

Akanshka, Malhotra

(NALSAR University of Law, Hyderabad (India))

Globalization – a sin or boom ?

INTRODUCTION

In economical prospects globalisation would be *process of homogenizing prices, products, wages, rates of interest and profits.*ⁱ Globalization, if executed fairly has many positive angles, as it brings efficiencies and dependency of resources of countries for the *benefit of all instead of one* which otherwise had potential of cutting down other from the map. ⁱⁱ Basically leads to exchange of ideas knowledge and cultures between different countries. This leads to *increased economic productivity* by efficient *allocation of resources* and achievement of interdependence for products not produced by one country to another and this increases comparative advantage of one country over other for goods and services in which other country specialize, so that benefits are globally enjoyed.

Hirst and Thomson claims that the world economy is not truly global phenomenon, but one centered on Europe, East Asia, and North America. ⁱⁱⁱ Policies adopted tend to benefit neo-liberal interests, where the rich become richer and *developed nations make decisions as to what other counties should do*. Let's see this issue in the course of the paper whether the process of globalization is actually hampering the growth opportunities of nations equally or is acting as a drawback in the global economy.

Now of the benefits promised by globalization, let's examine its adverse effects on varying fields of human life:-

LABOUR MARKETS: - Multinational Companies existent for the reason of availability of cheap labour for production steps back when it comes to obeying the law of the country, as they stress more on production than safety of labourers. And if the safety provisions are not provided to the industrial sector in democratic countries, workers strike and demands lead to shortage of goods and consequent increase in prices, and present *inflanatory conditions* and this rise in prices are blamed on Government and

passed on to the consumers in the guise of administered prices and taxes.

Labour should have access to the *decision making process*. And the conditions must be fulfilled in their favor to make labour market adjustments possible. In phenomenon of Developing countries following *market reforms* must be considered:-

- *Social Policies* along with wage and non-wage compensations.
- Labour to be *given access to government's decision* on economic matters.

Many countries do provide social benefits to the organized workers but *such cannot be afforded by the small countries*, and hence workers are left ignored.^{iv}

MIGRATION OF HUMAN RESOURCES:- India has presently developed a good base for IT sector and global corporate, but however *brain drain* due to attractive wage scale and employment opportunities and non-wage benefits like promotions and trainings is restricting the application of their potential which could help in the development of the nation. These benefits and employment variability of an employee is not provided in non foreign firms, is also a key factor of negative effects of globalisation. ^v

ENVIRONMENTAL DAMAGE:- Many Multinationals are now shifting their production to third world countries and keeping their own services in the parent country, reason being that *their countries doesn't permit pollution beyond a limit*. Technological advances of industry, energy systems and agricultural methods adopted have irreversible damage to the environment. Global warming is the result of higher gas emissions around the world, Climatic change only leads to drought or floods, of which the *poorest of countries are hit the most*.^{vi} WTO regulations, hinders National laws to protect their environment, e.g. in 1996 Venezuela was discriminated by U.S. *Clean Air Act* which required foreign gasoline sold in the US not to be contaminated more than the average allowed by the US government itself, U.S was held to be taking undue advantage of the regulations. And also where Japan was forced to lift its import ban on certain fruits which bore dangerous insects (taken by WTO as restrictive trade practices), for which it had to use more harmful pesticides to get rid of their effects later.^{vii} It can be suggested to have:-

- Increased *UNEP's role in awareness* about the rapid unchecked industrialization, and its effects on the environment. *Global consensus for marginalizing such defaulters should emerge.*
- An effective *implementation of Agenda 21 of Rio declaration* must be considered by constituting effective bodies.^{viii}

GLOBALIZATION AND CRIME: - Organized crimes have taken toll in globalisation for instance *drug trafficking, arms smuggling, computer crimes and money laundering acts*. September 11, attack would be a good example of terrorism spread.^{ix} Though no weapons of mass destruction were found in Iraq or any links of Saddam Hussein in Sept.11, 2001 attack, Bush intelligence still lodged unnecessary war which took toll of lives. US led occupation won't provide peace and stability to Iraqi people, and take away their human rights to live freely without fear of war.^x

But the answer to this problem doesn't lie in complete isolation of a country but *greater international cooperation* to fight the forces of terror. ^{xi}As war has always been the destructive way of solving the disputes so the efforts must be to lower the chances of such mass destruction.

ACCESSIBILITY OF MEDICINES: - The pharmaceutical industry in India has benefited itself and other countries from produce which is costlier in the developed countries due to it being patented. The *Transitional regime* under *TRIPS agreement* made India a reliable supplier of affordable medicines to poor countries. New inventions always enable greater accessibility and transferability of knowledge around the globe. But patenting of traditional Indian knowledge by MNC's (Multinational Corporations) and other organizations would lead to deteriorating effect, and prevents the accessibility of knowledge to other countries.

