Extensive Globalization
Choice of the Emerging Market Economies from the Third World

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Abstract

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The post-Second World War international economic order integrated all the willing economies in world economic-political institutions under the leadership of the US. The leader floated the strategy of extensive globalization whereby the industrialized economies got the chance to extend their production possibility curves via penetration into the large economies in the Third World through the transnational corporations. Extensive globalization offset the potential threat perceived by the leader from the countries in G-7 and accommodated the emerging large market economies from the Third World through membership in groups like G-20. While the leader plans to prolong her command over the world economy, the large emerging market economies from the Third World can explore the possibilities to consolidate themselves in the same process. What is to be ensured is protection of a large number of small economies from the Third World who often remain left out from the umbrella of extensive globalization.

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Post-Second World War international economic order (IEO) shows a political-economic scenario different from the era of industrial revolution pioneered by the British that continued up to the beginning of the First World War. Inter-War disturbances (1919-1939) accompanied by Great Depression (1929-1933) led to the emergence of Keynesianism that pleaded for state intervention to save capitalism. Based on such historical lessons, the leader of the post-Second War world capitalism, the United States (US), shouldered the responsibility to save capitalism. In order to do this she formed an inclusive network of both the Allies and the Axis Power. Subsequent formation of the most powerful economic group, G-7, was an offshoot of this accommodation. The political umbrella also got a new shape by being the United Nations (UN) under the tutelage of the US that replaced the former League of Nations under the British tutelage.

G-7 formed in 1975 initiated by the US is a brief version of G-10 formed in 1962. G-7 includes as members the US, the UK, Germany, Japan, France, Italy, and Canada. All these countries pledge to carry forward the interests of capitalism. In parallel, there came a political Security Council within the post-War formed UN that had five permanent members, namely, the US, the UK, France, USSR (Russia after 1990) and China (Taiwan prior to 1975). The leader thus encircled the global system by the political-economic power of G-7 and the Security Council.

The post-War world necessitated accommodation of the socialist camp also by inclusion of the USSR showing a bipolar world. Post-disintegration USSR in 1990 did not change the scenario much other that making Russia closer to G-7 through invitations to attend meetings of the latter. The decolonized countries in Asia, Africa and South America were nowhere near the apex power as visible immediately after the Second World War. These countries were not in a position to alter the dynamics internal to the mature capitalist economies and also had no power to delink them from the cobweb of capitalism. Many of these countries were, however, drawn into the discussions in Conferences to launch world institutions to execute the rules. The formation of regional groups by these decolonized countries also did not matter much to disturb the power structure headed by the US. The shrinking space for mobility of capital within the grown up capitalist economies forced the leader to start re-thinking about accommodating the large emerging market economies, particularly the post-Reform (post-1978) China, and post-NEP (post-1991) India.

We may think about some countries in the decolonized Third World who are large by size of population along with a large usable resource base and a vast geographic area. Theoretically, a large economy is one which has, or may have subject to policy intervention, a large market. Operationally, by a large economy we mean a country having a size of population more than 100 millions during 1990s. Most of these countries are in Asia, namely, China, India, Indonesia, Pakistan, and Bangladesh. The other countries that satisfy this criterion are Brazil from South America and Nigeria from Africa. There are, thus, seven countries from the Third World that may be clubbed as L-7 that show the potential market for entry by the

DMEs through the strategy of extensive globalization. By extensive globalization we mean the strategy of the leader to extend the output frontier via penetration into the potential markets of large economies using the transnational corporations (TNCs) at their command (Majumder, 1998: 42).

The paper proposes that this strategy of extensive globalization may really show the choice of the emerging large market economies from the Third World. The rest of the paper is structured as follows. In section I we talk about the international economic order and the strategy of the leader. In section II we present the economic indicators of the developed market economies and the large emerging market economies from the Third World. In section III we analyse extensive globalization by compulsion and choice of countries. Finally, in section IV we offer concluding comments.

I. International Economic Order and the Strategy of the Leader

An IEO is an arrangement of politically sovereign states in an order, ascending or descending, based on and guided by the controlling power of a single state acknowledged as the leader. The leader in such an order exercises control on other states through technology and trade, and if necessary, military power. The IEO rests on relative state power (Vital, 1972: 87). It shows the power of a particular state to withstand the pressures of the rest of the world and the legitimacy of the state within. Thus, state power has two manifestations – one external, the other internal (Majumder, 1996: 478). In the order that shows the hierarchy of states, the leader chalks out the rules, gets those rules legitimized by others. The voluntary participation of the states in the IEO shows consensus. Corresponding to a particular power structure, the rules dictated by the leader, once legitimized by participation of states, show not only the trajectory of participation but also the world institutions and organizations which were designed to frame and follow rules (Anell and Nygren, 1980: 119).

