

Activity 1

The Debate over Globalization: A Brief Overview

Reports about globalization, and the debate surrounding it, appear in the media almost every day. Even more important, globalization affects our everyday lives. For example, the clothes we wear are usually produced in other countries, while music by U.S. artists is heard by people in other countries, too. Some terrorist organizations have their own global networks. These are only a few examples of the how people in the United States are increasingly connected to people and countries around the world. Other examples can be seen when an American company hires workers in India to handle its technology support program, or in the proliferation and rising prominence of international organizations such as the United Nations, the World Bank, the World Trade Organization, and the International Monetary Fund, which were founded to deal with global problems including peace and security, economic growth and development, the environment, health, and international trade.

What is globalization, exactly? Nobel prize-winning economist Joseph Stiglitz defined globalization as “the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.”¹ Over the past 50 years, the exponential growth of technology—primarily computer and communication technologies—has improved the ability of people and firms in all countries to access knowledge and to build links with people and firms in other parts of the world. Computers and other technologies have also reduced transportation costs, making it less expensive to import or export goods and services. This has led to dramatic increases in international trade and improved standards of living for millions of people.

Despite that, there are outspoken opponents of globalization. One key issue that divides supporters and opponents of globalization is the role it plays in causing or curing global poverty. Advocates of globalization want to continue to increase international trade and reduce trade barriers, such as tariffs and quotas, because they believe that offers a better chance for promoting economic growth in the developing nations of the world. Opponents claim that, instead, international trade and free markets have been a major cause of increased poverty and growing income inequality in developing nations. Here are two quotations that characterize this part of the debate:

"Globalization, then, is growth-promoting. Growth, in turn, reduces poverty. ...(T)he liberalization of international transactions is good for freedom and prosperity. The anti-liberal critique is wrong: marginalization is in large part caused by not enough rather than too much globalization." (Dr. Razeen Sally, London School of Economics)²

"While globalization has led to benefits for some, it has not led to benefits for all. The benefits appear to have gone to those who already have the most, while many of the poorest have failed to benefit fully and some have even been made poorer." (Duncan Green, Policy Analyst at the Catholic Aid Agency for England and Wales; and Claire Melamed, Head of Trade Policy, Christian Aid)³

¹ Joseph Stiglitz, *Globalization and Its Discontents*. W.W. Norton and Company, New York, NY: 2003.

² Razeen Sally, “Rival visions of globalisation - anything new after September 11th?” *Global Dimensions: London School of Economics*, accessed at

(<http://www.lse.ac.uk/collections/globalDimensions/research/rivalVisionsOfGlobalisation/>) on September 26, 2005.

³ “A Human Development Approach to Globalisation”

(<http://www.cafod.org.uk/archive/policy/polhumdevglobfull.shtml>)

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Questions:

1. Which author(s) supports globalization, and why does he or she support it?
2. Which author(s) opposes globalization, and why does he or she oppose it?
3. List two ways that globalization has affected your life.

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Activity 2 (continued)

Setting (read by the Narrator):

New York City, near Wall Street. The World Trade Organization is meeting to discuss a new round of trade agreements, despite another round of protests from those who oppose globalism, and especially the expansion of free trade between the nations of the world. Protesters are lined up on either side of Wall Street, held back by barricades and police officers, including some on horseback. The police are there to keep Wall Street, the street that represents the heart of the U.S. and world financial network, open for business. Two reporters from a New York radio station are also walking the street, looking for a story and trying to understand what the debate is all about. Both reporters would admit, if asked, to knowing very little about the issues that so many of the protesters obviously feel strongly about. The reporters' job is to conduct live interviews with several protesters during the noon news show. The news show is hosted in the studio by the radio station's news director, who has decided to make this the top news story of the day. Because it is the lunch hour, many of the people who work in the financial district—traders, managers, and secretaries—will also be on the street, adding to an already chaotic situation. It's almost time for the live broadcast to begin.

