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Globalization and the Threat of Marginalization

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Abstract: This paper discusses the threat to sideline some economies or sections thereof from the activities that are characteristic of globalization in the contemporary global political economy, in an attempt to definite the term *marginalization*. This is partly motivated by the observation that no work currently exists that is devoted to defining or conceptualizing marginalization. To meet its objective, the paper specifically addresses the question, how does globalization threaten to marginalize some economies within the global political economy? A review of the limited but existing literature on the term marginalization along with that which uses the implied meaning of the term without actually defining it is conducted. This is accompanied by an outline of some factors that characterize the threat of marginalization in the light of some of the features of the evolving process of globalization. All in all, marginalization is thus seen to reflect a situation where certain of the world's economies or populations are seeing declining participation in the activities that characterize the globalizing world. They are being pushed to the margins of such activity.

Keywords: globalization, marginalization, least developed countries, world trade organization, Association of Southeast Asian Nations, Common Market for Eastern and Southern Africa, Southern African Development Community, LDCs, WTO, ASEAN, COMESA, SADC.

JEL Classification: F01, F02, F10, F13, F15, F23, F50

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Globalization and Marginalization: Some Recent Trends

How does globalization threaten to marginalize some nations within the global political economy? This paper discusses the threat to sideline them from the activities that are characteristic of globalization in the contemporary global political economy, with a view to defining marginalization. To the best of my knowledge no work exists that is devoted to an elaborate definition, let alone conceptualization, of *marginalization* despite its widespread use across academic disciplines. I attempt a definition of marginalization from existing work on the subject and later outline some factors that characterize this threat in the light of some of the features of the evolving process of globalization. The third aim of this paper is to arrive at a working definition of marginalization that fits the paper's objectives and in order to provide for a peak into how nations so threatened with marginalization collectively respond to the threat is poses.

Notwithstanding its complexity and the pace at which globalization proceeds, some nations in places like Southeast Asia and Eastern and Southern Africa face challenges that apparently render them unable to keep pace with developments elsewhere. The decline in incomes and economic performance of most Sub-Saharan African economies, for instance, stands in clear contrast with the increasing incomes and performance of many in East Asia, not to mention the advanced industrial economies. The high performing economies of East Asia, such as South Korea, have come to form a "convergence club"—a group of economies that have grown so fast that they have caught up with the industrial nations (see Hayami, 2001; Barro, 1991). Sub-Saharan Africa, in contrast, lags much further behind the advanced industrialized nations and has no such high performing economies to boast of.

In East Asia too, however, and especially Southeast Asia, some nations have been facing their own share of challenges despite the buzz of activities which suggests that the region as a whole is experiencing growth. The Lao People's Democratic Republic (Lao PDR), for instance, only started reforms reflecting a shift from a poorly performing and centrally planned economy towards a market economy in the second half of the 1980s. The end of the Cold War, along with the collapse of the Soviet Union in the 1980s and 1990s, worked to not only ease political tension but also improve trade relations between Lao PDR and her neighbors in Southeast Asia. Lao PDR has been a full member of the Association of Southeast Asian Nations (ASEAN) since 1997, and in 1998 it also started participating in the ASEAN Free Trade Area (AFTA). Although this participation entailed implementing the Common Effective Preferential Tariff (CEPT)[1] among other socio-economic and political reforms, the pace at which Lao PDR implemented its market reforms was generally rather slow, what with the compounding effects of the Asian financial crisis of 1997/8 on the economy. Lao PDR is the poorest and least developed in East Asia with some of the worst social indicators in the region (World Bank, 2006b).

Myanmar, as another example, remains one of the most closed economies in Southeast Asia despite having experimented with market economy reforms towards the end of the 1980s after years of practicing socialism (Fukase and Martin, 2001). The

[1] The CEPT is a scheme of co-operation among ASEAN Member States aimed at reducing intra-regional tariffs and the elimination of non-tariff barriers (NTB) over a ten-year period starting January 1st 1993.

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reforms were, however, short-lived as Myanmar later abandoned them, much to the chagrin of the World Bank. This coupled with the government's failure to make good on arrears to the World Bank led to the latter suspending lending to Myanmar (World Bank, 2006a).

