

## **Globalization**

### **Country Disclaimer: Handle with Care!**

When the topic of Globalization arises, a cup of hot coffee should enter your mind. When you think of that coffee cup, you can imagine that protective cardboard cup-holder that covers the bottom of the cup and has the words: "Caution: Contents in cup are hot! Handle with care!" As long as the coffee is in the cup and contained, there is no danger. However, you have to be careful the moment it leaves the lid through the mouth-hole. If you sip it cautiously (giving the hot liquid restrictions and allowing it to cool), all is well, and you get a good satisfaction from the coffee. However, if you let it drown into your mouth without constraint, you get burnt. This coffee is much like globalization. It can have two completely different effects. With restrictions, globalization can be the greatest universal idea of the time, but if left unchecked, can have disastrous outcomes. The ideas of capitalism have been secure and contained within the United States and Western Europe for a long while but as the world gets flatter, capitalism is beginning to leak. The coffee has been sitting in the cup for a while but now the world is yearning for the hot liquid to come pouring down its throat. Message to the world: "Handle with care!"

If controlled, globalization can lead to great national prosperity and a bigger market of goods. Moreover, globalization means freedom of movement for goods and people in the world economy. The spread of globalization and opening markets is leading to an open economy, which places countries on par with each other. Friedman refers to this as a "leveling of the playing field" such that all countries are able to compete.

Although the global market is still expanding, any country that has a secure institution and willing to open its market is able to be a part of the “playing field”. The keyword here is “open”. Moreover, Friedman mentions globalization as a force that enforces honesty and reliability within organizations. Since this force can chose which companies and organizations to expand to, there is a pressure on organizations to keep clean records and perform legal operations. Transparency is everything! This way there are no surprises and the “Electronic Herd” can see things from a distance. Due to the openness stressed by Friedman, he states that the most successful political structure is a liberal democracy, which is what he implies America follows. However, Amy Chua in World on Fire disagrees by showing examples of ethnic-hate crimes (an example is the Philippines) in impoverished countries with market-dominant minorities, where democracy can only progress with tensions. These are not only extreme examples but they also don’t represent true globalization, as globalization is more then spreading democracy and more so about the movements of goods and people in an economy- something the countries in these examples aren’t doing.

Now how does a political shift to capitalism in a country take place from the behavior of businesses and organizations within it? Since institutions need their economies to thrive, they will start passing legislation that is favor of expanding their markets, which means allowing companies and organizations to thrive. This, in turn, leads to the universalization of capitalization as all countries start to do whatever they can to catch up. This force is often under-estimated but a case from Indonesia speaks otherwise. Many of the young adults in this country are using “revolution from beyond”

in tying Indonesian with global institutions and markets to get rules and laws changed. These citizens believe that the economic forces on their country are strong enough to sway their entire political structure, a force not to be under-estimated.

This political force is a cause for a rift between supporters and opponents. On one end, critics feel that “globalution” causes a lack in diversity and forces countries to shift towards capitalism. This oftentimes opposes the general consensus and forces a country to go in a direction it doesn’t want to go. On the other hand, since globalution forces organizations to be transparent, this increases the stability of an economy. Transparency leads to the country implementing global standards, which betters the national conditions, as seen in the example of Indonesia mentioned above. This also rids a country of corruption, encourages stability within an institution, and increases free-press. Free-press is ALWAYS the key to bettering a country. It allows citizens to have a greater say in their country and allows questioning of institutions. Increasing democracy, citizens are granted a way of directing their country—the very thing opponents claim globalization detracts from.

As great as globalization sounds, it is sometimes easy to overlook the fact that the coffee cup is getting empty. In other words, as jobs and businesses are booming in other parts of the world, many workers at home are claiming their jobs are being taken from them. After all, from a company’s point of view, why pay someone seven-dollars an hour in America when you can outsource their job to India and only pay them two-dollars. Furthermore, India, China, and other countries America outsources to have many over-

qualified graduates coming out of university who can be trained to develop an American accent. In addition, foreign employees are treated very well (everything is provided for them) and since they are happy with the company, stay loyal and attached to the company. Therefore, it is more practical for many American-based companies to outsource since they can get better and cheaper labor outside of America with no lack in quality. The thing to keep in mind is that if there is a better, cheaper, and expanding labor force abroad, will international employees always be trained to develop American accents? In other words, will America always be doing the outsourcing and have economies supporting and imitating its own? A Chinese business man disclosed to Friedman, “Today Americans are the architects, but one day we will be the architects.”

