On the Fringes of Globalization: the Newly Marginalized Class

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Introduction

Over the past three decades, the pace of globalization has rapidly increased and has changed the world in many ways (Murshed, 2002). The United Nations (UN) contends that the vigorous debate surrounding globalization is partly because globalization’s current phase is different than it has been in any other time in history, especially since the rapid speed of communication and easy access to information have brought on qualitative changes (UN, 2001).

Globalization takes on many different definitions and interpretations. For the purposes of this paper, we accept Redclift’s definition and understand globalization as the “intensification of worldwide social relations that link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (Redclift, 2000: 47). In this context, economic globalization can be understood as “a set of processes whereby production and consumption activities shift from a local or national scale to a global scale” (O’Brien and Leichenko, 2000: 225). Studies suggest that globalization has forced the “shift of power from sovereign states to technologically advanced global elites and private multinational (oftentimes non-national) interests” (UN, 2001: 3). The wide disparities between and among countries has created increased vulnerability and social dislocation for many groups of the population. In addition, despite the benefits of the expansion of Information and Communications Technology (ICT), the following consequences have been felt: the world has been divided between the connected and the isolated; the labor movement across international borders has promoted the “brain drain”; and the development of new rules to integrate into the global market has led to the marginalization of certain groups, especially in poor African nations. To a certain extent, globalization has brought forth a “global village of the privileged” (UN, 2001: 3). In fact, a 2002 International Monetary Fund (IMF) report stated that “the distribution of income among countries has become more unequal.” The report also contends that even though there has been “unparallel growth,” “far too many people are losing ground” (Grant and Nijman, 2004: 467-468).

The rise in the standard of living of the few is not restricted to the developed countries; the world is witnessing not only a dichotomy of living standards between developed and developing countries, but also a dichotomy within countries themselves. In essence, two new classes have emerged because of globalization: 1.) the global super-rich, many of whose members are citizens of industrialized nations, and an increasing number of super-rich members from developing nations, and 2.) the global poor, many of whom reside in developing nations. The rise of the first class has helped exacerbate the income gap between nations and within nations, resulting in local haves and the have-nots.

Proponents of globalization argue that people, as a result of globalization, enjoy higher standards of living, unprecedented advances in communication technologies, better health, and increased life expectancies. They also argue that poverty is on the decline worldwide, mostly, if not entirely, because of globalization. For example, since 1984, the number of people that live
on less than US$1 a day has declined by 200 million. For two hundred years before, the number had been steadily rising. The neoliberal argument for globalization states that income distribution between the world’s people had become more equal in the 1980s, 1990s, and beginning of the new millennium. They also argue that, for the first time in over a century and a half, the number of people living in extreme poverty has declined. Further, the proponents of globalization attribute changes largely to the rising density of economic integration between countries. This integration is enhancing the efficiency of resource use worldwide because countries are beginning to specialize in their areas of comparative advantage. As far as the lagging regions, especially Africa, are concerned, supporters of globalization claim that the solution is to implement freer domestic and international trade and also more open financial markets, which would allow these regions to integrate deeper into the world’s economy (Wade, 2001). They claim that industry and technology policy play a crucial role in empowering countries to rise into higher value-added regions of global trade.

The critics of globalization, on the other hand, assert that the benefits of globalization, if any, are limited to only a small portion of the world’s population. The majority of the people still live in dire poverty and globalization, in some instances, may have worsened their livelihood. Those who had been victimized by colonial and industrial systems – women, children, the poor, and the uneducated – are still marginalized today. They cannot benefit from globalization as they are forced to bear the burden of intended or unintended negative consequences. Sadly, other groups are being added to the list of marginalized and these include those without access to ICT and those on the losing side of the digital divide. The rising income inequality and increasing poverty levels worldwide are sobering examples of this disparity.

The income gap between nations has been on the rise. The following statistics provide testimony to this situation:

- In 1960, the ratio of per capita Gross Domestic Product (GDP) between richest 20 countries and poorest 20 was 18:1, but by 1995 it was 37:1 (World Bank, 2000).
- 54 countries are poorer today than they were in 1990 (UNDP, 2003: 2).
- In the 1990s, the average per capita income growth in 125 developing and transition countries was less than 3% (UNDP, 2003: 3).
- The world’s richest 500 people have a higher combined income than the poorest 416 million people (UNDP, 2005 [1]: 4).
- There was a decline in average per capita income growth in 20 nations in Sub-Saharan Africa, 17 in Eastern Europe and the Commonwealth of Independent State (CIS), 6 in Latin America and the Caribbean, 6 in East Asia, and 5 in Arab countries (UNDP, 2003: 3).
- One billion people currently live on less than US$1 per day and 2.5 billion, or 40% of the world’s population, live on less than US$2 per day (UNDP, 2005 [1]: 4).
- One billion people in the developed world own 80% of the world’s GDP and the remaining 20% belongs to the 5 plus billion (UN, 2005: 1).
- In the last decade of the 20th century, the number of poor people worldwide increased by 100 million, even though total world income increased by an average of 2.5% annually (Stiglitz, 2002).
The income gap has widened within countries as well. Despite limited progress in reducing the share of the population living in poverty in developing countries, the absolute number of poor people has risen in every developing region except in East Asia and the Middle East (World Bank, 2000 [1]).

