

# GREAT DECISIONS

1918 • FOREIGN POLICY ASSOCIATION

HIGH SCHOOL

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# GLOBALIZATION

*Cargo ships carrying goods from overseas wait outside California ports to dock and be unloaded in October 2021.*



**WORLDWIDE  
COMMERCE**

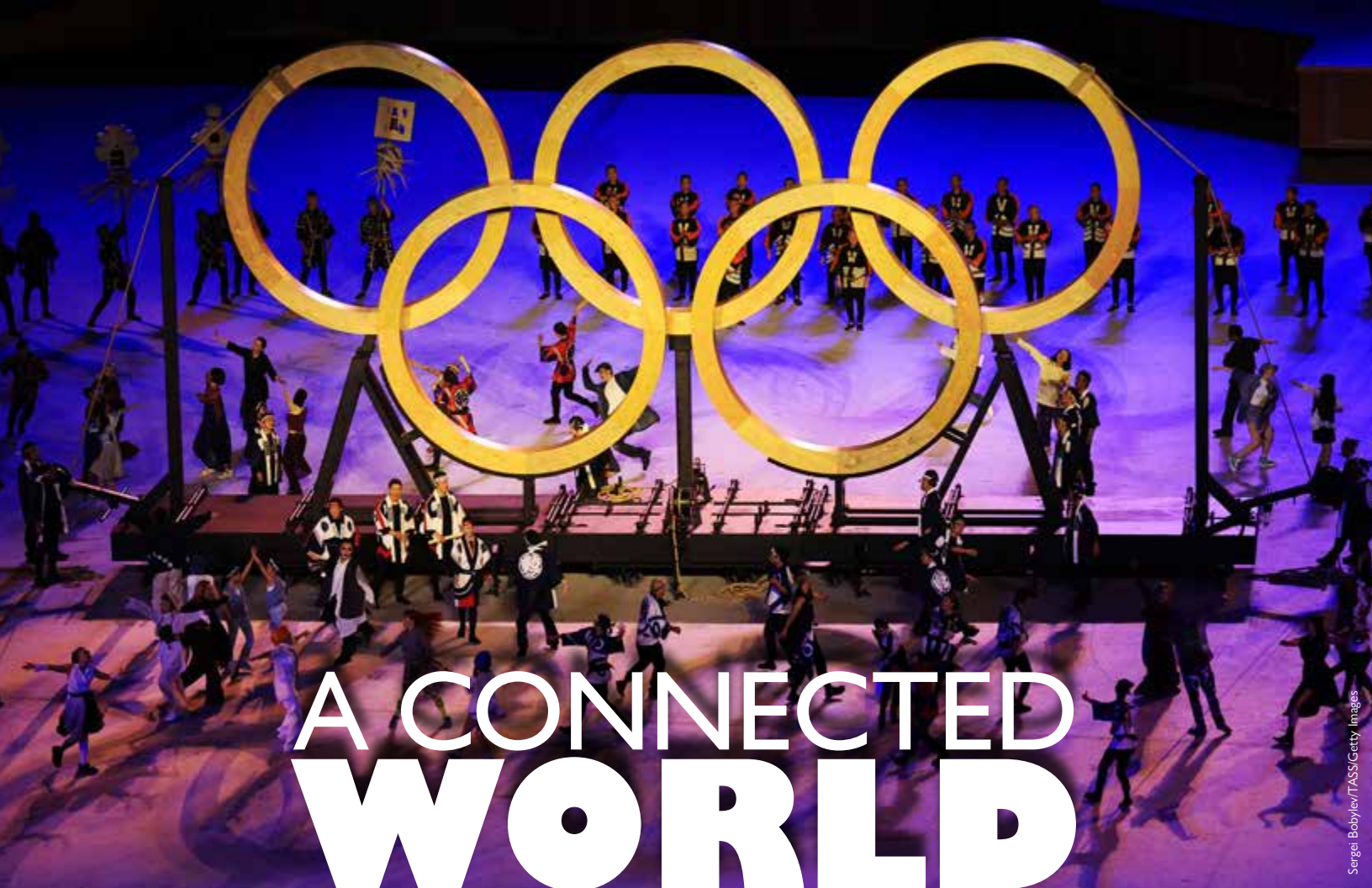
**WHAT ARE  
TAXES AND  
TARIFFS**

**SRIRACHA  
ON THE  
SHELVES**

**BTS: A GLOBAL  
SENSATION**

**MAKING AN  
IMPACT**

BY MELISSA MCDANIEL



# A CONNECTED WORLD

*The Olympic Games are a truly global event, with people from almost every country in the world gathering in one place, while others around the globe follow the action from home.*

In the fall of 2019, a mysterious new lung disease appeared in central China. By January 2020, cases were popping up around Asia, and then in Europe and North America. Today, as people easily cross continents and oceans, the disease quickly spread around the globe. To date, more than five million people have died from the disease, COVID-19.