The decline in incomes and poor economic performance in most of Sub-Saharan Africa and the challenges faced by some Southeast Asia nations are reflective of the general increase in the marginalization of some areas, societies and nations, both in terms of number and level. This is especially clear when contrasts are made with the progress made by other nations. In this context, Castells speaks of a 'fourth world' which consists not only of developing or least developed economies, but "disconnected" populations within more prosperous societies, such as "American inner-city ghettos, Spanish enclaves of mass youth unemployment, French banlieues warehousing North Africans, Japanese Yoseba quarters, and Asian mega-cities' shanty towns" (Castells, 1998: 164). This feature constitutes part of what Castells calls the "new geography of social exclusion." For the most part, however, larger areas constituting this "disconnected" world exist among nations that are held to be least developed and are ranked poorest in the classifications of global institutions like the IMF, World Bank and the UN.

Table 1 Number of Least Developed Countries 1971-2003

Year	Number of LDCs	Africa	Asia	Pacific Island	Latin America and the Caribbean
1971	24	16	6	1	1
1975	27	18	7	1	1
1977	29	20	7	1	1
1982	34	25	7	1	1
1985	35	25	7	2	1
1986	38	26	7	4	1
1987	39	26	8	4	1
1988	40	27	8	4	1
1990	41	28	9	4	1
1991	46	31	9	5	1
1994	48	33	9	5	1
2001	49	34	9	5	1
2003	50	35	9	5	1

Source: Dowlah, 2004.

The number of such economies has been on the increase. In 1971, for example, there were only 24 least developed countries (LDCs) in the world, 16 of which were in Africa, six in Asia, and one each in the Pacific Islands and in Latin America and the Caribbean (Dowlah, 2004: 2, 12; UNCTAD, 2006). As of 2003 the number of LDCs in the world had risen from 24 to 50. Of the 50, 35 were African, nine Asian, five Pacific Islands, while Latin America and the Caribbean still had one. This information is depicted in Table 1 above.

Table 1 shows that, from 1971 through to 2003, Africa and Asia ranked first and second respectively in terms of the number of economies among them that were least

developed. One can also, however, deduce from the table that while Africa, Asia and the Pacific Islands all witnessed increases in the number of LDCs, Africa saw its share of such economies increase from 67 percent in 1971 to 70 percent in 2003. The Pacific Islands saw theirs increase from 4 percent in 1971 to 10 percent in 2003. Despite the increase in the absolute value from 6 to 9, Asia on the other hand, however, witnessed a decline in its share of LDCs, from 25 percent in 1971 to 18 percent in 2003. The point being made here is nonetheless that the world has witnessed an increase in the number of economies that are categorized as least developed; economies that in the language of the "new geography of social exclusion" might just as well be said to be disconnected and facing the threat of marginalization. But what form does this threat take? As globalization progresses how can one distinguish between nations, regions, populations, etc. that find themselves on the wayside and those that are at the center and/or the helm of the activities that define the globalization process and the contemporary global political economy? The next section seeks to address these questions by discussing some of the latent manifestations of marginalization as generated by globalization.

Marginalization

Marginalization derives from *marginal*, which connotes exclusion from the mainstream (Webster Online, 2007). Beyond dictionary definitions academicians use the concept *marginality* to refer to dynamic socio-economic, political or physical and environmental conditions and/or processes under which some people, communities, or territories might be subjected (Gurung and Kollmair, 2005). Gurung and Kollmair, for instance, use two conceptual frameworks—societal and spatial—to define marginality (*ibid*: 10). The former is more relevant to the present discussion because it centers on the examination of political and socio-economic aspects of humans such as culture, economics, and politics vis-à-vis their access to resources. The framework seeks to uncover the implicit factors behind people's exclusion, or the social injustice and spatial segregation they face.
In general the following geographers' definitions of the concept highlight some features of marginality that are relevant to the present study.

> "*Socio-economic marginality is a condition of socio-spatial structure and process in which components of society and space in a territorial unit are observed to lag behind an expected level of performance in economic, political and social well being compared with average condition in the territory as a whole*" (Sommers, Mehretu, Pigozzi, 1999: 7).

> "*Marginality is a complex condition of disadvantage that individuals and communities may experience because of vulnerabilities which may arise from unequal or inequitable environmental, ethnic, cultural, social, political and economic factors*" (Mehretu, Pigozzi, and Sommers, 2000: 89-90).