The Newly Marginalized Class

The consequences of globalization are afflicting a staggering portion of the world’s population, as evident in the statistics above. Along with women, the rural, and the uneducated, those without access to ICT are also joining the marginalized sectors of society. There have always been “haves,” or people who are fortunate enough to enjoy high standards of living, and “have-nots,” or people who unfairly endure the lowest standards of living. However, under globalization, the third and fourth classes of “global super-haves” and “global have-nots” have now emerged, eclipsing the haves and further pushing down the have-nots. The global super-haves are the wealthiest people in the world and are increasing in number. Many of them are billionaire and multi-millionaire businessmen or businesswomen who have exploited the global market to their favor. On the other hand, the global have-nots are the poorest of the poor, for they are dependent on economic forces that are extremely far removed from their place of work. The global have-nots do not earn enough income to subsist, and the absolute number of them is increasing as well.

Poverty is not the only dividing line. Access to information and technology are further dividing haves from have-nots. Approximately 2.4% of the world’s population uses the Internet, most of who live in the Organization for Economic Cooperation and Development (OECD) countries. Furthermore, approximately 90% of the Internet host computers are in the most developed countries that account for only 16% of the world’s population (World Bank, 2000 [1]: 2-3). Additionally, an inordinate amount of information on the Internet is in English, so those who cannot read English are prevented from accessing much of the Internet’s information sources (UN, 2001).

Sumner (2001) contends that corporate globalization – the rising dominance of transnational corporations throughout the world – is adding to the marginalization of the rural sectors of society and women. In fact, corporate globalization negatively affects the majority of the world’s population as it leaves no place for people who cannot afford to be consumers who would contribute to corporate profits. This is the “age of exclusion” because people who cannot afford to be consumers “have no right to exist” (Sumner, 2001: 2).

Rural communities are especially vulnerable to the consequences of corporate globalization. They tend to be sparsely populated and are spatially isolated, so they do not have the same resources as their urban counterparts to manage the impacts of corporate globalization. Further, since government programs and policies tend to focus on the urban sectors of society, rural communities are usually excluded from such programs and policies, which work to marginalize them (Sumner, 2001).

Corporate globalization is also weakening gender equality. For example, in Bangladesh, women make up the cheap labor force to manufacture the export goods that corporate
globalization demands. Women are considered to be “more productive, submissive, and less likely to form unions demanding better wages, working and health conditions” (Sumner, 2001: 12). During the Asian financial crisis in 1997, women were the first to lose their jobs. Additionally, when economies restructure, formerly steady and well-paying manufacturing jobs outsource to areas that have lower wages and fewer health and safety laws. When these jobs move out of a rural community, women witness higher wage decreases than men due to the nature of the jobs they can find after layoffs. In fact, newly won rights for women are considered “anti-family” and are therefore taken away whenever possible under corporate globalization. Corporate globalization’s privatization imperatives replace the state as the provider of particular functions and such functions fall on rural communities rather than on private corporations. Oftentimes, rural women must then pick up the slack for the social services that the state has neglected. It is thus evident that the highest burden of the consequences of privatization can be borne by rural women (Sumner, 2001). Furthermore, since women were already marginalized by industrialization, now they are twice marginalized by globalization. The fact of the matter is that women in any country do not enjoy the same rights as men (UNDP, 1995: 2).

World trade practices add to the negative affects of globalization. From 1985-2002, world trade had more than tripled, however, it has been on the decline in developing countries, leading to marginalization and a decline in employment and labor standards (Gunter and van der Hoeven, 2004). The 2005 Human Development Report (HDR) testified that unfair trade policies prevent millions of people in world’s poorest nations from escaping poverty and that these policies have been perpetuating abominable inequalities (UNDP, 2005 [2]). Additionally, although trade can be a catalyst for human development and progress towards the Millennium Development Goals (MDG), current trade policies, structural forces that have been preventing poor people from market opportunities, and failures to confront national inequalities prevent progress toward the MDG. Sub-Saharan Africa, however, may be faring the worst from trade policies: although it has modestly increased exports, its marginalization in the global market has worsened. In total, the region has 689 million people, yet its world exports comprise a smaller share than Belgium’s exports – a country with only 10 million people (UNDP, 2005 [2]).