The swift spread of COVID-19 is in part a function of **globalization**. Globalization is the integration and interdependence of the world's economies and cultures. Trade is one part of globalization, but it is not all of it. Globalization also involves the easy exchange of ideas, people, and labor. It requires

modern technology and communications, so that a person in Los Angeles can speak to someone in India as easily as they can speak to someone in San Francisco.

## TRADING AROUND THE GLOBE

Throughout human history, cultures have traded with each other. Caravans have long transported spices and textiles from Asia to Europe. More than a thousand years ago, Native Americans in what is now New Mexico were trading with people along the Pacific coast. Over time, these trade relationships became more complex and widespread, creating a worldwide economy

where businesses in one country might compete with others located around the globe. To protect their own local economies from foreign competition, many countries began to rely on **tariffs**, or taxes on imported goods. By adding a tax to the import, the tariff raises the price of the good. This way, foreign and domestic goods are closer in price when **consumers** see them on store shelves.

In recent times, many nations have decided that tariffs are counterproductive. They have joined **free trade** agreements, which eliminate most tariffs on imports, so goods can be bought and sold across borders without penalty. For example, the North Ameri-

can Free Trade Act (NAFTA) went into effect in 1994. It lifted tariffs on most goods traded between the United States, Mexico, and Canada. Following NAFTA, free trade—and globalization—exploded. In 2020, NAFTA was replaced by the United States-Mexico-Canada Agreement (USMCA). This agreement updated NAFTA with efforts to improve labor and environmental standards across the three nations.

Despite a general belief in free trade, the United States maintains some tariffs. For example, President Donald Trump imposed tariffs on specific goods such as steel and aluminum. He also set broad tariffs on Chinese imports.

## ECONOMIC IMPACTS

Globalization and free trade encourage businesses to seek the cheapest labor around the world. Beginning in the 1980s, many American businesses began hiring workers in countries where wages are much lower. Unable to compete with these low wages, many American factories and other businesses closed, and millions of jobs in the United States disappeared.

However, this same process has improved wages in developing nations as more factories locate there. Since the 1990s, rising wages from globalization has helped cut extreme poverty around the world in half.

For Americans, the economic effects of globalization are varied. Because many goods can be made more cheaply overseas, they are less expensive for American consumers. But the cheaper prices may not seem worth it if your community was upended when a factory closed.

# THE RISE AND FALL OF TARIFFS



Wood Ronsaville-Harlin, Inc. USA / Bridgeman Images

The United States was born in a fight over tariffs. In the mid-1700s, Great Britain and France went to war over territory in North America. The British emerged triumphant but deeply in debt. British leaders believed that the colonists living in North America should help pay for the war, so they began imposing tariffs to raise money. First they taxed sugar, and then they taxed tea and other goods. The colonists, who had no voice in the British government, were

furious. They dumped tea in Boston Harbor and **boycotted** products that had tariffs. “No taxation without representation” became a rallying cry of the American Revolution.

After gaining independence, the newly formed United States began setting its own tariffs. These were initially set low, but the young government needed money. The U.S. also wanted to protect young industries, and by 1820, the average tariff had risen to 40 percent. During the 19th century, the U.S. often raised tariffs to generate needed funds in times of war. But by the early 20th century, income taxes had become a major source of government revenue. As a result, the use of tariffs to raise money declined.

## THE DEBATE

### SHOULD TARIFFS BE USED TO PROTECT U.S. COMPANIES FROM FOREIGN COMPETITION?

#### YES

- ✓ Without tariffs, some industries cannot compete against cheaper foreign goods.
- ✓ Tariffs can encourage job growth by preventing cheap foreign goods from flooding the country.
- ✓ Making domestic goods more competitive helps promote fair labor practices.

#### NO

- ✗ Tariffs often prompt other countries to impose tariffs in return.
- ✗ Tariffs decrease international trade.
- ✗ U.S. consumers should have the right to purchase goods at the lowest possible price.



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FeatureChina/AP Images

Workers assemble components for Lenovo and Motorola smartphones at a Chinese factory in August 2021.

The rise of globalization has also harmed small businesses. Many neighborhood stores cannot compete with the low prices of goods shipped from around the world.

## INTERCONNECTED BUSINESS

Apple is based in California, and its phones, laptops, and other tech are designed there. But are Apple products American? Like many

products, they are not made in one single country. With iPhones, the parts are made in dozens of countries around the world, and it is often impossible to know where any particular piece came from. Corning, an American company, makes the glass screens, but they have factories in more than 20 different nations. Most iPhones are assembled in China, but they are also put together in a half dozen other Asian nations.

