

# Globalization's hamper on brazil and north korea assignment

[Sociology](#)



Globalization can be claimed to have commenced since the discovery of currency, others argue that its existence can be traced back to the late 20th century. Whatever the case, over the past few decades globalization has had a profound effect on most if not all of the globe. Although it is difficult to distinctly define globalization, in its simplest forms it is known as the increased interdependence amongst states aided with the advancements of technology and the development of international organizations.

Through this phenomenon many states from all continents have been negatively and positively affected. States have had their economic, political, social, environmental, as well as many other dynamics altered in their ways of governing and their relations changed with other states. In order to further examine these effects, this paper will examine the effects globalization has had on peripheral countries and the role played by multinational organizations such as the World Bank and the International Monetary Fund.

These organizations have not only been a product of globalization but also its catalysts. In his work "The Globalization of Poverty and the New World Order", Michel Chossudovsky addresses the issues faced by numerous states due to globalization and its other consequences on the international sphere. Although there are some positives that can be attributed to the globalization phenomenon, I agree with the author's opinion that globalization negatively affects the socio-political and economic makeup of a state.

Upon further investigation one will be able to determine the impact of globalization on Brazil and South Korea through socio-political and economic perspectives keeping in mind the policies that were created, maintained or

altered in order to accommodate globalization. The following analysis of Brazil and Korea's socio-political and economic policies will demonstrate how globalization has hindered development for a Brazilian state attempting to improve its makeup and a Korean state that had already established an industrial infrastructure.

In order to gain a better understanding of globalization's hamper on Brazil and South Korea, one must scrutinize the Socio-political influence it has had on each state. The influence of globalization in Brazil started with the "first" democratically elected presidency marked the demise of military dictatorship, as well as the transition towards a new "authoritarian democracy" under the direct control of the creditors and the Washington based international financial institutions" (Chossudovsky 191). This triggers the transformation of Brazil and its integration into the globalization movement.

During the former military dictatorship, international creditors were working with a new administration to overtake the government and become part of the international scene(191). After the old regime had been taken out of power, international actors put into place a new president to lead a capitalist democratic progression for Brazil. Shortly after being put into power, the government ministers resigned due to a lack of support for their president. In the meanwhile the president himself made it clear of his commitment to international creditors.

The social hindrance of globalization came to the forefront of political corruption in the eyes of the Brazilian people. With the interference of the

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International Monetary Fund as well as other international forces, the new president was given control over the country's funds. With the on-going corruption, it was later found that public funds and other expenditures were kept by the president and his advisors(192). Although this later resulted in his impeachment, the damage had unfortunately been done.

Any money that is withheld from the public and not redistributed to serve it due to corruption usually translates into regressing social conditions. AS well, once the public discovers the corruption within its government, tensions start to build. With the loss of faith in the current administration, this led to another political downfall of globalization; instability (193). This is one of the author's representations that portray the negative effects of globalization. Political regimes that followed were tied to old agreements with the IMF and crippled any attempts to better the state.

This resulted in continual social demise of the state and the lack of credibility for any administration looking to govern. As a result of globalization and the interference of international organizations, the socio-political state of Brazil was fragile and at times chaotic. The policies that were changed with the newly appointed IMF-backed president, demonstrated the downfall of Brazil's integration into globalization. Another country that suffered the same fate in its socio-political make up due to globalization was South Korea.

Korea's president followed in the foot steps to join the globalization movement and become integrated with international organizations. After his finance had been disapproving of negotiations with the IMF, he was dismissed from his position. His replacement coincidently was a former IMF

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and World Bank representative under the pressure of Washington(331). “ Faithfully obeying orders from Washington, finance minister Lim had removed all exchange controls from the currency market with a view to ‘ wooing bank foreign investors’”(332).

Perceived as an integral part of globalization, the finance minister wanted to bring foreign investment into Korea. The political downfall of Korea increased as a multibillion dollar scandal was uncovered. Known as the “ bailout” plan, billions of dollars were expected to be injected into Korea’s economy. Unfortunately, most of this money did not even get to the central Bank of Korea. This money was instead used to pay off debts to western nations as well as Japanese financial institutions (337). The social conditions of Korea did not improve but in fact took a turn for the worst.