In this paper, we will examine the patterns of marginalization precipitated by globalization within countries but also at the global level. Ghana and India will serve as the two case studies to demonstrate the stratification and further marginalization within countries. These two countries were chosen for a number of reasons. First, they both achieved independence around the same time (India in 1947 and Ghana in 1957), so each one has had roughly the same time to shake off its colonial practices and develop its own identity. Second, there appears to be a discrepancy between Asian and Sub-Saharan African countries in how they are integrating into the global economy and how they are benefiting from globalization as a whole. Third, India has progressed tremendously since independence, whereas Ghana has not, yet both are witnessing the marginalization of regions within their countries and of particular classes of people. Therefore, together they will serve to demonstrate that globalization does not have uniform benefits, even in countries that have been rapidly industrializing after integrating into the global economy.
Case Study: India

Thomas Friedman’s book, “The World is Flat,” begins in Bangalore, India, where the author is mesmerized by India’s forceful entry into the global market. He attributes this spectacular success to India’s educated class that allowed India to be in the right place at the right time, with the right opportunity. What afforded India the luxury of becoming a global “have,” and what impact it has on India’s own “have-nots” is the subject of this case study.

After 200 years of domination, India gained independence from Great Britain in 1947. Even though political independence came, the foundation of India’s modern economy was laid in the early twentieth century when the British began to build railroads and schools and sent Indian students to study in the United Kingdom. Admittedly, these advances were made for the preservation of the British Raj; nonetheless, they proved to be instrumental in shaping policy choices. Indian leaders taught and trained in the West declared mass education and scientific training as the cornerstones of India’s new democracy. They were convinced of the promise offered by science and technology and deliberately chose to build a bureaucratic-scientific alliance to shape the technology agenda of the nation. The framers of this alliance were S. S. Bhatnagar in the Council for Scientific and Industrial Research, Homi Bhabha in Atomic Energy, J. C. Ghosh and P. C. Mahalanobis in the Planning Commission and D. S. Khothari in the Defence Research and Development Organization. From this effort emerged the establishment of several Indian Institutes of Technology, known as the world’s best technical training grounds today.

For economic policy, India chose centralized planning combined with public control over key sectors. Consequently, the Indian economy grew inwardly, developed a large public sector, prohibited foreign investment, and focused primarily on agriculture. The economic approach taken by India was not different from that of other newly-freed countries; however, India had a distinct advantage over others in the supply of efficient administrative service workers, entrepreneurial talent, and skilled and educated personnel to manage the political economy (Bhagwati and Srinivasan, 1975: 5). During the 1950s, the Indian economy appeared sluggish with the annual growth rate of 3.5–4% per year, however, the growth was constant and stable. The growth rate even dropped to 2.5% during the early 1960s because of persistent droughts; nonetheless, the government did not let its science and technology program suffer. The alliance between scientists and bureaucrats was successful; however, there were serious limitations to its future viability: first, the research and development (R&D) initiative was funded almost entirely by the public sector and was thus subjected to red-tapism; second, there were no incentives and no competition, so creativity started to stifle over time; and third, it did not produce anything for general consumption, and hence people did not see themselves aligning with it.

Despite the shortcomings, the Indian economy of the 1970s was an enigma: its orientation was agricultural, and yet India’s colleges were churning out hundreds of highly technical graduates who were feeding the economies of other countries, particularly the United States. Indian masses were hungry for consumption, but the market was devoid of products. Domestic production of electronic goods was in short supply, and whenever in supply, it was of substandard quality. Imported goods were banned or discouraged through the imposition of heavy custom duties. Finally, in the 1980s, the Government of India realized the connection
between technology and social advancement and began to promote technology for the masses. It also relaxed taxation on foreign goods, thus creating controlled competition. In 1983, the Government of India adopted a Technology Policy Statement which sparked the white and green revolution that was to benefit the urban and the rural simultaneously. This was also the golden time for India’s space and nuclear programs that brought the much needed recognition by the international community.

When faced by competition from China in the 1990s, India liberalized its economy and welcomed global integration. It not only removed trade barriers, but encouraged foreign capital and investment. A large number of companies, hungry for India’s educated English-speaking labor (which was a major barrier in China), marched onto the Indian scene and connected Indian talent with the global market. At the same time, non-resident Indians also felt encouraged by India’s relaxed business climate and entered the Indian market. The early entrants had mixed results, but their efforts opened the doors for those who had written India off for any entrepreneurial activity. By the turn of the century, the Indian economy was ready to release its pent-up, excess energy built over years by its surplus scientific talent.

During the 1990s, India allowed multinational corporations to enter the Indian market, encouraged direct foreign investment, allowed importation of technology and goods, and opened up its public sector for private competition. Needless to say, competition pushed creativity in the science and technology sectors, precipitating a new market culture (Krishna, 2001). Demand for software engineers, computer scientists, and bio-scientists grew to the extent that by 1998, one could count 4,000 institutions of higher education training and more than 75,000 software professionals annually. Indian markets were unable to absorb these professionals and the stage was set for the global Information Technology (IT) market to reach India in search of cheap and quality information labor.

