

# Essay about international trade



Thanks to modern world and all its possibilities, such as transportation, communication or technology, everything is connected more than ever before. Products from one part of the world can be shipped and sold to anywhere and along with that traditions and ideas go around more freely. The whole process of globalization increases interconnectedness between societies. Events in one part of the world have more of an effect on people in societies far away. The world seems to be shrinking.

In the end, everything is getting at the international level, from economies, laws and even social movements. Since “ globalization involves the increased integration of national economies, which means a reduction of barriers in trade and investment between different economies” (Economics Help; www. Con. Economically. Org) one of the biggest benefits is the benefit of free trade.

Nevertheless, with free trade also comes free movement of labor, that “ may cause the highest skilled workers to leave the economy for better jobs in developed countries” (Economics Help; www. Con. Economically. Org) which is easier thanks to the global movement and improvement in technology, because traveling is more available and affordable and also it is “ easy to stay in touch due to mobile phones and phone cards” (Michael Marital, International Relations and Politics, lecture). The following sections will try to provide some theoretical and practical answers to how are factors of globalization, such as free trade, labor movement and global movement, impacted on developing countries and whether it is good for them or not.

Globalization is a new word which describes an old process: the integration of the global economy that began in earnest with the launch of the European colonial era five centuries ago. But the process has accelerated over the past 30 years with the explosion of computer technology, the dismantling of barriers to the movement of goods and capital, and the expanding political and economic power of transnational corporations (Ellwood, 2009). Everything around us has been touched by the word “ globalization” even though it might not seem like it.

The main reasons could be “ seven factors of globalization – economic transformation, communication, global culture, homogeneous world, collapse of time and space, risk culture and also cosmopolitan culture. “(Michael Marital, International Relations and Politics, lecture).

Without having it on mind, everyday there are millions of goods made in one country and sold in different one, which means that states are no longer close units and in a long run, they won't be able to control their economies, because most of states will be dependent one on each other.

British economist David Ricardo wrote that “ nations should specialize in producing goods in which they have a natural advantage and thereby find their market niche. ” (David Ricardo, 1817) He believed this would benefit both seller and buyer, but only if “ trade between partners would stay balanced so no country would not become indebted or dependent on each other. ” (David Ricardo, 1817). But so far, it is not easily possible.

Another thing about globalization is how people can observe events in one part of the world and be more affected by it, for example the attack on

September 9th 2001 when people that were not personally affected but still yet had sympathy to ones that did. Nowadays differences between people are diminishing thanks to the fact, that much of the urban world shares common culture, which is possible due to modern technology and free movement of population. Everything is connected to everything.

It is hard to precisely define what exactly globalization is, especially since it is a term used in lot of spheres in today's daily life. " With international trade, financial transfers, and foreign direct investment, the economy is increasingly internationally interconnected. (Global Policy, www.

Glaciological. Org) " Capitalist economic theory holds that a completely liberalized global market is the most efficient way to foster growth, because each country specialized in producing the good and services in which it has a comparative advantage. (Global Policy, www. Glaciological.

Org) In reality, is not unfortunately how it works. Opening borders and markets do not necessarily mean it will generate development. " Rich countries and large corporations dominate the global marketplace and create very unequal relations of power and information. "(Global Policy, www. Glaciological.

Org) When something like his happened, trade is unequal and poor countries are not able to deal with the competition of richer countries. In the end poorer countries only increase their rate of unemployment and income inequality.

The world as we know today is divided into groupings where the development gap between the rich and the poor is very wide and it's getting wider. The line which divides these two groups is known as the Brandt line or the North-South line divide. " Between 1950 and 1980, the North accounted for almost 80% GAP but contained only 20% of the world's population, where South accounted for 80% of population UT generated only 20% of global income. "(Adrian Wood, North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World).

As countries go further in their development, they are looking for alliances to pursue the trade agreements between countries, these are called trade blocs. By allying with other countries, they would benefit from economic improvement. There are many different types of alliances. One of them is for example Free trade, where countries abolish tariffs and quotas on trade between themselves but maintain restrictions on goods coming from outside the area. " The example of free trade alliance is The North American Free Trade Agreement (NAFTA), which was signed by the USA, Canada and Mexico in 1994.

The aim was to gradually phase out tariffs between the members of countries by 2010. "(Michael Marital, International Relations and Politics) Mexico has been buying more products from the US, therefore Mexico has been saving on buying goods from the US, since there are no taxes between these countries in this agreement and the US will also save on costs when selling goods to Mexico. " This alliance improves cooperation between the member countries, as it is easier for example to Mexicans to migrate to the US to look for jobs. (Michael Marital, International Relations and Politics) The <https://assignbuster.com/essay-about-international-trade/>

USA will have groups of skilled Mexican workers who are willing to work in low paid jobs, which an average American would not work in.

“ As a results of this trade agreement, the trade between members countries triplet between 1993 and 2007 (\$306 billion to \$930 billion). Manufacturing increased in the USA which resulted in increase in employment. Mexico received increase foreign investments as foreign companies established plants in the country in order to gain access to Mexico NONFAT trading partners' markets. (Michael Marital, International Relations and Politics) One of other type of alliances is the Common markets, which allows the free movement of labor and capital. The common movement of labor is for example the Polish migrating to the LIKE looking for low paid jobs.

