

The Relative Winners and Losers of Globalization

Globalization is not a recent phenomenon. Its impact on human society has been experienced for generations of humankind, albeit of varying magnitude. There is a general consensus that the effects of globalization, both positive and negative, are not felt equally across the globe thus creating relative winners and losers. That is, various nations, regions within nations, and individuals benefit more on a relative basis from humankind becoming more interconnected than others. This paper will analyze the winners and losers of globalization in our modern era, the period of the last decade or so in which the pace of globalization has reached unprecedented levels. In essence, in our modern era, the effects of increased international trade, technological advancement, and environmental damage as a result of globalization are not felt equally among nations and individuals and therefore produce relative winners and losers.

While economic globalization through international trade makes all participants better off as a whole, not all benefits are equally distributed creating relative winners and losers. The effects of globalization on a nation and its constituents is based on how economically interactive this nation is with the rest of the world. This level of interaction can be measured based on a nation's "openness" to trade: the sum of its exports and imports, and its direct foreign investment (FDI) as a share of its GDP.¹ Since the turn of the century, income and wealth inequality across nations has decreased as a result of rapid economic growth experienced by emerging economies such as post-communist countries and Latin America.² In this sense, we can view these emerging economies as relative winners of modern financial globalization. However, in the last forty years, there has been an average annual increase of 0.45 in the Gini coefficient, suggesting a growing spread of inequality *within* nations. The Gini coefficient measures wealth and income inequality within nations: lower values represent more evenly distributed income across a population and higher values represent more inequality.³ This inequality is a result of international trade and foreign direct investment benefiting those in export-oriented or investment-receiving sectors, the relative winners, more than those not as much connected in financial globalization, primarily in non-industrial sectors - the relative losers.⁴ This provides an explanation for the growing income inequality between cities, the institutions of financial globalization, and the country sides within nations.⁵ Thus, globalization produces relative winners and losers in economic standing on international, interregional, and individual levels, blurring the distinction between net winners and losers as an individual can be experiencing income growth greater than the mean of their country, but smaller than the mean of other countries.

¹ Milanovic, Branko. "Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys." *The World Bank Economic Review*, vol. 19, no. 1, 2005, pp. 25

² Guillén, Mauro F., and Emilio Ontiveros. *Global Turning Points: The Challenges for Business and Society in the 21st Century*. 2nd ed., Cambridge University Press, 2016. pp. 76

³ Guillén, Mauro F., and Emilio Ontiveros. pp. 77

⁴ Guillén, Mauro F., and Emilio Ontiveros. pp. 85

⁵ Guillén, Mauro F., and Emilio Ontiveros. pp. 84

Globalization has resulted in sweeping industrial and informational technological advancement which has produced winners and losers in a variety of ways. Advances in industrial technology since the industrial revolution has drastically changed the nature of the labor market. This new technology has created a “skills gap” as it decreases the demand for low-skill jobs, which are increasingly being replaced with automation, and favors high-skill workers.⁶ This adverse effect is felt particularly by low skill workers in nations with an abundant supply of skilled labor.⁷ In these developed nations, not only is automation more prevalent, but low skill workers also must compete with their international counterparts. While industrial technology growth has had an economic impact on the lives of individuals, the advancement of information technology has a more cultural, and even political impact. To understand this impact, it is important to first acknowledge that globalization is an ideology linked with neoliberalism. As Guillen explains, “the term is linked to cross-border advocacy networks and organizations defending human rights, women’s rights, or world peace.”⁸ In this sense, the growth of information technology, namely the internet, has allowed for the neoliberalizing aspect of globalization to have a bigger reach. Thus, marginalized groups, particularly of gender, race, and religion, can be seen as relative winners. For example, in the 21st century, women’s education, representation in the workforce, and presence in political decision making have all increased.⁹ Furthermore, also a result of information technology, “there has been a decrease in inequality in terms of education, knowledge, and other human development variables.”¹⁰ The relative losers of such trends can be viewed as those in support of conservative, traditional ideologies which are being challenged by globalization’s liberalizing ideologies and information technology. Though information technology tends to promote equality with regard to rights and development variables, it also contributes to inequality as explained by dependency theory. As explained by Guillen and Suarez, developing countries are dependent on the developed countries for technologies and access to information which leads to unequal power relations between core and periphery countries.¹¹ Just like technology distribution follows a core to periphery pattern, dissemination of information through information technology follows the same pattern giving developed nations an advantage. In essence, as more minds have work collectively in the process of globalization, technological innovations are on the rise which impacts all aspects of human life, both negatively and positively.