The end of the Second World War offered a new scenario in international relations. The US as the new leader that took over the responsibility to control the globe from the erstwhile imperial power, Britain, made the newly decolonized countries believe that she 'goes global'. To give meaning to this strategy, the US accommodated not only the 'Allies' of the War, namely, Britain and France, but also the 'Axis Power', namely, Germany, Japan, and Italy. The newly emerging power of the-then USSR ideologically on the opposite camp of the globe was perhaps the immediate basis of such accommodation. This also was supposed to have helped an expanding capitalist system. For political governance, the power of the USSR could not have been ignored by the leader, when strategically budding 'China Power' was silenced by her non-recognition in global fora. The lessons of the War also revealed that Soviet power and her Asiatic influence was too high to be ignored. The immediate recognition of the bilateral world by all the participants in the IEO had unequal consequences on them – on the one hand the rivalry-based power states, namely, the US and the USSR, created a cocoon that camouflaged their hunger for power sharing globally, and on the other marginalized the newly decolonized countries who had timid intention to keep equidistance from both the powers. In reality, however, they remained tamed by both the power states at least up to the disintegration of the USSR in 1989.

The birth of the unipolar world post-disintegration of the USSR and the simultaneous fall of the Berlin Wall that united divided Germany made the task of administering the globe both easy and difficult for the leader. It became easy because of absence of any challenge from the parallel big power; it became difficult because the leader would fail to find any other state to blame for any unwarranted outcome in the global domain. But the post-1989 period made the task of exercising the 'accommodative principle' easier for the leader when Russia, the dominant segment of the former USSR, became itself willing to join an already consolidated G-7.

Going global by accommodating all the 'willing economies' is understood post-Second World War particularly in the context of intra-European conflicts for domination over the globe. A system that came out because of the initiative of the US took a 'legal shape' incorporated in the rules of the world organizations like the International Bank for Reconstruction and Development (IBRD, known as World Bank), the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT, post-1995 World Trade Organization). The economies of the world as members in these bodies have unequal power. A parallel moral authority, the UN, was floated by the leader funded primarily by the advanced capitalist countries. The UN as the world super institution gave the leader legitimacy in the global power structure.

The reason why the leader continued with globalization post-1989 by accommodating the willing economies is the changing location of the state in the hierarchy of states over time (**Table 1**).

Table 1: Global Power Structure in History, 15th to 21st Century

Phase	Time Span	State in Command	Global War
I	1494-1579	Portugal	Italian and Indian Ocean War, 1494-1516
II	1580-1689	Netherlands	Spanish Wars, 1580-1609
III	1689-1792	Britain I	Wars of Louis XIV, 1688-1713
IV	1792-1914	Britain II	Wars of Napoleon, 1792-1815
V	1914-2010 (Contd.)	United States	World Wars I and II, 1914-18 and 1939-45

Source: Structured from Modelski and Morgan, 2006, p. 9.

Global power structure shows unequal relationship of states based on domination and subordination (Jones and Philips, 2006: 22). The power structure itself has undergone a sea change over time. In 1914 Britain had sixty dependent colonies plus India (O'Brian, 1990: 12). She paid the penalty for her territorial over-extension. Both Britain and Germany by the end of the First World War got weakened that opened the space for the US to reframe the power structure. The 19th century belonged to the UK by the strength of industrial revolution and colonies used as reserve space to feed that revolution. The inter-War period of the twentieth century showed the British economy in turmoil by Great Depression leading to its subordinate position vis-a-vis the US economy by the end of the Second World War. Though the end of the War showed the beginning of Americanization of the rest of the century, Britain continued to remain an important ally of the US in global affairs (Gamble, 1990: 75).