In addition to being a *condition* or *state* as the definitions above suggest, the International Geographical Union (IGU) also suggests that marginality is a "*temporal*[2]

[2] Emphasis added

state of having been put aside of living in relative isolation, at the edge of a system…" (IGU, 2003: 2 in Gurung and Kollmair, 2005: 10). Characterizing marginality as temporal adds a *process* nuance to it. Hence Gurung and Kollmair point to the emerging and evolving nature of marginality, noting that it is also dynamic because potential exists for regions in marginal situations to overcome the condition. Indeed continuity of processes in any given system renders marginality not only static but dynamic too. New circumstance such as technological change or the depletion of resources, for instance, might cause a region to lose its significance and thus become marginal, while previously marginal or relatively isolated regions like mountain areas might become prominent tourist attractions (Leimgruber, 2001: 12).

Andreoli (1992) perceives marginality to be a condition or state in relation to the socio-economic features of a system. As far as economic and cultural power is concerned, for instance, marginality might define the condition of an area opposite the concentration of that power. This implies that the area in question receives fewer benefits from the center (Leimgruber, 2001). Also, the marginalized area is weakly linked with the locus of that power but not necessarily isolated from the center. Rather the area is marginalized because, as Sommers *et al* argue (2001: 27; see also Mehretu *et al*, 2000: 90), it is compounded by political, cultural, economic and resource difficulties.

For Sommers *et al* marginality is a state of 'poverty and deprivation' (Sommers *et al*, 2001: 27). It as a condition that can occur in any community or territory whether regulated by free markets or under controlled markets. Marginality in the latter case arises from hegemonic biases in a social system that is purposely constructed for a set of individuals or communities to exercise political control or power over another on the basis of *inter alia* class, gender, race, ethnicity, etc. (see also Mehretu *el al*, 2000: 90-93). This 'systemic marginality', with its design to attain specific outcomes like control, economic exploitation, and even social exclusion, is/was evident in countries formerly under colonial rule. Mehretu *el al* takes apartheid South Africa and Rhodesia, and the 'exclusionary marginalization' based on tribe in Rwanda, Ethiopia and Sudan as examples of systemic marginality.

Socio-economic, political and spatial disparities might also arise among individuals or communities in free market systems owing to competitive market dynamics and yield the other form of marginality. According to Mehretu *el al* (*ibid*: 90) people or areas that are especially affected by this 'contingent marginalization' are those that are least inclined to effectively negotiate the market place because of socio-cultural restrictions, poor economic competitiveness, among other reasons. Whether contingent or systemic, however, disparities (in standards of living, for instance) are a continuous and ubiquitous phenomenon arising from both non-market and market factors in the contemporary global political economy. This is the case at both local and global levels. The bottom line is that irrespective of causal factors, unfavorable conditions, whether social, cultural, economic, political, or physical and/or environmental give rise to the complex condition and process—marginality. In time, as marginality occurs, it intensifies the state and/or process of marginalization (Kirkby, 2000 in; and Gurung and Kollmair, 2005: 11). Marginalization is in this sense a state or process reinforced and reproduced by marginality.

Many discussions of marginalization, particularly vis-à-vis Africa or least developed countries (LDCs) and the global socio-political economy, use the term but do

not define it (see for example Bhalla, 1998; Basu, 2003; Gibson, 2004; Magbadelo, 2005; Murshed, 2002; Talani, 2005; Tandon, 1999; etc.). The meaning is usually rather implied from what are apparently the attributes or indicators of the concept. Moreover, Basu points out that economists and statisticians appear so unaware of marginalization to the extent that they have not assembled the data relating to the phenomenon (Basu, 2003: 13).

Africa's marginality, according to Magbadelo for instance, implies the continent's structural dependence on the West and the minor status it occupies in the global system. This is because the continent faces poverty, hunger, and neglect from the West (and the rest of the world) and is underdeveloped as a result of colonialism. That the continent is marginal is implied in these characteristics. With respect to Western neglect, Magbadelo observes that since the end of the Cold War Africa has lost its relevance in the global political economy. Back then, the continent was of "strategic relevance" to both the West and the East and their respective ideologies (2005: 93). That the continent is neglected is evident from the decline in the aid and FDI it is receiving from developed countries.

Regarding poverty and hunger, marginality is considered synonymous with poverty in as far as both refer to limited access to or the lack of a set of basic socio-economic needs (Gurung and Kollmair, 2005). The needs often cited are food, shelter, education, health care and access to clean water. Populations that are marginalized in this sense are challenged by poor access to physical and social infrastructure, ICTs, etc.—a picture so often painted of Africa.

