

Global Essay Competition 2024

Title: The Unending Dilemma- Deconstructing the Scarcity of Power in the Global South

Essay:

The marked lack of autonomy of developing economies, particularly in the global south, in comparison to the authority of developed countries and 'superpowers' in the global context is quite concerning. This scarcity of power and inequitable power distribution has existed for centuries, largely stemming from the industrialisation of the modern world and colonialism. While there has been major progress over the past century in the alleviation of the tyranny of direct oppression, the impoverishment of newly created countries and the influence of the superpowers on them has sustained this power gap. In recent decades, globalisation and its mechanisms of trade agreements have continued to favour dominant countries at the expense of smaller, less stable economies. This form of scarcity, though intangible, is a primary factor which prevents holistic development. It impacts the narrative of the world. This essay will deconstruct and analyse this scarcity of power in the developing world.

First, the severity of the problem must be established. Developed countries, such as the likes constituting the G7, form the minority, at least in terms of population. 4/5ths of the world population resides in developing countries, largely dominated by those in the global south. In comparison, the World Bank in 2020 reported that the average income per capita (PPP) of developed countries was \$49,449 and \$6,895 for the developing counterparts. This incongruity of wealth distribution and relative populations is rooted in the scarcity of global influence of developing nations (while there are levels of authority and influence even within this category, for the most part they are, on average, lower than that of developed countries, who set the international agenda).

There has been an increase in the GDP of the BRICS countries, and their collective GDP surpassed that of the G7 in 2020 and presently holds 32% of the world GDP, opposed to the 30% of the G7 (Statista). Despite the overall increase in the GDP growth rates, economic outputs and reduction of global poverty, most of the heavy lifting has been done by China. A Financial Times report states that excluding China, the average per capita income of middle to low-income countries has stagnated over the past many years. While growth has stagnated in many developed economies as well as the result of global crises such as the Covid-19 pandemic and wars, the impact was greater felt by low-income countries, causing the overall power gap to widen.

This ostensible concentration of power in certain centres of the world begs the question of the reason for the flourishing of these countries in comparison to the stagnancy in overall development of the rest of the world. Contrary to certain popular narratives, it would be myopic to assume that this disparity has resulted from the lack of economic efficiency and constructive utilisation of existing resources. The Theory of Unequal Exchange by Emmanuel and Amin gives a compelling and reasonable explanation for this phenomenon, of the flow of large volumes of wealth and resources, buttressed by imperialism. The resulting power of the global north has been built by the "appropriation of resources and labour." (Hickel 1) This appropriation from the global south, which began largely with

colonialism, built the empires of present day developed nations. Commodity based hegemonic rule included rubber from the Belgian Congo, sugar from Brazil by the Portuguese and tea (along with several other goods) by the British empire from its extensive colonies. Neocolonial tendencies prevail in the present day, with nearly 70% of mines in the global south owned by foreign investors (from a PwC report).

This transfer of resources and power has continued to the present day, where trade agreements and price differentials on international levels favour dominant countries, who formulate them. A major example of this is the impact of the World Trade Organisation (WTO) on developing economies. According to a study by the World Bank, global inequality and poverty has increased due to the WTO's trade liberalization policies. This has particularly affected sub-Saharan Africa where the number of people living on less than \$1.25 a day increased by 20 million from 1990 to 2010. Along with the facilitation of privatisation of public services, oftentimes by international corporates, the WTO has made food security vulnerable by unfairly pitting them against subsidised agricultural exports from developed countries. The overall accessibility to essential products, such as medicines and technology, has taken a hit by the TRIPS agreement which places unnecessarily high standards on patent protection in the interests of the multinational corporations.

With neocolonialism, poor policy and the resulting inequity and widescale poverty, the ability of developing countries to support its citizens with basic public services diminishes. To fill this gap, international NGOs use funds collected mostly from high income countries to provide aid by tackling problems of the likes stated in the UNs SDGs. This system, though seemingly useful at reducing hardships, has come under much criticism in recent years, with the increasing concentration of welfare foundations being popularly dubbed with names such as the 'non-profit industrial complex' and 'philanthrocapitalism.' Many of these foundations are established as limited liability companies and receive tax exemptions. During the Panama Papers leak, many such entities were found to have off-shore accounts and shell companies to evade taxes, using charity as front. From the perspective of improving lives, while the nobility of their endeavours can be appreciated, the supply of funds in accordance to the perception of what is essential to the societies helped by the corporates is undemocratic. Further, attempts to mitigate problems caused due to neocolonial influence using such a paternalizing vehicle, which returns a fraction of the wealth drained by international corporate activities, is simply not efficient at improving the lives of the peoples populating developing nations. This system keeps them in a state of constant development, which makes them more vulnerable to further exploitation.

