

## IS GLOBALIZATION GOOD OR BAD?



Human beings always used to trade, travel and communicate with one another. Contrary to what the average citizen thinks, globalization is not a current phenomenon. Indeed it is a very old trend as Marco Polo's travels throughout the Orient can prove, for example.

If we had to define globalization in a few words, we could define it as a “worldwide integration of economic, cultural, political, religious and social systems”. Obviously, globalization is an irresistible trend which cannot be stopped, mainly because our “national” economies depend on each other. That is the reason why when the US economy is not going well, the other developed and developing countries to an extent also suffer.

In fact, globalization has so many aspects ; some are really positive and others are strongly criticised. So is globalization good or bad? That is the big question. To answer it, we will see in the first part that globalization has really positive consequences and in the second part we will talk about the limits of this controversial phenomenon.

First and foremost, let us talk about the positive consequences of globalization on the world economy. For those who defend free trade, it is clear that this freedom of exchange increases economic prosperity as well as opportunity, especially for developing nations. They also argue that “globalized trade” creates a more competitive and efficient world economic order “which allows a more efficient allocation of resources between all countries involved in the trade.” Globalization allows for lower prices and reduced costs (transport, communication, production, tariffs...), more employment and higher output, improves technologies and human skills, and always for the supporters of free trade a higher standard of living for everyone. Thus globalization would be a good tool for fighting poverty and allowing developing nations to enter in the world business economy, in theory because as we will see later it is not totally true.

Another advantage is that globalization permits a better access to external finance for corporates and creates the conditions for a global common market based on the freedom of exchange of goods, people and capitals. Besides, due to this freedom of exchange we have now more opportunities to travel around the world.

Now let us talk about social and cultural issues. Pro-globalizations and international institutions like the International Monetary Fund (IMF) and the World Trade Organisation (WTO),

claim that the proportion of people living under the poverty line has greatly decreased in areas affected by globalization whereas poverty rates in other areas have remained largely stagnant. In East-Asia, including China, the percentage of people living with less than 2\$ a day has decreased by 50,1% compared to a 2,2% increase in Sub-Saharan Africa. (From 1981 to 2001 according to World Bank figures). Furthermore in these countries which benefit from globalization, the life expectancy tends to rise. There is also a better access to electric power, cars, radios and telephones “per capita” as well as growing proportion of the population with access to clean water.

From a cultural and “human friendly” point of view, “Mondialisation” has strongly favoured the growth of cross cultural contacts, the development of a “world-universal-pop culture” shared and understood by so many people in the world, mainly youngsters. It favours better communication - thanks to the progress in computer and information technology – and offers better formation and education opportunities. The world migrations tends to be easier and faster than before mainly for students and skilled workers. There is a wonderful thing with globalization : it creates a multiculturalism around the world. And finally, the information is broadcasted and diffused better and faster than before, so world citizens are now more and better informed.



Finally, politically speaking, globalization and liberal capitalism seems strongly linked to democracy. Indeed globalization arouses a higher degree of political and economic freedom in the form of democracy while capitalism in the developed world produces higher levels of material wealth. Globalization also enhances civil liberties, promotes human rights and spreads universal values such as freedom of speech. It is true that this phenomenon fosters the building of global political institutions based on multilateral relationships. So globalization creates a new global political order, a kind of world government which organizes and regulates the relationships between nations.

As we can easily imagine, globalization also has many prejudicial effects and some of its aspects are really controversial. The first and principal issue is that globalization has increased poverty and inequalities, not only in the developing countries but also in the rich countries (we can think for example about the poor workers in USA), and has widened the gap between the have and the have nots. With globalization the rich become richer and many poor people become poorer. It tends to create injustices and arouses much frustration. Indeed discrimination and inequalities are still growing and it is clearly disturbing to learn that only 20% of the world population have and benefit from 80% of the world's resources. There is obviously a big problem with the allocation of resources, and instead of contributing to a better sharing, globalization seems to worsen disparities between human beings.

The frustration linked to globalization, increases indirectly social, religious and ethnic tensions ; terrorism and delinquency are one of the worst effects of this fact. Globalization has also cultural effects and one of this most known aspect is the “Americanisation” of the world. In fact globalization promotes a world culture really similar to the american way of life. The spread of american values favour the erosion of traditional cultures and the USA truly profit from globalization. American imperialism is also cultural and the US entertainment industry (Hollywood, and disc companies) is one of the best ways of exporting the model of American society. Globalization also causes a lot of damages to nature and seriously threatens the biosphere. It is worrying to witness how some multinational firms and some politicians do not care about ecological issues. The negative effects of an uncontrolled globalization are known ; pollution, spread of new diseases (Chicken Flue, *Asia-Europa*), chemical contamination (Bhopal tragedy,

*India*), fast and extensive deterioration of the environment (Amazonian forest, *Brasil*), etc... The human and ecological consequences of globalization could soon become an irreversible problem. It seems that globalization do not really take care about human and environment issues ; for example we can evoks the strict control of immigration and the lack of labour rights in so many countries.

Globalization seems to be a process which mainly benefits corporate interests. Indeed one of the effects of globalization is the emerging of a new economic power run by the multinational lobby. In many cases, firms have now more power and more income than states. For example, the turn over of General Motors is more important than the Denmark's GDP. Politicians have no real power, they are under the pressure from multinational companies and depend on them for financing their electoral campaign. For more and more citizens to vote means nothing, because they feel that politicians follow corporatist interests most of the time. Moreover, these last years, liberals have encouraged the privatisation of public services for more efficiency, but finally once done the brand new privatised companies are not so efficient, cheaper and fairer than expected (See the disaster of the privatisation of Britain's railway system). Furthermore "uncontrolled free trade benefits create a big financial leverage but at the expense of the poor who do not really benefit of this speculation economy. Worse, Globalization tends to favour economical and financial insecurity. Nowadays, credit-based economies are currently threatened by a world financial crash and debt crises. Due to globalization, this kind of financial crises can quickly spread from a given region or a country to the other economies, because there is a dependent link between them. The Financial crisis in South-East Asia (1997) demonstrated this new risks and the extreme volatility of financial markets.



Globalization cannot be stopped but needs to be regulated by some more democratic multilateral institutions which really care about human rights, and are more concerned by social and cultural issues than money. This fairer regulation can be made by the current global institutions but not if they keep the same organisation and the same process. So it seems clear that we need to reform these old fashioned institutions to make them more efficient and less liberal than they are today. If not they will definitively lose the little credibility they still have, and it will be difficult to create quickly some new world institutions that are able to fix the serious and numerous issues which threaten the world equilibrium.

Another issue that needs to be changed is the way that politicians depend on or are influenced by the multinational lobbies. Politicians are elected by the citizens but they seem to work for the interests of private firms. And too often they implement measures which lure citizens or disrespect their will or their rights. The ungovernmental associations and institutions (trade unions, humanitarian foundations) have also a big part to play, because if they manage to earn sufficient respectability and credibility worldwide, they can put strong pressure on national governments, the world conservative institutions, and the multinational firms. Clearly we need some kind of power check which better promotes the interests of the citizens, and the latter have to be more engaged, more interested about the global issues which finally concern everyone.

To conclude, the global firms need to be more respectful towards elementary ethic rules of well governed business. They must pay more attention to social, environmental and political issues (mainly when they are installed in countries which do not respect human rights), because they have a great responsibility to do so. If each of these "shareholders" make more efforts in order to make globalization fairer, we can still improve this process and reduce its negative consequences. It is not too late.