

Globalization and Economics Discrepancy of Northern-Southern Countries

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Abstract—This article will describe the economic differences between countries in the northern and southern parts of the world due to the effects of globalization. Globalization with all sorts of devices has been able to change the human way of life. Globalization is becoming a way of life. In study of globalization is very strong that the ideology of globalization was born from the idea of neo-liberalism. One of the goals of globalization leads to a free market system aimed at eliminating protectionism and State interference in international trade. Free trade basically only owned by strong capital owners, at a later stage will have economic impact on developed and developing countries (north-south region).

Keywords—Globalization; Neo-Liberalism; Free Trade, Northern-Southern Countries; Economics Discrepancy.

I. INTRODUCTION

Globalization derived from the word "global" can be interpreted to be global, it can be said that globalization means a process or phenomenon that makes something global, comprehensive or symptoms that make something global, comprehensive or involving all parties in the world.¹ In the current discourse, globalization tends to be linked to economic problems. In essence globalization is a new form of development of capitalist forces. In the past capitalism has spawned imperialism and colonialism. In the present era forms of ancient imperialism which at that time contradict human rights, refined and seem more humane it is defined as globalization. In all discussions on the topic of globalization, it can be implied that the role of the state will subside. Thus, state power in decision-making must be tailored to global governing institutions that manage themselves and as autonomous units. For its supporters, globalization emerges as a source of prosperity, progress and modernization. On the other hand, globalization is a propaganda tool and not much different from the old forms of colonialism and imperialism. globalization produces smoother exploitation and oppression without feeling oppressed.

Consciously globalization has brought an ideology that is commonly called the ideology of neo-liberalism. Neo-liberalism is a market mechanism built on the structure of global capitalism. The core of neo-liberalism includes the priorities of economic growth; the importance of free trade to stimulate growth; unlimited free market; individual

¹ Budi Winarno, 2004, *Globalisasi, wujud imperialisme Baru : Peran Negara dalam Pembangunan*, Yogyakarta: Tajidu press

choice, mapping of government regulations; and support for evolutionary social development models in accordance with western experiences that are believed to be applicable throughout the world. Viewed from an economic, political and cultural point of view, globalization can not be separated from the neo-liberalism economy.² Their relationship is like two sides of the same coin. That is, talking about economic globalization is actually the same as discussing the dissemination and implementation of neo-liberal economies around the world.

In another sense globalization is a concept of a relationship between a nation-state that has removed a barrier by the State itself. According to Cohen, he defines globalization as "a process that involves both the broadening and deepening of interdependence among societies and states throughout the world."³ Globalization of economic sometimes refers to globalization controlled by corporations, has the following basic characteristics such as:

1. corporate deregulation and unlimited capital movement
2. Privatization and commodification of public service services, and other aspects of the common property of communities and the global community, such as the great majority of water and biological resources
3. The integration and transformation of national economies into an economy that is based on socially and environmentally-oriented and export-oriented production
4. the development of excessive growth rates and unlimited exploration of resources on earth, solely to spur progress
5. the destruction of national programs covering the social, health and environmental fields
6. global cultural uniformity and the intensive development of "free consumerism without restraints"
7. undermining the traditional powers and policies of nation-states and local communities that are democratic by global corporate bureaucracies³

The central idea of neoliberalism is reinforced by the spirit of global capitalism. Global capitalism has agencies in the form of international financial institutions and transnational corporations that have large capital to achieve their economic or business benefits. There are three main actors that drive globalization; first, multinationals or MNCs

² Francis Fukuyama, *The End of History and the Last Man (kemenangan kapitalisme dan demokrasi liberal)*, Yogyakarta: Qalam, 2003

³ May Rudy, *Hubungan Internasional Kontemporer dan Masalah-Masalah Global; Isu, Konsep, Teori, dan Paradigma*, Bandung : Refika Aditama, 2003

are rooted in the developed world; Secondly, the WTO (World Trade Organization), the establishment of WTO can not be separated from the role of MNC supporting countries that benefit from its existence and third is financial institutions such as IMF and World Bank.

The three components of globalization work together to establish rules on intellectual property investment, international trade and other international policies concerning economic issues. They also play a role in influencing countries to adjust their national policies to smooth the process of integrating the national economy into the global economy.⁴

The consequence above is to direct the world to financial and commercial economic competition. all the mechanisms and processes of globalization have been made in such a way as to perpetuate the dominance of the great countries over the developing countries (the dominance of the northern states in the southern countries). Developed countries that have a wealth of capital and progress seek to provide assistance for the development and development of third world countries. But it must be realized that this is how to create a smoother form of power and new control in developing countries. The emergence of economic disparities that occur between countries in the north-south hemisphere is based on the injustice of systems operating in the mechanism of international relations.