The European Union once existed in this form, however it has changed to Economic unions where the members are required to do all the above and to adopt common policies and laws in such areas as transport, agriculture, pollution, industry, energy and regional development.

The origin of the European union goes back to 1957, the signing of the Treaty of Rome created the European Economic Community (SEC).

“(European Union, www. Europe. E) “ The original six members were added to over the years to give a membership of 15 at the end of the twentieth century. Since then another 12 nations have joined, bringing the total membership to 27 in 2008.

The organization changed its name, first to the European Community (SEC) and then to the European Union (EX.). “(Michael Marital, International

Relations and Politics) The aim of this treaty was to reduce tariffs and other barriers to trade between members.

Establish a common external tariff on imports from outside the union.

The disadvantage of this trade union is that the member countries have to change or adjust the law to conform the standard law of the union. This might result in a conflict within member countries as they are forced to follow the law. One other disadvantage is that countries in the union are liable to each other, as a downfall of economics would affect the whole group, as an example is Greece, which is the part of the European Union.

Greece is unable to meet its debt obligations due to strong increase in overspent debt levels. Also in Asia there is alliance which gives workers allowance of free movement of labor and that is Association of Southeast Asian Nations also known as SEAN.

It “ was established on 8 August 1967 in Bangkok, Thailand, with the signing of the SEAN Declaration by the Founding Fathers of SEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. “(SEAN, [www. Sean. Org](http://www.Sean.Org)) Each year thousands of migrants move between SEAN member countries to look for work. There are reported around six million SEAN citizens currently residing in other SEAN member states Hough this is probably a large underestimate. The majority of migrant are low-skilled.

Large income disparities among geographically-close SEAN members; differential rates of population growth and aging; and the absence of regional redistributive mechanisms create large labor deficits and surpluses.

These are a powerful spur to migration with labor flowing mainly from the poorer countries to the richer. (United Nations ESCAPE, WV. Kneecaps. Org) But it is really unlikely that people will be able even in the future to consider EX.-style freedom of labor movement because the large preference in income and limited land and populations in popular destinations such as Singapore will make it politically impossible.

Thanks to high requirements imposed by the migration regimes of destination countries, emigrants are usually more economically productive than other members of their origin. Emigration can sometimes impose unpredictable consequences on those left behind. (Ian Golden and Kenneth Reinsert, Globalization for development, 2007) Some migrants may take with them skills in need, such as doctors and their medical knowledge. The loss of innovators and leaders ay also impose a broad range of social and political cost on communities and even countries undermining the growth potential of the economy. ” (Ian Golden and Kenneth Reinsert, Globalization for development, 2007) “ Technology has now created the possibility and even the likelihood of a global culture.

The Internet, fax machines, satellites, and cable TV are sweeping away cultural boundaries.

Global entertainment companies shape the perceptions and dreams of ordinary citizens, wherever they live. This spread of values, norms, and culture tends to promote Western ideals of capitalism. (Global Policy, www. Glaciological. Org) It is hard to imagine today’s world without Information



Technology (IT). No computers, no tablet PC's, no mobile phones, no internet connections.

IT has become important thing and is changing way of how people live their lives.

Technology is a main factor in the process of globalization. “ Improvements in the early sass in computer hardware, software and telecommunications greatly increased people’s ability to access information and economic potential. ” (Globalization 101 , www. Globalization 01 .

Org) It is easier now to promote new ideas or products cross the world to every country regardless of geographic location. The impact of information technology is huge not to mention how it improved sectors of society, such as health, education, journalism and media and also government.

By improving access to these sectors, information technology has the possibility and potential to help people all around the world to overcome barriers and help them to get and live in higher quality of their lives. IT improved health care to the level that we could not even imagine few years ago.

Nowadays technology helps us in following ways such as preventing and control of emerging infectious diseases, rapid dissemination Of information or improved responses to outbreak situations. ” (Globalization 101 , www. W. Globalization 01 . Rag) Without information technology it would be complicated to solve or help with many health problems in developing

countries since digital record and pictures makes possible to show, tell and ask other doctors around the world for help or advice.

For example, “ using Internet connections, doctors working in remote regions of northern Uganda during an outbreak of the deadly Bola virus would be able rapidly to ransoms their findings to experts at the World Health Organization in Geneva and the U. S. Centers for Disease Control in Atlanta. ” (Globalization 101 , www. Globalization 01 . Org) Some parts of the world would be lost without IT.

Information technology with internet connection improves educational opportunities to students which cannot attend school due to distance reasons or so. Also, it is very beneficial that IT offers valuable educational opportunities for people with financial issues in developing countries. “ Doctors, scientists, and other professionals, for example, can achieve cheap r free access to journals and other professional publications that are too expensive to afford in hard-copy versions. ” (Globalization 101, 101 . Org) Improvement of IT produced many changes in our society and with changes also comes benefits and concerns.

IT have created new jobs, help to developed more opportunities in education and more importantly health care but it also can makes people lose their jobs, due to better technology. Globalization has effect on every country, every of us and every aspect of OUR life. It is hard to say if globalization is good or bad, because as everything else, t has it benefits and concerns. The impact of globalization on developing countries is a wide topic and on above

is shown how free trade, free movement and technology as a tools globalization work.