Tandon (1999: 93) too does not define marginalization but uses it to discuss Africa's status or the level of its participation in global affairs. The continent's absence from and its very minimal participation in the Uruguay negotiations, for instance, illustrate the point. Africa was literally absent for most of the eight years the vital negotiations were in progress. African countries would only be invited to the conclusion of the round to append their signatures, under duress, to the WTO agreement. The continent's role was more or less that of a rubber stamp, authenticating matters on which they had hardly deliberated.

Marginalization may also imply the absence of democratic processes in international or organizations purporting to be (globally) all-inclusive in their activities, function and constitution. This aspect of marginalization hinges on conditions of disparity between the mainstream and the marginalized relating to "equitable and legitimate access to resources and decision making processes" (Gurung and Kollmair, 2005: 12). Some of the decision-making processes at WTO meetings illustrate this very well. Tandon (1999) cites Article IX of the Marrakesh Agreement establishing the WTO and the stipulation that a decision shall be deemed made by consensus of a body concerned "on a matter submitted for consideration, if no Member present at the meeting when the decision is taken, formally objects to the proposed decision."[3] Tandon notes that African countries are seldom present (or poorly represented when they are) at such meetings on account of *inter alia* lack of financial and technical resources. Despite this, business goes on and decisions with consequences on absent nations (and indeed the world as a whole) made in their absence. Thus, as Tandon (1999: 84-85) notes, rules and arbitration panels that are designed to legitimize the domination of powerful nations over weak ones on the

[3] The original Marrakesh Agreement establishing the World Trade Organization can be found on the WTO web site at: <http://www.wto.org/English/docs_e/legal_e/04-wto_e.htm>.

international scene have supplanted diplomacy and bargaining. Indeed, international and multilateral bodies like the World Bank, IMF, and WTO are designed and structured in such ways that they serve the interests of industrial countries or the corporate world there while simultaneously subjecting developing countries to the power and influence of the former. Notwithstanding their insistence on democracy and transparence in national governance in Africa, therefore, industrial countries sit on committees (of these international organizations) that are "the most undemocratic, non-transparent and authoritarian" (Tandon, 1999: 86).

Likewise Basu (2003) does not define marginalization per se but points to the "erosion of global democracy" as the reason behind the growing marginalization of some sections of the contemporary global political economy. Basu's concern with globalization is the manner in which the process is increasingly reducing individual nations' spheres of freedom in drafting their national policies.

Within nations, Tandon also points to the lack of indigenous ownership and the control of key local resources in his discussion of Africa's marginalization. The need to reorganize traditional modes of production to *inter alia* achieve efficiency and increase profits is one of the reasons behind the adoption of more flexible forms of industrial organization in the post-Taylorist era. With this, business enterprises, and particularly MNCs, now have freedom of choice on where to locate production—a function that was traditionally that of the state. Thus MNCs have become significant to the growth of economies and wealth distribution while the state has experienced a decline in its power and monopoly over its traditional regulatory role in such matters (Mehretu *et al*. 2000). The flexible forms of production adopted by MNCs enable them to integrate vertically and functionally dispersed economic activities across the globe while maintaining their power base in home countries—which are mostly industrial countries (Sommers *et al*. 2001; Mehretu *et al*. 2000). With current levels of poverty, most of Africa and LDCs elsewhere can hardly manage to establish indigenous MNCs of their own, equal in proportion and strength to MNCs from industrial countries. Rather they depend on the latter as sources of FDI.

LDCs are fertile ground for MNCs and their quest to maximize profits, improve efficiency, carve out new markets and lower production costs by employing cheaper resources. On account of the power they wield, MNCs hardly face significant challenge in their pursuits or resistance from the relatively weak—indeed poor—environments they invade. Not only that, but MNCs are embraced by LDC governments because of the importance of their investments to national development, job creation, etc. Ironically, MNCs' power coupled with the retreat of the state from active involvement in the economy gives them an upper hand in their relations with relatively weak host governments. MNCs can therefore easily exploit local resources in LDCs, whose environments are characterized by weak (or non-existent) rules and regulations that cannot check their operations and activities. MNCs have indeed been known to have direct dealings with LDC state authorities, wherein the latter serve as intermediaries for the former and reveal existing local resources for the MNCs' exploitation (Sommers *et al*, 2001). Relationships of this sort according to Sommers *et al* lead to the systemic marginality of local populations.

As if that were not enough, some MNCs even involve themselves in host nation politics to the extent where they influence and even help determine the countries' rulers.

