

Globalization advantages and disadvantages assignment

[Sociology](#)



Globalization advantages and disadvantages. When talking about advantages and disadvantages of globalization, it is very much depend people see it, where people see it from, or what interest party people represent? Therefore, the answer to the globalization could be very different, and some feature of globalization could be both advantages and disadvantages. The answer below will be taken various different of view to look at globalization. Advantages of Globalization: * The availability of diverse commodity and goods.

The very beginning of the globalization could be pursuing back to early 14 century, when Columbus took his first voyage. After that, as the development of the sea travel, people in different continent become connected, and they often bring goods or commodity from the country of their origin to the destination country for exchange or living purposes, therefore, their behaviors made the goods and commodity which from different part of the world become available for people living in another country, such as: Plant, meat, vegetable, material and etc, all been exchanged through globalization process.

Outsource, the availability of human resource. Since the beginning of globalization, people were tried to find the appropriated location to fill their production needs. One very important factor in production is human resource. Any manufacturer and company are looking for cheap labor with appropriated skillets to make their product competitive. However, when they facing high labor cost in their local area or country, in order to make their product price cheaper than others, they will try to relocate their factory to country where labor cost is low.

<https://assignbuster.com/globalization-advantages-and-disadvantages-assignment/>

China, India, Brazil, and Turkey are good examples for cheap labor cost, and they are also the countries which have a lot of manufacturer factories from all around the world. * Incentive and encourage of innovation. As more and more countries have been connected together, people have wider vision than before. They have better understanding of needs and wants from another country, culture or human as a whole. Therefore, people have incentive to create products, tools and solutions to meet those needs and wants or solve the problem for another group or human as a whole.

That is why people try to innovate and that is how globalization encourages innovation. For example: the invention of the radio or telegraph helps people from all different parts of the world to communicate messages in an efficient way than letters. * Improve relations between countries and regimes. The globalization also brings better relations between different countries, as countries or regimes have gained better understanding through communication.

The international trade becomes another important concern for a regime when there is a conflict between them, they will start to take account of how their decision against another country will affect the economic activity in their country, will it stop their exports, will it affect imports, and will it affect investment from another country, and all these questions are very much linked to their tax collection, and their country's image. For example: organizations like APEC are not just organizations that concentrate on economic issues but also touch upon and improve relations among countries. Business activity.

Lower tariffs encourage. Because the globalization process, the business activity was increasing, as governments lower their tariffs to meet the trade

agreement between various blocks or organizations. As those countries which signed those trade agreements, they will lower their tariff, and that will help business to export their goods and service to other country, and increase their production. For countries, it will attract investment to their country as their tariff is low, and it will help their economic growth.

Disadvantages: * Increase the gap between poor and rich.

Some people argue that the globalization shift wealth from one country to another, which they pay low salary to the lower skill worker who at the low level of the profit link, but on the other hand, the corporation collect the big part of the profit from the sell, which result poor become poorer and rich become richer. For example: People who assemble Apple product only earn very small percentage of sell profit. * Environment damage. As the productivity increase rapidly, because globalization. It result serious concerns about environmental issue.

As the economic activity increase, it is very hard to preserve environment at same time, because, a lot of industry work will produce waste material or gas to pollute the water, oxygen, or result globe warming. Increase trade war.

The globalization help increase trade between different countries, but, it also produce trade war, as some countries feel other sell significant cheaper product than their own production, which affect their own business activity, than the country urge o increase the tariff of specific item, or try to sell other item to another country in very low price.

Trade war will hurt business and consumers in both country, as the business may suffer decrease of sales as their product price is force to push high, and

<https://assignbuster.com/globalization-advantages-and-disadvantages-assignment/>

for consumer, they will not be about to pay more for a product. * Increase unemployment in some country. The globalization helps business to outsource their labor jobs to overseas where the labor cost is cheap. However, for the country who outsources jobs to other countries, their low skill workers will lose their jobs, as their jobs now shift to overseas, which indirectly results in an increase of the unemployment rate of the country. * Product safety and copyright issues.

Because of the globalization process, more and more products are now produced overseas, therefore, the quality and safety control of the product is not as easy to control as if it were produced by a local manufacturer. First, because different countries have different product quality standards or check processes, it may not fit the overseas company's expectations. Second, the product may be damaged during transportation, and it may raise quality concerns. Last, as the product is produced overseas, it is very hard to keep the copyright of the product, as there is a lack of legal protection and product security. . Virtuous circle
An internal or external advantageous sun as technological innovation affects an economy positively, and then as the advantages are received by the population through learning. The advantages could help improve productivity which leads to lower prices of commodities. As the price of commodities decreases and productivity increases, it leads to strong consumption and an increase in output, which leads to extra learning and research to produce new advantages, therefore, a new cycle has started.

Examples: * Hong Kong In the 20th century, Hong Kong was colonized by Britain for almost one hundred years. As the unique geographical location,

under influence of open market policy and low tax rate, Hong Kong has quick attracted a lot of foreign investment from all around the world, and the rate of the return on investment is one of the best around the world, and because of that the capital market of Hong Kong is one of the strongest market in Asia.

A lot of international company choose to finance their company or trade their company in Hong Kong's stock market. Therefore, as more and more people in Hong Kong invest in stock, those companies will have capital to develop their business, and they will found Hong Kong is good place to finance their company, and more money they will put in to Hong Kong, and at same time new company will choose to invest in * Singapore Hong Kong.

Singapore have invest a lot of their money into their education system, their citizen have in title to the country free education, and even some of the secondary education. Therefore, their labor force usually can generate more value because their education level, they, they from their income Singapore government can collect ore tax, and eventually spend more budget on education. * America The Silicon Valley is another example for Virtuous cycle.

Since the technology cluster first emerge in the Silicon Valley, the both America and California government have generate a lot of policy and lower the tax of that region, more and more individual and technology company have move to Silicon Valley or located their headquarter to there, which result the technology cluster and the local economic develop in a fast pace,

which lead to more tax income for the government and increase the competitive of America in global market.

Vicious circle: The Vicious circle usually spark by an internal or external incident, such as: suddenly increase of commodity price result high inflation or over spending result the massive government debt.

As there is inflation exist, more people will try to spend their money fast to avoid inflation, or apply a loan in order to purchase an item, and as the government increase the interest rate rapidly try to keep the inflation in control, the capital link been broken, which bring the economic to recession, and the government need to lower their interest again to encourage the economic activity, which may lead o the inflation again in the end, this is Vicious circle.

Example: * Zanzibar The country have suffering serious inflation between 1999-2008, even the reason are various, however, the government try to solve their economic crises by print out more money, which result more inflation than before. Thailand In ten Declining AT ten EYE to III/ ten country, Decease, ten export style economic scale, the country develop in a fast pace, which result a certain inflation, plus the global skeptical investor massive buying their stock and currency, the inflation been push to a new high, and at 1997 the country faced a serious economy crisis and lead o their currency to a new low, which lead to the country economic growth to the negative, but, the government has no way to lower their interest rate, as they affair their currency will further depreciated. Grace The country was one of the European member, which has modest strong economic, however, the <https://assignbuster.com/globalization-advantages-and-disadvantages-assignment/>

reckless government spend lead the country to a great deficit, now, as they are one of the member of European union, they can't not print money to solve their deficit problem, but, more borrowing will mean austerity plan and long more debt in the long term, which is a vicious cycle.