Globalization

[History](#)

Globalization Episodes Three which is en d New Rules of the Game discussed globalization and its impact in the world economy. It brought out the advantages of global integration and its disadvantages as well. The effects of globalization since the 20th century were examined, in order to impose policies which can curb the negative effects of this integration. A set of " New Rules for the Game" was seen necessary as a prescription to the growing problems in globalization.

According to Yergin, the era of globalization began at the end of the Cold War and Gulf crisis, and era " of a world being tied together by flow of investment, of trade, of ideas, of culture, of people traveling all the time." In the United States, one of the most pertinent evidences of globalization is the establishment of a trade union between the US, Canada and US or the NAFTA. This agreement between the three countries significantly facilitated the influx of imported goods within their territories. This also allowed Mexico, the nation with the lowest wage rate to win jobs from US and Canada through outsourcing.

The developing countries reaped the positive impacts of globalization. The large pool of software engineer in India were benefited as jobs from major economies like US and European countries channel their job requirements to take advantage of the India's skilled professional labor force and low wage rate. Japan, one of the miracle economies recorded amazing growth because of its export sector. These are but a few examples of how exchange of goods and services facilitate the growth of an economy through globalization.

Globalization doesn't just involve the goods and services. Market integration also means the assimilation of countries' financial markets. Countries like Thailand were greatly helped by the inflow of foreign direct investments.

However, financial integration exposes countries to the risk faced by their trading partners. The crisis in Mexico, where its trading partner US shed $6 billion to cover its debt, manifests how a superpower like US become extremely concern of the economic affects of Mexico's default which is expected to bring negative spillovers. The Asian financial crisis in 1997, is another reminder of how globalization ties nations together in facing risks. Through the effort of World Bank, the financial crisis in Asia was contained boosting the confidence of investors. However, the risks present in the financial market were highlighted by the collapse of Moscow stock market. The real effects of globalization in world economies cannot be significantly measured by the inflow of goods, services, and capital within trading partners. It can be ascertained by looking at its long term effect on environment, income distribution, and other aspects in society. The late 1990s witnessed the proliferation of anti-globalization groups which reveals the consequences of having a free market. Accordingly, globalization widens the income disparity between the upper and the lower class. In developing countries, this is highly elucidates as globalization becomes a tool in destroying the balance in income distribution. Anti-globalization groups argue that globalization is only beneficial to first world countries like the US. In developing countries, globalization provides opportunities only for the elite class. Other issues raised are the imbalance in globalization. They noted that large economies like United States do not open their economies the same way that developing countries do. US impose quotas in textile to protect their domestic industry as opposed to what is being done in smaller economies.

Globalization is a phenomenon which has both advantages and drawbacks.

Countries should be able to come up with a set of new rules to manage the changes brought by a more integrated global economy.