

# The impact of globalization on the economy

[Economics](#), [Globalization](#)



The impact of globalization on the economy Globalization is one of the main features of modern society. Today it covers almost all spheres of human activity, and its influence becomes more and more obvious. To talk about the effects of globalization, it is necessary to understand its nature and the factors, sources, which led to its emergence. Today majority of scientists agree that economic globalization “ is the increasing economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technology, and capital”. There are several sources of globalization. The first factor is technological advances. E-mail, the Internet, and the World Wide Web have significantly lowered the costs of transportation and communication in international trade and in doing business by and large.

Next reason of globalization is trade liberalization that has led to more liberal world trading system. And finally source of globalization is creating globalized media, the arts, and popular culture with the widespread use of the English language for global communication. Of course there is not a complete list of the factors of globalization, but in my opinion, those mentioned sources are the most important. Globalization has significant impacts on all economies of the world, with various effects. There are heated debates around positive and negative effects of globalization. Leading pro-globalization arguments make a strong case that globalization is simply the industrial revolution that rationalizes economic activity everywhere.

For instance, it affects countries’ production of goods and services. It also affects investment, both in physical capital and in human capital. It also has major effects on efficiency, productivity and competitiveness. On the other

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hand, scientists consider about so-called paradox of globalization: in many cases, the gap between the rich and the poor is increasingly widening.

An arrival of foreign companies and foreign capital creates a reduction of unemployment and poverty; however it can also increase the wage gap between well-educated, skilled workers and those who are not. In the short term, some of the poor will become poorer. The arrival of foreign companies into developing countries increases employment in many sectors. But those foreign companies arrive with the new technology, which extends across the country. Automation, especially in the manufacturing and agricultural sectors reduces the need for unskilled laborers.

As a result, employment rate in these sectors falls. To sum up, globalization is a complex process that works in various ways and has different effects. In my opinion, some solutions are needed to reduce negative impacts of globalization and to find happy medium between developed and developing countries.