The legislative action came in 2000 when the Government of India passed the Information Technology Bill that created a new Ministry of Information Technology (MIT). With the vision of making “India an IT Super Power by 2008,” MIT’s goal was threefold: (1) wealth creation; (2) employment generation; and (3) IT led economic growth. MIT encouraged e-governance, e-medicine, e-business and e-commerce, and promoted information literacy. The strategy proved to be successful for Indian scientists, with over 1,000 IT companies in the country, India became not only integrated but also assumed leadership positions.

The most visible connector between India and the global market is its outsourcing business. In 2003, India controlled 80% of the global outsourcing market, offering 150,000 jobs and earning more than US$4.1 billion in revenue. Forrester Research estimates that “3.3 million US service-industry jobs and $136 billion in wages will move offshore to countries like India, Russia, China and the Philippines” (Campbell, 2003: 2). India’s share of this pie is estimated to be US$24 billion by 2008.

India is a great success story of the global haves. Several of the Fortune 500 companies are owned by Indians. The country hosts 19 billionaires who are both citizens and residents of India. Azim Premji is the world’s 25th richest person, with a net worth of US$13.3 billion. His source of fortune is the software industry (Forbes.com, 2006). Including family fortunes and
Indian citizens who are now residents of other countries, India has 27 citizens who are billionaires. This number is more than double the count in 2004. As of December 2005, the 27 individuals’ collective worth was US$106 billion, up from the US$61 billion in 2004 (Karmali, 2005).

India is now perceived to be a country of the haves that everyone wants to know and learn about. Several times a week, American television viewers get a taste of India through news stories or comedy skits. For the first time in 2002, more Indian-born people previously settled outside of the country returned to India than vice versa. Trade patterns also indicate that India is growing its world share of manufacturing exports (from 71% in 1990 to 77% in 2003) and high-technology exports (from 2% in 1990 to 5% in 2003).

However, Bangalore is only the beginning of India’s story; it is not the full story. India’s 1 billion people are divided among the global haves, the national haves, and the have-nots. Unfortunately, the have-nots are not only unaware of India’s prowess, but have no chance of being touched by it any time soon. India ranks 127th on the Human Development Index (HDI). According to the most recent data, only 28.3% of the population is urban and the ratio of estimated female to male earned income is 0.38 (UNDP, 2005 [1]). For survey year 1999, the poorest 10% of the population held 3.9% of the income or consumption while the richest 10% held 28.5%, making the inequality measure 7.3 (UNDP, 2005 [1]).

India has made noticeable progress in reducing poverty (Kurian, 2000). Owing to its economic policies, the percentage of people living below the poverty line has dropped from 51.3% in 1977-78 to 38.9% in 1987-88, and then to 29.2% in 1996-97 (Kurian, 2000). However, the poor have little infrastructure to make progress in the global world. In 2003, there were only 22 phone lines per 1000 people in India, compared to 661 in the US (Warschauer, 2003) and only 0.72 PCs per 100 inhabitants in comparison to 66 for the US (International Telecommunications Union, 2004). India ranks seventh in digital government measured by the number of government Web sites, but very few people have access to the Internet to use these Web sites. A closer look at Bangalore reveals this paradox: 45% of the city’s population is illiterate, 40% lives on US$1 per day, and only 0.5% of the people use the Internet (Warschauer, 2003: 60-61).

Kurian (2000) argues that regional location, in addition to education and urbanization, also poses a significant barrier. The progressive states (Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab and Tamil Nadu) offer greater opportunities for its citizens than the backward states (Assam, Bihar, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and West Bengal) because they have a greater capacity through social development, higher per capita incomes, more evolved economies, lower poverty levels, higher levels of revenue receipts, greater per capita private investment, and markedly better infrastructural facilities. Thus, the poorest of the poor are uneducated, rural women in backward states. Singh and others (2003) argue that the “backward” regions are vulnerable to further economic decline because financial systems in practice by the national government are skewed in favor of progressive states (Singh, et al, 2003).
Over the last two decades, India has increased its ranking in science and technology areas; however, its human development rankings have remained the same, indicating that the country has put a higher priority on technology than on improving the lives of millions. A disproportionate spending on higher education, as opposed to primary education, is also disturbing, for it means that the haves will continue to have more and the have-nots will continue to be blocked at the very first step. India’s education system reaches only 50% of the poor children.