The world history has taught the leader to protect her position of number one by forming an inner circle, namely, G-7. This explains not only an immediate response to the dissidence from the consolidated decolonized countries through the General Assembly but also to thwart any challenges from within the capitalist network of countries. The basic reason for the continuation of the globalization strategy by the leader post-bipolar world was ‘the challenge posed by other major powers like Japan and Western Europe to its hegemony’ (Kothari, 1995: 1600). The leader floated the strategy of extensive globalization by not only allowing the allies in G-7 to extend their production boundary beyond their own space but also bringing under her umbrella the emerging market economies from the Third World. One of the major techniques was to expand the space for capital through the TNCs rooted basically in G-7 and operating increasingly in the emerging market economies from the Third World. The strategy of extensive globalization really shows the compulsions of the leader and the scope for the emerging large market economies from the Third World (Majumder, 1998: 43).

II. Economic Indicators of Developed Market Economies and Emerging Large Market Economies from the Third World

Given the post-Second World War IEO, we construct an analytical structure based on the developed market economies (DMEs) from the advanced capitalist world and the large emerging market economies (LEMEs) from the Third World. While the first one is a real category by membership of countries, the second one is a hypothetical category with membership of countries from the Third World each of who fulfils the criterion of having population more than 100 millions. We take 1990s as the base time reference. The size of population is taken as the first indicator supplemented by related indicators like output, merchandise trade, shares in world financial institutions etc.

We consider a large economy as one which has, or may have subject to policy intervention, a large market. The rationale of taking population as the starting point is that the size of population by participation will show the market in a macro sense. The criterion, namely, the required size is satisfied by seven countries from the Third World, namely, China, India, Indonesia, Pakistan, Bangladesh, Brazil, and Nigeria. We call this analytical category as L-7/ LEMEs.

Economic indicators are really offshoots of the historical processes through which the countries traverse. Watertight compartmentalization of countries itself is a problematic because some countries start late, some follow independent path and some under the tutelage of others. The initial distribution of power also matters in understanding the relative location of countries in the hierarchy of economies. The participation of countries also reflect if those countries have capacity to absorb shocks by being integrated with the countries that are well ahead of others in terms of economic weights.

The countries in the Third World are mainly from Asia, Africa and South America who either were decolonized late in world history of industrialization or remained perpetually dependent on the DMEs. Citing data since the early 1990s, we see that in 1991 less than one-sixth of world population settled in DMEs commanded around three-fourth of world output, while more than three-fourths of world population living in the TWCs shared only one-sixth of world output. One-sixth of world population in the DMEs enjoyed a per capita income more than 20 times what 77.0 per cent of world population settled in the Third World did (**Table 2)**.

Table 2: Distribution of World Output, 1991

Economies/Countries	World Population (%)	World Output (%)	Per Capita GDP ($)
DMEs	15.67	72.73	1821.97
Economies in Transition	7.28	10.59	571.58
TWCs	77.05	16.67	84.96

Note: Output is measured by GDP, in billions of 1998 Dollars.
Source: United Nations, 1992, World Economic Survey, p. 11.

Such command over world output by the DMEs is a logical corollary of the distribution of world resources (Wilkinson, 1996: 256). The initial unequal control over resources and hence its derivative output often makes the inequality among countries more acute by technological intervention. Technological revolution by itself expands the world production possibility curve, but at the operational domain because of unequal access have adverse consequences on some countries that perpetuate poverty in those countries (Hymar, 1990: 189). We pose the data in the light of the above.

On a time-span of last two decades, what we observe is that one-tenth of world population settled in G-7 considered as the representative of the DMEs command two-thirds of world output and half of world exports. Contrary to this, half of world population settled in L-7 command one-twentieth of world output and one-twentieth of world exports. Within G-7, US alone command the lion's share of total output. However, in exports, it is Germany and to some extent Japan that pose challenges to the US. In case of countries in L-7, it is China that commands most of the output and exports. The countries intra-G-7 and intra-L-7 thus are unequal by economic strength. What is more striking is the declining share of G-7 in world output. For example, at the end of the first decade of the 21st century, the share of G-7 came down to half of world output relative to two-thirds commanded during the last decade of the 20th century. In parallel, there occurred a monotonic decline in share of G-7 in world exports during the first decade of the 21st century relative to the 1990s. The share of L-7 in world output more than doubled at the end of the first decade of the 21st century relative to what it was at the early part of 1990s mainly because of the high growth in China. The share of L-7 in world exports nearly doubled during the same period mainly because of the contribution by China (**Tables 3-8**).

