

# Critical analysis of 'global capitalism: its fall and



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Jeffrey Frieden's book *Global Capitalism: Its Fall and Rise in the Twentieth century* is a highly relevant topic today. Consistent with Frieden's hypothesis, global economic integration has grown to new levels during the last century. Several arguments could be forwarded supporting the merits and demerits of this new economic order and its overall value as a politico-economic theory. But this essay will confine itself to the task of verifying the claims made by Frieden's in his book. The rest of the essay will argue that 'economic globalization' has indeed seen a spectacular growth in the second half of the twentieth century; and while its ascendancy is beyond dispute its usefulness and compatibility with the newly evolving twentieth century global political situation remains a point of debate.

Frieden is right in his assessment that globalization has become ubiquitous in the new neo-liberal world order of the last few decades. However, all too often, the flaws inherent in this system have caused distress to populations negatively affected by it. Moreover, the loopholes of international business law allow Multinational Enterprises (MNEs) to go scot-free and evade accountability toward the citizens of the countries in which they operate on. While the activities of Multinational Enterprises in developing countries can either be beneficial or disadvantageous to a country, recent evidence suggests that there are more cases of the latter than the former. The primary criticism leveled against economic globalization is that it perpetuates lack of accountability and irresponsibility on part of its practitioners. While global financiers and speculators can accurately evaluate the values of tangible assets, more often than not the measure of intangible consequences of an MNE's operations are not accounted. In other

words, certain 'externalities' such as pollution of water sources, global warming, internal displacement of people are not accounted for.

As pointed out by Frieden, globalization has led to the practice of exploitation of cheap labor offered by Third World nations. A highly publicized recent case is the operations of sportswear maker Nike in countries such as Indonesia and Philippines. Documentary filmmakers have recorded the inhuman working conditions offered to laborers in Nike plants in these countries. Moreover, these workers were never offered medical insurance or prescribed minimum wages. As a consequence of this negative publicity, many consumers in the West have refused to consume products that were manufactured through exploitation of labor in developing nations. While the condition in manufacturing hubs of Taiwan, Thailand and China are not as harsh as in Indonesia and Philippines, they only barely adhere to international human rights standards. So, while global capitalism is further developing the length and breadth of its reach, it benefits certain sections of people while disadvantaging others.

Frieden explains in detail the unethical practices of proponents of globalization. For example, billionaire investors such as George Soros have tacitly aided corruption in the countries they operate in. For example, in Southeast Asian nations of Indonesia, Thailand; Asian nations of Bangladesh, India and Pakistan, and several East European countries such as Belarus, Georgia, and Croatia and to a lesser extent in China, the levels of corruption have increased since the opening up of their economies. The misuse of public power for private gain is growing into epidemic proportions in developing nations.

The author suggests the economic possibilities under global capitalism through the example of the rapid industrialization and prosperity of South Korea. But it should be remembered that in the context of global capitalism, the issues of national sovereignty and commercial opportunity are intertwined. For example, large Internet portals such as Yahoo and Google, by way of exploiting global opportunities provided by the medium of the Internet have submitted to the imperatives of business. While their profits have shot up as a result of the new opportunities for advertisement, their tacit support of citizen censorship (as typified by the case of China) has attracted criticism. As a result of facilitating Chinese government censorship, these representatives of globalization have done social injustice to the people of Tibet. Similar instances of thwarting democratic participation can be found in countries such as East Timor, Cambodia and the Indian subcontinent. In essence, business and political leaders don't seem to care an iota about freedom of speech and democracy in the countries in which they function, as long as their revenues remain impressive. Such profiteering attitude is ethically very shallow and does not project globalization in good light.

In conclusion, it is quite clear that much of the criticism directed at global capitalism is justified, especially in the context of the developing world. The objections related to this economic system are part of a broader critique of contemporary industrial societies. These criticisms include deceptive mass advertisements, over-population, environment damage, toxic dumping, corporate greed, etc. The global capitalists, who are essentially based in Western democracies, can virtually dictate terms of trade for the rest of the

world due to their military and economic superiority. And being the torch bearers of unfettered laissez faire capitalism, the powerful business interests often dictate local government policies. This heady mix of wealth and power has so far led to outcomes that have harmed communities at large and the environment in which they live. The poor people in developing nations are especially badly hit by this phenomenon. To the author's credit, Jeffry Frieden presents an objective account of the rise of globalization through the decades of the twentieth century. Adhering to practices of academic integrity and scholarship, Frieden explicates to the reader the problems and drawbacks of global capitalism as well as its benefits.

Reference:

Frieden, Jeffry A., *Global Capitalism: Its Fall and Rise in the Twentieth Century* (ONLY Ch. 17 and 18)