

Discuss some of the arguments made against globalization and explain why you agree...

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Globalization is the interaction of world economies to become one big economy, for the sole purpose of enhancing free trade, growth and efficiency and employment. It emphasizes the neo-liberal economic policies ??? commonly referred to as the ' Washington Consensus' ??? of free trade, financial and capital market liberalization, deregulation and privatization (Juhasz, pg 408). The supporters of globalization argue that it is essential to an individual's advancement and economic progress, and constantly reiterate that an integrated market economy will bring prosperity worldwide. Whereas, critics of globalization believe that without a proper framework and policies, the consequence of globalization will have a great impact on world politics, income inequality and environment (social services). In this paper, I will highlight the adverse affects and flaws of globalization policies that aim at promoting the notion of one unified economy. The focus will be on the critical analysis of the instruments and areas of globalization; that proponents continue to use to support their argument. The term ' globalization' came into prominence among academics in the 1980s (Marks et al. , pg 616).

World Bank and International Monetary Fund (IMF) were the main proponents of globalization and enforced this economic model globally after their establishment in 1944. It was the combined efforts of Regan and Thatcher's governments that increased the scope of these institutions and laid the foundation of North American Free Trade Agreement (NAFTA) in 1994 and World Trade Organization (WTO) in 1995. The establishment of these bodies increased the power of globalization agreements and ensured the

embodiment of these policies into domestic policy making both in developed and developing countries (Juhasz, pg 408).

Theoretically it is assumed that globalization will increase wealth, which will trickle down and lead to the betterment of the rest of the society. However, this is an ideal situation confined to books, in reality the wealth does not actually trickle down instead it remains at the top, removing development tools from government and communities and increasing inequality and poverty globally. Structural Adjustment Programs (SAPs) are designed to allow the economies of developing countries to become market oriented and divert their attention to increasing trade and production.

The conditions imposed through this program such as privatization, deregulation and removal of trade barriers leads to the concentration of wealth in few hands. Economic growth has decreased or increased at a slower rate, under liberal policies. Many developing countries have been badly impacted in contrast to developed nations. For example, sub-Saharan Africa has exports reaching nearly 30% of GDP (compared with just 19% for most wealthy countries), but the number of people living in poverty has continued to grow while economic growth has declined (Juhasz, pg 419).

Critics mainly attribute this to a changing trend where people are forced away from their traditional livelihoods and production. They are forced to produce for exports, comprising of high-end luxury items rather than local consumption. These high-end items usually consist of beef, shrimp, cotton and coffee. Furthermore, as most developing nations are restricted through SAP under World Bank and IMF, they are competing for the same markets

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and revenues globally. This leads to interdependence on global markets creating fluctuations in their economies, due to fierce competition and market forces of demand and supply.

More fully integrated can also create instability, as economic shocks are more quickly transmitted throughout global markets (Marks et al. , pg 617). The change in production trend does not only impact economic growth, but as research shows it has elevated hunger. Increase in Brazilian Soybean exports to feed European livestock, hunger increased rapidly within the country. Policies under SAP have denied many countries a right to mechanisms essential to economic growth. Opponents of globalization contend that technology transfer is restricted, domestic industries cannot be protected through government intervention and capital flow is limited.

These restrictions also show the double standards of globalization policies. If restrictive policies had been fairly exercised, Japan and US would not have industrialized to such great extent by importing technology. However, at present the transfer of technological process would be barred under WTO's Trade Related Investment Measures (TRIMS). But in the past, if New England had not barred cheaper British textiles by imposing very high tariffs ??? just as Britain had done to India ??? the United States might have been left out of the industrial revolution altogether (Juhasz, pg 419).

Additionally, the renowned Asian financial crisis occurred when the countries allowed unrestricted capital flows and opened their markets to IMF. Before the crisis they used closed market policies to protect domestic entrepreneurs and develop support industries, while importing technology. As a

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consequence of these flawed policies, developed nations have open access to resources of developing nations, discouraging economic prosperity and efficiency whilst increasing income inequality.

While free trade is always better than trade restrictions and distortions, it can exacerbate existing asymmetries between rich and poor nations and therefore result into poverty and inequality (Marks et al. , pg 617). The systems in place to ensure free and fair trade do not always ensure equality as advocated by proponents of globalization. Many prominent countries are able to exert considerable influence over bodies governing these systems and frequently policies and agreements are drafted to favor wealthy and industrialized economies. This results in imposing trade policies, which suit their economies at the expense of developing nations.