Table 3: G-7 in World Population (Percentage of World total), 1991-2008, Selected Years

Year	U.S.	U.K.	Japan	Germany	France	Italy	Canada	G-7 Total
1991	4.72	1.07	2.48	1.49	1.06	1.08	0.51	12.41
1995	4.63	1.04	2.2	1.44	1.02	1.02	0.52	11.8
2000	4.7	1.0	2.1	1.4	1.0	1.0	0.5	11.5
2008	4.54	0.91	1.91	1.22	0.92	0.89	0.49	10.88

Source: World Bank, World Development Report, Several Issues

Table 4: L-7 in World Population (Percentage of World total) 1991-2008, Selected Years

Year	China	India	Indonesia	Brazil	Pakistan	Bangladesh	Nigeria	L-7 Total
1991	21.48	16.19	3.39	2.83	2.16	2.07	1.85	49.97
1995	21.15	16.37	3.40	2.80	2.29	2.11	1.95	50.09
2000	21.1	17.0	3.5	2.8	2.3	2.2	2.1	51.1
2008	19.81	17.03	3.40	2.87	2.48	2.39	2.25	50.23

Source: Same as in Table 3.

Table 5: G-7 in World Output (Percentage of World total) 1991-2008, Selected Years

Year	U.S.	U.K.	Japan	Germany	France	Italy	Canada	G-7 Total
1991	25.93	4.05	15.54	7.27	5.54	5.32	5.32	66.01
1995	24.96	3.97	18.34	8.67	5.51	3.90	2.04	67.42
2000	31.1	4.5	14.9	6.0	4.1	3.4	2.2	66.7
2008	23.44	4.36	8.10	6.02	4.71	3.78	2.31	52.72

Source: Same as in Table 3.

Table 6: L-7 in World Output (Percentage of World total) 1991-2008, Selected Years

Year	China	India	Indonesia	Brazil	Pakistan	Bangladesh	Nigeria	L-7 Total
1991	1.71	1.02	0.54	1.91	0.18	0.11	0.16	5.63
1995	2.50	1.16	0.71	2.47	0.21	0.10	0.09	7.2
2000	3.4	1.5	0.5	1.9	0.2	0.2	0.1	7.8
2008	7.14	2.01	0.85	2.66	0.27	0.13	0.35	13.41

Source: Same as in Table 3.

Table 7: G-7 in World Exports (Percentage of World total), 1991-2008, Selected Years

Year	U.S.	U.K.	Japan	Germany	France	Italy	Canada	G-7 Total
1991	11.91	5.54	9.42	12.04	6.38	5.07	3.74	54.10
1995	11.36	4.70	8.61	10.18	5.57	4.49	3.73	48.66
2000	12.3	4.4	7.5	8.7	4.7	3.7	4.4	45.7
2008	8.06	2.84	4.85	9.08	3.77	3.34	2.83	34.77

Source: Same as in Table 3.

Table 8: L-7 in World Exports (Percentage of World total), 1991-2008, Selected Years

Year	China	India	Indonesia	Brazil	Pakistan	Bangladesh	Nigeria	L-7 Total
1991	2.18	0.53	0.837	0.94	0.19	0.05	0.36	5.12
1995	2.89	0.59	0.88	0.90	0.15	0.06	0.22	5.72
2000	3.9	0.7	1.0	0.9	0.1	0.1	0.3	7.0
2008	8.85	1.11	0.86	1.22	0.12	0.09	0.51	12.76

Source: Same as in Table 3.

The decelerating shares of G-7 and the accelerating shares of L-7 in world output and exports imply the potential strength of the LEMEs. The IEO operates through institutions. Hence, these institutions need to remain in control. Each member country in the IMF, for example, has a quota determined by the country's GNP, foreign trade and currency reserves. Voting rights of each country and its borrowing facilities are determined by this quota (**Anell and Nygren**, 1980: 42; Hoogvelt, 1982: 83-94). The IMF functions on dollar vote. For DMEs this voting share or dollar vote declined from 78.5 per cent in 1950 to 66.5 per cent in 1980 while for the US alone it declined from 34.7 per cent to 21.5 per cent (Sauvant, 1981: 293). The share of G-7 in IMF stood at 45.91 with that of US alone 18.25 in dollar vote as percentage of total and that of L-7 stood at 8.62 on January 31, 1996 (CMIE, 1996, July: 75). The leader has to stop this declining dollar vote in IMF. Growth in output-cum-exports is a compulsion for the leader at least to stop this decline. In parallel, to run the political system, the UN has to be financed. The UN spends but cannot earn. The budget of the UN is determined by the US and Japan. The US share in the UN budget in 2004, for example, was 24.5 per cent and that of Japan 18.8 per cent while that of G-7 as a whole was 70.9 per cent. Contrary to this, the share of L-7 in UN budget for 2004-06 was 4.2 per cent half of which was that of China (Websites). While the US has remained the undisputed leader by recognition of her shares in world output, and in world institutions like the World Bank, IMF, and Budget of the UN, countries like Japan and Germany are not far behind. While none of the countries in L-7 is as mighty as the leader, some of them are emerging as credible global power like China-India-Brazil. Also, the internal markets of these countries are promising for the leader as destinations of capital. Extensive globalization shows the way.

