Consequences of globalization in economics assignment

Sociology

Consequences of Globalization in Economics The term globalization can broadly be defined as a process through which global networking of communication, trade, and transport leads to integration of regional economies and cultural societies. The process is a result of a combination of factors like culture, technology, politics, and economics. Economic globalization refers to " the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology" (Bhagwati 5).

This essay discusses the positive and negative effects of globalization in different economies. The process of globalization has various positive impacts in both developed and developing economies. Industrially, globalization has led to the creation of a global market that has made it easier to access different products from different economies. Goods and services can now be traded across national boundaries with ease. This has led to a significant growth in industrialization resulting in creation of employment, increase in GDP, and improved living standards globally.

In the financial sector, globalization has led to the integration of financial markets that have led to improvements in the provision of financial services among different countries. For example, external financial borrowing has greatly improved. Rapid development in countries like Japan and Malaysia has been as a result of external financial borrowing. Globalization has been a result of increased flow of communication between remote geographic regions.

This has been made possible by technological advancements in satellites, fibre-optic communications, telephone, and specifically the internet. Advancements in communication have significantly improved trading and other business activities. For example one can easily buy products and make shipments via the internet. Globalization has also had negative effects in different economies worldwide. Critics argue that globalization has increased inequality between different economies.

For example in industry and agriculture, unhealthy competition occasioned by globalization has lowered living standards in regions that are unable to adapt to rapid change. This is evidenced when large corporations from developed countries take advantage of resource-poor underdeveloped countries in different ways like low wage rate, cheap raw materials, and lack of competition. A good example of this negative consequence is the creation of sweatshops for sport-shoe and designer good manufacturers like Nike (Steger 47).

In conclusion, as much as globalization improves free trade internationally, it has its drawbacks among the poor countries. This is evidenced by the exploitation of workers due to the absence of protection from extremely long working hours and unsafe working conditions. Globalization has also led to migration of expatriates from poor countries to developed economies leading to a major brain-drain. The process has also led to weak labor unions in exploited countries.

The interconnectedness of economies has led to dependence in which the collapse of one economy affects others in the same way. For example the current Greek debts have had an impact on the Euro currency thereby affecting the economy of other European Union nations. Globalization can thus be said to have greater negative consequences than positive ones.

Works Cited Bhagwati, Jagdish. In Defence of Globalization. Oxford: Oxford University Press, 2004. Steger, Manfred. Globalization. New York: Sterling Publishing, 2009.