The continual increase of world population, industrial activity, and consumption habits have exponentially growing adverse effects on the environment, the burden of which is not felt equally across the globe. As a result of rampant deforestation and the flooding of our atmosphere with greenhouse gasses, global temperatures have already risen by one degree Fahrenheit and could climb an additional 5.3 degrees by 2100 given the same emission rates.¹²

⁶ Guillén, Mauro F., and Emilio Ontiveros. pp. 79

⁷ Milanovic, Branko. pp. 22

⁸ Guillén, Mauro F. “Is Globalization Civilizing, Destructive or Feeble? A Critique of Five Key Debates in the Social Science Literature.” *Annual Review of Sociology*, vol. 27, 2001, pp. 236.

⁹ Guillén, Mauro F., and Emilio Ontiveros. pp. 86

¹⁰ Guillén, Mauro F., and Emilio Ontiveros. pp. 81

¹¹ Guillén, Mauro F., and Sandra L. Suárez. “Explaining the Global Digital Divide: Economic, Political and Sociological Drivers of Cross-National Internet Use.” *Social Forces*, vol. 84, no. 2, 2005, pp. 684.

¹² McKibben, Bill. “A Special Moment in History.” *The Atlantic Monthly*, vol. 281, no. 5, May 1998, pp. 395

Though these environmental issues are a negative for everyone, there are some who are “losing” more on a relative basis. From an economic standpoint, the relative winners can be viewed as those producing and consuming the most fossil fuels as they don’t take into account total cost, pollution included, when consuming or producing. The relative losers, on the other hand, are those with smaller carbon footprints who are subjected to the negative externalities of the other group without proper compensation. Furthermore, these underdeveloped economies are not, and won’t be as financially equipped to adapt to new environmental conditions as developed economies are. On a more specific, regional basis, an IPCC report concludes that “people who live on arid or semi-arid lands, in low-lying coastal areas, in water-limited or flood-prone areas, are particularly vulnerable to climate change.”¹³ Since warmer air holds more water, detrimental floods or droughts could occur more frequently in these areas of which Africa is very abundant.¹⁴ Furthermore, these “extreme precipitation events,” hold the capacity to produce devastating storms. In the United States, there have been 20% more bad storms and 10% more winter precipitation since 1900. This “stormier” world has a negative effect on certain agricultural sectors, the insurance industry, and so forth.¹⁵ To summarize, the negative effects of global climate change are diverse in their impact with no one group or region bearing the total burden.

In conclusion, in the realms of international trade, technological advancement, and environmental damage, globalization creates relative winners and losers. Considering the great diversity of effects globalization has on nations, regions within nations, and individuals, there are no “absolute” winners or losers of globalization: that is, nations, regions, or individuals, which are solely affected negatively or positively by globalization. This inequitable characteristic of globalization calls into question its sustainability. Will globalization’s increasing inequality of outcome eventually inhibit its ability to grow more?

¹³ Watson, R. T., M. C. Zinyowera, R. H. Moss, and D. J. Dokken, eds. 1996. *Climate change 1995: Impacts, adaptations, and mitigation of climate change: Scientific technical analyses*. Cambridge, U.K.: Cambridge University Press, pp. 24

¹⁴ O'Brien, Karen L., and Robin M. Leichenko. “Winners and Losers in the Context of Global Change.” *Annals of the Association of American Geographers*, vol. 93, no. 1, 2003, pp. 10

¹⁵ McKibben, Bill. pp. 392

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