Sue Henry, news director: ...(in a quiet voice) Ok, we are live in 3, 2, 1...(in regular voice) Welcome to WTRD, I am Sue Henry, your host for *Noon Magazine*, a show that focuses on one key story unfolding in our great city each day, with expanded live news coverage. Today's story is on the protests on Wall Street. The World Trade Organization is holding meetings in New York this week, and thousands of protesters have lined the street, chanting and singing. For more background we go to one of our reporters in the field, David Richards...David?

David Richards: Yes, Sue, I am here on a very crowded Wall Street with protesters chanting all around me...

Group of Protesters: People before profits! People before profits! People before profits!

David Richards: Many of these folks are against the growth of global free trade. They believe unfettered, so-called *laissez faire*, free trade, is to blame for increases in poverty, income inequality, and environmental damage in recent decades. They claim that the elimination of tariffs and other barriers to trade have simply allowed large, multinational corporations to move into and exploit developing nations, while hurting many U.S. workers and families, too.

Sue Henry: Thanks, David, stay close by...now we turn to Abbe Smith, also on Wall Street, but a bit closer to the New York Stock Exchange. Abbe, what can you add?

Abbe Smith: Sue, the other side of this global debate—you might call them free-trade advocates—argues that opening up markets and international borders to free trade has had all kinds of benefits for developing nations, as well as the United States and other industrialized nations. They cite data showing increased life expectancy, increased literacy, more political freedom, and a reduction in the proportion of people living on less than \$1.00 per day in the developing nations.

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Sue Henry: David and Abbe, will you walk through the protesters there and see if you can get some interviews?

David Richards: I will, but it might be hard to hear over this shouting...

Group of Protesters: Capitalism? No thanks! We'll shut down your banks! Capitalism? No thanks! We'll shut down your banks!

David Richards: Ma'am, I'm from WTRD radio. Could I ask you why you are here?

Protester 1 (wearing a "No More Sweatshops" T-shirt): The unbridled expansion of capitalism and free trade has allowed large, multinational companies to exploit developing countries, and especially their poorest citizens who are often forced to work for less than \$1.00 day.

Protester 2: That's right...once the borders of developing countries are open, big corporations can move in and set up factories. Many of the factories set up by these big companies are sweatshops—dirty, dangerous, and the pay is awful. We are here protesting for a 'living wage' for all foreign employees of U.S. corporations.

David Richards: These two people who don't look like protesters were walking by and shaking their heads at what you said. Let's see what they have to say.

Manager 1 (works for a large corporation; is on her way to lunch with a friend, Manager 2): I've been listening for the last few minutes and I want to correct some common misconceptions about globalization and large corporations. Evidence shows that the proportion of people living on \$1.00 per day or less has decreased by 50% in the last 20 years, which was a period of rapid world economic growth, largely *because* of international trade. And the percentage of people who are malnourished has dropped from 56% in the 1960s to only 10% today. Again, during a period of global economic growth, fueled by trade.

Protester 1: I don't know about all these numbers, but I do know that the world's poor make our shirts and our shoes and get paid less than one-twentieth what U.S. workers make...

Manager 2: ...but its not just about a simple comparison of wages. You have to ask about standards of living with and without investment by international firms. If a person making \$ 0.50 an hour is making 2 to 3 times what she could make otherwise, isn't she better off?

Protester 3 (overhearing the conversation): Better off compared to whom, Bill Gates? To the Walton family? In Bangladesh, workers make shirts for large U.S. companies. Most are women who regularly work 14-hour days and sometimes even longer. Most make 11 cents to 17 cents an hour, hardly enough to support themselves, much less a family.

Manager 1: Look, our corporation has a factory in Vietnam. Last year our factory there paid 2 times the local wage. That was a big step up for those workers, and it made sense for us, too, because it meant we could get the most productive local workers.