The main claim of liberalism is that trade liberalization will be able to overcome poverty and underdevelopment. In other words globalization and trade liberalization are the way to the prosperity of the world economy. the reality is very different, in fact the global economy in the capitalist system has caused prolonged social ills, leading to unbearable inequalities, unproductive and enormous dependence. Poverty, ignorance, unemployment, and hunger are complications of this disease. the number of poverty and hunger in the southern world or developing countries is not declining but has increased especially in most countries in Africa and other in Asian countries⁵

II. RESEARCH METHODS

This study uses qualitative research methods that produce descriptive data in the form of written or oral words of the people and behavior that can be observed. The approach used in this research is the description approach by trying to reveal the phenomena of globalization and International Political Economy. Based on data retrieval techniques, this research is a documentary research because the data obtained from various sources of literature through magazines, newspapers, books and other sources related to the theme of this research

⁴ Norena Heertz, "Hidup Di Dunia Material Munculnya Gelombang Neoliberalisme", dalam I Wibowo dan Francis Wahono (ed.), Neoliberalisme, Yogyakarta:Pustaka Cindelaras, 2003

⁵ Jean Grugel and Wil Hout, Regionalism Across the North South Divide, State strategies and globalization, Taylor & Francis e-Library, 2005.

III. RESULT AND DISCUSSION

The current economic policy leads to pro-market policies. This is what causes the disappearance of the principle of state sovereignty. The emergence of economic disparities that occur between countries in the north-south hemisphere is based on the injustice of systems operating in the mechanism of international relations. globalization controlled by economic liberalism is a major driving force that sharpens the gap between countries in the north and south. Previously mentioned the actors who are the drivers of the globalization and liberalization of the world's economy are, multinational corporations, WTO, and World Bank with IMF. The role of the WTO is enormous in creating an international trading system. But the WTO tends to be a tool for rich countries to make provisions in trade liberalization in their favor. Some regulations have been successfully implemented in the WTO as a result of the struggle of developed countries to hamper the rate of exports of developing countries.

The rule is one of them *subsidies and counterfailing measure*, which states that if a country is deemed to be doing something that deviates from the WTO rules, namely on subsidies, the country will be filed by the aggrieved state to *dispute settlements body*. who is in charge of settling disputes In the settlement at the *dispute settlements body*, the final decision always wins the developed countries that indeed dominate the vote. The WTO is a developed country instrument in a profitable trading system that benefits them. In addition to the WTO, the IMF, is another instrument for developed countries to control the economies of developing countries. Many argue that the World Bank directly contributes to the increasing inequality and imbalance between North and South countries or it can be said that the World Bank has failed to poverty alleviation efforts through its policies and aid programs⁶

IV. CONCLUSION

Economic globalization is a major contributor to the marginalization of the role of the state. The limits of state sovereignty are eroded by the activity of financial markets, communication devices, sophisticated information technology in a global village. The nation-state is incapable of controlling the activity of money that worships the invisible hand of logic in the market mechanism. In this era of globalization the 'ruler' is a market that privileges private actors such as transnational corporations, or even non-governmental organizations and international organizations. The power of globalization with such international economic liberalization causes social disparity. The most obvious impact of this imbalance is the creation of a global economic gap that has reached an alarming point. Especially in developing countries (southern countries).

⁶ Rafael Reuveny and William R. Thompson, *North and South in the World Political Economy*, BLACKWELL PUBLISHING, 2008

Globalization that specifically has the meaning of economic liberalization, demands a high competition who is strong who will survive. As a result many of the world's population in the southern part of the developing countries is increasingly marginalized. Southern states must be firm and provide other measures or solutions in systems that have harmed them. They are not at all involved and do not play a role in a process that is closely related to their survival. Developing countries must use bargaining power in the face of negotiations with developed countries. Some of the necessary policies include; a populist-based economic system, prioritizing agriculture, building industries with local raw materials, reducing and eliminating foreign debt, and reducing the level of dependence on multilateral agencies. In addition, strengthening the role of the state becomes a very important thing that needs to be done by developing countries. With a strong state can create policies and regulations adopted by society, without the need to spread fear, anxiety, and excessive force

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