Globalization Essay, Research Paper

THE POSITIVE AND NEGATIVE

SIDES OF GLOBALIZATION

INTRODUCTION

Globalization is a word we are hearing more often these days. Thomas L. Friedman, author of The Lexus and the Olive Tree, describes globalization as a movement that enables individuals, corporations, and countries to reach around the globe farther, faster, deeper, and cheaper than ever before. It is the spread of free market capitalism to virtually every country in the world. With current technological advancements, globalization has become more accessible. Businesses can now manage overseas operations with more control through the use of the Internet and improved telecommunications. Globalization has many characteristics that can benefit some countries while undermining others. To some, globalization is bringing choices and opportunities, while to others it is a disruptive force that threatens lives, jobs, and traditions. In a global economy markets are without boundaries. Free market capitalism is the driving idea behind globalization. As a result, countries that are willing to participate in the global marketplace are encouraged to open their economy to free trade, privatization, and competition.

Disadvantages of Globalization

Every issue has positive and negative points. Despite the promising progress that the global economy promotes, it is surprising that millions of people do not look at globalization in a positive light. Organizations like the Teamsters, the Gray Panthers,

French Farmers, radical street artists, AFL-CIO (labor unions), anarchists, consumer advocates, human rights activists and Turtle habitat advocates are strongly opposing globalization. Why would so many groups oppose something that can be beneficial to every nation? Human rights advocates argue that multinational corporations erode human rights in poorer countries by establishing sweatshops to benefit their business. According to Business Week s April 24th cover issue, human rights and student groups said that the International Monetary Fund (IMF) and the World Bank prop up regimes that condone sweatshops and pursue policies that bail out foreign leaders at the expense of local economies. In addition, globalization would bring massive population shifts from rural to urban areas, which will cause poverty, famine, ethnic friction, and degradation of living and working conditions.

Environmental groups also feel that globalization could cause environmental deterioration. Environmentalists argue that elitist trade and economic bodies make undemocratic decisions that undermine national sovereignty on environmental regulation (Bernstein: 38). They are concerned that companies operating abroad are taking advantage of the weak environmental laws in the poorer countries. They believe that companies who are polluting the environment are not being penalized the way they would if they were operating in the wealthier nations. Furthermore, the accelerated invasion of the earth s remaining wilderness, brings a loss of biodiversity, depletion of natural resources, and the breakdown of the planet s life support systems. This breakdown is already evident in ozone destruction, global warming, loss of species and habitat, depletion of forests and oceans, and the loss of the lands and rights of native peoples. Also environmentalists fear the destructive ecological effects of unchecked globalization, which can threaten the national and local cultures and the sanctity of tradition. For example, the peacefulness and simplicity in undeveloped countries could gradually fade upon the spread of globalization.

Globalization is also causing fear to millions of workers in the richer nations. They fear losing their jobs to labor imports or production shifts abroad. The Economic Report of the President, for example, released in February, barely mentions trade related job losses, yet Commerce Department statistics imply that about one million workers lose their jobs every year as a result of imports or job shifts abroad (Bernstein: 38). They assume that due to competition and earning more profits in mind, companies will move their production facilities to poorer countries where labor is cheap. At General Electric Co., for example, CEO John F. Welch has for years been pushing his operating units to drive down costs by globalizing production. At first that meant moving appliance factories to low-wage countries such as Mexico, where GE now employs 30,000 people (Bernstein: 38). Furthermore, anti-globalization groups criticize globalization for cultural homogenization. Some critics argue that the expansion of trade could cause smaller and weaker countries to lose their cultural identities.

Advantages of Globalization

Although many activist groups are quick to point out the faults of globalization, people will often fail to acknowledge the advantages of it. Globalization gives greater communication and understanding of different countries. Although cultures may lose some ethnicity, they will melt different cultures together (the melting pot ideal on which America was founded). It leads to less prejudice and preformed ideas about other groups of people. Most importantly, supporters of globalization believe that it is creating millions of jobs, generating prosperity, and raising living standards around the world. Business Week s November 6th, 2000 issue reported that globalization has undeniably contributed to America s new economy boom. It has created millions of jobs from Malaysia to Mexico and a cornucopia of affordable goods for Western consumers. It has brought phone service to some 300 million households in developing nations and a transfer of nearly $2 trillion from rich countries to poor countries through equity, bond, investments, and commercial loans (Engardio: 72).

