

Globalization: Revolutionary or Myth?

People of the world have been witnessing rapid changes in a continuous fast increasing rate and have been confronting various problems and challenges. However, one fact remains the same: the world is divided between First World and Third World. The gap between the two (the poor and the rich) is getting wider and wider. The First World is offering aids to the Third World through Globalization. And has said that globalization is the cure for worldwide problems particularly pertaining to the matter of treasury. Hence, the international business is confronted with the present situation: Is globalization revolutionary or is it a myth?

Myth as defined by knowledge.rush.com means “*a story which has deep explanatory or symbolic resonance for a culture and one which is believed to be true by those who tell it. The term is sometimes used pejoratively in reference to common beliefs of a culture or for the beliefs of a religion to imply that the story is both fanciful and fictional.*” In common terms it means deception, wherein those running the entire affairs are only fabulous characters who unknown to others are just intent on their own gains and personal interest. On the other hand revolutionary pertains to measures promoting changes and reforms for the better. Usually reforms are meant to improve a worsening situation or to bring positive change over a dismal scenario. From the two definitions, which one fits globalization?

In establishing the meaning of globalization, following are its concepts in different dimensions. First, globalization as a concept is a world order, a world global market that has now perpetuated; reaching the lives of the poorest of the poor in the society. With globalization, the world has become smaller and smaller everyday as people and activities irregardless of breadth of space can just be connected in a matter of seconds or just few minutes. In this regard, globalization refers to the extended networks in every human activity (business, politics,

communications, education etc.) In the second dimension, globalization pertains to the global consciousness, where one has to think global and act global. It is now recognized as global village wherein there is a sense of one world and the ideal of shared cultures. The third dimension refers to the methodology or the means by which the interconnection of human activities and the fostering of global consciousness are being achieved.

However, looking at it closely and considering history, one will find that the process itself is not new. Globalization has been a long process of political, economic and cultural domination of some countries over others. If before, domination was done through conquest and colonization, now it has been done through the so called revolution. Still the fundamental concept is the same, there is war. But one can imply that it is the same war of long ago, between the haves and the have-nots.

Globalization is said to bring economic reforms profiting the poor countries. Standard neoclassical theory of globalization predicts convergence, which means that less developed countries will grow faster (per worker) than developed countries through liberalizations on capital market and trade. Adhering to this belief, globalization is to be deemed as worldwide solutions to worldwide problems. Wolf argued that globalization is the best alternative available.¹ Globalization per se has been deemed as something good. For it adheres with the very principle of democracy characterized mainly by the value of freedom. The problem of the world revolves on how to rise from financial fall. The answer is to give freedom for each and everyone to use his sources in getting out of the problem. In a philosophical sense, the primary source of wealth is the human mind with freedom. It points out that when a nation is to use its resources, ingenuity and enterprise, the economy can be dynamic. When a nation recognizes that the real source of economy is enterprise then it would soon realize that enterprise is the efficient

cause of capital. And as enterprise is definitely human factor, capital therefore is man made. Thus it proves that capital goes hand in hand with active and creative labor where a person uses his mind in what he is doing. Therefore, global economy ought to be viewed first on the level of localities, the human resources first of each nation, and how would they be affected by global move. The application of global context down to the local level is first effective step to reforms. First thing first, it would be advantageous for globalization to succeed if localities will be given consideration as to its effect in terms of income and employment.

In global economy, every nation has the opportunity to economic initiative, where it can exercise his right to achieve competence and to cultivate virtues of democracy. There and then real progress will be materialized. This idea is supported by Peter Dicken in his message that “economic globalization arises from the dynamic interplay between transnational corporations as prime actors and nation states as regulators, facilitated by processes of technological change.”²

But what is the real score? Do poor countries after the economic reforms being brought by globalization enjoying now the benefits of economic wealth as promised? Many of the countries all over the world are facing recessions, depressions and crises. Too few have been able to rise, majority of the countries have suffered more than before. Their financial conditions have become worse than ever, take for example countries in the Latin region. Where does globalization fit in this scenario?

It is said that the integration of world market is due to globalization reforms. But one can see that the integration of the world economy has been caused more by advancement in communication, information and transportation technologies rather than policy changes (Stiglitz J.). The same information technology in its rapid development has been the one to help in the upward movements of capital and services. And what brought forth by capital market and trade

liberalizations? The prevailing sense of economic insecurity, vulnerability has become greater than before.

