We Created a Culture of Job Insecurity

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People around the globe are more connected to each other then ever before.

Information and money flow more quickly than ever. Goods and services produced in one part of the world are increasingly available in all parts of the world.

International travel is more frequent. International communication is commonplace.

This phenomenon has been titled "globalization," the economic tidal wave that is sweeping over the world. It can’t be stopped, and there will be winners and losers.

Before drawing any conclusions about the U.S. economy, I will try to summarize some of the general pros and cons of globalization.

The cons, or disadvantages, of globalization are:

1. “The general complaint about globalization is that it has made the rich richer while making the non-rich poorer. It is wonderful for managers and investors, but hell on workers and nature.”
2. Multinational corporations are accused of social injustice, unfair working conditions (including slave labor wages, living and working conditions), as well as lack of concern for environment, mismanagement of natural resources, and ecological damage..
3. Multinational corporations, which were previously restricted to commercial activities, are increasingly influencing political decisions. Many think there is

a threat of corporations ruling the world because they are gaining power, due to globalization.

4. Opponents of globalization say it makes it easier for rich companies to act with less accountability. They also claim that individual cultures are becoming overpowered by Americanization.
5. The anti-globalists also claim that globalization is not working for the majority of the world. “During the most recent period of rapid growth in global trade and investment, 1960 to 1998, inequality worsened both internationally and within countries. The UN Development Program reports that the richest 20 percent of the world's population consume 86 percent of the world's resources while the poorest 80 percent consume just 14 percent. “
6. Some experts think that globalization is also leading to the incursion of communicable diseases. Deadly diseases like HIV/AIDS are being spread by travelers to the remotest corners of the globe.
7. Globalization has led to exploitation of labor. Prisoners and child workers are used to work in inhumane conditions. Safety standards are ignored to produce cheap goods. There is also an increase in human trafficking.
8. Social welfare schemes or “safety nets” are under great pressure in developed countries because of deficits and other economic ramifications of globalization.
9. Multinational economic institutions, such as the World Trade Organization (WTO), the World Bank, and the International Monetary Fund, are viewed as the spearheads of economic globalization. Here are some examples:
    - “The WTO only serves the interests of Multinational Corporation and interested are only in the profit motive. According to anti-global activists, the WTO is not a democratic institution, because their rules are written by and for corporations with inside access to the negotiations. Citizen input by consumer, environmental, human rights and labor organizations is consistently ignored."
    - The WTO tramples over labor and human rights – “Potential solutions to labor and human rights abuses are blocked by the WTO, which has ruled that it is: 1) illegal for a government to ban a product based on the way it is produced (i.e. with child labor); and 2) governments cannot take into account the behavior of companies that do business with vicious dictatorship such as Burma.“
    - The WTO is the enemy of the environment – “The WTO calls hard-won environmental protections ‘barriers to trade,’ and uses corporations to dismantle them. “
    - The WTO is killing people on behalf of U.S. drug companies – It is trying to block developing countries access to less expensive, generic, life-saving drugs. “For example, the South African government has been threatened with a WTO challenge over proposed national health laws that would encourage the use of generic drugs.”
    - The WTO undermines national sovereignty – “WTO has a supranational court system with the power to economically sanction countries to comply with its rulings. For the past nine years, the European Union has banned beef raised with artificial growth

hormones. The WTO recently ruled that this public health law is a barrier to trade and should be abolished. The EU has to rollback its ban or pay stiff penalties."

Globalization: There is a Positive Side

Supporters of globalization argue that it has the potential to make this world a better place to live in and solve some of the deep-seated problems like unemployment and poverty. The marginal are getting a chance to exhibit in the world market.

