

The Positive and Negative Aspects of Globalization

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Abstract. Globalization is one of the typical features of today's world development, and most of the countries in the world have a high degree of recognition for the expansion of openness, fueled by the strategic positioning of open development and the "liberal theory". Globalization creates an expanded global market and allows sources to be allocated efficiently while create pollution and increase the wealth gap at the same times. This article provides two positive and negative aspects of globalization to better understand what impacts globalization brought to human beings.

Keywords: Globalization; Positive Aspects; Negative Aspects.

1. Introduction

Debates over globalization had never been stopped ever since the concept 'global village' was firstly mentioned by Marshall McLuhan (McLuhan 294). The public sometimes consider globalization as a false dilemma, either define this cosmopolitan phenomenon as a completely beneficial or baneful one instead of moderation. Objective opinion has to base on the rational thinking which contain both sides of a typical phenomenon.

2. The Positive Aspects of Globalization

Globalization changes world trading orders. It generally reconstructs the global market into an unprecedented size. This new global market has an absolute advantage on allocating the resources more efficiently compared with the previous separated domestic market. Increasing international trade in recent years serves as an important evidence which reflect how sources be utilized. Nike as a great example reflects how international companies use globalization as a tool to chase their best interest. This multinational company in sneaker and sportswear market now is estimated around 211 billion dollars for its market cap. (CNBC) A huge reason why Nike made such a successful achievement is because of globalization. By 2020, Nike already established around 533 factories over 41 countries. There are a huge proportion of these factories were set up in Asian countries like China and Vietnam. There are 112 factories in China with more than 156 thousand workers. (Pino 5) Nike uses the strategy called 'outsource' to earn huge profit from these factories which they built up in Asia. The bonus by using the strategy is significant. The margin profit would be 44.7% established in Asian countries compared with 5% for the factories established in North America. (Pino 3) The differences came from the comparative advantage for Asian workers. Take Chinese worker as an example, their minimum wage in 2020 is 13 yuan which is converted to around 2 dollars per hour. US Department of Labor however, published United States officially minimum wage is 7.25 dollar per hour which is almost 3.5 times than Chinese minimum wage. Nike was just one of the many international companies which gains financially through globalization. According to UNCTAD's report in 2019, investment flows to developing countries remains stable by increasing 2%. (UNCTAD 13) The investment toward developing country symbolizes the effect caused by globalization. International companies can keep their producing cost in a low level which injected funds into the developing country at the same time. The global market allows both the production and capital allocated much efficiently than they used to be.

Free trade between different countries leads to the result of financial Internationalization. Not only the producers are able to find the most affordable way to produce their product under the influence of globalization. Customers embrace a series of better services and commodities on the other side. Citizens now have much more freedom on selecting items through the comparison between domestic goods and imported goods. Living standard would have a huge improvement due to the globalization.

For example, if someone tries to purchase a nail clipper on amazon, her/him will find out there are a whole bunch of nail clipper that are being sold online. Many of the nail clippers come from other countries like Japan or China. Without globalization and national trade, citizens would never have more than only purchasing stuffs produced domestically. For manufacture, domestic nail clippers would come with a higher cost due to the high wages required by domestic labor force and price of raw material. This example reflects a fact that globalization would bring real benefits to normal citizens by cutting the price of commodities and providing more selections. Additionally, the competition between imported goods from other countries forces domestic companies to face a series of challenges. The competition with imported goods would stimulate the innovation or new structure transformation which produces benefits toward nations.

3. The Negative Aspects of Globalization

To think moderately means to think objectively. It's necessary to consider the negative side of globalization as well. Globalization made a strong effect on intensifying the wealth gap domestically. While high techniques translated from developed countries into developing countries, the wealth gaps between them decreases. Unfortunately, globalization strengthens the wealth gap between the rich and the poor inside a nation. (Salverda 152) In order to reach the most efficient way of production, domestic companies transfer their lower skilled industry into the countries that own cheaper labor force. Domestic low-skilled workers' life suddenly changed due to such actions. Many of them were fired became a member of unemployment. Besides the structure unemployment, immigration due to globalization would import tons of low- skilled workers who replace original domestic low-skilled workers' work. According to the data presented by World Inequality Lab in 2018, the top1% income share was around 10% in 1980 in United States, it rose significantly toward 20% in 2016. However, for the bottom 50%, they income share for them decreases from 20% to13% from 1980 – 2016. Since the 1980s, United State labor productivity level have risen from 1% to 2.5% after 1995. Normally speaking, the increase in productivity level leads to an increase on lower and middle class' income. However, middle-class, and lower-class didn't gain many benefits financially from the process of globalization. The worse thing is that many workers even lost their jobs and be replaced by someone they never seem on the other side of the world. The phenomenon of increasing wealth gaps appeared both in developed country and developing countries. China always be considered as the biggest winner during the process globalization, unequal wealth distribution between the rich and the poor also appeared in China. According to the data presented by Suning Financial Research Institute, the Gini level risen from 0.389 to 0.467 from 1995 to 2017 in China. The difference on Gini level indicates the increasing wealth gap in China. Why such phenomenon happens? It is because globalization stimulates the capital gain for rich people whose income belonged to top 1% in the country. The efficiency of capital cumulation was highly increase while the labor efficiency declined significantly on the other side. In general, the capital gain occupies a huge proportion of the welfare generated by globalization. Middle and lower-class however, have no access to the dividend of globalization. That's one negative aspect of globalization always be mentioned by public.

With the increasing level of globalization, many developing countries were facing a severe situation - the increase in environmental pollution. Especially for developing countries, many of them use environment as a cost to embrace a higher economic growth. During the fastest growing period that attributed by globalization. China was undergoing a huge increase in economic during 2004 – 2014. The relationship between income and pollution had been tested by many economists. In Zheng Huai and Huang's paper, they collected data from 111 Chinese cities, the conclusion is 'the unique patterns of economic growth across cities always affect pollution both in quantity and in its changing patterns. (Zheng, Huai and Huang 29) Besides China, other developing countries were making hard decisions between economics development and pollution. Some developed countries transfer industrial pollution into developing countries. citizens who lived in developing countries already started to against their government receiving 'garbage' from developed countries. The pollution

created by such action had already made an irreversible negative impact on the environment to those countries.

4. Conclusion

Globalization is a progress instead of a decision. Whether governments and citizens like it or not, it is continuing. Globalization creates an expanded global market and allows sources to be allocated efficiently while create pollution and increase the wealth gap at the same times. The best way to treat globalization is considered subjectively by the world in an unbiased perspective. Just like what the old folk tales claimed: ‘A loss, no bad thing or a blessing in disguise.’

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