 to 40% in 2002, a spate of ten years.

It is equally a fact that globalization has further pauperized the continent in spite of fabulous foreign loans pumped into the continent, the debt portfolio continued to increase. Eskor Toyo (cited in Egbewole 2003) gave empirical analysis of the failure of globalization from the perspective of the development of agriculture in the continent and postulates that:

In the whole century from 1890 to 1990, agriculture and mining activities in Asia, Africa and Latin America came unquiveringly within the web of globalization. These regions and the countries constituting them remained backward. Why did globalization fail in one whole century of expanding world trade to turn these countries from backward to developed?

Recently, the World Bank report claims that "countries that increased their integration into the world economy over two decades ending in the late 1990s achieved higher growth in incomes, longer life expectancy and better schooling". Uganda is cited as an example of African country which rapidly integrated into the world economy and which has recorded improvements in growth and poverty reduction (World Bank News 2002). Similarly, Verhofstadt (2001) in pointing out the gains of globalization to developing nations argues that:

World trade needs to be further liberalized. If all world markets were fully opened up to competition then the total income of developing countries would be boosted by \$700 billion (\$477bn) per year; 14 times the total development aid that they currently received.

However, like the western inspired market, fundamentalist policies such as SAP that were meant to turn around the economies of developing countries but failed, evidence is quite overwhelming that the new globalization is not a win-win game. No

one is in doubt that we live in an increasingly shrinking world, a "global village" if you like. Nevertheless the fact that must be emphasized is that even if the world has become a global village, it is certainly not true that we belong to the same family within that village. This explains why, inspite of the phenomenon of prosperity that globalization has meant for some countries, most developing nations have been left behind. Thus, to equate globalization with a guarantee for economic advancement is a gross over-simplification of the realities that surround international trade (News 24, 2002, Aaron, 2001).

Culturally, globalization has impacted negatively on third world countries. One of the side effects of the epochal development attributable to globalization is the over valuation of cultural ethos of the economically and politically advanced countries to the detriment of others. As observed by Nnabuike (2002), a systematic trend in cultural suppression, occasioned by the globalization frenzy carries alongside pertinent imperialistic traits. Similarly, Ohiare (cited in Nnabuike 2002), asserted that, "the present problem we are facing is that we are grappling with globalization which had turned into another form of neo-colonialism". In essence, the new trend has somewhat turned, from a source of blessing, to a threat to the survival values. What obtains, as globalization is nothing but cultural imperialism, which now comes as cultural invasion of the less developed countries by the advanced ones. This exploitation of the enormous "power of culture" by the United States of America and its European allies is gradually creating a world in which we are all being swamped by the value of a single culture under the pretext of globalization. Such will only be meaningful if there is relative balance in the strength of culture partners.

Meanwhile, (South center 1996:2) observed that globalization is inimical to national self-reliance. In the post-cold war era, the strategy for national development pushed by the industrialized capitalist countries and multi-lateral financial institutions, especially for Africa, Asia and Latin America is the full integration of their economies with the world capitalist economy through extensive and rapid liberalization. These countries of the South are made to believe that there is a new global consensus on this 'best' strategy. To consolidate their full integration with world capitalism, these underdeveloped countries are urged and/or pressurized to open up their economies to international import and export trade. They must encourage an accelerated inflow of foreign direct investment and generally enhance capital flows across national frontiers. They are made to believe that in a globalized world, foreign aid is no longer critical for development. Therefore, the role of multi-lateral institutions should be largely to create a global framework that facilitates the unfettered functioning of the global market.

Faced with this situation, the diplomatic challenges, which confront the underdeveloped countries in the post cold war-world, is how to conduct their foreign policies in a manner that reflects the nationalist impulses of their people for self reliance in the face of an overwhelming international pressure on them to pursue a policy of neo-colonial dependence. The contemporary diplomatic strategic puzzle for them is how to realize the foreign policy objective enshrined in their national constitutions. In an ideologically united post cold war-world, while globalizing, a country is committed to consolidate the existing inequitable, international division of labour. For a country like Nigeria, these constitutionalized foreign policy objectives include; "promotion of a just

economic world war", "promotion of African integration and support for African Unity", "promotion of international co-operation for consolidation of universal peace and mutual respect among all nations, elimination of in all its manifestation" and "promotion and protection of the national interest" (The constitution of the Federal Republic of Nigeria, 1999; Section 19, Saliu, 1999). Section 19 is complemented by Section 16(1) which stipulates, inter alia, that "the state shall, within the context of the ideals and objectives for which provision are made in this constitution", promote national prosperity, efficient, dynamic and self-reliant economy", as well as "manage and operate the major sector of the economy".

