

# [Globalization of the foreign trade in the world.](https://assignbuster.com/globalization-of-the-foreign-trade-in-the-world/)

Globalization is the affair of interchange and incorporation among thepeople, governments or companies of divergent states, a process aided by theascending role of internet. Globalization has a number of positive repercussionslike the creation of a global market and the expansion of the foreign trade inthe world. Despite these effects, globalization has also negative outcomes, which will be the topic of discussion of my essay. These consequences includethe rise of job insecurity, fluctuation in prices and many others. Firstly, in developed countries people are afraid they can lose theirjobs.

Developed nations have outsourced construction and office jobs. Thatmeans less jobs for their people. This is due to the process of outsourcingtheir manufacturing work to countries that have a lower wage. Most people likeengineers and scientists have been laid off due to the redistribution of jobsto low-cost countries like Chile and Pakistan.

This is very worrying as thecountry may lose valuable professional people who could contribute to thedevelopment of the country. Also, the outsourcing to developing countries maycause a dip in the demand for that job, which would affect badly the economy ofthat country. Inaddition, globalization has contributed to price fluctuations. Because ofincreased competition, developed countries are forced to lower their prices fortheir products, because other countries like China produce goods at a lowercost that makes the goods cheaper than those produced in the countriesdeveloped. So in order for developed countries to preserve their customers, they are forced to lower their commodity prices. This is a disadvantage forthem, because it reduces the ability to maintain social welfare in their owncountries. Furthermore, globalization creates an interconnected economy. The disintegration of the American economy openedthe opportunity for foreign companies to purchase interests in Americancompanies.

Investing in foreign companies creates a global interdependency thatcan stabilize the economy on a temporary basis. It also has the potential tocreate a “ global domino effect,” which could cause a depression throughout theworld. This is also true the other way around.

As American companies becomecorrelated to foreign markets and workers’ economic decline in those marketplaces may adversely impact the American business. Finally, globalization has produced a very contentious setting in the whole world. Everynation tries very hard to sell as many goods and services, at the lowest pricepossible. The prices are integral, because the lower and more economical theprices are among competitors, the bigger the demand, because the people arealways looking for the cheapest products. This has stimulated the so-calledcurrency race to the bottom. This makes every country drop the value of itscurrency. And this isn’t the only upshot of globalization, when value isconcerned. Another way companies abridge costs and sell at the lowest price isby paying lower wages to their employees, using cheaper fuels that pollute theenvironment more, and substantially let more pollution into the air promotingthe global warming to become more acute.

Globalization is aninescapable undertaking that has existed for a long period of time and hascontinued to expand further using all the resources possible to make trade moreproductive. With all of the above mentioned adverse outcomes of globalization, it leads us to the conclusion that if globalization had a negative effect oncivilizations and countries before, causing them to subside completely, thisevent is bound to happen again in the future. The question is just when.