The North American Free Trade Agreement (NAFTA) and WTO have worsened the situation and widened the gap, by reducing or abolishing barriers to import of agricultural products. This resulted in the excessive dumping by the US and other developed nations, of subsidized products in developing nations. In essence, trade policies under globalization leave developing economies vulnerable to attack from developed nations. The continuing dispute between the US and Canada, over the imposition of duty on import of Canadian soft lumber is another failure of free trade mechanisms.

US claims that Canadian government subsidizes the lumber industry, however, the Canadian government denies the claim. Although, the US lost an appeal from the NAFTA panel they continue to impose duty on Canadian soft lumber. This dispute raises several questions regarding free trade and

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the role of bodies, WTO and NAFTA, governing trade policies. Moreover, as US continues to lobby against import of soft lumber, they overlook the American corn subsidy, which displaced many Mexican farmers when the local markets were flooded with American corn.

One of the main purposes of globalization has been to increase employment and mobility of workers. With this the world has seen a change in trend, as companies continue to relocate to developing countries attracted by cheap labor and relaxed labor rights. Furthermore, as a World Bank and IMF loan requirements, countries are forced to have flexible labor rights and protection policies to attract foreign producers and capital investments into the country. Although, this has increased investments and employment opportunities, at the same time it results in unemployment in developed countries and inhumane employment practices, which is often overlooked by proponents of globalization. Throughout the 1980s, American jobs were exported to cheap labor countries. This not only created unemployment in the US, but this also led to illegal labor practices. Many worked for less than minimum wages, hours of work were dictated by foreign affiliates and health and safety standards were below par. Costa Rica, under its SAP saw real wages decline by 16.9% between 1980 and 1991 (Juhasz, pg 415). Moreover, the “race to the bottom” has given rise to under age employment and sweatshops.

Nike and The Gap have been widely criticized for using sweatshops. The Asian working classes experienced the harshest features of neo-liberal globalization ??? child labor, poverty wages, long working hours, poor

working and living conditions. Whilst rapid industrialization across is hailed as the miracle of the century and whilst elites thrived and middle class expanded, Asian working classes are beginning to assess this economic development in terms of their own experience of hardship and deprivation (Lambert et al. pg 584). Information technology (IT) is a driving force in the process of globalization. The world has witnessed many changes with the advancement in IT. However, the negative impact of this technological race has adverse affects and overshadows the benefits. For instance, innovation in IT has created demand for high-tech workers in certain sectors of the economy and introduces efficiencies that make jobs obsolete and displaces workers who cannot keep pace with changes in technology.

Over the years cyber crime has risen significantly, where hackers gain access to sensitive information, risking a nations security and financial health. In conclusion, the theory of globalization might appear to be the solution to the world's economic problems; however reality differs quite significantly from theory. Globalization has led to a polarization of wealth where the rich are getting richer and the poor are becoming poorer. Growth in economies has decreased while jobs are shifting from developed countries to developing countries. Most of these jobs are provided to under aged people.

The developing countries produce luxury goods, which do not contribute towards their local consumptions leaving their people in poverty. ' You can have wealth concentrated in the hands of a few, or democracy. You cannot have both' (Juhasz, pg 420). It is important to analyze where the benefits of

globalization lie. It seems that the affluent of the world are taking advantage of globalization while the poor suffer from it. Moreover, the accumulation of wealth in a few hands has led to inconsistent and biased political decision-making and therefore enabled policies that favor the moneyed few.

Globalization's promise for prosperity has not trickled down to the " 99%" while the " 1%" sings its praises. Bibliography Marks, Leonie A. , Nicholas Kalaitzandonakes, and Srinivasa Konduru. " Images of Globalisation in the Mass Media. " *The World Economy* 29. 5 (2006): 615, 615-636. *Worldwide Political Science Abstracts*. Web. 10 Oct. 2011. Lambert, Rob and Donella Caspersz. " International labour standards: Challenging globalization ideology? " *The Pacific Review* 8. 4 (1995): 569-588. Taylor & Francis Online.

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