This is all done to protect MNC interests in the host nation, despite disadvantaging indigenous populations. Sommers *et al* cite the example of International Telephone and Telegraphy (ITT) and how it tried to prevent the election of a socialist government in Chile in the 1970s, as well as its subsequent attempts to help overthrow the government just to protect its interests in the country (2001: 30). Marginalization indeed arises in the wake of globalization as advanced and large-scale producers, corporations, or organizations, etc. in the market and the global political economy take up roles, activities, functions, etc. previously conducted by the state, and threaten to sideline individual and smaller players in their respective fields (cf. Basu, 2003).

The marginalization threat and its manifestation[4]

Among the works cited in this paper none comes close in outlining the indicators of the socio-economic disparities between LDCs and industrial nations in the wake of globalization and in the context of a global institution, itself an agent of globalization, the WTO, than Dowlah (2004). Dowlah's work is especially helpful in the conceptualization of marginalization as a phenomenon facing developing countries. Dowlah addresses economic globalization as it affects countries and people that he says have been "largely bypassed by globalization" (2004: 1). Approaching economic globalization as "the integration of national economies into international economy through trade, direct foreign investment, and flows of capital, labor, and technology," Dowlah explains how activities that take place in and revolve around multilateral trade regimes effected by the GATT and its successor, the WTO, have been marginalizing the poorest nations and their populations in the contemporary global political economy. This work comes close to the present study in that it tackles marginalization as a characteristic of LDCs and discusses how this phenomenon is propelled by globalization. Dowlah's approach, however, differs from the approach here in that it addresses the nations threatened with marginalization from the global political economy as a single group, i.e., as LDCs, without making any distinction between them, say, on the basis of which part of the world they are located in. This paper on the other hand targets national economies threatened with the marginalization generated by globalization on a regional basis and treats them as groups rather than individual nations.

Not only has the number of nations facing the threat of marginalization been increasing, the level or extent of their marginalization has itself also been on the increase. The declining incomes, economic performance and the increasing challenges faced by Sub-Saharan Africa and some Southeast Asian nations mentioned earlier reflect this. Furthermore in 1997, LDCs "constituted about 10 percent of the world's population, with 0.6 percent share in global imports and 0.4 percent share in global exports, which represented [a] 40 percent decline in their shares since 1980, testifying [to the] increasing [level of] marginalization…in the world economy" (Dowlah, 2004:2). Dowlah attributes the marginalization of LDCs to the push for globalization and liberalization and, specifically, trends taking place at the global level. These trends include the global integration of trade, and worldwide migration, as well as flows of technology and finance

[4] This section partly borrows from Dowlah's superb outline of the indicators of marginalization of LDCs in the wake of globalization and as it relates to trade and, specifically, the global trade organization WTO.

around the world, especially in the period 1945-80 (*ibid*: 12). In a bid to examine the rate and extent to which the poorest countries are marginalized Dowlah outlines seven factors, which he labels, major indicators of the marginalization of poor nations (Dowlah, 2004: 13-24). I incorporate them in the following discussion.

Mention has been made of the declining incomes of LDCs in contrast with increases made among, say, those belonging to the 'convergence club' or the industrial nations. Dowlah places the disparity in income between rich and poor nations on the top of his list of indicators of marginalization of the LDCs. The gap in income between these two groups has widened since the 1950s as can be seen in such measures as depict the ratio of income of the richest 20 percent to that of the poorest 20 percent of the world's total population. This ratio stood at 30 to 1 in 1960, increased to 60 to 1 in 1990, and widened further to 74 to 1 in 1997 (Dowlah, *ibid*: 13). Moreover, incomes within developing nations also show an increase in the gap between the rich and the poor. This aspect of marginalization demonstrating increasing disparities of income between rich and poor, both domestically and compared with other economies in the world is a result of globalization.

I have also alluded to declining economic performance of LDCs as suggesting an increase in the extent of their marginalization. One of the measures employed to assess a nation's level of economic performance is its income. Trends in the rates of growth of national incomes of LDCs feature as a second indicator on Dowlah's list of indicators of marginalization of these nations. Rates of growth of national incomes have been on the decline among these economies. For example, the per capita growth rate of income of LDCs over the period 1990-98, 0.4 percent, is significantly less than that of global per capita income, 1.1 percent, during the same period (Dowlah, 2004: 16). Part of the explanation for this lies in the heavy reliance by these economies on the export of primary goods, which do not bring in much in export earnings.