In order to underscore the fact that globalization holds no benefit for third world countries or that they are not reckoned with, Ihonvbere (2002:11-13) queried that:

How come Africa, with about 700 million people, 53 nations and abundant space, age minerals is overlooked in the current discussions on globalization? Is globalization really for all people and nations?

In fact Wriston's (1989) question as to whether globalization is really global becomes more relevant today viewed from the perspective of the fact that in spite of globalization, the technological gap between the rich and the poor is not in any way narrowed, rather. It is getting wider and deeper. This problem seems more feasible in the financial sector where the currency of the developing State get devalued by the day and the Central Banks of such States are only there in name. Geographical location or currency denominations in some cases now mean almost nothing to the new financial market place. This position is further compounded by the fact that between 1985 and 1989, the annual average flow of Foreign Direct Investment (FDI) to Africa was 2.6 billion dollars. In the same period, Latin America and Caribbean received 6 billion dollars, the East South and South East Asia received 13.6 billion Dollars, North America received 55.8 billion dollars and Europe received 60.8 billion dollars (Wriston 1989, Johnson 1994).

CONCLUSION

Globalization at a minimum, involves the creation of a world economy, which is not merely the sum of its national economies, but a powerful independent reality, created by the international division of labour and the world market, which in the present epoch predominates over national markets. Large, long term flows of capital commodities, technology and labour across national boundaries define the process of globalization (Petras, 2003:5).

Defined as the universalisation of capitalism or full and extensive integration into global capitalism, globalization may be good for the North, it is certainly not beneficial to the underdeveloped regions of the South (West Africa, 18-28 March, 2002).

Yusuf's (2000) position that full and extensive integration with global capitalism, openness to trade, factor flows, ideas and information promote economic growth for all countries is questionable from a Marxist political economy perspective. First, Yusuf's argument is predicated on a theoretical foundation, which tends to conflate the concept of the market with the concept of capitalism. But the concept of the market is broader than the concept of capitalism. It is conceivable to have a market system comprising public rather than private sectors. Second, total and comprehensive

openness to market forces can inflict very serious damage on the society and economy of an underdeveloped State. To begin with, it has been pointed out that the introduction of market forces, including the price mechanism into a society, tends to dissolve traditional social relations and institutions, subject the economic to cyclical crises, and through the stimulation of narrow specializations, results in external dependencies which increase national vulnerability (Gilpin, 1987). Two, although theoretically, every nation can take advantage of global market opportunities to accelerate the rate of its growth, in practice, the spread of economic activities and the rate of growth in market system tends to be uneven. This is because, nations are differently endowed and positioned and may not be able to take advantage of the market opportunities. This is why States tend to intervene in order to guide or control market forces to the benefit of their own citizens and companies. Furthermore, a market economy (this applies to the contemporary global economy) is not really politically neutral. The operation of a market economy tends to empower some actors and weaken others (Gilpin, 1987:4).

Be that as it may, the third world countries inspite of globalization have witnessed increase in poverty level at both rural and urban centers, while earnings in real terms fell dramatically. Unemployment and under employment is on the high and no recession in sight; hunger and famine became endemic; dependence on food aid and food imports intensified; disease including the dreaded scourge of AIDS- which is the new addition to decimate population-had become a real threat to progress and development which globalization seek to achieve (Rasheed, 1993).

In conclusion, it is pertinent to point out that throughout history, all imperial powers were never globalized. They became globalizers (imperialists) precisely through the development of the home market. Globalization was an instrument to expand and deepen the home market and develop the force of production. Globalization was given a universal, virtuous character in each epoch of out expansion, either in term of moral values (extending western civilization) or as an opportunity (to become modern). To the extent that contemporary globalization leads to the internal exploitation of labour and State resources within the imperial centers, it has awakened a labour opposition that creates an objective and subjective basis for internationalist working class action..

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