

## Globalization and sustainability

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The advocates of globalization inevitability may argue that the movement towards a greater international specialization, i.e. to an economic globalization, which can be defined here as the greater international flows of trade, capital, and people, is a historically driven process with objective economic background and foundation. There are two major considerations, falling into the discussion framework of the present paper.

One argument is that economic globalization creates many opportunities to improve the material well-being of poor people, but may be politically unsustainable. This is especially true of the integrated supply-chain type of trade that is leading to unprecedented specialization of production.

The second argument is that terrorism so increases the potential costs and vulnerabilities of globalization that it may, by itself, change attitudes towards this greater international specialization. Thus, it is argued, there is a likelihood that the current episode of globalization will exhaust itself well before it delivers many of the benefits that might flow from its fuller implementation.

It is not necessary to recount fully here the sometimes productive debate among those who support, support with reservations, or oppose globalization. There have been plenty of speculative debates concerning the benefits and costs of globalization, and we shall not trace back to all of the possible pro and contra. One thing remains clear: globalization has highly diverse and contradictory impacts on the countries across the globe, with very few of the nations really deriving gains from the process.

Obviously, most poor nations have not grown as fast as the rich ones in per capita terms in the last few decades. This can be partially attributed to geography, as well as to a set of more variable factors specific to the less developed nations, such as bad governance, corruption, war, or other kinds of predatory behavior, which often stems from economic transition. But the crash of Argentina's economy, the frequent Latin American financial crises, and the Asian Crisis of 1997 - affecting even several better performing economies - do suggest something more systemic at work. Globalization in its current form seems to do well for rather few countries and bring scarcely any benefits to countries of Africa, Central Asia and –to a great extent – of Latin America.

After acknowledging the many poor policy choices made by developing nations, there are legitimate points to be made about the basic rules of the game. Most rich nations do not want and will not allow legal immigration in any quantity from poor nations. Many immigrants who are economic migrants have to present themselves as refugees, or slip in illegally and live without legal protections and services. This restraint on the freer movement of people, some skilled professions aside, results in slower equalization of incomes, lower flows of remittances, and much less of a buildup in skills from returning workers. If the argument is freer movement of goods and capital, why not people? The reason is that no important interest group in the rich nations argues for this, and there is little popular support for immigration in the rich nations. Nations with high minimum wage levels and welfare payments are especially reluctant, as integration of less-skilled migrants is more difficult. But in all rich nations, migration aggravates the impact of technology, which is already reducing the demand for less educated labor.

Let's consider another argument proposed in this paper – a possible impact of terrorism. For this purpose let us introduce a rough sketch of the latter. A society under attack of this kind will tend to emphasize safety. Risk taking would be discouraged. Trade and travel would certainly diminish, and with that incomes and production would drop. The public would accept greater intrusions on privacy and freedom in a quest for security.

With some examples of terrorism and virtually all cases of reduced trade, a great deal of harm would be done to developing nations. These include India and especially China, which have increasingly chosen to integrate into the global economic system, but many other nations could be placed with them.

Summarizing everything aforementioned, the issue comes down to the following: it may be that an economically efficient solution is not politically or socially viable, if at all feasible. If this is so, it means that those able to decide such things will need to rethink the way production is organized, especially if we want our systems to be robust as well as efficient and our lives to be secure as well as opulent. This problem remains yet to be solved in the future.