III. Extensive Globalization: Compulsions and Choice

At least two types of small economies emerged post-Second World War – one is the Newly Industrialized Countries (NICs), namely, Hong Kong, Singapore, Taiwan, and Korea, and the other is the expendable virtually non-accommodated small economies like Sudan, Somalia, and Suriname, all from the Third World. The NICs as the export-dependent small economies developed a peculiar economic structure by the mid-1990s. In world population, these four countries together shared less than one per cent, in world output around two per cent and in world exports less than ten per cent. Their import-GDP ratio (excluding Taiwan) in 1995, for example, was as high as 76 per cent and the export-GDP ratio was 81 per cent. The imports of these NICs constitute 16.78 per cent of total exports by G-7 that shows high power of absorption of these countries in spite of being small by size of population and GDP (World Bank, 1997: 214-215, 236-237, 242-243).

Of these NICs, Hong Kong and Singapore are city states. Hong Kong was transferred from the UK to China on July 1, 1997 while Singapore separated her from Malaysia in early 1960s and soon became dependent on TNCs for entrepreneurship and technology (Lee, 1997: 58-61, 68). Taiwan as a breakaway unit from communist China got recognition from the US much earlier than the Republic of China by being a member of the UN Security Council up to 1975. Both Taiwan and Korea derived external stimulus by being 'close' to Japan.

The non-industrializing small economies in the Third World have narrow resource base, sub-optimum utilization of available resources, often foreign controlled home resources for extraction-cum-exports, very low share in world output, narrow product-mix and restricted operation of scale economies. Many of these small economies depend on a dominant trade partner, and many peg their currencies to either dollar (for mostly Latin American countries) or to franc (for mostly countries in Africa). For a small economy characterised by poor resource base by nature and size of population, premature exposure to international competition often becomes a compulsion unless these countries become 'clients' or 'dependent allies' of industrialized countries (Majumder, 2003).

While the expendable small economies are not in the net of the DMEs for reaping benefits of integration, the latter also understand that the NICs may ultimately show limited possibilities of expansion for them in spite of the extremely high trade ratios. This is mainly because of the small size of population and narrow resource base of these NICs. One may argue that global division of labour based on the operations of the TNCs across countries is different from the social division of labour relevant for a national economy (Majumder, 2000). But then for a national economy to be the cheapest producer, that economy has to have the scale economy in that component seen as an intermediate product, and hence, the internal size of the market along with availability of cheap labour matters (Vital, 1972: 42; Hymar, 1990: 195). Moreover, the operations of the TNCs are conditional upon the approval of the nation-state along with the capacity of the collaborating home firm. In both the cases, it is not the small economy that is at relative advantage. In other words, even if the NICs showed the beginning of the export-led success, the DMEs understand that the strategy cannot go a long way to ensure uninterrupted expansion of the base on which global capital can circulate. Thus, the enlargement of the base by accommodating more economies becomes a compulsion for the DMEs.

The economies that had to be accommodated were obviously the large ones like China, India, and Brazil from the Third World. The economic problems for the post-war decolonized countries in Asia, Africa and Latin America were not dearth of natural resources. The problems lay in performing the role of a colony, following colonial division of labour, thus, exporting raw materials and importing capital goods and technology (Sauvant, 1981: 17; Bagchi, 1982: 118-119). The economies in the Third World inherited this structural deformation that reinforced a skewed internal consumption pattern dependent on technology import-led production of commodities. The necessity to break this inheritance, and hence to come out from perpetual dependency led the TWCs to demand a New International Economic Order (NIEO) in the General Assembly of the United Nations on May 1, 1974. This followed the 'Oil Shock' of 1973 that divided the TWCs along 'oil-importing' versus 'oil-exporting' categories. It is sometimes supposed that oil power of the Organization of Petroleum Exporting Countries (OPEC) strengthened the TWCs to express voice in the UN (Oppermann, 1986: 23; Streeten, 1981: 240). The Third World dissent, however, dates long back to 1955 through the Bandung Conference in which a group of 29 Afro-Asian countries assembled to express solidarity for co-operation and development.

