

How globalisation has harmed and benefited the world



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Commentary and Analysis](#) \n \t
2. [Conclusions](#) \n \t
3. [Word Count: 3000, apart from bibliography](#) \n

\n[/toc]\n \n

This essay deals with various aspects of the globalisation process and the ways in which it has benefited or harmed different regions, nations, organisations and peoples.

Globalisation is a complex process that concerns the progressive integration of people, goods, finances, thoughts, concepts, and ideas across nations on account of a range of political, economic, social and cultural drivers (Perrons, 2004, p 16). Whilst it has been an ongoing process since the beginning of history, the history of the world has been distinguished by specific periods of high and low globalisation. Globalisation in historic days occurred primarily on account of conquest, travel, and trade between nations, but was perforce slow because of the numerous constraints that existed in areas of travel and communication (Perrons, 2004, p 16). Its pace increased rapidly in the 18th and 19th centuries on account of numerous technological developments, the Industrial Revolution in England and other western countries, and the growth of colonialism across the world (Went, 2002, p 41). Whilst the period between the First and the Second World Wars saw marked contraction in economic and other interactions between nations, the years after the closure

of the Second World War have experienced phenomenal increase in the globalisation process (Went, 2002, p 41).

Globalisation has profound effects on the economies, societies, and cultures of nations. Whilst the social and cultural aspects of globalisation are undoubtedly extremely important, the financial well being of people is primarily affected by the economic consequences of the globalisation process (Beresford, 2000, p 54). It has often being seen that whilst globalisation improves the economic health and financial wealth of certain nations and specific segments of the global population, it also reduces the economic capacity of other countries and peoples (Beresford, 2000, p 54). The globalisation process of the 18th and 19th centuries, for example witnessed an enormous increase in the wealth of western colonising nations like the UK, France, Spain and Portugal, even as it impoverished hugely affluent nations like China and India, pushing them from being vastly wealthy civilisations to terribly poor societies (Horton & Patapan, 2004, p 23). Although the ongoing process of globalisation has undoubtedly enhanced the economic well being of many nations, organisations, and peoples, critics of the process assert that it has also resulted in the growth of income inequalities and has harmed the economic conditions of millions of people, more so in the developing and poorer countries (Horton & Patapan, 2004, p 23).

This essay focuses on the positive and negative impact of globalisation on different nations, organisations and peoples. With globalisation being a huge subject, this essay focuses on the ongoing process of contemporary

globalisation and on those who have won or lost out on account of its effect and implications.

Commentary and Analysis

The ongoing process of globalisation commenced after the defeat of Germany and Japan and the victory of the UK, the USA, Soviet Russia, and their allies in the Second World War (Mikic, 2000, p 287). The cessation of hostilities led to the demarcation of new political boundaries and to the division of the world into three specific political segments, namely the western nations led by the United States, the Soviet bloc and the non aligned nations (Mikic, 2000, p 287). Whilst the globe was broadly divided into these three groups of nations in the 1950s, the years succeeding the war saw the independence of India and rapid decolonisation in Africa and Asia (Mikic, 2000, p 287). The 1980s witnessed the collapse of the Soviet Union, the disintegration of the communist bloc and the reunification of Germany. The following years also witnessed a wave of liberalisation and the implementation of economic reforms across developing countries, and the consequent economic emergence, first of China, and then of India and other countries in Latin America, Africa and Asia (Nesadurai, 2003, p 63).

The world is also experiencing the development of astonishing advances in areas of technology and communication in the past few decades, which in turn are making it possible for people to interact across nations and even continents, despite political barriers and geographical distances (Nesadurai, 2003, p 63). These developments in geopolitics, economics, and communication have had and are having an enormous, reinforcing, and multiplying effect on globalisation and are resulting in greater economic and

<https://assignbuster.com/how-globalisation-has-harmed-and-benefited-the-world/>

financial interactions between different nations (Kiely, 2005, p 76).

Multinational corporations are exploiting low cost regions to install production facilities. Business organisations are using relaxed trade barriers to export their goods to previously closed markets (Kiely, 2005, p 76). The formation of the European Union has resulted in free movement of people within Europe in search of employment. The growth of the Internet is making it possible for people to work from distant locations and service others in remote areas of the globe (Kiely, 2005, p 76).

Such globalisation has resulted in tremendous growth in global business and trade. This increase in economic activity has primarily been driven by multinational corporations, (MNCs), who have used globalisation opportunities to (a) install production capacities in low cost regions with skilled workers and (b) to exploit the huge markets that have emerged, primarily in the Middle East and Asia, as also in Latin America, Russia and East Europe (Clark, 1999, p 78). Such growth in economic activity has obviously benefited the multinational corporations. These organisations now account for more than one third of world output and more than two thirds of global trade (Clark, 1999, p 78). Apart from boosting the economic fortunes of these organisations, the growth in economic activity has also most certainly helped in increasing the real wages and economic conditions of many people (Eschle & Maignashca, 2005, p 92). It cannot however be denied that (a) this period has witnessed growing inequality between nations and peoples, and that (b) the benefits of globalisation have eluded millions of global inhabitants. Growth in production, consumption, and travel has also

resulted in environmental degradation and in the destruction of the natural habitats of thousands of humans (Eschle & Maiguashca, 2005, p 92).