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David Richards: Sue, this debate continues, but I am going to kick it back to you, because I know you want to get Abbe on the air...

Sue Henry: Thanks David. You know, in preparation for this show, I read a study by two economists that found that the more free and open to trade a country is, the lower its United Nations' Poverty Index. More trade, less poor...Interesting...we'll see if Abbe can shed some light on this question...Abbe?

Abbe Smith: Thanks Sue...

Group of Protesters: Teamsters and turtles...together at last! No, No, No, Don't Ship Our Jobs to Mexico! Teamsters and turtles...together at last! No, No, No, Don't Ship Our Jobs to Mexico!

Abbe Smith: As you can hear, the protesters on this side of Wall Street are opposed to 'outsourcing' American jobs. Sir, what brings you here today?

Union representative: I'm tired of these large, unfeeling corporations sending our good paying manufacturing jobs overseas to some factory where workers make \$1.50 an hour...That's what's happening in the textile industry, the steel industry, and the auto industry, too. These are industries that built America and now our jobs are going to China or Mexico...

Information technology (IT) employee: That's right, in my company we just started outsourcing our tech support to India...Employees in India make only one-eighth of what we do here in the U.S....I heard more than 2,500 U.S. companies have sent jobs overseas...

Union rep.: ...that's right. And when all the manufacturing and technical jobs are gone to Mexico and India, we'll be a nation of short-order cooks, store clerks, and waitresses...not exactly a strong industrial base...

Economics student 1 (wandering by the conversation with Economics student 2): Wait a minute, you make it sound like the increase in global trade has led to these problems and that the U.S. is running out of jobs. I learned that people said the same thing in the 1960s and the 1980s—that we'd become a nation of burger flippers. That didn't happen. In fact, between 1993 and 2002, the U.S. added 18 million more jobs than it lost. High paying jobs in management and in specialized professions have grown by 20 million and now account for a third of all U.S. jobs...And only about 2% of the 15,000,000 American job losses each year are due to outsourcing.

IT employee:...My point exactly. We don't 'make' anything in this country any more, we 'manage' it...

Economics student 2: But industrial manufacturing climbed 93 percent between 1980 and 2003. We still make plenty of things, just not the things we aren't competitive at. For example, China now makes most of the world's T-shirts, while the U.S. makes most of the world's large commercial aircraft. We could take over the T-shirt industry, but at what cost—we'd have to use resources and workers from our aircraft, and other, industries. Is this what we really want?

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Union rep.: But how can we compete with countries that don't have child labor laws, don't enforce pollution controls, and don't have worker safety laws...Of course they will have an advantage over us. We can bring back our manufacturing jobs by only buying "made in America!"

Economics student 1: That's a popular view, and an old one—that we should just buy American and our manufacturing jobs will return. But we just read a study of the American automobile industry, and only 21% of the employees in the industry are actually employed in making the cars. More than three-quarters are in *service* industries like mechanics and sales people. These folks don't really care where the car is made...so long as it's sold and used in the U.S.! Service industries employ more and more people, in highly trained, professional jobs in medicine, law, and financial services, too—not just flipping burgers at McDonalds or selling things at stores in the malls, although those are still good jobs for a lot of people, too.

Abbe Smith: I'm sorry, but I need to send it back to Sue Henry. Before I do, I should add that in researching this story I read that the recent decline in manufacturing employment in the U.S. was due not to imports, but to the recent recession and increases in U.S. labor productivity. In fact, most economists believe that expanding overseas markets—through free trade—would be a shot in the arm for American manufacturing.

Sue Henry: Thanks Abbe...We now go to David Richards who has a delegate from the WTO with him...

Group of Protesters: Hey Hey, Ho Ho...the WTO has got to go! Hey Hey, Ho Ho...the WTO has got to go!

David Richards: That's right Sue, I am joined by Mr. Singh, a delegate to the WTO conference—and a few very loud protesters. First, Mr. Singh, can you tell us what the WTO does?

