THE GOOD AND THE BAD OF GLOBALIZATION

Although globalization is a nebulous term for many Americans, it is the subject of a contentious worldwide debate. At the center of that debate are questions involving economic domination of world markets and distribution of wealth, as well as the homogenization of cultures.

Globalization is an ongoing process resulting in increased economic, political and cultural changes fostered through rapid worldwide communication and transportation. The last two decades of the 20th century witnessed the proliferation of satellite phones and Internet communication, as well as worldwide air, water and land transportation, transforming the diverse world into an interconnected place.

While increased speeds of communication and transportation seem at first blush to be beneficial to everyone—particularly when combined with free trade and commerce—there are underlying concerns. These concerns deal with the extent to which world economics may be dominated by wealthy countries and transnational companies at the expense of poorer countries. Thus, the wealthy may get richer as the poor get poorer.

On the other hand, pro-globalization proponents believe that even the poorest countries can benefit from removing all trade barriers and allowing the unlimited flow of goods and services. They believe that places should specialize in what they do best, a process called competitive advantage. Through globalization, they believe that the instantaneous movements of capital with the click of a button will benefit the world economy.

The World Trade Organization (WTO) is at the center of debate about globalization, although other international organizations also are implicated, particularly the World Bank and the International Monetary Fund (IMF). Following World War II, the United States was the driving force in establishing the World Bank and IMF to stabilize the world’s monetary system and to invest in infrastructures to assist war-torn countries. The WTO grew out of the General Agreement on Tariffs and Trade (GATT) in 1995, a post-World War II attempt to reshape the world economy. Today, 144 countries are members of the WTO and 31 more, including Russia, should be eligible in five years.

The WTO works to remove trade barriers among member countries. Through cases brought to its attention by member countries, the WTO can rule on “unfair” tariffs and subsidies and the outcome is binding on all members. The intent is to “level the playing field” for its members, but poor and underdeveloped countries are often penalized by the rulings.

For example, the price of corn grown on small Mexican farms is being undercut by corn grown on large, highly-mechanized U.S. commercial grain farms. This is but one hundreds of examples where traditional cultures cannot compete with highly mechanized western agriculture and manufacturing. WTO decisions to reduce protections for traditional farmers can impact the economy, culture and politics of poor countries.

Some transnational companies are financially more powerful than many developing countries. Consequently, such companies can influence the economy and, therefore, the politics of small countries. Companies can easily becoming involved in changing or disregarding local laws, particularly including environmental laws. Throughout the 20th century, some the international food companies were accused of such behaviors in the “banana republics,” small independent countries in Central America.

Finally, rapid communication and transportation are homogenizing local cultures. English has become the lingua franca, or the common language, of business around the world. Coke, McDonald’s and Avon cosmetic products are ubiquitously available. Cellular phone towers and Internet cafes dot the urban landscapes worldwide. Consequently, traditional cultures are under assault from western products and ideas, affecting the populations’ habits, health and morals.

These and other globalization impacts are changing the world and its people, for better or worse.

And that is Geography in the News™. October 31, 2003. #700.

(The author is a Geography Professor at Appalachian State University, Boone, NC, and was assisted in this article by geographer Baker Perry.)