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Globalization: Winners and Losers - Talking Points

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Globalization: Winners and Losers

By Derek Wilmott

Supporters of free trade argue that globalization increases economic prosperity as well as opportunity, especially among developing nations. Critics argue that globalization has led to the exploitation of both workers and the environment, while contributing to the destabilization of undeveloped nations. Thirty years ago, there were approximately 7,000 multinational companies. Today there are approximately 50,000. The film discusses that market monoliths, such as General Motors, wield more power than many nations. The combined sales of the top ten multinationals exceed the combined GDP of the 100 smallest countries (based on GDP).

The film briefly looks at “cyber-millionaires,” such as the Sabeer Bhatia of India, who sold Hotmail to Microsoft for \$400 million. Success stories like this are shadowed by India’s poverty. Infosys has established a self-sufficient facility amidst the squalor of the city of Bangladore. Because many banks worldwide have come to favor investing in real estate and stocks, these banks have sold off their gold reserves, causing the price of gold to plummet to a twenty-year low. This has caused the layoff of thousands of African gold miners, who have little or no other employment alternatives. This shift in banks’ investment behavior has had another effect. After many Japanese banks invested in real estate, many of their high-risk debtors defaulted, that helped bring about the Asian financial crisis in 1998.

What the candidates are saying:

Hillary Clinton - At a time when workers are anxious about the challenges of globalization and there is growing concern that America is losing its competitive edge, Hillary Clinton offered her views on how innovation can be the key for creating new jobs, stimulating economic growth, and ensuring American leadership of 21st century industries. She detailed policy proposals to renew the nation’s commitment to research; help create the premier science, engineering, technology, and mathematics workforce; and upgrade our innovation infrastructure. Hillary Clinton also rejected the Bush administration’s mixture of science with politics, and pledged to restore integrity to federal science policy.

<http://www.hillaryclinton.com/feature/innovation/>

John Edwards - **Revamp Trade Assistance to Help Dislocated Workers and Communities:** The economic upheaval of globalization is no longer limited to certain jobs or communities. American workers today are more likely to lose their jobs, look longer for a new one, and then take a significant pay cut. Trade Adjustment Assistance (TAA) helps only a select group of manufacturing workers and unemployment insurance (UI) fails to help most unemployed workers. [EPI, 2007; Blinder, 2006; NELP, 2007]

- Create a New "Training Works" Initiative Tied to High-Wage Jobs
- Help Communities Recover from Mass Layoffs
- Strengthen the Safety Net for Workers Who Lose Their Jobs

<http://www.johnedwards.com/issues/trade/>

Rudy Giuliani - **Create "Global Prosperity Initiative"**: Bringing more countries and people into the global marketplace will make America safer and create new markets for our products worldwide. America must promote higher living standards around the world, help reform the International Monetary Fund and World Bank to encourage pro-growth policies, and distribute foreign aid in ways that reinforce good governance and economic freedom, similar to the Millennium Challenge Corporation.

<http://www.joinrudy2008.com/issues/view/16>

Mike Gravel - **Progressive Taxes - A fair Tax** Senator Gravel's Progressive Fair Tax proposal calls for eliminating the IRS and the income tax and replacing it with a national sales tax on new products and services. To compensate for the tax on necessities, such as food, lodging, transportation and clothing, there would be a "rebate" to reimburse taxpayers. This would be paid in a monthly check from the government to all citizens. The focus on taxing new goods would also help tackle the global climate change problem.

<http://www.gravel2008.us/issues>

Mike Huckabee - **Taxes/Economy**: I believe that globalization, done right, done fairly, can be a blessing for our society. As the Industrial Revolution raised living standards by allowing ordinary people to buy mass-produced goods that previously only the rich could afford, so globalization gives all of us the equivalent of a big pay raise by letting us buy all kinds of things from clothing to computers to TVs much more inexpensively.

http://www.mikehuckabee.com/?FuseAction=Issues.View&Issue_id=5

John McCain - **Trade and Displaced Workers**:

Lowering Barriers to Trade - John McCain believes that globalization is an opportunity for American workers today and in the future. Ninety-five percent of the world's customers lie outside our borders and we need to be at the table when the rules for access to those markets are written. To do so, the U.S. should engage in multilateral, regional and bilateral efforts to reduce barriers to trade, level the global playing field and build effective enforcement of global trading rules.

Competitive American Workers - John McCain understands that globalization will not automatically benefit every American. We must prepare the next generation of workers by making American education worthy of the promise we make to our children and ourselves. We must be a nation committed to competitiveness and opportunity. We must fight for the ability of all students to have access to any school of demonstrated excellence. We must place parents and children at the center of the education process, empowering parents by greatly expanding the ability of parents to choose among schools for their children.

<http://www.johnmccain.com/Informing/Issues/0B8E4DB8-5B0C-459F-97EA-D7B542A78235.htm>

Barack Obama - **Be a Tough Negotiator for Smart Trade Agreements**: The process of globalization is bringing millions of people into the global economy, increasing the efficiency of resource allocation through stronger capital markets, raising productivity by putting new technologies to work, and exploiting efficiencies of integrated supply networks. But globalization also leaves some Americans behind as patterns of production change, jobs relocate, and wage pressures intensify. Barack Obama

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supports trade agreements that lower prices for American consumers while also opening up fair and competitive markets for the sale of American-made goods and services abroad. Obama will ensure that trade agreements include strong labor and environmental protections and that all Americans share the rewards of globalization. As president, he will lead a proactive strategy to make sure that those who lose their jobs to globalization have the tools and resources to find other work and share in the benefits of the global marketplace.

<http://www.barackobama.com/issues/economy/>

Ron Paul - His stance is documented on a number of related issues on his website. Topics listed are:

- Stop the NAIS (National Animal Identification System)
- CAFTA: More Bureaucracy, Less Free Trade
- U.S. Congress Bows to WTO Mandate
- Regulation, Free Trade and Mexican Trucks
- Repeal Sarbanes-Oxley!
- Enron, Bankruptcy, and Easy Credit

<http://www.ronpaul2008.com/articles/?tag=Business>

Mitt Romney - **Strategy for a Stronger America:** America faces economic challenges at home and abroad. We must improve America's global competitiveness and unleash the American economy by rolling back tax rates across the board, eliminating taxes on middle class savings, making the Bush tax cuts permanent, lowering the corporate tax rate, making health care expenses tax deductible and eliminating the death tax once and for all.

<http://www.mittromney.com/issues/global-economic-competition>

Some questions to consider:

- Can free trade enhance civil liberties, lead more efficient allocation of resources, and increase prosperity through globalization? Or are the critics right?
- Is globalization shifting power from nation states to undemocratic organizations?
- How does globalization affect culture? Is it "Americanization?"
- What are the environmental impacts of globalization?
- Is globalization resulting in industries in developed countries being undermined by industries in developing countries with inferior labor practices?