

# Pros and cons of globalization

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



Susan McCormick PLSC323 The Pros and Cons of Globalization Starting out, I would first like to define globalization. It is "The worldwide movement toward economic, financial, trade, and communications integration. Globalization implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers. However, it does not include unhindered movement of labor and, as suggested by some economists, may hurt smaller or fragile economies if applied indiscriminately." (Parikh, Jan. 010) Globalization has become one of the most debated subjects of the 2000's. It has been said that it is one of the best things to happen to the world by its proponents, and its opponents are labelled as neo-imperialism. According to CNN "Globalization and localization are two sides of the same coin. More than ever, local communities are the secret of economic success. In the coming decades, the number and strength of America's brain hubs will determine whether, as a country we will prosper or decline. Physical factories will keep losing importance, but cities with a large percentage of interconnected, highly educated workers will become the new factories where ideas and knowledge are forged. Supporting growth in America's innovation hubs while arresting the decline elsewhere is the real challenge that we face as a nation." (CNN today, October 9, 2012) There are numerous pros and cons of globalization of which I will attempt to talk about both in the upcoming pages. I am beginning with the pros: Productivity grows quicker when countries produce goods and services in which they have a comparative advantage. Some argue

that globalization gives a rise to new industries and more jobs in developing countries.

It also gives organizations access to cheap resources and labour in developing areas in the world. It leads to greater employment opportunities for the people and also consumers get quality goods at competitive rates. Transport and distribution systems are also more efficient than ever before, making it much easier faster, and cheaper for businesses to deliver their products to consumers. Electronic transfers also make making and receiving international payments more secure and faster. Companies also have more flexibility to operate across borders therefore they can profit through domestic as well as international and also they can have access to much cheaper capital from other countries if the rate of interest is low. Globalization gives you a larger market therefore you can sell more goods and make more money. Global competition and cheap imports keep prices low and steady, so inflation is less likely to interrupt economic growth. The products are improved due to global competition. Cooking styles, languages, customs have all spread due to globalization. The spread of education worldwide is also affected meaning you can go anywhere in the world and get the education you seek. Foreign trade is impacted on an economy, the WTO controls the way things are handled throughout the world. Comparative advantage is a factor. Politics are merging and decisions that are being made are actually beneficial for people throughout the world. We have become more social and open and tolerant towards other countries, and we don't treat people from other countries as aliens. There are numerous other pros to globalization, but I will end there. The cons are just

as much as the pros. Some of the cons are that smaller domestic firms lack the resources to compete with the big international companies and may be forced out of business.

All the traveling of the people and the goods from country to country could spread infectious diseases that are extremely deadly. One of the biggest complaints about globalization is that it makes the rich richer and the non-rich more poor. Opponents say that globalization makes it easier for those rich companies to act with less accountability. Claims have also been made that countries' individual cultures are being taken over by Americanization. Exploitation of labor is another problem. Prisoners and child workers are used to work in inhumane conditions, and their safety is being put in jeopardy in order to produce cheap goods.

There is also an increase in human trafficking. The social welfare schemes are under enormous pressure in developed countries because of deficits and other economic ramifications of globalization. Multinational companies and corporations which were held back from commercial activities are increasingly influencing the political decisions. Most people think that there is a threat of corporations to rule the world because they are gaining power due to globalization. As far as jobs go, millions of Americans have lost their jobs because of production or imports shifting abroad. Most find new jobs with less pay.

Other millions of people are afraid to lose their jobs at the companies operating under competitive pressure. They also face pay cuts from employers which most of the time threaten to export jobs. The white collar jobs are increasingly vulnerable to operations that are moving offshore.

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Some of the poorest countries in the world, such as Africa may get even poorer. They do not have the education or the new technology that we do. It can cause unemployment in industrialized countries because companies move their factories to places where they can get cheaper workers. Globalization also can lead to environmental problems.

Say a company wants to build a factory over in a poor country in the Third World. That country because of the new factory may have to cut down more trees to sell wood, and also take up the land which they use for resources such as food and supplies. Being of disadvantage, the under developed countries most of the time have to do what the developed companies tell them what to do. As far as poorer countries go their chance at fair trade is hindered, forcing the developed countries to produce export foods wanted by wealthier companies instead of producing food for locals to feed their own population. The bigger companies develop orchards and plantations and once again reduce the land for the production of local food supplies. When it comes to whether or not I am pro or con globalization I would say I am on the fence. I do not agree with the work conditions that the people in the factories are subject to. Inhumane treatment is unfair and just plain cruel. I was watching the news a couple of weeks ago and watched people jumping out of the Apple building windows committing suicide due to the horrible work conditions. There are also what they call “suicide nets” placed outside of factories due to the window jumpers from poor conditions. The spread of life threatening diseases also concerns me from the back and forth of import and exports. The fact that countries that are bigger and more powerful can overrule the less fortunate and smaller developing countries seems a bit

unfair. The taking of Third World companies land to benefit or make profits and deprive them of their resources by also building factories on their land also does not sit well with me. The unemployment rates in industrialized countries is caused by globalization because firms move their factories over to places where they can get the cheapest laborers. With globalization we must also keep in mind that we want to make ure that both sides are profiting from the exchange of goods. I also think that we should as a more technoligical and educated country give back to the third world better education and and resources to more technology so that they can gain more profit from globalization. I am also not happy with the way the economy is playing out. On the plus side, I am pro as well. I love the fact that I can open up my computer, click start and get to just about any product in the world and sometimes even cheaper than I can get from the United States. For instance, I do not havehealthinsurance.

I have certain conditions that I have to be on medication for otherwise my health will will fail. In the US at any pharmacy my medication costs me over 400 dollars! I then was turned on to a Canadian pharmacy that I could get three months worth of my medication for a little under three hundred dollars! Without globalization this would never happen. I also love exotic food and fruits that are imported into the US from other countries. I like the fact that we are friendly with other countries and are able to trade without any political problems. I can go to another country and get just as good of an education or even better over there.

Export jobs produce more income than other jobs. Globalization gives us a wider market which means you can sell more goods and make more money.

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The more globalization the cheaper the products become, and the faster they get to us. Bibliography: Business Week, “ The pros and cons of globalization”, April 2000 University of Western Sydney “ The Impact of globalization” Manufacturing. net, “ Saving American Manufacturing”, by Mike Collins, 6/28/2010 Letslearnfinance. com,” Ad vantages and Disadvantages of globalization” Taking Sides,” Clashing views on Global Issues”, fourth edition, Hart and Lombardi, 2007