Bilateral agreements are being pushed up by Bush administration, leading to worsen the poverty conditions in the countries. This can be seen by *TRIPS patent impositions on Uruguay* imposed by America's pharmaceutical industries, *restricted the generic imitations of drug* made some medicines unaffordable in developing countries. Protests were held on which Uruguay was allowed to produce generic drugs *only during the time of epidemic or emergency*. On this, Commission's report presented that epidemic is not important to have concerns for one's life, as life mustn't be

made the part of epidemic^{xii}, and the accessibility of life saving drugs must not be hindered.

ROLE OF WTO: - WTO plays an important role in international trade. Take a situation where a nation engaged merely in production, opts for building an industry for manufacturing activities which requires investment of capital, if the government provides for subsidies for a short span till it becomes efficient enough to compete with world market would be illegal in terms of current proposal of WTO rules, as a result of this restriction non-developed nations might never be able to compete with the secondary and tertiary markets in world.^{xiii} This reflects how the development is hindered by the policies opted by the proposals of developed countries.

CONCLUSION: - Though open economy gives one country access to goods and services that it doesn't produce, but the current situation needs rules for trade and economic co-operation to reduce poverty and improve *health and equitable development*.

Role of media must be focused on raising awareness on *importance of sustainable production*. Government must provide *incentives and technical assistance* to industries for adopting *energy efficient technologies*, as the capital and resources used by the corporation to achieve their aims are least concerned about the environment, avoiding sustainable development. Whether government intervention serves as a safety net, or worsens the impact of globalisation is another mystery. Recently, International Labour Conference (ILC) called upon governments and passed *resolution on social security* for an *insurance scheme* for providing basic *finance assistance* to retrenched workers till they find any alternative employment. Also, it insisted that Central and State Governments should look into the labour problems more efficiently.^{xiv}

Global Political system like *IMF and the world bank* must be made more *transparent in their functioning*, and its voting structure must be changed. The increasing gap between high and low income countries could be that low income countries have not been able to *integrate with the global economy as quick as others* due to the policies adopted by the high income countries to further their own interests. The aim of the rule must be that all countries must gain from negotiations in areas which are important to them.^{xv}

International finance and trade system must provide an aid to help the poor countries so as to integrate them into world's economy and reduce poverty; this will help people across the globe to enjoy the benefits of globalization better.

ENDNOTES

- i 'Globalization; the new Market Ideology', 'Manfred B. Steger', 1st. ed., 2004. Rawat Publications, Jaipur.
- ii Article on advantages of globalisation on Yaleglobal forums, <https://forums.yaleglobal.yale.edu/thread.jsp?forum=15&thread=290>
- iii 'Globalization; the new Market Ideology', 'Manfred B. Steger', 1st. ed., 2004, Rawat Publications, Jaipur.
- iv 'Globalisation and Labour', 'Ronaldo Munck', 2002, Madhyam Books, Delhi.
- v Paper by Mr. TCA Srinivasa Raghvan on "Globalization's joys and pains in October 24, 2003, where he discusses the about the conditions of the workers in globalize firms, and the benefits enjoyed by them.
<http://inhome.rediff.com/money/2003/oct/24guest.htm>
- vi Presentation by the state secretary Elisabeth, Norwegian Ministry of Foreign Affairs, on the topic "Globalisation and sustainable development" in Federation of Indian Chambers Commerce and Industry/ Tata Energy Research Institute, in Green 2002 Agenda for Industry.
http://www.cleantechindia.com/green2002/State_Secretary_Tronst_ad.htm
- vii An article on comparative advantage and globalization, <http://www.soc.iastate.edu/sapp/Global235.html>
- viii Presentation by the state secretary Elisabeth, Norwegian Ministry of Foreign Affairs, on the topic "Globalisation and sustainable development" in Federation of Indian Chambers Commerce and Industry/ Tata Energy Research Institute, in Green 2002 Agenda for Industry.
http://www.cleantechindia.com/green2002/State_Secretary_Tronst_ad.htm
- ix Ibid.
- x Global exchange programme united for peace and justice by activists outside the U.S, joined to say yes to International Law,

Human rights and respect the planet, striving to achieve the same.
<http://www.globalexchange.org/countries/mideast/iraq/>

^{xi}http://www.cleantechindia.com/green2002/State_Secretary_Tronstad.htm

^{xii} Paper written reflecting the destructive effects of globalisation and the irresponsible nature of Bush administration, titled as “Destructive effects of Globalisation”,
<http://www.buzzle.com/editorials/3-11-2004-51585.asp>

^{xiii} An article on comparative advantage and globalization,<http://www.soc.iastate.edu/sapp/Global235.html>

^{xiv} Paper on ILC calls for serious handling of adverse effects of globalisation, and the emphasis laid on sill up gradation to reduce redundancy.

<http://pib.nic.in/archieve/lreleng/1yr2001/rmay2001/19052001/r190520013.html>

^{xv} Article by IMF Staff on “Globalization: Threat or opportunity?” in April 12, 2000.

<http://www.imf.org/external/np/exr/ib/2000/041200.htm>