

# Globalization for canada essay examples

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## **Globalization for Canada**

The environment is an intercool part of the economy. Any future examination of Canada's prospects within globalization will be skewed when there is no more cheap oil. The toaster from China will no longer make any sense. The fact is that we are relying on burning oil at 3 times the carbon footprints in the case of the tar sands compared to conventional oil. Therefore the real cost of globalization must factor in, the real cost of climate change.

It is imperative to understand the concept of globalization in order to ascertain the effect it has in the Canadian economy. Globalization can on the negative side be termed as accumulation by dispossession (Amin, 2010). The conventional idea of globalization is having a free market economy all over the world. It calls for the lifting of any trade barriers between and among the world's countries (Albritton, Makoto, Westra, & Zuege, 2001; Albritton, Shannon, John, & Westra, 2004). The lifting of the trade barriers has seen exponential growth of multi-national corporations resulting to a trade imbalance among the world nations. It seems as if the multinational corporations are taking over the sovereignty of many of the world's sovereign nations Canada included.

This paper will focus on the Canadian economic prospects as related to the positive and negative effects of globalisation. Canada is a naturally resource rich nation. It boasts of diverse forest cover, lots of minerals and an abundance of fresh water. It also has the second largest oil reserve in the world after Saudi Arabia, the Tar sands. The economic value of Canadian boreal forest has been estimated to be about 700 billion dollars per year by just being there. This shows that Canada has a great potential of which is not

being fully exploited.

With all this potential, Canadian manufacturing industry is slowly collapsing due to the country's economic policies. Globalization is having an adverse effect in the Canadian economy especially in the manufacturing sector. Due to the Canadian high wage regulation policies, the prospects of getting foreign markets for their manufactured goods are diminishing as their end products are expensive due to the high cost of production. Due to the lifting of trade tariffs in the world market, multinational corporations have made it their business to set up their manufacturing plants in low wage countries in Asia and Africa. They then sell their products to wealth countries at prices which Canadian companies and industries cannot compete with. This has resulted to very negative consequences to the Canadian economic environment.

Canada has off late recorded the lowest ever employment record in its industries. Workers particularly in central Canada have been hard hit as most industries try to cut down on production costs in order to maintain their market relevance. This has seen the laying down of many industries workers while at the same time increasing the labour inherent of the remaining workers. Factory employment has hit an all time low of 35% since 1976. It is important to note here that the same sector was the single largest employer in the period between 1976 and 1990. It now stands at the third position as investors shift from the manufacturing industry to other trades.

The Canadian tar sands an untapped oil reserve is driving up the Canadian currency making it hard for the Canadian manufactured goods to compete favourably in the world markets. Much as Canada would like to do away with

this menace, it cannot since its biggest chunk of economic prosperity still lies in the tar sands. This means that the Canadian economy is tied to the tar sands whose economic potential is not being tapped as it should be. Despite having much potential in other natural resources, Canada cannot shy away from the prospects the tar sands presents. Considering that it contains one of the largest oil reserves in the world which is only second to that of Saudi Arabia, the tar sands therefore cannot be eliminated from the equation. Unfortunately, tapping the tar sands potential requires three times the carbon foot prints of conventional oil of which will definitely come with a significant cost.

Nearly every other economic activity is inherently connected to oil in one way or another. The global economy is run by oil (Harvey, 2003). Oil is required in nearly all sectors of the world's economy, the most important being in running industries and transport. This means that without oil, it would be virtually impossible to run the world economy as raw goods need to be processed and moved from one place to another. This is what essentially adds value to the various world commodities.

A good example is the production and distribution of the salmon fish, which was once a local food commodity. The salmon has now become a world commodity. It takes various processes much of which requires oil for the salmon to reach to your plate at home. For instance the boats used for fishing of the salmon require energy from oil. The fish then has to be transported in container ships and then distributed all over in refrigerated trucks before being stored in refrigerated stores for sale. All of these processes require a lot of energy derived from oil (Rubin, 2009). Access to a

cheap source of oil is therefore integral for the success of this trade to any country including Canada in order to favourably compete in the world market.

The tar sands though a good source of oil for the Canadian economy is being ignored much to the peril of Canadian economy. As multinational corporations in china continue producing cheap goods due to access of cheap labour and energy, Canada will continue losing its market share due to due disregard of cheaper economic prospects (Urmetzner, 2005). We cannot evade the fact that Canadian economic growth is to a large extent dependent on uninterrupted oil supply.

This though is not reason enough to tap the oil reserves with considering the environmental effects this activity will bring to our country and the world at large. Laxer (2011) postulates that the members of the Harper government are slowly killing the Canadian economy. This is not by way only of polluting the environment by digging up the ill reserves in the tar sands, but by also allowing multinational companies to own much of the Tar sands oil reserves shares. There are alarming records of who owns the Canadian petroleum wealth. About 77.3% of all petroleum investments in Canada were owned by foreigners at around 1960 (laxer, 2011). This has continued to increase exponentially reaching to an all time high of 95%. Much of the petroleum's investments are owned by United States Companies who formulate policies favourable to them at the expense of Canadian economy.

In the not so distant past, legislation branded “ free trade” between the American and the Canadian government was instituted by Brian Mulroney's government. This legislation eroded the two price policy that Trudeau

government had put into place to protect the Canadian oil reserves. Trudeau had discovered that the American multinational oil companies were providing false information to protect their own interests at the expense of the Canadian national interests (Laxer, 2011). When the oil prices sky rocketed to \$11 dollars a barrel in the world market, the Trudeau's government instituted two prices one of which was lower than the world market by about \$5 to protect Canadians' interests. This did not go well with the multinational oil companies as well as the United States government who embarked on a mission to do away with that ruling. They eventually succeeded when Mulroney's conservative government came to power. Since then, the multinationals oil companies from the United States have been siphoning Canadian oil reserves under the banner of free trade and globalisation. This was like selling the sovereignty of the Canadian people. These sentiments have been echoed by Hellyer (2000) who postulates that the multinational companies which are given a very market environment are taking away our natural resources. He strongly supports the sentiment that Mulroney's regime actually sold Canadian sovereignty by signing the free trade treaty with the Americans. The multinational oil companies were in that case given a free hand in not only depleting Canadian oil reserves but also leaving behind a dilapidated environment. This is by way of ensuring that they cut mining cost as possible thus giving undue disregard to the environment as they concentrate on the oil production. They leave behind the mess caused by the oil excavation for the Canadian government to deal with.

In his article, Hellyer (2000) makes a clear distinction between the areas

where global cooperation is required. He says that the world must cooperate in protecting the world's oceans and prevent global warming. He continues to say that there should be cooperation in protecting the world's endangered species as well as fighting international crime. It is also essential according to him to prevent the world's largest financial institutions in five major powers from taking over the world's governance.

Hellyer says that with the signing of the Free Trade Agreement (FTA) with the USA government, in the name of globalization, Canada was not put up for free trade but for sale. These are some but of the harmful effects globalization is having on Canada. Giving foreigners the right to own anything in Canada defeats the essence of citizenship. This was what the Mulroney government did to the Canadians.

Hellyer continues to give an example of the Monsanto seed producing company. In the name of globalization and free trade, this company was selling in the world market substandard seeds which could not be replanted as they were sterile. This they were doing by the full support of the Bill Clintons administration.

It is high time that Canada realized itself and changes its domestic and foreign policies. Canadian government should strive in protecting the integrity and sovereignty of the Canadian citizens by protecting them against the evils being brought about by globalization. In essence, globalization does not care about the individual person but only cares about the big multinational corporations who seek to control the entire world. This advent of colonialism should and must be stopped.

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