The declaration of NIEO by the TWCs reflected compulsions of these countries because they reached the limit of remaining dependent on export of low-tech primary goods and import of high-tech capital goods and technology. The NIEO argued for the establishment of the right of sovereignty of states over their natural resources, and ultimately, the right to nationalize the firms using these resources. The TWCs advanced their demand at the UN that centred on the non-sustainability of the consumption-mix at home unless supported by technology-cum-product-mix at home. Since technology could not be developed easily through internal R&D, the TWCs demanded 'access to the achievements of modern science and technology, and promoting the transfer of technology suited to their economies' (**Anell and Nygren**, 1980: 190). G-7 rejected the vital provisions of the NIEO (Sauvant, 1981: 184- 205).

Accommodating large economies from the Third World by the leader, as different from rejecting the NIEO, was to contain pressures from the emerging power in Asia as well as thwart challenges from within G-7. The selection of countries from the Third World was made easy by post-Reform (1978) China moving towards market economy and post-NEP India (1991) moving towards being a free market open economy. The offshoot was extensive globalization whereby selected large market economies from the Third World were made members in the newly formed global policy coordinating institution, G-20, in 1999 that is often seen as an enlargement of G-7 (Table 9).

Table 9: Members in G-20

Institution	Members
G-20	G-7 plus EU plus Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russian Fed., Saudi Arabia, South Africa, South Korea, Turkey, Bretton Woods Institutions.

Source: UNDP, 1999, Human Development Report, p. 109.

In addition to the possibilities of expansion through trade, the LEMEs started to see themselves as destinations of foreign direct investment. The potential challengers within G-7 simultaneously got the opportunities to capture the combined market through the TNCs under their control. Corporate power and state power inside the capitalist world got a wider space for circulation of capital.

The problems of the LEMEs enveloped in extensive globalization were different from those of the countries in G-7. G-7 produces more than what these countries could absorb showing a need for 'vent for surplus', while LEMEs were yet to be ready to absorb that surplus. In absence of adequate capacity to import by LEMEs, the countries in G-7 would enter into those selected TWCs by direct investment by utilization of excess liquidity and take advantage of the market internal to those LEMEs. For the countries in G-7 it was 'inverse international trickle down' where the foreign investment-led growth of the LEMEs would help the DMEs overcome the crises of utilization of capital. The TNCs affiliated to G-7 were assigned the task to impregnate directly the potential markets of the LEMEs through extraction and utilization of resources internal to the LEMEs (Alejandro, 1981: 233). In their efforts to attract capital through FDI, the TWCs tend to compete within whereby some TWCs succeed at the cost of others. For example, during mid-1990s, China alone accounted for more than one-third of total FDI destined for all developing countries (GOI, 1997-98: 88). Circularity of history is evident by re-emergence of the necessity to use the decolonized large countries as 'collaborative colonies' for extraction of natural resources by initial application of technology and 'transferred capital' but then to ultimately convert natural resources of LEMEs into capital of DMEs. The short-term high growth of the LEMEs thus gets transformed into long-term vulnerability of the LEMEs. The latent technique in the strategy of extensive globalization was to ensure 'go slow-cum-dependent' growth for the LEMEs to maintain supremacy of the leader keeping the LEMEs under control.

The basic characteristics in the strategy of extensive globalization floated by the leader were (1) inclusion of the LEMEs through TNCs and international financial institutions, (2) containing challenges within the imperial system, (3) legitimization in the UN and other supra-national bodies of the practices inherent in extensive globalization. Implementation of this strategy is a compulsion for the leader at least to protect her supremacy and maintain the rank of number one in the hierarchy of states.

The TNCs, because of its power to command capital and technology and its ability to rationalize their use on a global scale, are strategized by the G-7 to ensure growth on both the sides – G-7 and LEMEs (Hymar, 1990: 194). This is a reflection of social production on a global scale that is global division of labour practiced by the TNCs. However, this also may invite technological dualism for the hosts in the Third World whose product-technology structure is far behind the capacity to absorb the high-tech vision of the TNCs. The demand structure in the TWCs being far ahead of that of DMEs by income elasticity, the corresponding technology structure of the DMEs remains less relevant for the TWCs. Under these circumstances, once the TNCs under the tutelage of the DMEs start controlling the commodity-consumption mix of the TWCs, it becomes a replica of those of the DMEs. Most of the decolonized countries with colonially trained decision-makers welcome technologies developed in colonizing countries for growth. Impossibility of delinking from the capitalist order forces these countries to remain hosts for TNCs-cum-technologies.