Mr. Singh: Thank you. The WTO is an international organization dealing with the rules of trade between nations. The WTO has nearly 150 nations as members, and the WTO agreements among all of these nations are designed to lower and eventually eliminate all trade barriers. Ultimately that helps people all over the world get more goods and services to consume at the lowest possible prices. But WTO agreements also help producers of goods and services, including both exporters and importers, operate their businesses more efficiently.

David Richards: Mr. Singh, the WTO has been accused of being a tool of the rich nations and corporations, dictating to the poor countries, destroying jobs, and ignoring the environment. How do you respond?

Mr. Singh: The WTO does not tell nations how to conduct their policies. We are member-driven, with member nations voluntarily agreeing to participate and negotiating new agreements every decade or so. We are not for free trade at all costs, but we do aggressively support the reduction of trade barriers. And our agreements have many elements that take the environment and development of poorer nations into account...

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Board member, Ox-Fam International (breathlessly...) Here he is...we were told a delegate was giving an interview here. Let me say that the WTO is hypocritical. They claim that they want free trade, lower trade barriers, and yet they allow the United States to have the largest set of trade barriers of any nation—its agricultural subsidies. By subsidizing the cost of producing a bushel of corn, for example, the U.S. government allows U.S. farmers to produce corn at a net cost—it actually costs the farmer more to *make* it than the price in the market. But the government subsidies make U.S. corn much cheaper than Mexican corn, for example. The same is true for cotton farming in the United States. Poor nations, such as Chad and Burkino Faso, can't compete with subsidized U.S. cotton prices, so they can't export cotton. That costs them millions of dollars every year. The WTO continues to allow the U.S. and other wealthy nations, including Japan and the E.U. nations, to keep these unfair advantages.

Mr. Singh: This is a difficult problem, but we have begun negotiating on this...the issue was discussed at the Doha Round of talks...

Retiree (from large U.S. corporation): Hold on there...I want to say something in support of the WTO. It's through the WTO-negotiated agreements that my former company was able to build and buy factories in several Asian and Southeast Asian countries. Because of this, thousands of local employees had jobs, and earned wages many times the local rate. For the first time, some communities in these countries had income they could use to build schools and houses. The company prospered, too, of course, and so did my retirement account, which is what I live on now!

David Richards: This is obviously a very complicated issue. Perhaps we could pick this up a little later. Sue, I'm sending it back to you...

Sue Henry: Thanks David, I've read that the free-trade agreements that developing countries sign with the WTO make them more accountable to the people in those countries, more democratic. Some economists claim that the more economic freedom a country has, the more likely it will have political freedom as well...Let's see who Abbe's with...

Group of Protesters: People and planet before profits, the earth is not for sale! People and planet before profits, the earth is not for sale!

Abbe Smith: Thanks Sue. I am here with an art professor who is also an art gallery owner. You have a unique perspective on globalization, don't you?

Art Gallery Owner: Yes I do. I have devoted my life to promoting art from other countries and cultures, and I am very concerned that globalization has come to mean simply 'exporting American culture' to the developing world. We are shipping American tastes in food, music, art, and commerce around the world! What happens is that local cultures—their artwork, their language, their music—get pushed out by the big loud American culture. The same thing happens when a 'big box' retail store moves into a small town in this country. The superstores crowd out the local 'mom and pop' stores, including little galleries like mine, because it's impossible to compete with the low prices at the giant stores...

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Wall Street floor trader (on her way back to the NYSE with a carryout lunch): ...I couldn't help but overhear this interview...let me get this straight. You're arguing against exporting lower priced, quality products to people in countries who want these products? It sounds like you are saying *you* know what's better for them than *they* do...

Art gallery owner:...No. I'm just saying that when local cultures have to compete with so-called American or western culture—you know, music, movies, media, and fashion from the U.S.—the local cultures are often lost, and that should not happen.

