THE EFFECTS OF GLOBALIZATION ON THE DEVELOPING COUNTRIES

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Abstract

The paper intends to examine the effects of globalization on the developing countries and the role assumed by the International Financial Institutions (IFIs) in the contemporary era of globalization. There is a widely point of view that the involvement of IFIs in the developing countries have not contributed to theirdevelopment and prosperity, but instead led to the deterioration of the domestic industries, increase their dependency on imports and on external financing which in turn led to a rising debt burden. The paper will be focused on: Background on the various perspectives attributed to globalization. A comprenhensive conceptual framework of the term is tried to be given. There are many perspectives about the process of globalization. Therefore it is important to find the most coherent one. Three different perspectives are presented on the subject of what globalization is and how it affecst people and societies around the worlds: the views of optimists, pessimists and transformationalists. The view of optimists: In the new millennium World Bank (2007) acknowledges that "the benefits of globalization are likely to be uneven across regions and countries", saying less beneficial for the Third World countries. But, again the optimists believe that they can gain from integration, because they can take advantage of technology and wage gaps to propel higher sustained growth. The pessimists think that "underdevelopment" issue was not only underdeveloped countries fault, but mainly of developed countries. Transformationalists believe that the contemporary globalization is reconstituting the power, functions and authority of national governments. The role and the policies of the IMF and the World Bank: their structures, purposes and activities in the developing countries. The IMF and the WB believe that market liberalization would lead to faster growth for developing countries, "believe it so strongly that they do not need to look at any evidence and give little credence to any evidence that suggests otherwise". Most scholars and civil activists contend that the Bank's IMF's aggressive dealings with developing nations exacerbated their growing debt crisis and devasted their economies. At, the end I would like to underline that no developing countries has the right to blame for the inability to develop. Being a sovereign state, a developing country has to bear the responsibility for its own fate, so that it has no right to blame the World Bank or the IMF, as they are nothing more than advisors.

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