Potentially the LEMEs are in a position to alter the terms on which they have been participating in the IEO, because of its size of population, large natural resource base, large geographic area, and long costal belt with ports. The LEMEs can use the TNCs at home to their advantage for exports and innovations. Each of these countries in LEMEs is large enough to expose a part of natural resources to these TNCs for utilization and offering scope to the manpower in abundant supply to be used for that. This size shows adequacy for capacity utilization and scale economies. Within the immediate future, these countries from the Third World may not be able to delink them from the cobweb of capitalist order for their (i) accumulated external debt, (ii) membership in world bodies, and (iii) role performed by the national middle class who carries capitalist ideology in life. The position of subordination in global power structure can be reverted if 'inverse international trickle down' works that lifts the TWCs to a level where they can put pressure on the leader. The initial heterogeneous nature of these TWCs may be overcome by consolidation once the small economies are also taken into confidence.

The strategy of extensive globalization excludes most of the small economies from the process of global decision-making. While large economies can maintain high rates of growth and a large vector of consumer goods based on scale economies at home and social division of labour at the national scale, the small economies cannot afford to do so (Scott, 1998: 33). A small economy is open by compulsion and hence subject to external shocks. The export frontier for such economies remains vulnerable by both commodity-mix and country direction. For example, Chad depends mainly on export earnings from cotton, Chile on copper, Congo on wood, Ghana on cocoa, Cuba on sugar (Harrison, 1980: 338). The problems get aggravated when a few TNCs control this export frontier on behalf of these notionally sovereign countries. The small economy's high degree of dependence on foreign markets for exports, on foreign sources for import of technology, its small home market to allow division of labour to operate makes it vulnerable to external forces. For the dominant DMEs small economies at first seem to be irrelevant and expendable. Because of challenges within, however, the dominant economies will try to assure obedience of the small economies specific to them. In addition, in the context of imminent exercise of power by the LEMEs, the DMEs will keep the apparently expendable small economies under its tutelage lest these economies shift their loyalty to the LEMEs. The responsibility of growth of the small open economies from the Third World, thus, is shouldered by the DMEs.

IV. Concluding Comments

Though extensive globalization is designed to accommodate countries from the Third World, particularly the LEMEs, the power structure remains unchanged by hegemonic control over the global phenomena. While the modus operandi changed post-decolonization, the new global institutions have remained heavily weighted in favour of the leader. For example, the dollar vote in decision-making in IMF and World Bank de facto shows veto power of the leader that makes participation of member-countries asymmetric. This goes parallel to political veto power of the select five in the Security Council of the UN that makes the whole system undemocratic. The apparently democratic WTO by its semi-legal nature in functioning virtually prohibits the small economies from the Third World to participate in the wings of this organization.

What is needed is to exert strong pressure by the LEMEs in global institutions in favour of these small economies to make them relevant in the IEO. Such pressures are already visible. For example, the necessity to form a pressure group from the TWCs was surmounted when IBSA (India, Brazil, and South Africa as members) held a meeting of their foreign ministers in June 2003 at Brasilia. Following the WTO Cancun Ministerial Summit in September 2003, however, the need was felt for a stronger group by extension of IBSA and China thus joined IBSA later to make it CIBS (China, India, Brazil, and South Africa). The demonstration by India and Brazil to block the Doha negotiations at the WTO shows the virtual veto power of these countries meaning thereby that any consensus-based decision at WTO has to consider the views of these countries seriously. The system has started changing a little of late when in addition to Russia, the countries like China, India and Brazil have become regular invitees to the G-7/8 meetings. These countries are already members in G-20 that is expected to shape the outcome that affects all including the small economies from the Third World. G-20 can play a positive role subject to the condition that G-7 does not superimpose its heavyweight on G-20 while setting its agenda. While it may be difficult for such policy coordinating institutions to include all the politically sovereign countries, even on a rotational basis, because of the large number of such countries, the proactive role played by the LEMEs from the Third World may open up the path of participation of the large number of small countries in the IEO on terms acceptable to them.

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