

Trends of globalization essay

Business



Introduction Within the last 150 years the American corporation proves that it is more than the business-model, it is the organizational principle of entire society. As the world starts to globalize the issue of corporations as the central actors becomes the subject of public debates. On the one hand, many researches consider sovereign states as the main players in the world of " post-Westphalian transition" (Kobrin, 2008). On the other hand, even nowadays, when the process of globalization is just on the halfway, " 51 of the 100 largest economies in the world are corporations, and only 49 are countries" (ISP report, 2001).

Multi-national corporations integrate markets, production and distribution over the world. The main idea to research in this work is that globalization is overly corporate-led trend. Is globalization really led by corporations? The theory about the corporative leadership in the current process of globalization is supported with many prominent minds of these days. In the anti-globalization book " When Corporations Rule the World" David Korten examines " myths" about the global economy - the myth of free trade, the myth of GDP relevance, etc. - and claims that " corporate libertarians" spoilt the ideas of Adam Smith. Thus, he writes:" The corporation is an institutional invention specifically and intentionally created to concentrate control over economic resources.

(...) The more national economies become integrated into a seamless global economy, the further corporate power extends beyond the reach of any state." (Korten: 63, 1995). Korten claims that current methods of economic development are unnatural because they are enforced by consolidated corporate power. The report " Top 200: the Rise of Corporate Global Power"

by the Institute for Policy Studies contains data confirming the statements of Korten.

Along with the proportion of corporations and states among the large economies in the world cited above the report provides other shocking data, such as “ while the sales of the Top 200 are the equivalent of 27.5 percent of world economic activity, they employ only 0.78 percent of the world’s workforce” (ISP report, 2001) Together with financial power transnational corporations have the civil power. The term “ corporate citizenship” has been used increasingly by scholars, consultants and corporations within the recent two decades, after the debate over campaign finance reform in 1990s. More than a century ago, at the very beginning of the culture of capitalism, the Fourteenth Amendment was added to the Constitution. Nowadays this amendment broadens the power of powerful as it is corporation. The Amendment allows corporation to be ruled as “ a natural person under the U. S.

Constitution, and consequently has the same rights and protection extended to persons by the Bill of Rights, including the right to free speech” (Robbins: 100, 1999) So, the corporations have the same rights as the citizens: to use the mass media, to found charitable organizations, to establish educational institutes, to lobby legislatures -to influence the government as individual citizens. Sure, the discussion of globalization can’t go without mentioning the discussion of two eternal opponents, Martin Wolf and Robert Wade. Wolf is the advocate of globalization and free market, who described his opinion in the book “ Why Globalization works”. He believes that global market can regulate itself and “ if we want a better world, we need not a different

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economics, but better politics” (Wolf, 2004) However nowadays it is impossible to separate political and economic interests, especially after corporation began acting as the citizens.

The famous opponents of Wolf Robert Wade, professor of political economy at the London School of Economics and former World Bank economist, seems more convincing when he tells “ rising protection in the high-income countries, especially the United States, could be a serious threat to world economic growth” (Wade, 2002), because he operates the latest data about budget of different countries and the latest financial trends.;; The creation of the international financial institutions in the process of globalization seems to be the positive trends for the global society; however Korten is rather pessimistic about them. Korten writes that along with manipulations with the national governments corporations created “ three multilateral institutions: the World Bank, the International Monetary Fund (IMF), and an international trade organization» (Korten: 113, 1995). These institutions protect the corporate interests all over the world, eliminate barriers for free movement of capitals and goods, and act as world’s highest legislative and judicial bodies. The protection of these powerful organizations allows global corporative power to socialize costs along with privatizing gains.

The owners of corporation worry not only about the corporative tax reducing, but also about tax cuts for the individuals with higher income. Nowadays the federal tax code is still progressive, but the proportion of higher incomes in taxes in comparison with lower income earners is less that it has ever been. So far as minimum wage in the U.

S. A. is the object of periodical review, it constantly loses its value because of inflation. So there is no need to decrease the minimal wage, it is enough to prevent its growth." Today's minimum wage of \$5. 15 has been stuck since 1997.

In inflation-adjusted terms, its current value is almost a quarter less than at its peak in the late 1960s" (" Inequality and Corporate Power," 2003). So, it is seen, that the power of corporation in the modern world is huge, and that globalization is really forced by corporation. Few voices trying to reject this fact can be easily opposed with the facts and number. However it is important to remember that some of important achievements of modern civilization are impossible without trans-national corporations, for example, railway transportation or computers. So the power of corporations will grow in the nearest future, despite its negative impact on the economy.

Conclusion Though the globalization in the world is in the middle stage of its development, it is obvious that trans-national corporations are the greatest locomotive force in this process. On the current stage the growth of corporate influence can hardly be stopped, prevented or decreased, and this trend will save unchanged at the nearest future.

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