

The strengths and weaknesses of essay



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Globalisation and free trade are surely one of the most commonly banded-about academic terms in the modern or post-modern “ common” world, comprising the mass media and the educational curriculum that we are served today. It is glorified and vilified in equal measure by different peoples of different walks of life. It is frequently verified as playing a very evident part in the everyday lives of basically the entire human race, love it or loathe it. It could be said that globalisation has destroyed many former self sufficient local economies in the third world.

Many farmers have been forced to quit their jobs not being able to compete with imported subsidised produce with the impressionable youth deciding to leave their rural homelands in search for a more western lifestyle in the city. Globalisation has led to the proliferation of free trade. It has forced established regional economic trading blocs into competing with each other increasingly more, leading to more regional integration and in turn the setting up and strengthening of free trade areas such as in the European Free Trade Association. Those who promote the global economy say that the rules for trade should be based on comparative advantage” (Mander & Goldsmith. 1996.

p124). Those who are pro globalisation and free trade favour the system of comparative advantage. They strive for more and more globalisation and the strengthening of regional economic trading blocs and the proliferation of free trade. It is up to the critics of the free trade movement to come up with suitable solutions to oppose the notion of comparative advantage in order to establish credible alternative trade policies. Comparative advantage exists

when a country produce a good more cheaply relative to other goods it produces relative to its trading partner.

In the developing world many local workers have been forced out of a job and the local interdependencies that have existed for thousands of years have in the space of the last fifty years or so dissolved as a result of the notion of comparative advantage. “ The expansion of the global economy directly leads to s corresponding contraction of the local economies that it largely replaces” (Mander & Goldsmith. 996. p391).

In Thailand for example, if they can import wheat from abroad cheaper than it is produced domestically, then they will choose to abandon domestic wheat production and continue importing. In the more economically developed countries you will find that they are subsidised heavily in many industrial processes. In Europe for example, you have the common agricultural policy which guarantees certain farmers and producers of food a set amount of money so that they can continue on producing and earning a living. The national economy may not necessarily harbour the demand for the products that they are producing but as they are consistently subsidised, they go on with production, which can often lead to vast surpluses. The “ Butter Mountains” and “ wine lakes” of Western Europe are a famous example of how when an industry is backed by a powerful government it will outgrow the national economy and go on to dominate the world economy.

(Fischer. 1996, p213). With these vast surpluses at their disposal, farmers in more economically developed countries are able to sell on their produce at vastly deflated prices. In less economically developed countries farmers are

not subsidised and so are not able to achieve as lower price as subsidised farmers and so the situation arises where in communities who used to produce all of their own food from their local facility are now importing this from thousands of miles away. The third world countries who have traditionally specialised in the primary industries such as agriculture and the fisheries obviously cannot compete with the first world nations who are rich enough to be focusing more on the secondary and tertiary industrial sectors these days whilst at the same time still having enough money to subsidise the primary industries. The power that the first world exerts over the third world in terms of its economic and industrial dominance, means that its inconceivable to consider the third world catching up if the current trends of globalisation continue.

Local economies are far more likely to produce stable and satisfied communities and to protect nature than any system based on a theoretically constant expansion of production and consumption and the eternal movement of commodities across thousands of miles of land and sea". (Mander & Goldsmith. 1996. p391). A few hundred years ago the whole world relied on their local economies to survive, today the opposite is true.

As Mander & Goldsmith have said local economies are far more stable and in many ways and can function better with their own interest at heart. Many of the critics of globalisation have expressed the need for refocusing on local economies (localisation in its original form, not on the continental regional scale). The anti globalisation sector are looking more to dissolving the major interdependencies that exist today between all countries of the world. Instead of the all conquering top-down economy that we see today "

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localists” are trying to persuade the world to switch to bottom-up focused system.

Analysing their theory this could be a good idea and could certainly help many of the third world economies that were previously so used to isolated from the globalised world, some of them not even using the money system, who are propelled into the world economy and multiplicity of linkages and interdependencies of Western society and virtually made poor when before they survived perfectly well. Even though this idea may be good, if put into practise the large scale multinational cooperation’s who control the world economic markets would never allow it to go ahead. A number of smaller scale operations have been put forward in order to regress globalised markets in existence today. Human development and the world economy have to fundamentally alter the ways that they have been working for the past fifty or so years.

“ The International Monetary Fund (IMF) has been around for more that half a century. In all that time it has still not learned to put people ahead of markets” (Elwood, 2001, p108). The original goal of the IMF was to succeed in creating global economic stability after World War II and was one of a number of different systems put into place to prevent events such as the Great Depression of the 1930s and the scenes of hyperinflation that Germany endured which led to political uprisings and the Nazi party. The IMF has succeeded in creating a globally stable Western economy and overall a more prosperous time than any other period in the past. More money has been generated and exchanged in the Western markets than ever before. It could be said that the IMF has failed the Third World though.

These days the IMF is seen something of a begging bowl for the Third World countries. They are dependant on it. The IMF has doled out billions of pounds in its time and the Third World has slipped into humongous dept. If the IMF were to consult more developing countries and remove the political and economic conditions attached to its loans then the developing countries can look to run their country how they want to and possibly begin to relocalise.

Overall the organisational structure of the IMF has to be overhauled and they must start putting the lives of ordinary people before fuelling of global economic markets (Elwood, 2001, p112). “ National governments have lost control of their ability to manage their own economies. ” (Elwood, 2001, p114). When there was economic and political instability as is today prevalent in many third world nations many of their governments have lost sight of what is really important like how to look after their people and the economics system that is best suited to their needs and natural advantages. The Zimbabwe and Mugabe situation are an example of this.

It has been said that a true global financial authority that looks after the needs of the Third World in particular properly must be established. Ideas such as countries being allowed to trade in their own currency as opposed to the U. S dollar, would lead to third World countries not being so reliant on the global trading system. Tax on regulated financial speculation would help to stabilise the world economy and the control of world capital flows in order to encourage more investment in local communities would both help to regress globalisation. All of these measures that I have outlined could be seen as large steps in halting and regressing globalisation in turn leading to less

regional formation in terms of free trade areas and blocs and so less free trade.

I believe that comparative advantage is a justification of free trade but I do not believe that free trade should continue in its present form as it has little or no regards for the underdeveloped nations. I have shown that the critics of free trade have put forward some good alternatives although they will surely be hard to implement.