Good side of globalization

As the most recent wave ofglobalizationbegan, Vietnamese political and intellectual leaders began to change at heart their tactics and opinions regarding their development strategies. In this manner, in the wave of globalization, Vietnam has shifted from an inward-focused economic strategy to a more outward-oriented one. This transformation is reflected in the extremely large increase in trade integration among Vietnam and the developed countries over the past years. Vietnamese ratio of trade to national income has become twice as much (Vu Tung 483).

Globalization contributed to the change not merely in the amount, but in the fundamental qualities of international trade. Twenty years ago, practically eighty percent of Vietnamese merchandise exports were main products. The stereotype of Vietnam exporting tin or bananas, as the most common products in Vietnam, to the great extent was true. The considerable increase in merchandise exports in the past years has been of manufactured goods. At the same time, service exports from Vietnam have also increased extremely.

These include both traditional services, such as tourism, and modern ones, such as software. In addition, manufactured exports from Vietnam are frequently part of multi- national production networks. For example, Nike contracts with companies in Vietnam to make shoes. Some foreign companies buy auto parts from firms in Vietnam. Thus, the wave of globalization brought technological advances in the country that made integrated production possible. But the global trends would be impossible without the policy choices of Vietnam. Before 1980, Vietnam had almost absolutely closed economy.

The country took important policy steps to gradually liberalize trade and direct foreign investment. Some elements of this policy trend can be observed in average import tariff rates for the country. Average tariffs have declined sharply in Vietnam (Murshed 90). Some claim that Vietnam growth rate has accelerated since the advent of globalization (Murshed 2002). Vietnam has grown faster than developed industrial countries in the last years. Decline ofpovertyin low-income countries is very closely related to the growth rate in such countries as Vietnam.

For this reason, the accelerated growth of Vietnam in the wave of globalization has led to unprecedented poverty decrease. In addition, global inequality increased from 1820 to 1980 chiefly because countries already comparatively rich in 1820 (these include Europe and North America) subsequently grew faster than poor countries (Bourguignon and Morrisson 2002). That trend of growth was turned in an opposite direction starting around 1980, and the faster economic growth in poor countries, among which is Vietnam, accounts for the modest decline in global inequality since the third wave of globalization.

2. Bad Side of Globalization In contrast to good side of globalization, there are a number of statements asserting that global economic integration is causing growing poverty and inequality in Vietnam. Some of the debate about globalization and its negative impact on Vietnam concerns the effects of global trends on the country and its poor people. One of the common claims about globalization is that it will cause the greater inequality within Vietnam and hence promote development of social and political polarization.

However, as Cornia (2004) showed, Vietnam has integrated aggressively with the world economy. As a result of this process, income distribution has shifted in favor of the poor during this integration. Therefore, poverty reduction has been so strong in this country. To the large extent, this is because much of the former import protection was intended to benefit relatively rich and powerful groups. Thus, Vietnamese integration with the global market goes hand in hand with a reduction of income inequality in the country.