

Does globalisation  
increase  
vulnerability?



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“ Globalisation will make our societies more creative and prosperous, but also more vulnerable.’ Lord Robertson (British politician) Explain and assess this statement.

The Washington consensus, made in 1989 is one of the main starting point of the globalization. It creates the free trade, capital market liberalization, deregulation of the market, tax reform, etc. (Barnett, Held, Henderson, & Casper 2013). The globalization is not a recent phenomenon. It started during the 15<sup>th</sup> century with the various voyages did by some explorer as Christophe Colombes and many others to find new trade routes (Osland, 2003). The globalization allows the world to develop and create an interconnected world. Many researchers have defined the globalization since its appearance around 1960. Thus, the most broad-ranging definition of globalisation is “ the growing interconnectedness and interrelatedness of all aspects of society” (Jones, 2010). Moreover, the researchers Kegley and Raymond had defined the globalization as “ a set of processes that are widening, deepening, and accelerating the interconnectedness among societies”. Thus, the globalization involves different types of connections, like economical connections, political or cultural, between nations and countries (Andreeska, 2015). Its main drivers are political/ regulatory (free trade, WTO, GATT), and technological (increase the flow of goods, capital, people) (Hamilton, & Webster, 2015). Various organizations had been created to regulate the globalization such as the WTO (World Trade Organisation), the UN (United Nations), World Bank and International Monetary Fund (Hill & Hernández-Requejo, 2012); and some summits are taking place like the NATO (North Atlantic Treaty Organisation summit or the

UN summit and many others. The NATO Secretary General, Lord Robertson said “ Globalisation will make our societies more creative and prosperous, but also more vulnerable. The rapid dissemination of technology and information offers entirely new ways of production, but it can also bring the spectre of more states developing weapons of mass destruction.” To explain and assess this statement, I will firstly will describe the various advantages of the globalization making the different countries creative and prosperous”. And in a second part, I will describe the different negatives effects implied by the globalization which made our societies in insecurity and vulnerable.

Firstly, many debates have taken place over the globalization and its positive and negative effects. The most important one is the “ post-Washington consensus” debate explaining the fragility of policies concerning “ liberalize trade and set price right” and concerning these recommendations which fail in many countries which do not have proper governance’s institution (Bigman, 2002). In general, in the debates, the proponents said that the globalization is an opportunity for economic growth and prosperity. Whereas, the opponents said that the globalization is more a threat to the environment, the culture et the prosperity of the countries (Osland, 2003). Many debates over the globalization are still present nowadays.

The globalization brings many advantages for the nations and the countries over many aspects of the modern life. One of the main aspect of the globalisation is a worldwide market created thanks to the free trade. It allows to reduce various barriers such as tariffs barriers, but also to promote global economic growth and the ability for countries to create some agreements like South Korea Korus or NAFA (Collins, 2015). A worldwide market

increases the access to more goods and services reducing prices (Osland, 2003), to new markets which can increase the profit of some societies, such as China with its rapidly growing market, and to new products such as the petrol in Saudi Arabia (Hamilton, & Webster, 2015). With a worldwide market, global companies obtain some production, marketing and research advantages thanks to the access of new goods, services, technologies, etc. (Roman, & ManolicÄf, 2012). Thus, a worldwide market without barriers has many advantages such as a more efficient market, an acceleration of the transactions, an introduction of new markets and a stabilized security for foreign investment (Bran, 2015).

Another important aspect of the globalization is the economy growth. The globalization helps developing countries like Asian Tigers (Osland, 2003). Because the globalization allows them to have access to new technologies, education, and to increase their standards of living and their business environment (Roman, & ManolicÄf, 2012). The expansion of the global economy gives them a certain economic prosperity that helps them to develop and be competitive with the developed countries (Baek, & Shi, 2016). For instance, a recent study for Economic Policy research showed that 30-40% of the world population has benefited from the globalization (Osland, 2003). However, one of the main factor of the economic growth of ancient developing countries is the expansion of capitalism, and sometimes when it is necessary the appearance and imposing of democracy (Bran, 2015). As in the video " Globalization is good", Johan Norberg had demonstrated that in Vietnam or in Taiwan the globalization played an important role in the

development of the country and in reducing the poverty giving some jobs and education (Álvarez, 2014).

The globalization also contributes to increase the competitiveness and the creativity of our societies. With the creation of a worldwide market, competitors came from everywhere and not only from the national market, thus increasing the competition between the companies (Bran, 2015).

Moreover, some economists emphasize that with trade liberalization, there are more efficient resources and cheap labour cost. Thus, companies are growing and more competitive (Bigman, 2002). Their growth allows them to get the economy of scale's benefits with the cost's reductions, allowing to maintain the competitiveness (Roman, & ManolicÄf, 2012).

Furthermore, since the end of the World War II, societies saw major advances in communication and technology with internet creating a global audience (Hill & Hernández-Requejo, 2012). This global audience also created global competitor and the rapid technological change contributed to increase the economic performance of the countries to stay competitive. But the competition between companies also leads to this technological change (Roman, & ManolicÄf, 2012). To stay competitive in a global market, societies specialized them and became more aware of the new technologies. Thus, they need to examine clearly the market and introduce advanced concepts (Kostovski, Nanevski & Gjursevski, 2016). However, some transnational corporation as General Motors, Walmart or Siemens well understand this new global market. They control most of the world's investment capital and technology creating them a prominent position. They perfectly understand the functioning of the global market and take

advantage on it, for instance, delocalizing their production to developing countries where the labour cost is low (Steger, 2009). Thus, the globalization has many advantages making our societies creative and prosperous.