A major complication of this scarcity of power is the lack of opposition to the dominant culture and policy in the global context. Post World War 2, the countries largely divided by affiliation to the two superpowers. With the disintegration of the Eastern Bloc, the U.S. remained unchallenged in economic and trade policy, allowing it to further its interests in the rest of the world. While the dominance of the U.S is presently being challenged by China, and the European Union is losing its power due to stagnating economies and shortage of Russian fuel, the power of the world is currently

concentrated, which is quite dangerous. Consider the number of military bases of these superpowers in dependent countries, with the U.S. topping the list at 759 bases in over 39 countries in the global south. This drastically increases the chances of conflict and war. This argument draws a connection to the increased rates of territorial and ethnic conflicts in the developing world. Many wars and dictatorial regimes have been initiated and sustained for the economic and hegemonic benefit of developed countries, such as those in Latin America and the Middle East. Even the Russia-Ukraine war can be linked to the conflict between the superpowers, spurred by NATO.

This scarcity of power is a Catch-22 situation; the dependence of developing economies on their powerful counterparts is many times the source, or at least an enabler of the suppression of autonomy and navigating this delicate complexity is very difficult. A workable solution must therefore include a combination of internal government policies and external equitable trade regulations.

Taxation can be an efficient method of reducing international control. High taxes on foreign owned assets will deter multinational corporations from purchasing cheap and selling expensive. Although this will impact the FDI in developing countries, this will be limited to the autonomous control of natural resources and the development stemming from the internal usage of these resources will contribute to the overall attractiveness of the country for FDIs. But mere control over resources is not sufficient as price differentials will diminish the export value. Trade agreements with accurate valuation must be formulated to promote bidirectional free trade as opposed to free trade only for the global north.

Economic and industrial growth requires local private participation in addition to government measures. But the scarcity of power in developing economies is acutely related to the scarcity of capital. With the present constraints, initial capital creation would take too long (or might never materialise) to achieve sustainable growth. My proposition is for past colonial powers and global influencers to pay reasonable reparations for the centuries of abuse and unequal exchange. Despite insistence on reparations, most past colonial powers have yet to recognise and apologise for the effects of their untamed imperialism. This can be extended to the U.S., which orchestrated several military coups and supported dictatorial regimes over the globe (notably in Chile, Iraq, Afghanistan and the Democratic Republic of Congo). The monetary transfer must be supplemented with the return of precious artifacts stolen during the centuries of plunder. So far, France has returned cultural artifacts to Benin, but this is only the tip of the iceberg. Power is not limited to wealth, but it also extends to the dignity that can be drawn from one's cultural heritage. The re-appropriation of culture will signal a power shift essential for the development of common identity. Though this solution seems extreme, it is still on a lower order of magnitude in comparison to the effects of imperialism and neocolonialism. While it is difficult to ascertain the exact amount of wealth stolen, requests for reparations rarely come close to what can be assumed as actual figures. For example, The Caribbean Community reports that fifteen Caribbean countries have asked for reparations assumed to be equal to only 40% of the compensation given to British slave owners (for losing their income via human trade), which is approximately \$67 billion in today's money.

The solution of reparations, unfortunately, is dependent on the benevolence of those in power. But is it possible to thrive with less power? Or rather, with power generated internally without external

amendments? With globalisation and the interlinkage of world economies, it would certainly be counterintuitive to not seek and generate greater autonomy and decision-making authority. The most obvious response to the problem is protectionism and the gradual increase of local power by empowering local industry. Given the risk and suspicion weaker economies have of free trade, subscription to the infant industry argument and enabling measures such as tariffs against competitive international goods can help grow local industries. This method was successful in East Asian countries such as Japan, South-Korea, China and Taiwan, by protecting the nascent industrialisation and technological development in the post-war period. However, protectionism certainly has pitfalls. While it might help initially in boosting domestic production, in the long run this can translate to sub-par quality, higher prices and trade conflicts. Since the government assumes a pivotal role in implementing and regulating these measures, high levels of trust in the government by the people is essential to prevent large-scale public dissatisfaction. Government corruption such as in the Rajapaksa regime in Sri Lanka over the past decades causes protectionist measures to fail and wide-scale unemployment and poverty to flourish. Also, from a political lens, protectionist measures are generally opposed to globalisation efforts, accompanied by a sentiment of pervasive nationalism and, in instances, extremism. In such a context, this solution might alleviate the power scarcity (as seen in China during the latter half of the past century), but at the cost of human rights abuse and global interconnectedness. It is important to remember that the enemy is not globalisation, but the leveraging of existing power structures to suppress developing countries.

Power scarcity is not exclusive to inter-country dynamics, but is discernible within countries as well, especially those with large inequalities and power distances, such as in China and India. Moving forward, solutions which consider intersectionality of various forms will be essential to ensure the viability and sustainability of growth and progress. Overall, power must be democratised as the future of this volatile world depends on our ability to ensure balance and equity and these efforts will be derailed by the ambitious games of the few with all the power.

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