

# Economic integration of world's countries: pros and cons



“ Globalization refers to the increasing economic integration and interdependence of countries. Economic globalization in this century has proceeded along two main lines: trade liberalization (the increased circulation of goods) and financial liberalization (the expanded circulation of capital).” (Social Justice Committee)

In early 1990s the Indian economy had witnessed dramatic policy changes. The idea behind the new economic model known as Liberalization, Privatization and Globalization in India (LPG), was to make the Indian economy one of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the economy more competitive. The economic changes initiated have had a dramatic effect on the overall growth of the economy. (Trade Charka, Par 4)

Globalization has caused tremendous opportunities for developed and developing nations, though one cannot ignore the associated negative consequences of the economic integration of the world's countries. With the increasing globalization of economies it causes developing nations to fight on the world stage for economic opportunities. This is a severe issue for those working in agriculture, as many developed nations can produce products at lower costs, than developing nations such as India.

With the interconnecting of countries around the globe, national identity is becoming diluted by western culture. This can be seen by western fast food companies such as McDonalds, which is known for its hamburgers, to coming into a country that has a primarily Hindu population. While employment rates

have risen within India, the amount of working poor has also increased. This is a serious issue, as the working poor do not have the ability to buy basic life necessities.

When an economy of a country becomes strong, there is a creation of the middle class. This class has disposable income, which can be put towards items such as electronics and cars. As history can show, when the demand for consumer goods increases, the environment suffers, whether it is resource intensive products, or pollution.

Economic globalization has had negative effect on India. It seems that although the economy of India is growing, problems with the environment, social issues, and economic stability are still apparent.

When a person hears the word globalization, it is assumed there is positive economic growth, and expansion through out the world. However this is not the case in most developing nations. With globalization, under developed nations can and are being exploited by the richer more developed nations.

“ An element of globalization is liberalization of the market, which for agriculture raises serious issues. “ The effects of these economic changes are expected to be uneven, with some regions and farmers benefiting from market liberalization and from new inflows of investment and technology, while others may have difficulty adjusting to a more open economy, particularly to the effects of increasing competition from agricultural imports.” -(O'Brien et al, Page 304)

For farmers it is quite difficult to compete with western developed nations, as they can produce cheaper agriculture product. While certain farmers are benefiting from the increase in technology it is not available for all. With these imbalances it can be difficult for farmers in India to survive in today's globalization economy. The liberalization of the market is also causing an increase in agriculture imports, in which many of the poor residents of the country cannot afford. This is linked to the imbalance of market liberalization; many farmers in India are choosing to farm non-staple food crops, that other countries cannot grow. These crops are known as cash crops, and are crops such as coffee. This rise is occurring because the farmers are unable to grow staple food crops as cheaply as more developed nations, and receive a deficit on most staple food crops grown.

A serious social issue facing India is the potential for cultural destruction, and the increasing amount of the working poor.

Working poor is defined as " people who are economically disadvantaged despite the fact that they are fully employed. The working poor do not have sufficient income to improve their overall lifestyle. (" All Business")

In low-income, densely populated and predominantly agricultural economies like India, widespread prevalence of poverty in its income dimension can be directly traced to the inadequacy of earnings accruing to the working poor defined as members of the labour force located in households below poverty line (BPL). The inadequacy of their earnings originates in their gainful engagement in low productivity farm and non-farm activities with virtual

absence or inadequate support of physical or human capital or skills.

(Sundaram et al, page 1)

“ Jason Gray has argued that any optimism that globalization and the corporate culture will liberate the poor over the next few decades flies in the face of the historical record.” (Gray, page 184) This quotation is describing that fact that those in poverty will not be liberated by the corporate culture, because many of those in poverty are currently in the class of the working poor.

“ It is estimated that nearly 40 percent Indians do not have access to regular and adequate quantities of food. Hunger, malnutrition and under nourishment are widespread. In some parts of the country many persons are stalked by death due to starvation, although the quantum of food grains in the stores or even produced annually does not warrant that. Such unusual hunger amidst plenty can be attributed to a host of reasons, many of which are direct or indirect consequences of the structural adjustment and stabilization programs India adopted at the start of the nineties. The government set out to reduce subsidies and fiscal deficit by cutting state expenditure on rural development, cutting food subsidies, reducing priority credit to agriculture and allowing Indian agricultural prices to move closer to world prices, which led to increased food prices.” ( Mishra, and Nayak, page 5)

This issue is a serious negative consequence of globalization, as India is changing their government style and economy to a more globalization, world focus.

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Cultural destruction can be caused by globalization because in its very basic nature, it interconnects different parts of the world together. This is an issue because of the Acculturation, which is a term that describes the process when two cultures come into contact with each other. When this process occurs each culture will adopt some of the traits of the other culture. This is usually not done symmetrically, and the stronger culture will influence the weaker culture. (Cukier, 2010) In this case the western culture is stronger than the culture of India. It can cause India's culture to change, to something unrecognizable to those familiar with the cultural heritage of India.

As with every country with a booming economy, environment is always an issue. When the economy of a country increases, there is usually an increase in products being consumed.

There are going to be more cars, houses, and roads in the present pace of development. It is very natural. But all this is also very resource-intensive." "The environmental impact of such resource intensive growth can be substantial given India's very large population. (Biswas, Paragraph 3)

As seen with the majority of western nations, when the economy is strong, the environment is usually put on the back burner, and is not dealt with until it interferes with the ability of the money making process of the country's economy. A severe environmental issue in India is the lack of clean water.

" Reasons to the present environmental problem encountered in India may be seen as a consequence of generally high population density combined with the fast economic growth and technological development that

happened during last few decades. Industrial development without proper  
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environmental concern, with fast population growth, especially in urban areas, and increased mobility of people without development of adequate infrastructure, brought social and ecological disruption.”(Niemczynowicz, Tyagi, and Dwivedi , Page 210)

As stated in the beginning of this essay, globalization for the most part as been a positive force is increasing developing nations economy. With the new world stage, India has been benefitting tremendously by the relocation of work from developed nations to India. This has caused all overall increasing the countries gross domestic product, as well as the country's purchasing power. Poverty throughout India is decreasing, and education rates are rising due to the need for educated workers within the country. Many companies are investing, relocating and expanding into India. (Dossani, and Kenney) Globalization has caused an overall increase in the economy of India, but it also has had severe negative impacts on social, environmental and certain economic factors such as food prices on the country.

Globalization increases the ability for countries to interconnect with each other. This is a positive thing when it comes to the economy, but it neglects some serious parts of the country, such as social and environment aspects, which are sometimes of greater importance than overall economic benefit. The economy of India has boomed since the introduction of globalization, but certain aspects of globalization such as moving agriculture prices of India to the world stage, has hindered agricultural development of the country. Since many farmers cannot produce their product at the same price of those farmers of other more developed nation. The social aspects of globalization <https://assignbuster.com/economic-integration-of-worlds-countries-pros-and-cons/>

is very negative are cultural destruction is a very predominant factor. With all this interconnecting of countries around the world, India's culture is being distorted, and over time the unique culture of this country may not exist. Although there is a large amount of jobs being created within India, there has been an increase in the amount of working poor. This is happening because of the low wages offered in many jobs, and the inability of farmers to make a profit of their crops. The environment is suffering greatly due to the globalization of India. The biggest issue being the amount and quality of the water within the country; due to pollution from factories, and rapid growth the quality and quantity of water is being decreased. Globalization causes more harm than good. Although economic growth is positive, the other associating factors outweigh the economic growth. Without social and environmental change, globalization will forever be a negative force within the country of India.