Intense competition for scarce educational opportunities is disillusioning the urban middle class. While call centers have put a stop to the so called brain drain out of India, they have created a new malaise in the form of the “brain dump,” by forcing higher-than-necessary skilled people to take low skill jobs in the call center industry. For the have-nots, technology is providing neither opportunities, nor hope. This new face of poverty, as Joyojeet Pal predicts, will become the major challenge for Indian policy makers, for being forced out of the information marketplace; the rural poor will become the poorest of the poor. Pal (2003: 103) predicts that countries like India cannot fully materialize the promise of technology:

Since the organization of the information society is reliant principally on skill and knowledge networks, the benefits system may exponentially increase, and perhaps entrench, the gap between the haves and the have-nots if the speed of basic development does not catch up with that of technology spread.

Despite India’s new status as a global have, much depends on the empowerment of the have-nots. Technology must empower the people and create a civil society. So far, technology has only increased the empowerment of those who were already empowered. Cross-national survey evidence indicates that those who use the Internet for civic engagement are those who were already engaged through conventional means (Norris, 2001). Political resources on the web seem to be attracting only those who were already participating in the political process. Unless technology can give a voice to those at the margins, the promise of political development is unlikely to materialize and unless technology can touch the lives of the millions left out by industrialization, the promise of social development is only a mirage.

**Case Study: Ghana**

The British held Ghana as their model colony in Sub-Saharan Africa and this status was reflected in Ghana's economic growth and political development at the time of independence in 1957. In the 1950s Ghana appeared to be the richest, most successful, and politically developed Sub-Saharan African country, with the exception of the Republic of South Africa. The per capita income was among the highest and the rate of economic growth was high (Leith, 1974). This outward appearance of economic development and wealth was really an illusion. The reality of the economy was that it was abysmally “fragile”; the seeming prosperity was limited geographically and in scope.

The whole economy of Ghana in the 1950s from production stage through transportation and distribution stages to the consumption stage revolved around a simple commodity, cocoa. About 70% of the income earned in Ghana depended on the handling of
cocoa or the goods bought by the cocoa farmers, or the taxes on cocoa, or the imports brought into the country from the proceeds of sale of cocoa in the world market. “The whole value of [Ghana's] output, which in turn determines the people's living standards and the rate of development, depends very largely therefore on one commodity” (Kay, 1972: 82). Mining, especially in gold, and timber made up the other export earning commodities. The industrial sector was non-existent. In spite of this, Ghanaians appeared to have enjoyed a more prosperous life compared to other Sub-Saharan Africans, often times because of the prosperity of cocoa production.

Cocoa was introduced into Ghana in the latter half of the nineteenth century. Climatic conditions in the south-central regions of the country proved highly favorable to cocoa growing thus the colonial government encouraged its cultivation and export as Ghana's cash crop. Unlike many other African countries where Europeans had established cash crop plantations, cocoa farming in Ghana has been exclusively an African enterprise, and in small acreages. Nevertheless, there have not been any rich or wealthy Africans arising from cocoa farming. The reason is because the colonial government and later the nationalist governments derived the largest share of government revenue from cocoa taxation. Also, during colonial times, the colonial governments had given the European trading companies monopoly over the marketing process and thus they expropriated a great part of the proceeds to themselves. When one took out government taxes and the proceeds of the European companies, the African farmer was usually left with revenue as low as 32% of the world market price (Omaboe, 1966).

The second area of economic production is resource extraction, i.e., the mining and timber sector. Investments in the extractive industry occurred in the 1880s to about 1910. These investments and cocoa as cash crops necessitated the construction of a rail line and vehicular roads into the mining and cocoa producing areas. Because these commodities were produced in the southern third of the country, infrastructural developments were united to the region. The real economic picture of Ghana was that at the time of independence, only the southern third of the country was directly linked to the world economy through mining and cocoa as a cash crop. Only this region had relatively significant infrastructural and urban development, whose urban population enjoyed the benefits of the wealth produced by the country’s external trade. The northern two-thirds region remained largely rural, poor, and devoid of infrastructural development. It had no rail lines, very few roads, very few schools, little electricity, and no piped-born water. The region benefited only slightly and indirectly from Ghana’s participation in the world economy.

When the nationalist government assumed limited political and economic power in 1951, it embarked on its First Economic Development Plan (1951-56), fashioned by the neoclassical economist W. Arthur Lewis (1966). The nationalist government's ambition was “to create the basis” for a new modern and industrial society. The expert opinion was that the country was not yet prepared to undertake an industrial scheme of any consequence. The major problems of the economy were: thin stocks, all of them imported; the ports and road systems unable to handle much; price controls ineffective at keeping the economy under control; communications too poor to allow goods to flow readily to areas of shortage. Additionally, because the banking institutions were mostly for expatriate businesses, the public did not use them, and therefore there was no capital market in which the government could use monetary
instruments, which it did not have in any case (Colonial Office, 1948; Kay, 1972). Given the status of the economy, the Lewis development plan emphasized the development of an infrastructure in order to attract foreign capital investments. One could speculate that there was perhaps some sense of naiveté that some good will toward Ghana as the first Sub-Saharan African country to achieve independence would bring with it economic investments. In its first (1951-56) and second (1960-65) Development Plans, Ghana spent 11.2% and 20.3%, respectively, of its total expenditure on productive capital investment (agriculture and industry) and 88.8% and 79.7% on non-productive capital (infrastructure and social services) (Omaboe, 1966). Within almost a decade, there was a more than 144% increase in primary school enrollment, about a 153% increase in hospital beds, and a 220.5% increase in physicians, with some of these benefits going outside the more developed southern region of the country. The most notable undertaking, however, was the opening of the new and modern harbor at Tema in 1961.

