

Globalization  
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The thought struck me in late 1958 when I had a window seat in a recycled American school bus that was carrying me and native Guatemalans through the mountains of their homeland. I was a tourist and what I saw made me think I was being carried back 400 years. There was little sign of twentieth century way of life. Seeing bare foot women on the roads carrying outsized bundles and water jugs on their heads and huge piles of laundry to communal wash tubs and men bent double under loads of firewood and harvest from mountain side farms gave me pause. It did not seem fair that those of us living in Indianapolis had so much and those living there had so little with no prospects for lessening their burden. I got a feeling in my bones that somehow, some way this inequality would be leveled but I didn't have a clue how but I felt obligated to warn everyone about the coming crisis.

My fervor cooled when I realized that my friends would prefer that I joust windmills while alone or with someone else. So I moved on with my life but kept in mind urban Guatemala women garment workers with salaries of \$1.05 per hour. I perked-up when I learned that Steve Jobs had sources in China that supply all of the Apple products and Jack Welch closed down GE Appliance Park in Louisville in favor of outsourcing to low wage communities. I thought, hold-on you gals in Guatemala, help is on the way in the form of Globalization. We are all going to get rich, you won't be working for peanuts much longer.

So what is this Globalization deal? Wikipedia offers this explanation of the term.

*“Globalization is the way that local or national ways of doing things become global, that is, done together around the world. It is about economics or trade, technology, politics, and culture. People feel differently about globalization: some think it helps everyone while others think it hurts some people.”*

Well that definition did not sound all that encouraging so I went to, the Global Policy Forum,

for more specific terms. It offers this explanation, *“The globalized world sweeps away regulation and undermines local and national politics, just as the consolidation of the nation state swept away local economies, dialects, cultures and political forms. Globalization creates new markets and wealth, even as it causes widespread suffering, disorder, and unrest. It is both a source of repression and a catalyst for global movements of social justice and emancipation. The great financial crisis of 2008-09 has revealed the dangers of an unstable, deregulated, global economy but it has also given rise to important global initiatives for change.”*

In a broad sense, Globalization calls for changing international politics, economies, cultures, discrimination, social justice, and opportunities. Michael Collins, Principal of MPC Manufacturing Management Service has this to say, “Globalization is an economic tidal wave that is sweeping over the world. It can’t be stopped, and there will be winners and losers. But before drawing any conclusions on how it affects the U.S. economy consider some of the general pros and cons of Globalization.”

With that, I went looking for sources of repression and catalysts for social justice and emancipation. There are plenty of articles, reports, blogs, and historical data available to anyone who can access the internet. In my view, they are mostly founded on theoretical assumptions and can be divided into those favorable of Globalization and those who oppose it. May I first give you a dose of favorable opinions.

- The International Monetary Fund proposes that a world dedicated to Globalization would enable productivity to grow more quickly when countries produce more goods and services where they have a competitive advantage which in turn will raise their standard of living.
- Dr. Ismail Shariff, United Nations economic adviser believes, *“Globalization will lead to worldwide process of homogenizing prices, products, wages, rates of interest, and profits.”*
- The proponents of global free trade say that it promotes global economic growth,

creates jobs, makes companies more competitive, and lowers prices for consumers. It also provides poor countries, through infusions of foreign capital and technology, with the chance to develop economically and by spreading prosperity creates the conditions in which democracy and respect for human rights may flourish.

Now for some thoughts from those who choose to resist the Globalization.

- The general complaint about globalization is that it has made the rich richer while making the non-rich poorer. It is wonderful for managers and investors, but hell on workers and nature.
- Multinational corporations are accused of social injustice, unfair working conditions (including slave labor wages and poor living and working conditions), as well as a lack of concern for the environment, mismanagement of natural resources, and ecological damage.

- Multinational corporations which were previously restricted to commercial activities are increasingly influencing political decisions. Many think there is a threat of corporations ruling the world because they are gaining power due to globalization.
- Opponents say globalization makes it easier for rich companies to act with less accountability. They also claim that countries' individual cultures are becoming overpowered by Americanization.
- Some experts think that globalization is also leading to the incursion of communicable diseases. Deadly diseases like HIV/AIDS are being spread by travelers to the remotest corners of the globe.
- Social welfare schemes or “safety nets” are under great pressure in developed countries because of deficits and other economic ramifications of globalization.