The economic impact of globalisation is visible first and foremost in the enormous increase in volumes of trade, industry and business (Munck, 2004, p 55). The increase in economic activity during the period after the Second World War is far more than what occurred in the years between the two World Wars. Numerous studies also show that countries with higher levels of globalisation achieved greater levels of growth in this period than others (Munck, 2004, p 55). Global economic activity has furthermore grown much faster than the increase in global population, thus implying a significant increase in the real per capita income of the world's inhabitants. Such economic growth has certainly helped the financial well being and wealth of nations, organisations, and individuals (Munck, 2004, p 55).

The greatest beneficiaries of globalisation have undoubtedly been the larger international corporations, mostly from the west but also very substantially from other countries in Asia and certain parts of Latin America and Africa (Saskia & Appiah, 1999, p 44). International corporations have been quick to spot the substantial opportunities for reducing production costs in shifting production activities to low cost locations in the developing economies. China has experienced dramatic increases in its production facilities, even as smaller countries like Indonesia and Bangladesh have also become production centres for global corporations (Saskia & Appiah, 1999, p 44). Whilst China has truly become the production centre of the world, Indonesia and Bangladesh are now home to numerous textile factories whose products

are sold in the best stores in the advanced economies (Saskia & Appiah, 1999, p 44).

The development of huge facilities in China for manufactured products has been accompanied by a similar growth in India's services sector. Call centres in Indian cities like Delhi, Mumbai, Chennai, Hyderabad and Bangalore employ thousands of employees who work for western corporations engaged in marketing, banking, finance, and insurance sectors. The shifting of production activities to low cost locations has helped international corporations significantly in achieving scale economies and reducing production costs.

Ongoing globalisation is also helping global corporations by providing them with access to huge new markets in growing economies like those of China, India, Brazil, Russia and East Europe. MNCs are rapidly expanding their presence in these markets in order to increase sales and profits and enhance organisational growth. UK retailers like Tesco and Marks and Spencer now have strong presences in numerous countries across the world (Micro Focus, 2007, p 1). Jaguar Land Rover's third largest market, right after the UK and United States, is China (HT Media, 2010, p 1). McDonalds has more than 1200 outlets in China and is planning to add 600 more in the course of the coming decade (Yan & Jones, 2010, p 1).

Apart from enhancing the fortunes of MNCs, globalisation has also helped in the dissemination of knowledge and technology across the world. Western universities are accepting increasing numbers of students from the developing economies, even as universities like Harvard are opening centres

for higher learning in distant countries (Perrons, 2004, p 73). The Internet is making academic interaction between people far easier. Indian coaching organisations are helping thousands of American students to improve their academic performance in mathematics and sciences (Perrons, 2004, p 73).

Expansion in economic activity has specifically helped a number of states to improve their national production steadily from year to year (Horton & Patapan, 2004, p 47). China is of course the foremost example of this facet of globalisation. The country shed its insular policy in the late 1970s under the leadership of Chairman Deng and adopted various policies for liberalisation and furtherance of export oriented growth (Horton & Patapan, 2004, p 47). The Chinese economy has expanded at a rate of approximately 10% for more than 25 years, making it the second largest in the world today. Apart from China, globalisation has also resulted in positive economic benefits for Brazil, India, and South Africa and for the countries of South East Asia, all of whom have continuously achieved plus 5% economic growth for years (Eschle & Maiguashca, 2005, p 109). Countries like Taiwan and South Korea have emulated Japan by developing world class products and penetrating sophisticated markets in the developed countries. Huge increases in exports have radically altered the economies of these countries, and both Taiwan and South Korea now have per capita GDPs that are approaching those of the western nations (Eschle & Maiguashca, 2005, p 109). The GDP growth rate of Bangladesh has accelerated in recent years on account of the growth of the textile industry and repatriation of monies from emigrant Bangladeshis (Osmani, 2004, p 5).

“ The readymade garments (RMG) industry has registered phenomenal growth in recent years. Starting from a low base in the mid-1980s, it has by now become both the leading industry and the leading export item of Bangladesh. By the mid-1990s, it was contributing somewhere between 20 and 25 per cent of total value-added and employing between 40 and 50 per cent of the workforce engaged in large and medium scale manufacturing. Its share in total export has risen from barely 4 per cent in 1983/84 to over 75 per cent by the year 2000.” (Osmani, 2004, p 7)

Supporters of globalisation and neoliberal economics argue that the advantages of economic growth, achieved from globalisation, are bound to trickle down into the economy and improve the economic conditions of lower segments of society (Kiely, 2005, p 76). Whilst it may be too early for such trickle down effects to be clearly visible, there is no doubt of the very substantial improvements that have occurred in the employment levels of developing countries that have received foreign investment in production facilities (Kiely, 2005, p 76).

