# Essay on challenges of globalization

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Extent of challenge that international institutions like IMF, World Bank and WTO have on ability to develop domestic economic and social policies. Globalization dominated political, academic discourse and population policies during the 1900's. Globalization is currently credited for incredibly a massive range of phenomena. This ranges from social problems, pollution, poverty, rural depopulation, urban overcrowding and congestion. Conversely, it is trumpeted as being central to a lot of developmental successes, poverty reduction, improved economic prosperity, enhanced human rights and better services. Globalization has also led to improvement in the political, social and economic sector within economies and human development (Lahiri 13). Towards the end of the Second World War, several international organizations were established with an aim of managing the economies of various countries and prevent depression. These organizations included the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (otherwise known as the World Bank), and the General Agreement on Tariffs and Trade (GATT). The latter was later changed to World Trade Organization 9WTO) in 1995. These institutions persisted for some time, but after five years most of them had expended their mandates, increased country membership and changed their missions. Most of these institutions left a legacy in the creation of stable and corporate economies in the non-globalized economies (Vreeland 27).

. The underlying concept that these international institutions propagate is that of improved economies and free trade to generate and improve the local GDP and reduce poverty. However, this neoliberal notion only dominates to the international corporations and financiers. The international investors dominate the global economy for the massive profits that they generate from the developing economies. Given their conditions on their financial insecurity, developing economies do not have a choice, but to compete and participate in the global economy. This leaves such fragile economies being exposed to a free market which is inherently biased and has stiff competition. These conditions leave most developing nations with undeveloped industries, due to the high levels of capital input required, and with little or no resources.

These countries are left in situations whereby they lack enough financial currency reserves to invest on investment policies (Lahiri 27). They are forced to lend money from these institutions with hopes that such funds will facilitate local economic growth. Institutions like the World Bank and IMF have connections with international corporations (mostly form US), whom they contract in exchange for their loans. These corporations earn massive benefits from these contracts while the locals are left to suffer debt burden, loss of revenue and control over their resources. The challenge left to these countries is on how to recuperate the loss that they suffer under the control of these institutions. In most cases, the local governments do not have sufficient resources to solve the problem and the poor majorities are left to suffer. Amenities like health, education and communication are left for only the rich and wealthy who count for just a little population.

Together these organizations encourage and uplift economic and structural adjustments, privatize economies and assist in market liberalization. Developing countries usually endorse their activities, leaving them with no choice than to comply. As a result, these countries are invaded by foreign investors and multinational corporations who take over most national resources. This is usually to cover for debts that these economies borrow from these institutions. The foreign investors and MNC gain significant control of finances, national resources, technology, services and knowledge. They hire cheap labor from the citizens of these countries and import their own expertise. Whilst these investors report significant levels of profits, at least 50, 000 people die from these countries due to lack of basic needs (Anon 54).

On the economic level, these institutions concentrate on development of massive corporations, which generate highest rates of turnover as compared to the local GDP. These institutions dictate on their production location, research and development institutions and administration centers (Vreeland 43). The locals are forced to cut on their tariffs and taxes to suit the aid of these institutions. The instructions also lead to increased free trade pacts, regional and bilateral trade agreements that reduce the capability of the developing nations to promote their national interests. They hinder policy formulation since they have to be involved in any decision made in these economies.

On a cultural perspective, the local cultures are seen to be slowly submerging into undifferentiated global cultures. The indigenous, traditional, local and national cultures are replaced into an international culture referred to as consumerism. A practical example is in the global spread of Hollywood films and pop music. The increased control measures on these mass media by the western conglomerates are endangering minority cultural practices and language. Developing economies drop their cultural heritage and adopt new cultures that influence on language, education, social and political aspect and leadership (Lahiri 76). Most developing nations under the control of these institutions have a generation that cannot express their local cultures in terms of language and social norms.

The WTO work alongside IMF and World Bank in opening the economy of developing nations through trade agreements. The institution ensures that all barriers to international trade and domestic trade restrictions on management of foreign investments are improved. This may only be practical in the short run since after some time the foreign corporations gain control by purchasing crucial resources (Vreeland 43). These corporations go to the extent of offering significantly high bids for such resources as land, water catchment areas, technology, skills and knowledge. Most of the domestic resource owners are flattered by these prices and they end up selling them to the foreign corporations. This, in turn, leads to a shift in control of economies resources to foreign management.

The problem with international control of resources is that, unlike the local enterprises which benefit and strengthen the local economies, the foreign corporations draw the massive profits back to their countries of origin. Instead of these profits developing and improving the domestic economy, the foreign corporations improve the economies of their origin. Foreign ownership of services, resources, production measures and industries compromise on local initiatives and undermine the democracy and sovereignty of local governments (Lahiri 43).

The combined results of trade liberalization and globalization are devastating and insidious on social and economic aspect on developing nations. The ultimate beneficiaries of the institutions are wealthy foreign investors and other private institutions, international corporations and speculators. These small private groups end up holding the majority of globe's resources, technology and facilities. Their businesses are based in EU and In Us, ensuring that the GDP and economic output of their countries of origin remain significantly high (Anon 63). Developing countries are left bankrupt and inhabited by increased poverty levels. This leads to hunger, low educational levels, unemployment and crime. Developing nations result to outsourcing of funds to cater for these deteriorating conditions. Instead of solving the problem, the funds increase the debts and increase on the levels of poverty.

Currently, most developing countries have been faced by this problem. Most of them are under massive debts, and they do not have enough resource and ability to repay. International corporations and private institutions end up manipulating the whole economy. The results are control over policies and shaping social, economic and political aspects. The World Bank, WTO ad IMF, however, criticizes recipient governments for corruption, lack of transparency and integrity and undemocratic regimes (Vreeland 57).

The governments use the international aids and grants for other purposes, which are not resourceful in solving their problems. The institutions insist on reforms as conditions for more grants and aid for poverty reduction and improvement of the economies. Most of the developing countries use such grants for infrastructural development instead of using the funds in investing on natural resources that are more resourceful than infrastructure (Lahiri 32). A good example can be derived in oil generating countries from Africa.

Most of the crude oil in these economies is manufactured and processed by foreign nations on exchange for grants. The foreigners invest on this valuable commodity which is sold to the host country at significantly high prices.

## References.

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