Globalization was portrayed as a noble policy which would lift all boats in a rising tide. Those in the developing world would benefit by the

industrialization and wealth created by serving markets in the developed world. Those in the developed world would benefit by cheaper goods and access to richer "consumers" in growing emerging markets. David Ricardo's, "comparative advantage" would change the world. In so far as progress and the economic growth which serves it was assumed to be perpetual and inevitable, a larger and larger share of the world's burgeoning population would share in this ever-growing pile of wealth. It was brought to an international awareness and addressed at the 1992 Earth Summit in Rio. Where It was called Globalization.

It has not worked that way. What happened instead is that cheap labor in emerging markets has spurred a race to the bottom for labor in the developed world. The global elites running international corporations benefited from access to cheap labor, but few others did. This has created enormous income & wealth inequality, not only in the United States, but all over the world. In short, the rich got richer but predominantly, the poor stayed poor. After 20 years in the world market,

China's average annual earnings of urban manufacturing staff and workers in 2014 is only \$7,430. In the United States structurally high underemployment is now the new normal making it a buyers market that keeps downward pressure on wages.

Economists in the mid 80s and 90s recognized the growing number of jobs from industrialized nations being outsourced to Asia. The flight of jobs from the industrial nations to the low cost Asian job markets could have elevated their workers but instead it is going to factory owners and politicians. In this country it is the shareholders of companies that are importing low cost goods and to management as a reward for greater profits. Third World workers are little better off than they were in 1990s.

Globalization played an important role in America's fall from grace. It is also important to remember that if the United States had not the phony growth brought about by the Tech and Housing Bubbles, the inexorable trends would have been apparent earlier.



Manufacturing employment collapsed from a high of 19.5 million workers in June 1979 to 11.5 workers in December 2009, a drop of 8 million workers over 30 years. Between August 2000 and February 2004 manufacturing jobs were being lost for a stunning 43 consecutive months—the longest such stretch since the Great Depression.

Manufacturing plants have also declined sharply in the last two decade, shrinking by more than 51,000 plants, or 12.5 percent, between 1998 and 2008. Those stable, middle-class jobs had been the driving force of the U.S. economy for decades and their losses have done considerable damage to communities across the country.

Private equity firms have increased the pressure to cut costs by any means necessary, leading to more overseas outsourcing. Steve Pearlstein, a professor of public and international affairs at George Mason University and a Pulitzer-prize winning columnist, details the overseas outsourcing done by private equity firms in the 1980s, beginning with:

*“A wave of corporate takeovers, many of them unwanted and uninvited. Corporate executives came to fear that if they did not run their businesses with the aim of maximizing short-term profits and share prices, their companies would become takeover targets and they would be out of a job. Overnight, outsourcing became a manhood test for corporate executives.”*

U.S. multinationals shifted millions of jobs overseas since the year 2000. Data from the U.S. Department of Commerce show that “U.S. multinational corporations, the big brand-name companies that employ a fifth of all American workers... cut their work forces in the U.S. by 2.9 million during the 2000s while increasing employment overseas by 2.4 million.”

Furthermore, a recent Wall Street Journal analysis showed, “Thirty-five big U.S.-based multinational companies added jobs much faster than other U.S. employers in the past two years, but nearly three-fourths of those jobs were overseas.”

This has happened because manufacturing work is outsourced to developing nations like China where wages and the cost of manufacturing

operations are uninhibited by health, safety, and environmental issues.

Since I am a manufacturing man, not a social worker, I will temporarily abandon my Guatemala mountain girls and concentrate on what I'm supposed to know something about....Manufacturing. The decline of manufacturing is apparent to everyone in this country. Automotive parts suppliers across this State have felt the effect of outsourcing by the big three American carmakers. For a while it was not apparent to the tool and die industry what was happening. The downward pressure on price for that industry labor was blamed the greater use of plastics by automakers. They needed molds not sheet metal dies so there was a smaller market of dies. Only later did the industry realize that foreign automakers were outsourcing their tools, dies, molds and expense tools to cheaper back home sources and it wasn't long before the big three did sent their tooling needs to off shore suppliers. The local result has been the closing of the five large tool and die shops in Indianapolis. What is left are some small shops in people's garages and

basements and Tech High School once a powerhouse for turning out draftsmen, tool designers, and lads prepared for skilled trades apprenticeship has wilted. The drive to bottom effort to meet low wage competition resulted in many manufacturers withdrawing from the once well established apprentice training of people wanting have a career in manufacturing. It is interesting that Toyota has entered into an arrangement with Indiana State University to train Hoosiers in the arts of manufacturing.