Q4(a)

Critically examine the impact of Globalisation on the developing countries of the world

UPSC Civil Services Mains 2023 · PSIR GS 2 · 20 marks · Globalisation

Globalisation: Responses from developed and developing societies.

Core demand of the question

- Critically examine the impact of globalisation on developing countries
- Write at 20-mark length

Revision summary

Globalisation is deeper cross-border economic and legal integration, marked by the WTO era.

Some developing countries gained manufacturing and services growth.

Others faced financial crises, TRIPS costs, and commodity dependence.

Wallerstein and Cox stress hierarchy; Keohane stresses what regimes can still do for weaker States.

India's post-1991 path is partial opening plus defence of policy space, not a single verdict for all of the South.

Introduction

Globalisation is the thickening of cross-border flows of goods, capital, people, data, and rules. For developing countries the impact is mixed: growth and technology for some, vulnerability and rule-taking for many. A critical examination must use both the growth record and the hierarchy of the world economy.

Body

Channels of impact

- Trade opening after the Uruguay Round and the WTO (1995) cut some tariffs and locked in intellectual property, services, and investment-related rules.
- Capital account opening brought foreign direct investment and also sudden stops, as in the 1997 East Asian crisis.
- Global production chains moved manufacturing to China, Vietnam, Bangladesh, and parts of India, raising exports and wage employment in those niches.
- Ideas, media, and standards travelled with firms and with international financial institutions.

Gains

- East Asian and then Chinese industrialisation cut global extreme poverty on a large scale.
- India after 1991 gained in services, pharmaceuticals, and later digital exports, while remaining a cautious capital-account reformer.

- Access to medicines, telecom, and higher education expanded for urban middle classes.
- Keohane's regimes argument is that rules can protect weaker traders from pure bilateral power, when the rules are actually enforced.

Costs and hierarchy

- Immanuel Wallerstein's core-periphery map still describes commodity exporters that take price shocks.
- TRIPS raised the cost of some medicines and seeds until flexibilities and later COVID-era fights, including the incomplete 2022 vaccine decision.
- Footloose capital and tax competition limit the developmental State that had built Korea and Taiwan in an earlier, less legalised WTO world.
- Robert Cox treats globalisation as a hegemonic order of production and ideas, not as a neutral technology. Structural adjustment often cut public services first.
- Joseph Stiglitz and UNCTAD work document inequality within countries even where average GDP rose.
- Environment and labour standards were weakly globalised compared with finance, which is the human-security link from 3(c).

Differentiation

- Developing countries are not one case. China became a manufacturing core. Many African oil and mineral exporters remained price-takers.
- India's story is partial integration with policy space claims at the WTO on food stocks and e-commerce.
- Critical examination therefore rejects both "globalisation as gift" and "globalisation as only loot." It is a structured process with winners, losers, and room for State strategy.

Flow diagram

Globalisation WTO FDI chains -> Growth technology

Globalisation WTO FDI chains -> Rule-taking shocks inequality

Growth technology -> Differentiated developing States

Rule-taking shocks inequality -> Differentiated developing States

Conclusion

Globalisation has raised trade and technology access for developing countries that could enter production chains, and it has locked others into commodity and debt vulnerability. The impact depends on domestic capability and on who writes the rules, which is why Cox and the WTO fights belong in the same answer.

Facts & figures

WTO 1995

Legalised trade, TRIPS, and dispute settlement that bind developing members more tightly than GATT practice had.

East Asian crisis 1997

Capital-flow reversal that showed financial globalisation risk for emerging economies.

India 1991 reforms
Balance-of-payments crisis opening that later produced services and pharma export strength.

TRIPS
WTO intellectual-property agreement that shaped medicine and seed politics in the South.

Robert Cox
Globalisation as a world order of production and ideas, to be studied critically, not only as efficiency.