Arguments for globalization:

1. "The proponents of global free trade say that it promotes global economic growth; creates jobs, makes companies more competitive, and lowers prices for consumers. It also provides poor countries, through infusions of foreign capital and technology, with the chance to develop economically and by spreading prosperity, creates the conditions in which democracy and respect for human rights may flourish. "
2. According to libertarians, globalization will help us to raise the global economy only when the involved power blocks have mutual trust and respect for each other's opinion. Globalization and democracy should go hand in hand. It should be pure business with no colonialist designs.
3. Now there is a worldwide market for the companies and for the people and there is more access to products of different countries.
4. Gradually there is a world power that is being created instead of compartmentalized power sectors. Politics is merging and decisions that are being taken are actually beneficial for people all over the world.
5. There is more influx of information between two countries, which do not have anything in common between them.
6. There is cultural intermingling and each country is learning more about other cultures.
7. Since we share financial interests, corporations and governments are trying to sort out ecological problems for each other.
8. Socially we have become more open and tolerant towards each other and people who live in the other part of the world are not considered aliens.
9. Most people see speedy travel, mass communications and quick dissemination of information through the Internet as benefits of globalization.

What about the American Economy

What is good for third world countries, like Kenya, or countries with tremendous growth, like China, may not be good for America. America has been outsourcing both manufacturing and white collar jobs [1].

Since 1980, American manufacturing has lost some 6 million jobs and has shrunk from a high of 29 percent of GDP in 1950 to 11percent of GDP today.

This has happened because manufacturing work is outsourced to developing nations like China where the cost of manufacturing goods and wages are lower.

In the service industries high paying jobs, like programmers, editors, scientists, accountants and medical technicians have lost their jobs due to outsourcing to cheaper locations like India. This also includes customer support, marketing, insurance and just about any job that can be done over the internet. If you lose a manufacturing or a professional service job the alternative is to take a lower paying service job.

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Economists say that American consumers gain from wider choice of products and lower prices associated with open trade. This gain, when combined with gains to workers employed in export-generating sectors, is supposed to more than offset losses to workers employed in import-competing sectors.

But, the trade deficit keeps getting bigger with twice as many imports as exports, and median wages have not been growing. In addition, the trade deficit is being kept artificially high by Asian countries by manipulating their currencies by 20 to 40 percent — and the dollar value continues to fall. In the long run, the low priced imported goods will not offset the loss of many family wage jobs.

Proponents also see U.S. corporations building factories in other countries — equally well-equipped as plants in their own country — as a good thing. However, this also means transferring our technologies and much of the R&D along with the products.

I would argue that giving our foreign competitors access to our technologies, research and development will cripple our manufacturing sector permanently. We are playing right into the hands of our biggest competitor (China), when we really should be doing everything in our power to not give them any advantage over us.

For America, the biggest single negative will be the continued shrinking of our manufacturing.

By outsourcing our plants and technologies we will lose the very factor that has made America great – innovation. In his report "Securing America's Manufacturing Base [2]," Joel Popkin says, "Manufacturing's innovation process is the key to past, present, and future prosperity and higher living standards. The intricate process starts with an idea for a new product or process, prompting investments in research and development. R&D successes lead to investments in capital equipment and workers, and to 'spillovers' that benefit manufacturing and other sectors. This process not only generates new products and processes, but also leads to well-paying jobs, increased productivity, and competitive pricing. Yet while this process

produces wealth and higher living standards, most of it is hidden from view and poorly understood."

As manufacturing continues to decline, so does our ability to innovate.

In the long term this means fewer well paid jobs, lower productivity, declining wages, declining living standards and low economic growth.

Globalization is a big part of this decline and will affect all jobs and all sectors of the economy. From the point of view of multi-national corporations and Wall Street Investors, globalization is probably viewed as a wonderful phenomenon with many opportunities.

But from the point of view of American manufacturers, manufacturing workers, the middle class, professional service workers and overall economic growth, I think the disadvantages far out weigh the advantages.

We can't do much to stop the tidal wave of globalization but we can enforce the trade laws, force the competition to play by the same rules, and stop giving our competitors the tools (technology and R& D) to ultimately win the global war [3].

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