

Why does globalisation generate winners and losers



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The paper " Why Does Globalization Generate Winners and Losers?" is a worthy example of a term paper on social science. The concept of globalization can be attributed to the liberalization of trade where the barriers which used to exist among nations were removed and different countries can now engage in free trade. However, globalization has been criticized by some sections because it is responsible for generating winners and losers. Against this background, this essay seeks to critically analyze the extent to which globalization can be said to be causing more harm than good to the other countries. The essay starts by defining the concept and goes on to analyze the factors that make globalization unfavorable to the other countries.

Basically, globalization can be defined as the economic activity taking place across the national boundaries (Buckman 2004). Globalization is a result of the internationalization of financial markets which aims to promote free trade as well as a direct investment among member states across the world. The advent of globalization has resulted in the liberalization of trade where the geographical barriers that used to block this kind of trade have been removed. This has resulted in people from different geographical regions becoming more connected.

There are key players that drive globalization and these include the multinational corporations, World Trade Organisation (WTO), World Bank and the International Monetary Fund (IMF) (Rodrick 2001). Governments in different countries also play a pivotal role with regards to the concept of globalization as they are the overall authority which would be responsible for the regulation of the operations of the multinational companies. The WTO also plays a pivotal role in that it facilitates the platform through which <https://assignbuster.com/why-does-globalisation-generate-winners-and-losers/>

international trade agreements are negotiated and enforced among member states. On the other hand, the World Bank and the IMF are major actors in that they provide with the needed financial assistance in the form of loans as well as technical assistance to the governments or multinational corporations that wish to invest in other different countries.

However, whilst the concept of globalization is noble in that it liberalized trade among nations, it can be noted that it is not the case the rich and powerful nations are in most cases on top of the situation where they are the ones who are seen carrying investment to lesser developed countries. This emanates from the view that the large financial institutions that should sponsor the activities of globalization such as the World Bank and IMF are controlled by the powerful and developed western nations. These developed nations have all the financial assistance they need at their disposal and they are the ones seen investing in poor and less developed countries whereas the less developed countries are not able to invest in developed countries. Thus, the flow of the wealth is often seen as one-sided and there is no equality in terms of sharing of the wealth (Bond 2002). The wealth is seen flowing from poor countries back to the developed countries hence these nations will be winners while the poor countries will be losers.

The developed countries aim at extracting wealth, especially in rich mineral resources areas while the local people of the host country will have little to show for the investment carried out at their doorstep by the foreigners. The investors often get a huge chunk of the revenue generated from the investment carried in other countries. The local people are losers in this case as they suffer the fate of being used as cheap labor whereby they will be

given very little pay that does not correspond with the amount of work they
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will be doing.

Globalization has often been criticized for the unfair redistribution of wealth that has been obtained in poor countries. The less developed countries in most cases do not have equal powers compared to their counterparts from the developed nations. For example, many African countries are very rich in terms of the natural resources they possess but unfortunately, most of these countries are very poor and are dependent on aid from the rich nations. Instead of equitably distributing wealth, the developed countries want to take a leading role in providing aid to the poor countries so as to maintain the gap that exists between the two.

On the other hand, globalization can be said to bring more harm than good especially in developing countries whereby it can be seen that powerful nations seek to impose their cultural values as superior over the others. As a result, there has been a sharp decline in the cultural values of people from the developing world. Rodrick (2001) refers to this situation as the Americanisation of the world culture. The majority of local cultures are facing extinction as a result of acculturation. Local people are exposed to new cultural values from the dominant nations that would not be compatible with their own culture which causes the disintegration of the social and moral fabric. It ought to be taken into consideration that each society has got its own cultural values and they ought to be protected. Every person has got a culture and all the people across the globe do have values that are shaped by their culture.

In some cases, developed countries like the US have a tendency of setting the standards of democracy and the political framework in weaker nations where they will be operating. This amounts to sponsoring conflict and there

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is more political instability especially in Africa where America has influence over the system of governance in the countries it has the interest, in particular, the rich oil nations.

Over and above, it can be noted that globalization is based on the premise that is meant to promote free trade as well as liberalize investment among different countries. However, it seems that the rich and powerful nations end up benefiting more than their trading partners in the less developed world. The developing nations are also taking advantage of this dispensation to assert their values over the weaker nations. From this argument, it can be noted that globalization plays a big role in creating winners and losers.