Moreover, as Dowlah argues in the third of his indicators of the marginalization of LDCs, global commodity prices seem not to have been performing in favor of these economies. The decline in prices of commodities in global markets, especially for most of the 1990s, has had a negative effect on the export earnings of most of the LDCs, particularly because most, if not all, of them heavily rely on exports of the primary commodities. Worse still, these commodities have to compete with similar products that are heavily subsidized in the US, EU and Japan in both domestic and international markets.

Developing nations have of late been making efforts to have their views properly heard and represented in WTO meetings. Evidence of such effort can be seen in the inconclusive end of the meetings at Seattle and Cancun. In addition to this, developing nations have indeed awakened to the reality that joining the WTO is in itself no guarantee of increased and easy access to markets in the developed nations. This is in spite of agreements reached at the level of the global institution. The agriculture and textile sectors, on which developing nations heavily rely and in which they have comparative advantages and higher stakes, ram the point home, as can be seen in the reluctance by the developed nations to stop subsidizing their own producers in these sectors. Developing nations have thus in recent WTO meetings resorted to ganging up and together voicing their concerns in a bid to have a 'louder voice' as it were (see, for instance, Karl, 2003; Gitihnji, 2003; and Bernal, 2003). That these nations have to do this in order to be heard

even in organizations like the WTO, which in principle is governed by such provisions as equal voting rights to all members, points to their marginalization if left to act individually. Their clout cannot really match that of the industrialized nations and interest groups therein.

Continuing with the manifestations of marginalization, some nations not only export raw materials, but also process them for export. The LDCs perform well with respect to the share of exports from manufacturing, which Dowlah lists fourth among his indicators of marginalization. But most of these nations' exports from the manufacturing sector consist of garments and textiles, which in turn reflect the "rudimentary stage of industrialization" of these economies. The rate at which these economies are industrializing is slow. The result is a wide technological gap between them and the developed nations. Consequently there are marked limits to the productive capacities of LDCs. This is in itself not only a manifestation of marginalization, but also threatens to reduce their productivity and competitiveness compared with the rest of the world in future.

The fifth indicator of marginalization of the LDCs on Dowlah's list hinges on external financial flows. Dowlah categorizes external financial flows into three, namely the flows of official development assistance (ODA), foreign direct investment (FDI) inflows and external debt (Dowlah, 2004: 18-21). With respect to ODA, Dowlah provides statistical evidence to the effect that flows in this kind of finance to developing nations have declined sharply. This decline works as one of the factors contributing to the marginalization of LDCs.

Furthermore, aid to LDCs has been erratic in its distribution, with the more prosperous among them receiving greater shares of the aid than those that are less prosperous. One can see from this that political rather than purely economic considerations and interests influence the allocation of foreign aid. Corporate interests in the West shape the policy decisions of international financial institutions (IFI) and their lending. In a way, an economy perceived, for any reason, as lacking the potential to pay back loan funds and meet the corporate world's interests, is better left to fend for itself, rather than pouring in resources where the chances of recovering them are uncertain or minimal. In addition, nations that are not seen to be embracing prescriptions for reform and implementing policy recommendations from aid givers risk losing out on aid that might otherwise be readily available. This has some semblance of the situation that Myanmar is in. It smacks of the old adage 'if you are not with us, you are against us,' or in this case, 'if you are not with us, you get neglected or sidelined.' In other words, 'embrace our values or get left behind.'

What is more, chances of nations like this gaining access to finances from sources other than the international financial institutions (IFIs), and particularly from the private sector, are slim on account of the absence of the "seal of approval" of IFIs. This partly explains, as Dowlah argues in citing FDI flows as the second category of the flow of finances, why, in spite of the increase in global FDI flows, investment in the LDCs has declined significantly. Moreover, of the little that goes to this group of nations, most of the FDI is concentrated in only a handful, representing about 10 out of the 50 LDCs (*ibid*: 20).

With respect to external debt, the third of Dowlah's three categories of the flow of finance, LDCs' debts account for large shares of their respective gross domestic products

(GDP) and constitute a major burden in their national budgets. Some of these nations, however, have had some of their debts cancelled. This does not, however, eliminate the fact that the debts of these nations remain unsustainable.

That LDCs' debts are unsustainable is partly reflected in the diversion by their governments of funds meant for social services and other pressing domestic needs to debt servicing. This contributes to, among other things, a sixth indicator of marginalization that Dowlah cites, poverty. Poverty in LDCs is ubiquitous to the point that it is labeled "generalized poverty." Over 80 percent of the populations in these parts of the world are said to live on less than $2 a day (Dowlah, 2004: 22). Such an amount is indeed not sufficient to meet basic needs. National governments on their parts are overstrained and can hardly satisfy all social needs; given that they have to allocate the meager resources they have to meet both domestic needs and international obligations.

