

Economics: research the effects of trade on the global environment



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Economics The current global economic crisis has stimulated much debate about international trade and the role of supranational actors such as the World Trade Organization in regulating the economic affairs of nation-states. Accordingly, globalization is an international phenomenon with far-reaching consequences in the social, political and economic realms. Economic globalization, namely the spread of neoliberalism and capitalist-inspired consumerism as the dominant engine of economic growth, has both supporters and detractors. This brief essay will answer the following questions: how has growth and trade affected the environment in Mexico and the globe?; Should the WTO or G8 countries intervene? How?; What will happen with trade with China if we impose environmental restrictions on Mexico?; Does a lax environmental policy in Mexico give them an unfair advantage?; Should the US Government subsidize competing domestic (U. S.) industries? Seeking to address these questions with respect to international trade, we now turn to an exploration of Mexico (Foreign Policy Association, 2009).

Economic globalization has dramatically raised the standard of living in Mexico, albeit with environmental pitfalls. Mexico, a developing country which has embraced economic liberalization and is now a member of NAFTA (the North American Free Trade Agreement), has exhibited recent economic gains since joining this regional trade block. With a population of 108.3 million and a GDP of \$839 billion, Mexico has benefited tremendously from economic liberalization and market-oriented growth. In response to its inclusion in NAFTA, employment has risen consistently over the past decade and a half and annual GDP growth over a ten year period from 1997 to 2007, is estimated at 3.7%. This level of steady and consistent growth over a <https://assignbuster.com/economics-research-the-effects-of-trade-on-the-global-environment/>

period of 10 years is remarkable for a country which has remained underdeveloped relative to its North American counterparts since its creation nearly two centuries ago. Accordingly, as a percentage of its labour force, the average Mexican unemployment rate from 1995 to 2006 stood at a low 2.8%. Compare that with Mexico's neighbor to the south, Columbia which still does not have a free trade agreement with the world's largest economy, the United States, and the results are astounding. Over the same period, Columbia had an average unemployment rate of nearly 15%. Since industrialization in Mexico - as in China - has been relatively rapid, economic conditions have tended to supersede environmental concerns. Mexico exemplifies this as pollution and environmental degradation reign supreme. Can international supranational actors such as the WTO intervene to regulate trade and the ensuing environmental issues? Yes, but the approach must be tempered with an understanding of the social forces and competing issues at play. Does a lax environmental policy in Mexico give them an unfair advantage? Not necessarily as Mexico's economic development is so delayed relative to its NAFTA partners (Canada and the United States) that Mexico remains at a disadvantage in nearly all economic realms. With respect to US Government subsidies, they certainly should be considered in light of today's global economic climate (The Economist 2009; The Brookings Institute 2009).

Economic globalization is based upon the principles of neoliberalism, free trade and unhindered markets. Mexico, as a new member of NAFTA and a developing country with strong economic growth over the past decade and a half, exemplifies the positive attributes of economic globalization and but also reinforces the argument that the forces of globalization have not always

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been positive.

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