

Unprecedented globalisation surge: Pros and cons



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Globalization is the march of international capitalism, open markets and free trade. It is the process of interaction and integration among the people, companies, and governments of different nations and is a process driven by international trade and investment that is aided by information technology. It is the tendency of investment funds and businesses to move beyond domestic and national markets to other markets around the globe and increase the interconnectedness of different markets. This process of globalization has effects on the environment, culture, political systems, economic development and prosperity, and on human beings around the world. Tom G. Palmer of the Cato Institute defines "globalization" as "the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result.

The term globalization is not new. For thousands of years, people and corporations have been carrying the process of buying and selling lands to one another such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages.

After the World War II, various policies and technological developments have brought in massive increases in cross-border trade, investment, and migration. The developments are so large that the world has now entered a new phase in its economic development. For example, from the 1950s, world trade has increased by almost 20 times, and in the span from 1997 to 1999, foreign investment flows has nearly doubled, from \$468 billion to \$827 billion. In this developed world today, globalization is a lot faster, cheaper, and efficient.

Globalization in the world today has been driven by policies that have opened economies domestically and internationally. During the past two decades, many governments have adopted free-market economic systems. Governments have vastly increased their own productive potential and created innumerable new opportunities for international trade and investment. Governments also have agreed to reduce barriers and have established international agreements to promote trade in goods, services, and investment. Another principal driver of globalization has been

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life and has given valuable new tools for identifying and pursuing economic opportunities.

People favoring globalization argue that it allows poor countries and their citizens to develop economically and raise their standards of living, while people against globalization claim that the creation the international free market has benefited multinational corporations and developed nations in the Western world at the expense of local enterprises, local cultures, and common people. For developed nations like the US, UK and Japan, globalization has brought benefits and opportunities but for poor countries that have more than 2 billion population, their prospects in the globalizing world are worsening, not rising. In countries like Kenya and Nicaragua, income per person has shrunk, and there globalization is seen as a culprit and not a cure.

Globalization has various advantages and disadvantages. Usually the advantages are seen to be linked with the developed nations and disadvantages are usually destined for the underdeveloped nations. With globalization, various goods and people are transported with more ease and speed and free trade between countries has increased tremendously. The global mass media has connected all the people in the world and with the reduction of cultural barriers global village dream has become more realistic. With globalization, the interdependence of the nation-states has increased and with increase in liquidity of capitals, developed countries have been able to invest in developing countries. Furthermore, there are cheaper products for consumers and markets are interlinked and integrated - for example European Union. International barriers have been reduced and as a result now European Union can trade with ASEAN and NAFTA. Globalization has also been providing jobs in LEDC's and has helped develop the economy.

Along with advantages, globalization also has several disadvantages. With globalization, competition has increased and become intense. The gap between the rich and the poor also has widened and it has become very hard for smaller businesses to establish themselves. In many developing nations, workers have been exploited and have been paid a fraction of what would be paid in to workers in developed nations. Another major disadvantage is that usually corporations and business people seek out cheap locations in the developing nations to build their factories as labor is cheap and after work is finished, income generated in host country is not always spent in the same country but profits usually go back to the developed nations and the developing nations are left with nothing.

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