

What You Need To Know About Globalization

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There are many types of globalization, which give us the ability to describe it in many different fashions. We could look at cultural globalization for example, which explains and discusses the movement of a culture and cultural values around the globe and ways in which they build upon one another and meld together, or we could take a look at communication and how it changes across the globe. Though, for the sake of this article, we are going to focus on Economic globalization described by Bhagwati in his book "In Defense of globalization." According to Bhagwati, "Economic globalization constitutes integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology". Now that we have a brief understanding of what economic globalization is, let us look at some controversies revolving around globalization and identify positive areas of globalization and other areas that need fixing.

When was the last time that you turned on your television or opened the news paper and read some article regarding globalization and outsourcing or globalization having to do with an increase in poverty? It seems that this is a hot-topic among the media today driven by rallying youths, banners waving, and non-government organization (NGO's) voicing their opinion. Is all this anti-globalization justified? According to Bhagwati, it seems that we have two types of people leading this anti-globalization movement: "stake-wielders" and "stake-asserters." Stake-wielding people are people who feel that they are at war with globalization and are usually wild extremist waving posters and shouting out arguments that they most likely don't understand themselves. Now stake-asserting people are different in that they use reasoned dialogue to argue their points and generally try to inform and educate people on globalization issues rather than protesting. So what are some of the issues that these people spend all their time voicing concern over?

One very common discussion is whether or not globalization increases the poverty level and the gap between the wealthy and the poor. One argument that we could take regarding this issue would be to argue that through globalization we are able to slowly increase free trade and thus the movement of goods and services across borders more easily. We would then have gains from trade that will enhance the growth of the economy which will in turn provide more jobs and lower the unemployment rate bringing countries out of poverty. The best way to do this according to Bhagwati is to have "an increase in the size of the pie." This is done not by an economy simply producing more of what they specialize in but rather by increasing the gains they make through the process of international trade. In his article, "Fixing Globalization - A Review Essay," Joel J. Toppen argues that globalization is still very much up for debate and that our real focus should be directed towards the poor. Though globalization may not be specifically directed toward the poor, we can defiantly argue that it helps to elevate people out of poverty. So what are some other issues regarding globalization that people strongly advocate against? Does globalization actually solve these issues or does it need fixing?

Let us take a look at an issue that is constantly seen in the news, this would be the issue of outsourcing. When Nike first started outsourcing jobs overseas people were outraged. They were giving away American job just to make a few extra bucks and people were simply not happy about it. So how is this form of globalization even

possibly a good thing? An argument that would support this aspect of globalization would be that by shipping jobs overseas countries in our economy are able to better maximize profits and thus help to grow our economy. Well this sounds all well and good but how long is it going to be until we see some of these gains in our economy? Are we not taking advantage of people overseas by paying them next to nothing? If one of us went to work one day and found out that our job was lost to outsourcing we can be sure that we wouldn't be content with someone telling us that it was going to benefit the economy as a whole and eventually increase the standard of living. No. We would be miserable because we were now out of a job and among the unemployed; a person doesn't live off of future gains. Now when deciding whether or not we are taking advantage of those "less fortunate" overseas by paying them so little we need to look at real wages.

Though it seems that we are taking advantage of people overseas and forcing them into sweatshop labor we are in fact increasing their real wage. Due to this increase in real wage the price of labor increases and we see a shift from longer hours of leisure to longer hours at work. This explains why people work so long at their jobs overseas. They want to work. Though this may explain that we are not taking advantage of people, we still see a loss of American jobs. Though we are seeing a loss in jobs, Bhagwati claims that we have "actually raised the real wages of the workers." He claims that the lower jobs are being outsourced and we are creating better jobs through and increase in education and technology. So is a part of globalization that needs fixing. If so, how do we do this?

If globalization causes an increase in real wage overseas and an eventual increase in the economy through the sacrifice of American jobs, how is it that we can stop the loss of these jobs and still maintain the benefits from globalization? This clearly needs some kind of fixing. One way that we could help with the loss of jobs would be to compensate those that lost their jobs from a clear form of outsourcing until they are able to get back on their feet. This is already done through programs provided by the U.S. government though it is often hard to make a clear distinction when it comes to the manner in which a job is lost.

Along with benefits from globalization there are also other areas that need fixing. A problem that we can see clearly results from globalization is the problem of illegal immigration from poor countries to rich countries. Through globalization, it has become easier and more beneficial for people living in a poor country to move to a country with a stronger economy. This is especially true when looking at the movement of people from Mexico to the United States. So why don't we just open up our borders and make it legal? If we were to simply open up the borders between the U.S. and Mexico our economy would be obliterated. There would be a huge rush from into the U.S. by people waiting along the borders. This huge rush of people would suck our economy dry, leaving us in a far worse condition. We are therefore presented with the problem of what to do with preventing illegal immigration. It used to be that most of our illegal immigration from Mexico came from people crossing the Rio Grande though it now comes from a different form. Bhagwati says that 50 percent of illegal immigrants now come from legal means such as visas. They enter the country legal and stay illegally. We know that it is impossible to eliminate illegal immigration so what do we do about it? He explains that to fix this problem "governments in the developed countries must turn to policies that will integrate migrants into their new homes in ways that will minimize the social costs and maximize the economic benefit." This is a problem that will not only result between Mexico and the U.S. but also other countries as well.

Now we are going to take another look at an area of globalization that needs improvement. This problem is the ease at which capital flows can move in and out of an economy. It has been increasingly easier and easier to invest in foreign economies due to fallen barriers broken down by pressure from institutions such as the IMF and OECD. According to Stiglitz, "The most adverse effects have arisen from the liberalization of financial and capital markets-which has posed risk to developing countries without commensurate rewards." As globalization continues to occur it has become easier to invest in foreign economies through decreased barriers and instant transfers via the Internet. This can potentially cause overwhelming problems because "as investor sentiment changes, the money is pulled out, leaving in its wake economic devastation." So how do we fix this problem that arises from globalization? There clearly needs to be some type of barrier when it comes to capital flows. "[Capital-market liberalization] illustrates what can go wrong with globalization. Even economists like Jagdish Bhagwati, strong advocates of free trade, see the folly in liberalizing capital markets." It is clear that we need to have some type of resistance to the ease at which capital may flow in and out of a country.

In this article we have looked at the definition of globalization, areas of globalization that are sound as well as areas that could use some improvement. From this we are better able to understand the complexity of the issue and hopefully gain some insight that will help us to live in a way that will help better our world.

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