The major failures of this first decade under the nationalist government were its failure to reform the school curriculum to be in consonant with the aspirations of a developing country, failure to make any progress in the expansion of the economy beyond cocoa and the extractive industries, failure to invest in research and development in agriculture as the mainstay of the economy, and the failure to make any progress in the expansion of the economy itself. There was no capitalization because cocoa taxes on producers remained high. There was actually the opposite effect, the flight of capital as a result of the high level of non-durable consumer goods which were imported into the country by the European trading companies which then expatriated the profits abroad. Non-durable goods imports totaled 58.8% of imports in 1956 and 57.8% in 1960. Tobacco, food and drink imports total 23.3% of the non-durable goods. Most analysts had concluded by 1960 that high expenditures on non-productive capital had rendered the country’s development process “historically abnormal” and that the extravagant lifestyle built around imported goods had depleted Ghana’s foreign reserves (Killick, 1966; Szereszweski, 1966).

In 1961, the government changed course by abandoning the laissez-faire open economy policy and adopted a socialist economic planning mode. This shift in strategy was dictated by political as well as economic factors. The construction and maintenance of an infrastructure relatively superior to other Sub-Saharan African countries (except South Africa) and the higher level of social services bought the political support of the urban and literate population. The economic cost was a high level of deficit spending. In 1961, a group of economists from Cambridge University and the IMF criticized the government on its spending program and urged it to attempt to balance the budget. The government was advised on the necessity to discipline the economy by a compulsory savings scheme and high purchase tax on imported consumer goods (Austin, 1962). The government took heed and introduced an austerity budget in July, 1961. Among some of the austere measures, the government would limit spending to government revenue and non-inflationary spending, would halt new projects financed by suppliers’ credit, cut domestic demands, cut cocoa producer prices, and established import licenses based on a strict system of priorities. The government also used the occasion to redefine its economic goals which included: abandoning the colonial institutional structures and creating a new basis for a modern state and introducing more African presence and participation in the economy beyond cocoa farming; building up investment growth and capital accumulation; bringing greater government initiative in establishing industries in order to build up the nation’s
stocks internally, rather than the exclusive dependence on imports; and developing a skilled labor force.

The two most visible achievements during this period were the construction of the Volta Hydro-electric complex which was to be the show piece and foundation of industrialization, and the construction of several secondary schools. There was a general failure in the overall goals of the programs. The heavy taxes on the cocoa farmer, accompanied by low world market prices in the 1960s and the fact that the benefits from the cocoa taxes went to the urban population, and none to the rural areas and the farmers, caused the cocoa farmer to cut back production or smuggle his produce into neighboring countries. This caused further erosion in government revenue. Also, the governments failed to manage foreign exchange and import controls consistently (Leith, 1974). The schools were built without any curriculum reform or clear policy of what role education should play in a developing Ghana. The schools continue to produce, therefore, the literate “clerky” graduates who served as clerks and shop keepers for the colonial government and trading companies but who possess no skills useful for a developing society. Even the Volta Hydro-electric complex fell far short in its scope and effect on the economy. Ali Mazrui, the doyen of African political science, criticized the project as delaying Ghana’s industrialization by two decades (Mazrui, 1986). By 1965, there was enough serious political unrest and economic discontent to cause a military overthrow of the government in February, 1966. A succession of military governments followed from 1966 to 1993, except for brief periods of civilian rule in 1969-72 and 1979-81. All of these governments promulgated well conceived economic development plans but none could solve Ghana’s economic woes, - reduction in exports and government revenue, declines in agricultural production, lowered quantity and quality of investment, negative real interest rates, and over-valued currency. The cause, some critics suggest, were inefficient and unsustainable domestic policies and general corruption.