The widespread poverty in LDCs also has a bearing on the levels of human development, the seventh indicator of marginalization of these nations on Dowlah's list. Most sections of the populations in these nations are characterized by high rates of illiteracy, low life expectancy, high mortality rates and inequalities between the genders.

These manifestations of the marginalization of LDCs in the foregoing discussion are not the only thing challenging them. Some nations in both Southeast Asia and Eastern and Southern Africa are just emerging from decades of armed conflict and need to make the transition to sound economic performance and find their places in the increasingly integrated global political economy. This can, for instance, be said of Cambodia in the ASEAN region and Angola and Mozambique in the SADC/COMESA region. Apart from globalization, the economic regress, unstable growth or economic stagnation that most LDCs like these are experiencing can therefore also be attributed to armed conflicts and civil strife. Housing, food security, health, access to clean water and sanitation, education and a host of other social services are either lacking, inadequate or in short supply for most portions of the populations there. The populations themselves have insufficient incomes to pay for such services if and where available. Refugees returning home from years of forced exile, people internally displaced by war and social upheavals, orphans and other groups negatively affected by war create a whole set of special socio-economic needs that require specialized attention which governments on their part are either ill-equipped to handle or cannot meet on their own.

Moreover, physical infrastructure along with overall economic structures is often run down or is just being restored from the destruction and neglect following years of war. There is an urgent need for repair and restructuring if such nations are to make the transition necessary to integrate with and effectively compete in the global political economy. Owing to their structural and institutional handicaps, such LDCs find themselves ill equipped to compete effectively in the highly competitive globalizing world. In the SADC/COMESA region, Zambia's experience with reforms in the 1990s illustrates this point well. Acting under pressure of an aid embargo imposed by donors to force it to privatize (Bigsten and Kayazzi-Mugerwa, 2005), the national government unreservedly removed restrictions and controls on trade, financial and capital flows, not taking into due consideration the economy's structural and institutional handicaps in competing in the global economy. This adversely affected the economy's productive capacity to the point where the manufacturing sector collapsed (Nshimbi, 2005). In about a year of liberalization, the textile industry, for instance, recorded 8,500 losses in jobs

while 47 clothing manufacturing firms shut down in the face of competition from imported textiles and second-hand clothing (Bigsten and Persson, 2001).

The two 'institutions that govern globalization' – the IMF and World Bank – provide grants, loans and technical assistance to help in the transition of nations emerging from war and others faced with declining economic performance and in need of rebuilding and restructuring like those of Angola, Cambodia or Zambia. World Bank sponsored initiatives like the Structural Adjustment Program (SAP) and their consequences have become household terms in places like Zambia to the point where the acronym SAP has been locally rephrased as 'stomach adjustment problems.' The UN and its agencies and other international and local nongovernmental organizations (NGOs) are also active in work and providing support to meet the various socio-economic needs in these places and helping establish the structures necessary for growth and development.

Information and computer technologies (ICTs): Competitiveness and marginalization

The foregoing notwithstanding, Castells (1998), as mentioned earlier, characterizes most of Africa, along with parts of the former Soviet Union and other places, as a 'fourth world,' positioned opposite Europe, North America, and East Asia in an increasingly regionally polarized global economy. The polarization between the rich and the poor, according to Castells, is a consequence of ICTs, which have also had the effect of heightening the speed of the globalization process. Castells also makes a link between the rise of information technologies and the growth of a global currency market with financial services industries centered in the global cities of London, New York, and Tokyo. Areas of the world and people that are unable to access the new technologies will not only fail to tap into the benefits of globalization but also risk being further sidelined or pushed to the margins of global trade, and other types of socio-economic and political activities.

With continued globalization, therefore, chances are apparently that some of the world's nations may not actively participate in the international political economy and risk losing out on the benefits that accompany the new global economic order. The nations most susceptible to this threat, as can be gathered from the foregoing discussion, are those categorized as least developed. These nations are in urgent need of solutions to avoid the challenge and pitfalls that accompany the threat of being marginalized in the face of the rapidly progressing globalization of the world political economy.