Current situations portray the dismal ironies of globalizations. Globalization covers a multitude of flaws and failures. Some people have visions of multinational exploitation of the poor. Others see this as third world futile competition against highly industrialized countries. Globalization has mainly been associated with capitalism as opposed to the term used by the global economic policy making body: The epitome of the forces of globalization is the interdependence of worldwide nations through the increasing volume of cross-boarder transactions in goods and services, and of international capital flows; and also through the rapid and widespread diffusion of all kinds of technology. But the “capital flows” was the one that brought many nations in crisis. “Capital flows” means the speed with which money is moved around the world and means the investment that covers both the financial investments in stocks/shares and investment in factories/industries.

What is the strength of the Third World countries in terms of capital flows. It is already established that financial resource of the Third World is usually down the brim. In order to fill it, they would need capital coming from foreign investors. The irony of this situation is, it seems that capitalists or investors are intent on lending their money during the time when it is not needed and then when crisis is already in the scene, it is also the time when they are going to pull out their investment or would demand for the return of investment. Short term capital flows only pull down the poor countries. The truth of the matter is the flow of capital did not lead to a profit in real investment. Much of the flow is simply used in order to finance increasing consumption. And part of the flow of capital was the result of privatization, the selling off the nation assets to foreigners.^{3.}

And when there happened to be high interest rate, where will these countries be in the world of liberal market? They are deeply swallowed by the high interest of their loans leading them to total drowning.

In the Third World countries the first effect of globalization was felt in the rise of unemployment. Regularization of employees in most of the companies has been phased out to give way to faster return of investment. Thus a worker may find his self working today, then jobless by tomorrow. The poor has becoming poorer everyday. And his poverty is his legacy to the next generation to come.

The liberalization of trade that promised profit brought only the contrary. The third world countries have no way to compete to the products of the highly industrialized countries. The qualities of goods are most often than not incomparable. Who is going to buy the local produce when consumers are presented with quality goods that are sold at lower price? The countries' poor farmers have been suffering fast decreasing income for they do not have the capability to compete against the conglomerates that have all the financial and modern means for their production. This further adds to the problem of unemployment and poverty.

Poor countries are just bound to accept and accept goods from other countries for they do not have the resources to be competitive. Trade liberalization is simply for the highly industrialized nations.

As a whole what globalization brings to the economy are the riches to the rich and the poverty to the poor. The increasing poverty and inequality is undeniable. The implication of this result is more than just what is presented. The effect penetrates the social and cultural spheres on the third world countries in expectedly negative ways.

Thus globalization policies have the following as results:

- * The powers of local and indigenous communities have been rapidly diminished. Their economic and political powers have been transferred to global transnational institutions. “The new highly competitive global economy cannot be controlled by nation states, that nation states can no longer control their own economies, that they can no longer exist as autonomous agencies and that social democracy in its traditional form is no longer viable”.⁴
- * The planet has been brought to the brink of social, economic and ecological calamity for the rate of the means by which economic developed does not usually give attention to the issues of equity or the preservation of the natural world.
- * The gap between the rich and poor in all countries as well as among countries have become wider while there is the reinforcement and expansion of the economic colonization of southern countries by northern countries.
- * The unemployment rate has tremendously increased as work has become mechanized and automated and as corporate farming and biotechnology replace traditional small-scale agriculture.
- * The population from rural massively shifts to urban areas resulting to poverty, famine, ethnic friction, and degradation of living and working conditions and human rights.

These are just among others. The only positive point that can be attributed to globalization is democracy - the same democracy that brings capital market and trade liberalization.

Now is globalization a revolutionary or a myth?

^{1.} Martin Wolf. *Why Globalization Works*.(2004) New Have:Yale University Press.

^{2.} Peter Dicken, *Global Shift: Reshaping the Global Economic Map in the 21st Century*, 4th edition (2003): London: Sage Publications Ltd.

^{3.} Joseph Stiglitz. *Globalization and Its Discontents* (2002) New York: Norton.

^{4.} Hirst, P. & Thompson, G. *Globalization in Question* 2nd edition, (1999).Cambridge, Polity Press