China, easily the largest recipient of production FDI among the developing nations, has seen huge migration of labour from the countryside to the towns, with agricultural workers leaving their fields in hundreds of thousands to take up jobs in new factories. It is estimated that approximately 150 million Chinese have been able to escape poverty in the last two decades on account of the country’s integration with the global economy (Kiely, 2005, p 76). Countries like Bangladesh and Indonesia, as well as the countries of east Europe, have also witnessed significant increases in employment figures.

The Indian call centre industry provides employment to hundreds of
<https://assignbuster.com/how-globalisation-has-harmed-and-benefited-the-world/>

thousands of graduates, who would have had very little chances of remunerative employment in the pre-globalisation era. Such increase in employment has certainly changed the lives of millions of people around the world. It has helped them to grow out of lives of poverty and to provide better life chances to their families (Nesadurai, 2003, p 68).

Critics of globalisation point out that the benefits of globalisation are not as rosy as they appear to be. The net increase in global economic production and wealth indicates it to be a net benefit process, even as critics argue that its continuing progress is generating numerous losers; who are being adversely impacted, economically, socially, and culturally, by its spread (Horton & Patapan, 2004, p 47). The globalisation process has in the first place enabled multinational corporations to seek out low cost production centres and to transfer much of their production and service facilities to such locations. Such movement of production facilities from the developed countries to low cost environments has resulted in significant reduction of jobs in the advanced nations, primarily in the strongly market driven economies like the UK and the USA, and also to some extent in the more worker friendly societies of West Europe (Eschle & Maignashca, 2005, p 109). Such losses of jobs have resulted in the creation of significant social and political tensions and to subsequent protectionist actions, like those being considered and taken by President Obama to stem the movement of IT services jobs to India (Kiely, 2005, p 76).

The opening of trade barriers and liberal import norms has also had significantly adverse impact on local producers, many of whom have not being able to respond effectively to savage competition from low priced
<https://assignbuster.com/how-globalisation-has-harmed-and-benefited-the-world/>

Chinese goods. The indigenous fire cracker industry in Europe has practically been demolished by large scale imports of Chinese fire crackers at a fraction of their local cost. Imports of Chinese silk by Indian importers have resulted in severe economic consequences to Indian silk growers and weavers (Went, 2002, p 44). The production of Rare Earth Metals (REMs) has been discontinued in the United States because of Chinese exports of these metals at prices that were fractional of their manufacturing costs in the United States. With REMS being vital for production of important defence products, the US now finds itself vulnerable to Chinese plans to reduce supplies, on account of various reasons, of these metals (Areddy, 2010, p 11).

It is also seen that whilst movement of production facilities are leading to the creation of jobs in low income countries, the majority of such jobs are poorly paid and involve exploitative working conditions. Studies on banana growers in Brazil, coffee growers across Latin America, and textile industry workers in Bangladesh reveal that the overwhelming majority of these workers are paid low wages, sometimes less than the minimum wages of these countries, and are forced to work in difficult working conditions (Osmani, 2004, p 6). The readiness of investing companies to take their investment and the associated jobs elsewhere, if their work is obstructed in anyway, leads to the inevitable acceptance of their demands by the governments of developing countries, who do not wish to lose out on their investment and presence. Studies on Indian call centres in Mumbai, Bangalore, and Madras reveal that the employees of these call centres are made to work extremely long hours, given short breaks, and not allowed to leave their seats even to go to the toilets. They are castigated and ill treated in public for minor irregularities in

work (Perrons, 2004, p 82). Critics of globalisation argue that whilst unemployment in these countries may have reduced to some extent, the quality of employment that has been provided is poor and essentially degrading to the concerned individuals.

Globalisation has also resulted in immense environmental degradation. The environment can in fact be considered to be one of the biggest losers of the globalisation process. Multinational corporations, especially those dealing in natural resources, have engaged in numerous anti-environmental activities in order to satisfy increasing global demand for such products. The mining of REMs in China for example has resulted in severe environmental degradation across large tracts of the Chinese countryside (Aredy, 2010, p 11). Mining companies in India have driven tribals out of their natural habitat and destroyed thousands of acres of forests. Oil companies have engaged in unsafe drilling practices and, as evidenced by BP's oil well episode in the Gulf of Mexico, have caused enormous loss to ocean life and to the coastline (Raines, 2010, p 1).

It is very clear that globalisation, whilst causal in improvement of global economic activity, has certainly not been even handed in its largesse. The enrichment of some has been accompanied by the deprivation of others.

Conclusions

This essay focuses on the winners and losers of globalisation.

Globalisation, it is evident, is bringing about immense economic, social and cultural change across the globe. With MNCs from the western world driving the process to a large extent, much of the benefits of the globalisation have
<https://assignbuster.com/how-globalisation-has-harmed-and-benefited-the-world/>

gone to western corporations and consumers, even as certain areas of the developing world have gained on account of economic investment in production and service facilities.

The benefits of globalisation have unfortunately been accompanied by large scale environmental degradation, uneven development, and low wage employment for the poor. With awareness increasing steadily about the adverse consequences of unregulated globalisation, most governments are taking policy actions to regulate its adverse effects. It is important for nations to ensure that their integration with the global economy does not lead to the marginalisation of the poor and the destruction of their natural environment.

Word Count: 3000, apart from bibliography