Competitiveness characterizes the contemporary globalizing world, demanding, among other things, efficiency in the use and allocation of resources—land, labor, capital, etc. The flow of investment from one part of the global economy to another may be indicative of efforts to achieve efficiency in the employment of any one or all of such resources on the part of investors and entrepreneurs. Locations with abundant and cheap labor, coupled with legal environments that are conducive to the conduct of business, for example, are in a better position to attract investment than those that are not. There has been a progressively heightened transfer and globalization of investment along with other factors manifesting this tendency. Japanese investment and capital, for instance, have since the early 1900s permeated most of East and Southeast Asia to the extent of forming

a pattern (the 'flying geese' model) in their flows. One can also see evidence of the movement of factors in quests for lower production costs across the Americas. In the debate on whether the North American Free Trade Area (NAFTA) is a success or failure, Ojeda, Runsten, De Paolis, and Kamel (2000) have reviewed some work done in support of and against NAFTA. Their own position, as of the time their work was published, was that NAFTA had had little effect on the overall pattern of trade between Mexico and the US—patterns had rather began to change about a decade before NAFTA (see also Robey, 1999).

Not only do goods and services that are produced in locations that provide lower production costs have to be of good enough quality to compete effectively and penetrate highly competitive global markets, but the locations themselves also have to be competitive and attractive enough to bring in and host investment. Inability to attract FDI presents itself as another possible threat of marginalization to locations that fail to host it. Apart from, say, laws governing the conduct of business in a given area, security risks may serve as another important factor that would-be investors consider before venturing into establishing themselves in a given location. In such instances nations or regions that are, for example, beset by war stand to lose out on the ability to compete for inflows of investment. Cambodia, Angola and Mozambique, among others, as discussed earlier, are post-conflict nations just emerging from this inability to attract investment due to the risk imposed by war. The three are, therefore, still among the nations that are threatened with exclusion from active participation in the global economy. These are the places that constitute one of the sources of instability in the new 'connected' global economy, from which they are faced with exclusion and marginalization as globalization progresses. For the process of "[g]lobalization proceeds selectively, including and excluding segments of economies and societies in and out of the networks of information, wealth, and power, that characterize the new, dominant system" (Castells, 1998: 161-2).

Globalization and Marginalization

Globalization is progressing and as it does so it spawns a bipolar world, the fault line in which separates those economies, or segments thereof, that appear to be casualties of the process from those that seem to have tamed it and learned to get the most out of it. Thus we are witnessing a world in which increasingly a smaller proportion of global resources and trade activities are shared among a larger number of economies and vice versa. The result is the widening gap in income between poor and rich nations.

As if this were not enough, economies which find that they are casualties, those that have to share a smaller proportion of global resources among themselves, face challenges that apparently render them unable to keep pace with the process and developments in other economies which appear to be managing to cope with globalization. For instance, rudimentary or slow rates of industrialization characterize the former group of nations resulting in a wide technological gap between them and industrial nations—those that appear to have tamed it and are the greatest beneficiaries from the process.

Such kinds of technological growth also impose limits on the productive capacities of poor nations and further threaten their suppression in relation to global

production and activities. Also these nations have not really graduated away from primary goods but continue to rely on their production and export. In contrast, economies sailing on the high seas of globalization have progressed to manufacturing and gone beyond to service production of various kinds reflecting high levels of development in areas such as technology.

Finance, which might otherwise be thought to be the last source of hope for this group of nations, is increasingly difficult to source. As globalization progresses the world is witnessing declining flows of finance (ODA, FDI, and credit in their various forms) to these economies. The marginalization of these economies is easier to see in financial terms. One might actually be tempted to conclude that marginalization *is* financial. It is, however, not limited to finance and related activities. Marginalized national economies, for example, seem to have structural incapacities that render them unable to compete effectively in the global economy even if they were given opportunity to do. Reference was also made earlier in the discussion to a situation where most of the economies that I have characterized as 'marginalized' gang up in global forums like WTO meetings in order to have a 'larger voice' or have their views heard by industrial nations. This reflects the situation where their individual voices are marginal, or indeed their marginalization. I also raised issues of this group of economies possessing limited access to certain goods and services like health, education and new technologies, even if they had the money to pay for them.

Conclusion

All in all then, marginalization as defined it in this paper should be seen to reflect a situation where certain of the world's economies or populations are seeing declining participation in the activities that characterize the globalizing world. They are being sidelined or pushed to the margins of such activity, as it were. The majority of such nations and populations are to be found in Africa and Asia, and also in some places within industrial nations which otherwise seem to be coping with globalization.

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