

# [Is globalization good for the poor people](https://assignbuster.com/is-globalization-good-for-the-poor-people/)

IS GLOBALIZATION GOOD FOR THE POOR? THE CASE OF ESTONIA All of us are aware of the Iron Curtain that has existed throughout most part of the 20th Century. A centrally planned soviet economy meant that many of the general population were poor. Estonia, a former soviet republic was a closed economy where foreign trade was severely restricted. As such, due to the lack of an open trade policy, Estonia was one among several erstwhile nations to suffer from economic downturn upon the collapse of the Soviet machinery. However, the turn of the new century has helped the country turn a new leaf and has seen it emerge with a high rate og GDP Growth until 2007, thereby prompting it to be known as the Baltic Tiger along with its Baltic neighbors.
Part of the reason for the recent boom in the Estonian economy has been attributed to the numerous reforms and liberalization policies that have been initiated. Most of the ideas in this direction were suggested by the late Nobel prize winning economist, Milton Friedman. The changes put in place have resulted in it becoming one of the most integrated and freest economies in the world. In the globalization index of 2007, Estonia was placed in the 10th position under the most integrated economies suggesting a massive transformation from its communist past. The country was virtually bankrupt during the 1990s with a high rate of inflation and soaring unemployment rates.
By opening itself up to the outside world, Estonia has abolished corporate income tax and bureaucracy is no longer a hindrance to government clearances. In a way, the government has acted as a very thin filter to corporate functioning thereby helping in the smooth and easy conduct of business. Estonia is presently places at 17 among a group of 175 economies in terms of the ease of doing business sixth in terms of feasibility in trade across borders. There is no cap on foreign ownership that has encouraged investments in all major sectors of the economy. Estonia is currently places at 21 for technological connectivity although these figures are expected to improve in the coming years. The country is also increasingly involved in the use of information channels for communication with many of the government functions including voting now possible through the Internet. All such changes have prompted it to be dubbed as ‘ E-Stonia’ after the recent general elections were held over the web.
Apart from all the above measures, it is also important for the presence of an able administration that is bold and determined to making changes that will necessitate the opening up to trade with the outside world. Without such an open government, policies may be framed by intellectuals, but may never be implemented. Estonia was fortunate to have Maat Laar as president during the late 90s, who is credited with having put many of the reforms in place that have helped Estonia to reach the position it is in today.
Compare this situation with closed countries such as North Korea or Iran. Due to the lack of any transparency and the adamant nature to maintain authoritarian regimes, these economies have been unable to do any business with foreign countries that has reduced the standard of living of the population below acceptable standards. Globalization holds the key to growth and survival in this world today and is key to the spread of wealth, prosperity and technology, which is clearly explained in the case of the Baltic Tiger.