Globalization is an ongoing process

Globalization is a wide term and a difficult one to define. The definition that most people seem to agree upon is that globalization is an ongoing process of economical, social and cultural integration between countries all over the world through a global network of communication, transportation and trade. When used in economic context, globalization refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labor. Globalization became very important topic of discussion and concern in economic circles in the middle 1990s. Even though global common market promotes the freedom of exchange of goods and capital, the interconnectedness of these markets can mean that economic crisis in one country can impact other countries. The best evidence is recent global economic crisis.

Also, thanks to the revolution in communication, transportation technology and improved availability of information companies now can produce goods and services in the countries where workers have the lowest wages and health benefits as well as least worker protection which can lead to job loses and sweatshops. A number of people argue that globalization has weakened the position of poor countries and exposed the poor to harmful competition so they demand additional reforms, be they institutional or economic.

BODY OF THE TEXT:

It’s hard to prove that globalization is precisely what does or doesn’t cause poverty since links between globalization and poverty are indirect. For example, poverty can be measured in a lot of different ways; from country’s average or overall well being. Also many people have been poor during the history for many different reasons that can’t be attributed to globalization, but as developing countries became more integrated into the world trading process over the past 20 years, world poverty rates have steadily fallen. Despite this, many studies in this particular subject suggest that globalization has caused rising inequality, meaning that the poor do not always share in the gains from global trade. In general, global market competition rewards people with initiative and skills while poor people are handicapped by their lack of access to capital and so they have problems adjusting to the changing market. The fact that the GDP (Gross Domestic Product) of the 41 heavily indebted poor countries is less than the wealth of the world's 7 richest people combined is the best evidence of rising inequality.

Export growth and incoming foreign investments have reduced poverty all around the world but at the same time currency crises have increased. Links between globalization and poverty don't depend solely on trade or financial globalization but on the interaction of globalization with the rest of the economic environment such as investments in human capital and infrastructure, worthy institutions, governance and macroeconomic stability that includes flexible exchange rates.

World Bank proved in their research that besides openness to trade many other factors such as macroeconomic policies or investment climate affect one`s country economy. Usually, the hardest part is achieving that foreign capital flows unboundedly. A good example of opening to trade is China that made the most of foreign investments.

Investment climate is one of the key points of successful trade for poor countries. It refers to regulations and environment in which a company operates. World Bank stimulated countries to measure investment climate and find the source of their problems that require urgent solutions. This kind of research was conducted in Bangladesh, China, India and Pakistan where they covered different types of companies like garment and electronic and discovered that the biggest problem concern weaknesses in governance. Also, indicators of investment climate are period that material is held on the custom and installation of a telephone line. In these areas, China came out as the best rated country so we may say that it used globalization for improvement.

RICH COUNTRIES COULD HELP POOR ONES TO INTEGRATE

Agriculture is a line of production where developed countries hold strong protectionism We mention it because it is a branch of production where poor countries could earn the most. For example, U. S. eliminates foreign producers by giving subsidies to their farmers. Annually they give 50 million dollars in subsidies while only thirty percent of that money goes to Africa through foreign aid. Pew research center conducted a survey which reveals that developing countries have problems with agriculture because rich countries refuse to break trade barriers.

Even though living standards are advancing in the developing world it is not the case in the poor countries, especially in Africa. The differences between rich and poor are getting more obvious day by day. It is very sad that almost half of the world, over three billion people, live on less than 2, 5 dollars a day while at least 80 percent of humanity lives on less than 10 dollars a day. According to UNICEF, 22 thousand children die every day due to poverty. They die quietly in the poorest villages on Earth. Apart from hunger, diseases that kill them are hepatitis A and B, malaria, cholera, AIDS, yellow fever and many other. . Also water problems are not rare, they affect half of humanity. About billion people entered 21st century unable to sign their names or read a book.

The industrial countries have to make greater efforts to open their markets and develop country exports. In poor Asian economies like Bangladesh, Vietnam or Cambodia large numbers of women have to work in garment export factories at wages that are low by world standards but are much more higher than what they would earn in alternative occupations.

In spite of that wealthy countries benefit the poor, their assistance isn´t enough to make them independent. Reasons why countries didn`t manage to set up are various according to IMF. They might be weakness of administration like corruption, spending money on irrelevant projects instead of investing in appropriate ones or suggesting projects that support interests of rich countries. Concerning this, market competition is practically unbearable for poor countries so they usually don`t profit from globalization.

CONCLUSION:

Globalization has reduced poverty especially by removal of barriers between national borders and raising awareness about global problems such as poverty, illness and hunger thanks to the revolution in communication but it’s also responsible for rising inequality since small businesses and third world countries are not capable to update their technology as often as their larger, wealthier counterparts but even the poor gain something from globalization. Most countries have moved ahead with trade and exchange liberalization.

What rich countries should do is to support development of health and education, set aside as much money as possible and free up the trade. Apart from that, rich countries should concern aid as a part of their GDP (Gross domestic Product) because it seems to be at its lowest points since it was instituted. To make poor countries benefit from globalization, actions at national and international level must be undertaken.