The finance minister was also involved in corruption allegations and an American under-secretary of the treasury, David Lipton, was at the forefront of the negotiations. In addition, according to the author, through blackmail, the IMF was able to strip the governments’ financial control, furthering its policies that negatively affected Korea’s socio-political status(335). The political and social deterioration can be connected to a globalization movement that once again links to the author’s argument and of mine. The negative effects of globalization were not limited to the socio-political make up of these nations.

In Brazil one is able to witness the economic policies that were created and altered in order to accommodate the globalization trends and become part of the international financial institutions. Before being impeached, the Brazilian

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president signed off on an agreement with the IMF and World Bank to receive funds up to 44 billion dollars. " The devaluation of the cruzeiro had been imposed by the creditors and inflation was running at more than 20 percent a month largely as a result of the IMF's ' anti-inflation' program" (192).

As the value of the currency decreased, Brazil fell further into poverty, with the IMF at the forefront of the globalization movement. The IMF and the World Bank set in motion policies that crippled the country's progression for generations to come, also known as " structural adjustment policies". Through this debt, most of Brazil's state assets were privatized and owned by foreign investors. The IMF had a strangle hold on the country and its goal was to keep it underdeveloped in order to ensure its own long term future. The IMF used Brazil as a means of cheap labour for years to come and continual exportation of cheaper goods(192).

According to the author, being in poverty was an " explicit condition" in the agreements with the IMF (192). The interference of the IMF also lead to the change of policies within Brazil as social spending was cut in order for the government to pay some of its foreign debts(196). Although the IMF offered great sums of funds to be lent to the Brazilian government, it was clear that the only interest it was looking to safeguard was its own. Seen as a symbol of globalization, the IMF proved to be a hinder and a step backwards for a country like Brazil that was attempting to develop itself.

The crippling debts in combination with foreign investments, influence and high interest rates did not allow for Brazil to prosper as it was originally

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thought. This demonstrated the globalization effect on states and the regressing policies it forces governments to create. Korea suffered the same economic breakdown as Brazil after its "bailout plan" by the IMF was introduced. The IMF made an agreement with Korea for a 57 billion dollar plan to strengthen their economy after a stock market collapse. Although the money was given by the IMF to Korea, almost none of it helped better the economy.

The funds from the plan were used to pay foreign debts that were owed to Western nations as well as Japanese. This led to the creation of a policy by the president to force companies to freeze or cut wages and threatened massive layoffs that did not help their economic state (366). This leads to higher unemployment rates as well as low wages being paid to workers and inevitably lower standards of living. The IMF also stressed on behalf of Korea's international creditors, the faster passing of a policy which would provide for central bank independence (355).

The second stipulation was intended to prevent the Korean state to finance economic advancement 'from within' through fiscal policy. Such policy included "domestic credit without depending on foreign loans" (355). As seen in Brazil, Korea's sectors were privatized and its social spending was cut. Its economic downturn due to the IMF bailout plan was a suffering to be endured for years to come. In an seemingly harmless attempt to integrate Korea into the international playing field, the IMF and other international creditors once again crippled a state in order to further its own interest.

The foreign takeover of Korean services lead to cheap production and labour that maximized profits for those looking to export internationally. The globalization movement with the IMF and the World Bank at its helm, proved to be negatively influencing the economic policies of Korea. With the advancement of technology and the ability of states to trade, communicate and depend on each other more effectively, globalization and the concept of the global economy has come to the forefront of international relations.

According to Chossudovsky, though his depiction of the globalization effects on states, I am able to conclude that globalization has hindered the development for Brazil and Korea. Upon thoroughly investigating the case of Brazil and Korea, one is able to see how globalization though international institutions such as the IMF and the World Bank, how the socio-political and economic compromise of these states suffered due to these institutions.

Through foreign investments, economic policies, and political interference, globalization has created uncertain times and eras of poverty in the above mentioned states. Upon further enquiry, I was able to demonstrate how globalization was infact a negative movement which in turn agrees with the author's depiction on his views on globalization. Finally, this idea of globalization should be slowed down and analyzed more thoroughly. The zero sum of globalization must be transformed into a win-win situation for all third world and developed states.