

Benefits of globalisation

1. Free trade Free trade is a way for countries to exchange goods and resources. This means countries can specialise in producing goods where they have a comparative advantage (this means they can produce goods at a lower opportunity cost). When countries specialise there will be several gains from trade:

1. Lower prices for consumers
2. Greater choice of goods, e.g food imports enable a more extensive diet.
3. Bigger export markets for domestic manufacturers
4. Economies of scale through being able to specialise in certain goods
5. Greater competition

2. Free movement of labour

Increased labour migration gives advantages to both workers and recipient countries. If a country experiences high unemployment, there are increased opportunities to look for work elsewhere. This process of labour migration also helps reduce geographical inequality. This has been quite effective in the EU, with many Eastern European workers migrating west.

Also, it helps countries with [labour shortages](#) fill important posts. For example, the UK needed to recruit nurses from the far east to fill shortages.

- However, this issue is also quite controversial. Some are concerned that free movement of labour can cause excess pressure on housing and social services in some countries. Countries like the US have responded to this process by actively trying to prevent migrants from other countries.

See also: [free movement of labour](#)

3. Increased economies of scale

Production is increasingly specialised. Globalisation enables goods to be produced in different parts of the world. This greater specialisation enables lower average costs and lower prices for consumers.

4. Greater competition

Domestic monopolies used to be protected by a lack of competition. However, globalisation means that firms face greater competition from foreign firms.

5. Increased investment

Globalisation has also enabled increased levels of investment. It has made it easier for countries to attract short-term and long-term investment. Investment by multinational companies can play a big role in improving the economies of developing countries.

Costs of globalisation

1. Free trade can harm developing economies.

Developing countries often struggle to compete with developed countries, therefore it is argued free trade benefits developed countries more. There is an [infant industry argument](#) which says industries in developing countries need protection from free trade to be able to develop. However, developing countries are often harmed by tariff protection, that western economies have on agriculture. [Paradox of Free Trade](#)

2. Environmental costs

One problem of globalisation is that it has increased the use of non-renewable resources. It has also contributed to increased pollution and global warming. Firms can also outsource production to where environmental standards are less strict. However, arguably the problem is not so much globalisation as a failure to set satisfactory environmental standards.

3. Labour drain

Globalisation enables workers to move more freely. Therefore, some countries find it difficult to hold onto their best-skilled workers, who are attracted by higher wages elsewhere.

4. Less cultural diversity

Globalisation has led to increased economic and cultural hegemony. With globalisation there is arguably less cultural diversity; however, it is also led to more options for some people.

5. Tax competition and tax avoidance

Multinational companies like Amazon and Google, can set up offices in countries like Bermuda and Luxembourg with very low rates of corporation tax and then funnel their profits through these subsidiaries. This means they pay very little tax in the countries where they do most of their business. This means governments have to increase taxes on VAT and income tax. It is also seen as unfair competition for domestic firms who don't use same tax avoidance measures.

The greater mobility of capital means that countries have sought to encourage inward investment by offering the lowest corporation tax. (e.g. Ireland offers very low tax rate). This has encouraged lower corporation tax, which leads to higher forms of other tax. (see: [Tax competition](#))

Globalization as Americanization?

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Globalization and its major engines (growing human capital, free markets, increasing cross-border interaction) have created a new world order that has incited passionate debate, pro and con. In recent culture studies, one of the foremost explorations concerns the influence globalization has upon culture. In fact, one of the most common criticisms we hear about the globalization of today's world is that it is producing mainly one culture, it is destroying diversity, and it is bringing everyone into the same global culture. Academics usually regard global culture and American culture as synonymous and, thus, express serious concerns about their cultural distinctiveness. The United States dominates the current global traffic in information and ideas. American music, American movies, American television, and American software are so dominant, so sought after, and so visible that they are now available literally everywhere on Earth. They influence the tastes, lives, and aspirations of virtually every nation. But how "American" is American culture? Has not the US been as much a consumer of foreign cultural influences as it has been a shaper of the world's entertainment and taste? Has not the US been a recipient as much as an exporter of global culture? The impact of globalization on culture and the impact of culture on globalization deserve discussion. Therefore, this article tries to assess the global impact of American culture.

With the development of the satellite dish and more recently, the Internet, distance no longer seems a limiting factor for the flow of culture. Common global norms about conduct, consumption standards and cultural practices are spreading everywhere. People regard global culture and American culture as one and the same. In fact, in the dark shadow of globalization, the most widely held description of culture is that of homogenization; the convergence toward a common set of cultural traits and practices. Those who consider culture to be persistently directed toward homogenization hold the belief that the so-called global culture follows the global economy, and this has led to such phrases as "Coca-colonization" and "McDonaldization".

The notion of "McDonaldization" refers to the worldwide homogenization of societies through the impact of multinational corporations. McDonaldization is viewed as Americanization of the entire globe.¹ Essentially, uncomfortable with the global impact of American culture, critics insist that Hollywood, McDonald's, Kentucky Fried Chicken, Coca-Cola, Nike, Levis,

Disneyland and, more recently, Yahoo!, Microsoft, Google, and Motorola are eradicating regional and local eccentricities. Anti-globalism activists often depict the McDonald's, Disney, and Coca-Cola corporations as agents of globalism or cultural imperialism. According to this view of world power the control of culture is seen as far more important than the control of political and geographic borders. Due to the perceived threat of Americanization and that of the transnational corporation, fears exist that a homogenization will wipe out national distinctiveness. Accordingly, Europeans, Latin Americans, and Arabs, left-wingers and right dread that local cultures and national identities are dissolving into an unsound Americanism. These critics maintain that globalization is nothing more than the imposition of American culture on the entire world via industries like the film industry which is dominated by Hollywood.

The case for and against greater regionalism

More Regionalism	Less Regionalism
Countries desire to be members of regional blocs like the EU. They are queuing up to be members of the EU	The UK chose to leave the EU
Many regional institutions such as ASEAN integrate not only the economy but also political, social and cultural ties	ASEAN has not been bold enough in taking action over human rights abuses
One regional institution, the Arab League has been very critical of Syria and has suspended its membership	Beyond strong rhetoric, the Arab League has achieved very little in the Syrian civil war
Even with Brexit, there will still be trade between the UK & EU	Trade deals do not always bring universal benefits, Trump was elected and was very critical of NAFTA
Problems which led to the formation of the EU have not gone away, e.g security and climate change	There is strong support within individual nations to 'take control' of their own problems
A revival of fears of countries like China and Russia fuel the need to have 'friends' on the international stage	There is a strong perception that regionalism benefits the rich and powerful but not the ordinary person
What alternatives are there? Isolationism?	Co-operation does not have to be achieved by giving up sovereignty