In backing globalization, many supporters argue that competitive advantage will always keep advanced countries like the United States ahead in the world market. Comparative Advantage sees the market itself as an institution and will always need an enforcers and rules. That is, any technologically- driven and innovative country will always lead the market. This means that if we plan on outsourcing, we would outsource the menial jobs and keep the creative and innovative jobs at home. By competing for these jobs at home, we will better our industry and turn around more cutting-edge employees. Competition always keeps companies and its cohorts challenged and increases quality and production in the industry. Also, through competing for specific industries, America can begin to *specialize*. In other words, we can play to our strengths and dominate the market in specific areas. According to the Wealth of Nations by Adam Smith, specialization increases the wealth of a nation and he stresses that every country

should specialize to fulfill comparative advantages. Overall, through this healthy competition, employees will still be hired but it will force these employees to strive for higher caliber.

Globalization can be seen as a cup of coffee that the world sips on, but what if other countries don't like drinking coffee or would rather brew their own cup of coffee? Opponents of globalization argue that through globalization, culture is lost as countries and industries become westernized. These critics of capitalism fear the spread of capitalism will destroy any differences cultures and countries have between one another. This point has been seen on many different levels. A major example is the local wine industry in France, or soon-to-be-lack-of. Before globalization and big corporations, wine from these vineyards made good profits and was widely demanded. As big corporations were founded, new power-houses began to dominate the market. Moreover, bottles of Chardonnay from little towns in France were replaced like by bottles of Chardonnay bottled by big companies in California. This puts many French winemakers in trouble and out of business—a clear example of how globalization is erasing long-standing cultures and traditions. Another example of globalization dominating over a culture is at the information-technology clusters in Bangalore. Moreover, when Friedman went to visit India, he didn't feel like he had left America at all. There were billboards advertising McDonalds and Pizza Hut. Employees spoke perfect English with no trace of Indian accents. There were big buildings all around filled with technological amenities. What happened to crowded streets with rickshaws and merchants? What happened to small

family-owned *Indian* restaurants lining the streets? They were erased just as quickly as poverty was in those areas.

Is the trade-off between culture and wealth through globalization worth it? Who makes this decision? Big foreign companies can't be solely responsible for this. Governments had to approve these corporations and citizens had to decide to work for them. As Keith Porter reiterates a point from above, "globalization simply means freedom of movement for goods and people". Put this way, what's not to like about globalization? If citizens want it and the institutions allow it, how can there be a blame put on globalization destroying culture. Instead, the blame should be shared between citizens who become employees of these companies or institutions which thrive on the presence of these companies. Many people's anti-American feelings cause them to be anti-Globalization, although they are not the same entity. These feelings of America instilling its culture in outside countries may be valid but they should not interfere with globalization. Sure, much culture from America and "the West" is present in outside cultures but some people in these regions must be supporting or wanting it. The case of McDonalds starting up in European countries caused some controversy relating to this subject. The older generation and traditionalists frowned upon the idea of grab-and-go since lunch was supposed to be a time to sit with your friends and socialize. The younger generation however liked this new idea and embraced it. Thus, the idea was both accepted and rejected, with open markets causing a rift between the citizens, or at least bringing out an element not uncovered before. Nonetheless, is it better to keep a country isolated as Japan did for many years? There is only so far you can go, as Japan proved

when it started entering the world market it is now a global player of. This may mean some changes in certain aspects of culture and tradition but it is something whose benefits were chosen by the country and its citizens at the cost of losing some culture and independence. However, there are still traditional Japanese styles of doing things and the culture in that region is still very dominant and integrated. Some regions may have been culture-swept but through the exiting of one culture comes the entrance of another.

"[Globalization] can be incredibly empowering and incredibly coercive. It can democratize opportunity and democratize panic. It makes the whales bigger and the minnows stronger. It leaves you behind faster and faster, and it catches up to you faster and faster. While it is homogenizing cultures, it is also enabling people to share their unique individuality farther and wider."

The quote above from Thomas Friedman provides alternative analogies for globalization that summarize the arguments mentioned. Globalization can be the best of things or the worst, depending upon how it is carried out and what limits are set on it. If countries ignore it, they will surely fall behind, and if countries embrace it carefully, they can progress to states unheard of before. Any country is able to get into the market if it allows itself to but should do so with caution and with restrictions. If the political institution wants to remain, it should allow for the policies of globalization and provide corporate rights but should set limits to these changes so as to not have a complete

political transformation. If the country wants the economic state to still have power and rights, laws should be passed and unions should be strengthened. If culture is to be preserved, there should be a limit to how deep different corporations can penetrate. In other words, the affects globalization has is in control of the citizens, institutions, and the corporations. Globalization is not something that can be ignored but is something that should have constraints. The success of a nation depends on how well it can compete, how good its institutions are, and how its economy is structured. To lead in the global market however, a country may need to perform trade-offs in order to progress further. The questions to ask are how far are you will to go and how much does it mean to you.