# The Pros and Cons of a Global Economy

## The Good and Bad

So there are good and bad sides. The opening of trade so that people are able to exchange with each other is a good thing: welcoming all the nations of the world into the trade practices that, frankly, the West have been benefiting from by trading with each other for centuries. Now everybody in the world, or almost everybody in the world, has the opportunity to trade and have access to our markets and we have access to their markets. And that benefits both sides because when I sell something to you and you buy it from me, I benefit from doing that. I value the money more than I value the product I’m sending you. But you’re buying because you value the product more than you value the money. So we both benefit. And the expansion of markets has created an enormous explosion of wealth-creation simply by allowing us to engage in these beneficial exchanges.

On the other hand, opening trade around the world requires the creation of a lot of new structures like the World Trade Organization and The International Monetary Fund. We could make an alphabet soup list of these organizations. Because they’re global transnational organizations, it’s not clear whom they answer to and it’s not clear what moral framework they use or what moral framework they’re supposed to use when they make decisions. It’s very difficult for anybody to hold them accountable for what they do and this naturally creates all kinds of problems.

This new world has created tremendous benefits by allowing people to connect with each other across what used to be insurmountable barriers of national difference and distance. At the same time it’s created some very difficult political challenges in holding these structures accountable. I think we haven’t yet figured out what is a long term solution for that problem.

# 12 Economic Globalization Pros and Cons

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The trend of economic globalization has some definite advantages, but there are some disadvantages that must be considered as well so that as the world grows even smaller, the economic opportunities continue to grow larger.

### What Are the Pros of Economic Globalization?

1. It promotes local growth by stimulating overall growth.
Multinational businesses spend through national businesses. National businesses spend through local businesses. Local businesses provide jobs and dollars to their community.

2. It would create higher levels of mutual trust.
The only way business opportunities can grow is if different people are able to trust one another. Different corners of the world have different opinions as to what equates to right or wrong. By working together and learning from the different opinions that people have, the colonial aspects of a growing business empire can be reduced because people will be working with other people to lift each other up.

3. A global community requires a global economy.
Goods and services are already being purchased from a global perspective. A worldwide market exists online thanks to a number of sites that allow individuals to market their goods or services to anyone who has access to a computer or mobile device. This means that someone with a home computer and a broadband hook-up can be just as competitive as the large multinational corporation when it comes to the initial first impression.

4. It forces us all to share financial considerations.
Instead of having segmented pots of cash that are used for personal needs, economic globalization creates one big pile of cash that can be used for the benefit of all. There will always be local spending that happens, but the emphasis will shift to helping meet the world’s needs first instead of meeting national needs first from a business perspective once true globalization occurs.

5. It gives undeveloped countries a chance to join the developed world.
Many countries are struggling to keep pace with the global changes that are happening today. Economic globalization would undoubtedly bring about a new wave of outsourcing, bringing in new revenues to nations that could use a burst of cash to work on their infrastructure and other internal needs.

6. New innovations would create new technologies in a number of fields.
If a global audience needs to be reached for true business success, then many companies will need to focus on investment and innovation to make that happen. Whenever innovation happens, new technologies in a number of different fields happen as well. The end result is a better standard of living for everyone involved with the development process.

### What Are the Cons of Economic Globalization?

1. It gives businesses more power to influence civil government.
As businesses grow in wealth, they have the ability to better influence political elections. They can lobby for laws that benefit their company because of their cash flow. In the past, foreign companies were restricted from influencing domestic elections, but recent rulings from the US Supreme Court and other legal entities have made it so businesses have more power than ever before.

2. It removes the emphasis of local cultures.
There is no doubt that the American business revolution is taking over the lead role on economic globalization. There are other multinational companies that exist in Europe, the APAC region, and the Middle East, but is the US that dominates the business world. This means as globalization continues, the emphasis on local culture will be extinguished.

3. It encourages the development and spreading of disease.
Having a globalized economy means that there will be more people travelling internationally than ever before. As the 2014 ebola outbreak showed, an illness can spread quickly when people hop onto airplanes and can travel anywhere in the world in 2 days or less. With more people doing this, more diseases are going to spread into places of the world where they generally aren’t seen today.

4. Most of the world gets ignored in economic globalization.
The richest 20% of the world is believed to consume about 85% of the world’s total resources. That means as the world grows smaller, the undeveloped world is just going to be left behind.

5. Worker exploitation would likely increase.
Because economic globalization is ultimately a quest for bigger profits, there will be a need to exploit the workers in undeveloped nations. Why pay someone $20 per hour to fabricate parts when a worker can be paid $0.25 per hour instead? Most of the workers in the world today live on just $2 or less in daily wages. That will continue to increase as this becomes a business world.

6. **There will no longer be any room for growth**
If jobs are being outsourced in a global economy, then eventually a global maximum output is going to be achieved. There will no longer be any room for growth. That means outsourced jobs will create unemployment and possible poverty in developed nations, switching who holds the power in the global economy. Businesses don’t care about borders. They care about profits. The ideas of social welfare or benefit programs could completely cease to exist.

The economic globalization pros and cons show that we would need laws in place to govern and monitor business actions. If a business has more control than a government does from a global perspective, then how the world is governed could become very different. By weighing these pros and cons, we can all take the right path toward globalization that benefits everyone.

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