Essay on globalization and inequality

Business, Employee

The phrase globalization may be described as the practice where services or goods, including capital or money, move freely amid and among states (John and Udayakumar 1, first paragraph). Globalization renders national boundaries porous and less relevant. Currently, globalization has an increasing effect on the economic prospectus of US corporations, employees, and families. Growing integration with the globe economy makes America and other economies productive. For most US citizens, this has resulted in absolute high living standards as well as real disposable incomes. Nevertheless, while the American economy benefits from globalization, it has never been a win-win state for all US citizens. Increasing trade with low-wage advancing nations results in loss of job and reduction in wages and benefits so as to become competitive. Globalization promoted by IT revolution expands global trade in a broad range of services, and subjects a growing number of American white collar jobs or education oriented vocations to outsourcing as well as international competition.

Globalization has increased income inequality in US. The pressures of the technological change and global marketplace due to globalization, have led to increasing gap between the poor and the rich. For instance, latest report of (Congressional Budget Office) CBO indicated that from the year 1979-2007, the mean after-tax family unit income for 1% of American population with the highest earnings rose to 275 percent. For the top 20 percent it rose to 65 percent. However, for bottom 20 percent it rose 18 percent (John and Udayakumar 2, first paragraph).

Another study established that the richest Americans have acquired the bulk of the earnings gain over the last 30 years (John and Udayakumar 3). This analysis established that the share of countrywide income of the wealthiest 1% more than doubled from 1980 and 2008, increasing from 8 percent to 18 percent. The wealthiest 1% currently make an average 1. 3USD million of after-tax earnings compared to 17, 700 USD for the vulnerable 20 percent of US citizens (John and Udayakumar 2, second paragraph).

The increasing earnings gap may have become broader if lower-wage employees had not increased by over 20 percent the duration they worked over in the last 10 years. This pattern of increased duration worked is connected to incentive policies like Income Tax Credit (ITC) and low minimum wage resulting from globalization (John and Udayakumar 2).

The top income receivers tend to be within educational groups like those with professional and doctorates graduate degrees in law, medicine, and business. Employees with high school degrees or below do poorly (John and Udayakumar 2). This pattern has resulted from free mobility of skilled labour caused by globalization (John and Udayakumar 3).

Many explanations on the cause of income inequality in US have been given, and all points to globalization. Trading with advancing nations, increases foreign investment flows, low-skilled immigration, financial and trade liberalization, skilled-oriented technological change as well as change in institutions and regulations are some of the reasons for income trends, in which returns to skilled/expert capital and labor are increasing whereas the returns to unskilled work are decreasing. However, the weight of each factor is unknown, therefore, making it challenging to prescribe policy remedy. However, it is known that the market, in the past 20 years, turned against less educated and less skilled employees due to globalization (John and

Udayakumar 3).

Globalization has led to increased US imports, this has caused decline within manufacturing sector or local corporations which helps in restraining income inequalities by offering higher salaries than average wages. US imports are mainly products processed by low skilled labor in Latin America and Asia, depressing the wages of US employees in the bottom or base of skills distribution. American consumers take advantage of lower import prices and spend disposable income in other services and goods. This is done with disregard to policies to enhance the competitiveness of American industries within the global market (John and Udayakumar 2, paragraph seventeen).

Enloe talks about the inequalities women go through within the shoe factory, particularly overseas (45). Even though these shoe industries makes profits, they pay low wages to their employees. This claim is supported by the fact that international trade agreements like WTO and NAFTA are not effective in advocating for fair pay, right to free speech and assembly, and healthy working conditions (Enloe 1, first paragraph). Because these trade unions broadens the markets of these factories, they attempts to create inequality between working women within advanced and advancing nations. For instance, South Koreas shoe factory, sneaker manufacture, exploits women. To sustain market globalization, factories pit women against one another by moving to other nations with lower labor costs, which form the illusion that other employed women are taking their jobs, hence lower the ability of women to organize, have faith on each other, as well as force firms and male bosses to handle their concerns.

Works Cited

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