Secondly, the globalization has many disadvantages making our societies vulnerable. Many protests have taken place throughout the world like in Seattle, Washington, France or Indonesia (Bigman, 2002). The demonstration in 1999 in Seattle was aggressive and loud, bring 40 000 protesters together, to protest against wide range of globalization's issues including job losses (Hill & Hernández-Requejo, 2012).

The globalization makes our societies vulnerable and unsecured. Transworld connections have facilitated the emergence of criminal organizations and illegals economies, and the criminal violence's increase (Bran, 2015). Indeed, the criminal violence kills three-quarter of a million people per year (Scholte, 2005). Globalization has created a context for criminal activities such as internet for fraudsters and paedophiles, and the global finance for money laundering. Moreover, the criminal networks evolved with the globalization, allowing the organized crime and the gang to be the largest beneficiary of the globalization. For example, the Colombia-based Cali cartel generates 3\$ billion in benefits per year thanks to its network. Another example, the chain of global interconnections allowing the diffusion of the instant broadcast of Ben Laden's speech to a global audience on September 11<sup>th</sup> (Steger, 2009). However, the globalization also helps to create new agencies and opportunities to combat crime such as Interpol (Scholte, 2005).

The globalization negatively affects the environment like global warming, pollution, deforestation, biodiversity reduction and oceans' degradation (Osland, 2003). The increasing demand of products increases the finite resources' use, and the pollution level due to the fossil fuel (Bran, 2015). Then, an abusive environment use has dangerous consequences like the rise of sea levels, the air contamination, the destruction of forests and lakes, and the natural resources' reduction (Scholte, 2005). For instance, Asian cloud causes premature death, flooding and drought due to increased industrialization and globalization (Osland, 2003). However, political authorities created policies to reduce ecological threats like tax polluter, the promotion of environmentally friendly technologies, and the regulations' use to control the pollution amount generated by business (Hamilton, & Webster, 2015). Moreover, some global summits on the environment have taken place like Stockholm (1972), Rio de Janeiro (1992), and Johannesburg (2002) to raise the environment problems' awareness.

Then, the globalization also complicated the health problems due to the easier illness transfer worldwide like HIV/ AIDS which were spread by travellers (Collins, 2015). But it creates new health problems like tobacco, alcohol, asbestos, junk foods, and drugs. However, the globalization helps to find new medicine with the technology and allows the health professionals' movement around the world (Scholte, 2005).

With the globalization, the business environment becomes more complex with the laws, regulations, cultures, etc. Companies must face global and local competitors. Inefficient organisations cannot survive to this high number of competitors like Lufthansa and France Telecom (Hamilton, & <https://assignbuster.com/does-globalisation-increase-vulnerability/>

Webster, 2015). Furthermore, companies must adapt their products to different markets in terms of behaviour, tradition, expectation and attitude (Roman, & ManolicÄf, 2012). The spread of technologies and knowledge makes the competition fierce and feared (Bhagwati, 2004). Moreover, the decreased labour conditions are consequences of the worldwide market creation. To stay competitive, companies relocated their industries (Bran, 2015). But these countries have usually low labour condition like child labour or under-paid jobs (Bigman, 2002). Moreover, these jobs outsourcing create job losses in developed countries (Osland, 2003). According to Robert Scoot of the Economic Policy Institute, China is the most favoured nation to relocated job with the relocation in China of 3, 3 million jobs, including 2, 4 million manufacturing jobs (Collins, 2015). All these problems are disadvantages of the globalization and make our societies vulnerable.

Finally, the globalization increases the poverty and the gap between rich and poor. In 1870, the world's 17 richest nations had an average income per capital 2. 4 times that all other country. In 1990, the same group was 4. 5 times richer (Hill & Hernández-Requejo, 2012). This inequality is present in every country due to the gap between skilled and unskilled workers in wages and unemployment rates. Some countries reduced it like Singapore, South Korea, Ireland and Puerto Rico. But it is still present (Osland, 2003). This gap is caused by the developed countries' monopole who direct the raw material price making the developing countries dependant on developed countries (Andreeska, 2015). Moreover, the GATT and the WTO benefits were not correctly distributed. Richer countries increased trades and their growth. Whereas, poor countries were marginalized and their economies shrank



(Bigman, 2002), thus increasing the gap between poor and rich. This gap is due to the technological change (Baek, & Shi, 2016), the poor countries' government which is usually totalitarian and not liberal, and their important debt burdens (Hill & Hernández-Requejo, 2012). All these various globalization's disadvantages make our societies more vulnerable.

To conclude, the globalization brings various positive and negative effects to the world and our societies. The main advantages of the globalization are the creation of a worldwide market and free trades increasing the competitiveness and the creativity of the societies, the rapid technological changes, and the fact that globalization help to increase the economic growth of developing and developed countries. All these positives impacts make our societies and the world creative and prosperous. However, the globalization brings different negative impacts on the world. The main disadvantages of the globalization are the insecurity, the global environmental threats, the poverty, and the creation of a worldwide market involving a too high number of competitors and the deterioration of the labour conditions. Thus, all these positive and negative impacts make our societies creative and prosperous but also vulnerable, as Lord Robertson said. Moreover, the globalization has still many effects in the political, economic and social sector. At a social level, one of the main effect of the globalization is the uniformization of the cultures. The globalization reduces and destroys the ancient cultures and traditions. There is little by little an uniformization of cultures at a world level. For instance, in every country, the same big companies are present such as McDonalds, KFC, Zara and many others. Nay protestations have taken place over this problem.

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