Floor trader (a bit agitated):...so you *are* saying that its better to keep the local culture, even if people would freely choose to drink American soft drinks or wear American-style jeans because they like the products, or because they are less expensive? It also sounds like you want to limit Americans' ability to buy lower cost products from the 'big box' stores you described, so that they would have to buy from 'mom and pop' stores, even if they have to pay more and have less to choose from...

Art gallery owner (a bit more agitated): ...yes, we are losing the local flavor of regional foods, for example, because everywhere you turn there's a fast food place driving small restaurants out of business, or some national coffee chain forcing the local cafe to close its doors...

Abbe Smith: Once again, it sounds like we won't resolve this today...Sue, get me out of here...

Sue Henry: Glad to help out Abbe. David, I think you have a pair of interested spectators, don't you?

Group of Protesters: IMF, World Bank, WTO...all three have got to go! IMF, World Bank, WTO...all three have got to go!

David Richards: Sue, I am here with not one, but two delegates to the United Nations. Both represent developing countries in the eastern hemisphere, and both have very different views of globalization. Sir, I wonder if you can explain your point of view?

UN delegate 1: I am happy to explain. I believe that global trade, and the growth it helps create, is the best hope for the developing world and nations such as mine. Studies have shown that economic growth is closely linked to free trade. In fact, the freer a nation's economy, the more growth one can expect, and growth is good for the very poor. For example, more than 200 million people in Asia escaped poverty in the 1990s.

UN Delegate 2: These statistics are misleading...growth does not provide a solution to all problems. It has been said that a 'rising tide lifts all boats,' meaning that growth raises the standard of living for all; but from 1960-1989 the income inequality ratio between the richest 20% and poorest 20% of the world population *increased* from 30 to 1 to 59 to 1. Globalization and trade have increased the gap between rich and poor nations.

UN Delegate 1: ...but if the poorest 20% are better off than they were before globalization, isn't that more important than how far behind other countries they are? In recent decades life expectancies in developing countries have increased from 41 years to 65 years. Of course this is still less than in the developed world, but that gap has closed greatly. You must also know that our own

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Secretary General Kofi Annan has said ‘Personally, I do not believe that those [poor] people are victims of globalization. Their problem is not that they are included in the global market but, in most cases, that they are excluded from it.’

David Richards: As you can see, even representatives of developing nations have differing views on globalization and free trade. Sue, I don’t think we can settle this here today...

Sue Henry: David, I have to agree with you there. What our program today does tell us is that this is a complex topic and both sides believe strongly that they are right. That makes it difficult to have a reasonable discussion of the issues. Our coverage today has at least shown why the question of globalization is so controversial. I believe we have summarized the issues fairly well here today, and I encourage our listeners to use what they have heard today to make better-informed decisions about their personal positions on the question of free trade and globalization.

Activity 3

Summarizing the Arguments in the Globalization Debate

Reviewing your copy of the script for the readers theater activity on protests at the WTO meetings in New York, indicate whether each of the following characters is for or against globalization, and briefly indicate the supporting evidence you used to make this determination. The first example is done for you.

Character	For/against globalization?	Supporting evidence
Protester 1	<i>Against</i>	<i>Wearing “No More Sweatshops” T-shirt; “most people live on less than \$1.00/day”</i>
Protester 2		
Manager 1		
Manager 2		
Protester 3		
Union representative		
IT employee		
Economics student 1		
Economics student 2		
Mr. Singh, WTO delegate		
Board member, Ox-Fam International		
Retiree		
Wall Street floor trader		

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Activity 3 (continued)

Art gallery owner		
UN delegate 1		
UN delegate 2		

Now use these character descriptions to list and briefly describe *at least four* key arguments used by each side in the debate over globalization.

Key arguments of those who support free trade and greater access to markets (globalists)	Key arguments of those who oppose free trade and greater access to markets (anti-globalists)
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.