The failures of the various economic development programs sent the Ghanaian economy into a downward spiral from the 1960s through the 1970s. Nearly all economic indicators - GNP, per capita national income, government revenue, export revenue, agricultural production, manufacturing and electricity production - demonstrated an economy in a downward spiral. There was a decline in production in all sectors of the economy but especially in exports and food production. In 1983, the government accepted a Structural Adjustment Program (SAP) and an Economic Recovery Program (ERP) from the IMF and the World Bank as conditions of rescue. The program consists of a stabilization program and an economic adjustment program. The stabilization measures are designed to reduce short-term imbalances between supply and demand (Konadu-Agyemang, 2003), by the re-alignment of interest rates, reduction in deficit spending, and the adjustment of the exchange rate, among other measures. The adjustment program, on the other hand, emphasizes measures that will remove obstacles that impede growth and the increase in supply. These measures include the reformation of prices, restoration of production incentives, encouragement of private enterprises, rehabilitation of debilitated infrastructure, and the reformation of bureaucratic behavior and inefficiency. Ghana is one of the very few developing countries which has accepted and implemented SAP/ERP program in its entirety. While some see the program as necessary, others see it as particularly harsh on the already poorer segments of society. Of course, the wealthier and the better educated escaped the harsh conditions by migrating to the developed countries. Today, about 62% of Ghanaian health
workers, doctors and nurses, live and work in Europe and North America (Ghana News Agency, 2006). The specific measures include currency devaluation, raising interest rates while restricting credit, decreasing government spending while raising taxes, dismantling trade and investment regulations, privatizing public enterprises, reducing real wages and placing more emphasis on exportable agricultural and manufactured products (Konadu-Agyemang, 2003). While SAP/ERP has rescued Ghana from bankruptcy, some argue that it has not brought any greater economic benefits in the form of major economic diversification or structural development. The program has halted the decline in exports but has not provided the foundation for rapid growth (Teal, 2002). Some see a human face to SAP/ERP for rescuing the rural poor (Cornea, 1988), while others see it as widening the gap between the relatively well-off and the poor within Ghana (Konadu-Agyemang, 2003). In a recent symposium, Peter Quartey, a Research Fellow of the Institute of Statistical, Social and Economic Research (ISSER) revealed that 74% of the people in the northern regions of Ghana, which are mostly rural, are “either poor or very poor” compared to about 58% in the southern regions (Quartey, 2006). He found this economic and political inequality to be associated with “impaired institutional development” perpetuated by a weak and unnecessary bureaucracy.

After 50 years of nationalist government and twenty years of SAP/ERP, Ghana is 138th on the HDI, at the lower end of the medium grouping. Ghana has no global super rich individuals. The urban population has risen from 30.1% in 1975 to 45.4% in 2003 and is projected to be 51.1% in 2015, a prognosis that is not favorable to a society that is agricultural and has no urban economic base. The distribution of income shows a great inequality between the relatively wealthy and the poor. The HDI shows that in 1998, the poorest 10% shared 2.1% of the income while the richest 10% shared 30%. The poorest 20% shared 5.6% while the richest 20% shared 46.6%. Ghana continues to be very dependent on imports, rising from 26% in 1990 to 52% in 2003. Ghana’s exports remain largely in the primary products industry (agriculture and extractive) - 84% in 2003 as opposed to 16% in merchandise, usually small cottage handicrafts. The only two areas in which Ghana can take great pride are the 98% female economic activity as percentage of male activity, and the 0.75 ratio of estimated female to male earned income. These data show that the gap between the haves and the have-nots remains at unacceptable levels. The economy itself remains the exporter of primary goods and has neither benefited nor taken advantage of the current global economy, which is driven by high technology in service and communication. In a recent lecture, Professor Aryeetey suggested that Ghana’s economic structure has not changed since 1911, following the introduction of cocoa and gold mining. The structural dependence on cocoa does not create jobs; manufacturing should be the driving force of the economy to create jobs (Aryeetey, 2006). For now, Ghana remains on the fringes of globalization, not a gainful participant in it.

Reflections and Recommendations

Our study of India and Ghana reveals some interesting patterns. While the two countries had similar colonial experiences, received their independence around the same time, emphasized social development, and adopted the planned economy model, they had distinct priorities for investment. Ghana invested in strengthening its agricultural production, while India invested in science and technology. Ghana invested in primary education, whereas India invested in the kind of higher education that was only available in imperial countries. Ghana produced
graduates to continue to the imperial legacy; India produced scientists to feed world’s hunger in research. Ghana spent its revenue primarily in developing non-productive social capital, while India invested in building its indigenous industrial edge. Ghana opened the door to foreign imports; India starved its consumers until its own industry could learn to walk on its own. Ghana sought survival; India sought nothing less than self sufficiency in food. Indian leaders built a dream of India to be the scientific power and implemented it through a scientific-bureaucratic alliance. India was fortunate to have had democratic governments throughout its independent history, but Ghana had to endure military regimes. India’s investment in technology became the necessary asset that allowed India to take advantage of the information-based society dependent on technically-trained labor. It is not to say that India did not invest in agriculture or non-productive social capital or primary education; India also invested in what it conceived to be the future of the world. India’s gamble is paying off. However, India’s case study reveals that not all groups are being lifted by the tides of globalization. Many people remain marginalized and new ones are joining the group. Ghana faces the challenge of integrating its economy into the global economy; India faces the challenge of integrating its marginalized groups into the mainstreams.