Third world countries with no former means of making decent money get factories from large multi-national companies. Formerly unemployed populations of people attain jobs, and give their governments a source of income. Personally people earn money to live on, and the government builds roads, get phone lines, and other public utilities provided by the large corporations who are located in that area. The living standards of these countries are raised on both personal levels and community levels. Most poor nations are doing better economically because of globalization. Average growth in output in these countries, after inflation, should reach 5.3 percent this year, 5 percent next year, and ease down to 4.8 percent in 2002, according to a World Bank report (Francis: 11). On average, the countries that liberalized and reduced trade barriers the most have had higher rates of growth, says William Shaw, a World Bank economist (Francis: 11).

Globalization supporters also suggest that global competition and cheap imports keep a lid on prices and provide more choices for consumers, so inflation is likely to derail economic growth (Bernstein: 38). Globalization contributes to the making of high-quality products at a lower price. Consumers are the true winners of a global economy. Businesses will heavily compete to provide good quality products and affordable prices to successfully compete in the global economy. Globalization also empowers individuals to create their own destiny through on-line investment. The freedom to invest in stocks locally and internationally by use of the World Wide Web is giving individuals the power to control their investments. Moreover, globalization supporters believe that an open economy spurs innovation with fresh ideas from around the world (Bernstein: 38).

Globalization will greatly contribute to the increase of exchanging ideas and completing financial transactions by computer. Monetary exchanges will become increasingly effortless as computers automatically monitor transfers and currency exchange rates. Consumers can now use debit cards instead of money and checks. The success of these programs may lead to a cash-less society. According to experts, a cash-less society will decrease theft and fraud and add a measure of safety to everyday monetary transactions. Overall, supporters of globalization will continue to promote that lowered trade barriers will bring peace, provide more consumers choices, and raise incomes and living standards around the globe.

An informal survey was distributed and published in Business Week, on April 24, 2000 regarding which people thought globalization was good or bad. Table 1 shows six different categories: consumers like you, American companies, the U.S. economy, creating jobs in the U.S., the environment, and providing jobs and strengthening the economy in poor countries.

Table 1

GLOBALIZATION, IS IT GOOD OR BAD?

Good Bad Don t Know Refused

Consumer like you 68% 23% 9% 1%

American Companies 63% 29% 7% 1%

The U.S. Economy 64% 28% 7% 1%

Creating Jobs in the U.S. 50% 42% 7% 1%

The Environment 45% 38% 16% 1%

Providing Jobs and Strengthening the Economy in Poor Countries 75% 16% 8% 1%

CONCLUSION

Globalization is an issue that has both benefits and risks. As a consumer, the benefits of globalization are good in the long run. Companies will do their best to provide consumers with high quality products and services to succeed in the global marketplace. However, the global economy will only succeed if the World Trade Organization would reform their questionable policies and strictly enforce trade agreements that would only promote fair business practices. Perhaps by establishing a new international organization or by reinventing the current ones (United Nations, IMF, World Bank, and WTO) that would only be dedicated to implementing fair global economic laws. Global progress should be achieved in a fair manner to all. Each participating country and multinational corporations should strictly be held accountable for their actions and practices in the global marketplace. The new global economy laws should concentrate to preserve human rights, protect the environment, promote fair trade agreements, and enforce fair labor laws around the world.

Multinational corporations should be penalized if they violate these laws. They also should be obliged to promote fair business practices around the globe or the consumers can boycott them for failing to do so. Another constructive approach is to enhance the competitiveness of the richer nation s business and labor through education and training to continuously lead in the global marketplace. The competitiveness would lead to higher standards of living and a more diverse line of products. Training and education play a very important role in securing one s place in the global economy. The concerns of the opponents of globalization are valid. They are very important issues that we need to address through high standards of education, stronger legislation, and policing in order for globalization to succeed.