There are various speculations as to why there is a difference in growth and development between Asia and Africa. Some theories claim that the reasons lie in different economic policies, geopolitical connections to industrial economies, initial development conditions and resource endowments, domestic governance arrangements, and national culture and the role it plays in economic decision-making. At the policy level, the difference has been attributed to differing international trade and investment policies that each region has adopted (Aryeetey, et al, 2003).

The two case studies – India and Ghana – reflect the two divergent patterns of economic development in Asia and Sub-Saharan Africa, respectively. In recent decades, Asian economies have witnessed rapid economic growth primarily due to their high investment in human capital development in preceding decades. The equitable sharing of economic gains has been aided by universal literacy and improved health standards enjoyed by all citizens (Kurian, 2000). The economic growth performance of Southeast Asia and Sub-Saharan Africa started diverging significantly in the 1980s as Asia’s participation in the global market increased and Africa’s participation decreased. The cautious approach by Sub-Saharan African countries is understandable, considering that financial globalization carries high risks since international capital flows are capricious by nature, and hence vulnerable economies can be exposed to unpredictable external forces (Aryeetey, et al, 2003). Furthermore, the benefits offered by globalization often cause disequilibrium. So far, the participating countries have witnessed diverging income levels, rather than converging, and this is evident in India and Ghana as well. There are clear winners and losers and income inequality tends to be a hallmark consequence of globalization. Despite the arguments presented by the proponents of globalization, the net benefits from globalization are not secure. Participating nations may reap the benefits of dynamism, but their integration into the global economy in and of itself does not guarantee these benefits (Aryeetey, et al, 2003).

Globalization will continue and will perhaps take place at an even faster pace in the future. How can countries participate in the process and, more importantly, how can they benefit
from it? Joseph E. Stiglitz, the former Chairman of President Clinton’s Council of Economic Advisers (1993-1997), the former Chief Economist and Senior Vice President at the World Bank (1997-2000), and the winner of the 2001 Nobel Prize in Economics, contends that globalization has been mismanaged and has thus burdened the marginalized sectors of society. However, “globalization…can be a force for good and [it] has the potential to enrich everyone in the world, particularly the poor” (Stiglitz, 2002: ix-x). To enrich everyone, global systems will need to undergo some drastic changes. It is essential to revamp the international trade agreements that have been responsible for removing trade barriers and placing policies on developing countries.

On the basis of our examination, we propose the following recommendations:

- **Invest in Building Infrastructure that Promotes Human Capital**
  Improving the human condition entails securing basic infrastructural services like power, irrigation, telecommunications, and transport. Such services will help meet the basic needs for human survival and help to bring people out of extreme poverty. Improving the accessibility to ICT will help bridge the digital divide. Many people are on the losing end of the divide precisely because ICT are inaccessible (Norris, 2001). Reducing infant mortality rates and increasing life expectancy at birth are also key factors in improving the human condition as they will help curb rapid population growth rates. Reductions in population growth rates go hand in hand with improved conditions, particularly for women: educated women tend to have fewer children (UN, 2006). Improving the quality of life will encourage economic growth, in effect bringing people out of poverty.

- **Consider Primary Education as the First Step not the Last**
  Promulgating universal literacy, especially for females, is vital to improving education and thus the status of women in society. It is important to invest strongly in primary education in particular, as there is a staggering amount of people, particularly females, without primary education. The UN finds that 115 million children do not attend primary school, and further, 3/5 of these children are girls. Education can help reduce poverty by offering everyone with opportunities to make better lives for themselves (UN, 2006). However, literacy alone cannot produce the workforce necessary to offer edge in the global market place. Countries must encourage education that promotes creativity, ideas and entrepreneurship.

  Education appears to be linked to health in some respects as well. For example, infant mortality rates are lower for those children who have mothers with a secondary education or higher (World Bank, 2005).

- **Increase Access to ICT**
  ICT have the potential to bring many benefits to everyone. Since such a small percentage of the world’s population uses the Internet, there is a lot of headway to be made in bridging the digital divide. ICT may harbor a great potential for the rural sectors by allowing them to stay engaged in their country’s relations. Not providing access to ICT will ensure further marginalization and hence exacerbate the digital divide (Ekaas, 2006).
• **Practice Good Governance and Economic Agility**

A key ingredient in India’s integration into the world economy has been its democratic political system which allowed people to feel empowered and engage in global competition. India’s bureaucracy also had to adapt to the changing forces. Countries must build state capacity through good governance. Their bureaucracies must become transformational bureaucracies.
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