Similarly, the development of new medicines typically takes place across many countries. For example, one of the COVID-19 vaccines is the combined effort of Pfizer, an American drug company, and BioNTech, a German biotechnology company. After developing the vaccine, they held trials to test it in six different nations: Argentina, Brazil, Germany, South Africa,

## THE DEBATE

### SHOULD COMPANIES BE REQUIRED TO MATCH WAGES BETWEEN DOMESTIC AND OVERSEAS WORKERS?

#### YES

- ✓ If U.S. companies can pay foreign workers less, they will lay off more American workers.
- ✓ Foreign employees work just as hard as Americans, so they deserve the same wages.
- ✓ Many low-wage overseas workers are treated poorly by their employers.

#### NO

- ✗ Companies should be allowed to get the best deals they can find when hiring workers.
- ✗ Lower labor costs lead to lower prices for consumers.
- ✗ The cost of living is lower in other countries, so wages do not need to be as high.



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Turkey, and the United States. The vaccine is manufactured at plants in both the United States and Europe.

## ON THE MOVE

Globalization isn't just about products. It has also increased the migration of people. Many people have moved from less developed nations to wealthier nations in search of economic opportunity. In the United States, for example, many new immigrants have arrived from Asia and Latin America.

Some people see immigration as a threat to their economic standing and perhaps their cultural identity. This has led some politicians to support altering trade deals and limiting immigration. In the United States, fears about immigration helped Donald Trump rise to power. Similarly, people in the United Kingdom voted to leave the European Union in part so the U.K. would be able to control its own immigration policy. This decision became known as Brexit.

## GLOBAL PROBLEMS

Globalization has created a more interconnected world, which means that the world faces more interconnected problems. Climate change and other environmental problems know no boundaries, so they require cooperation from countries around the world.

During the COVID-19 pandemic, as people and goods stopped flowing across the globe, economies around the world suffered. Today, more than a year and half into the pandemic, there continue to be [major disruptions to supply chains](#). If a Chinese

factory that produces computer chips struggles to find workers because of the pandemic, American manufacturers may not be able to get the components they need to build electronics.

Meanwhile, demand for all kinds of products skyrocketed as the pandemic wore on. By 2021, huge container ships were arriving in American ports in record numbers, and the ports could not handle all the cargo. They did not have the workers and the cranes needed to unload the ships. And once they were unloaded, there were not enough trains and trucks

to distribute the goods around the country. By fall 2021, experts were warning of potential shortages of everything from electronic devices to food, causing many to wonder how the shortages would affect holiday shopping.

## GLOBAL CULTURE

Globalization has helped produce a global culture. Around the world, people enjoy many of the same foods, entertainment, and activities. People have long adopted foods from neighboring cultures, and ingredients have been traded over long distances.



*With the help of globalization, the Thai hot sauce called sriracha has become a common condiment on American tables.*



Kristin Callahan/ACE Pictures/Shutterstock

*The South Korean pop group BTS, shown here at a 2019 New Year celebration, has become popular around the world while singing primarily in their native language.*

For example, there were no tomatoes in Italy or spicy peppers in Asia until ships brought them from the Americas. The sharing of foods has grown with globalization. Because of free

trade and globalization, Americans consume five times as many avocados as they did 30 years ago. Dishes once limited to immigrant neighborhoods are now enjoyed widely. In big cities and small,

people feast on empanadas and falafel, banh mi, and bulgogi.

During the 20th century, American music and movies spread all over the world, ruling pop culture. These days, American movie studios cater to foreign audiences by making action movies that are easily understandable without English-language skills.

Today, pop culture from any country can become dominant around the world. BTS is the first K-pop group to achieve worldwide popularity. Young people all around the world devour Japanese manga. Many of the most popular shows on Netflix are foreign, including “Money Heist” from Spain. In fall 2021, a Korean show called “Squid Game” was the most popular Netflix show not just in the United States but in 90 nations around the world.

The world is also tied together



Album/Alamy Images

*More than 100 million people around the world watched the South Korean TV series Squid Game in 2021.*

## THE DEBATE

### SHOULD THE GOVERNMENT ASSIST BUSINESSES THAT MANUFACTURE DOMESTICALLY?

#### YES

- ✓ Offering assistance would encourage more companies to avoid overseas labor.
- ✓ Domestic manufacturing makes a country less dependent on the global economy.
- ✓ Companies should be rewarded for creating jobs at home.

#### NO

- ✗ Taxpayers do not want to support businesses.
- ✗ Companies that rely on government aid will not succeed in the long run.
- ✗ Most people don't want to work in manufacturing jobs.

by sports. Basketball is huge in China, and baseball is big in Japan. One of the most watched sporting events in history was a cricket match between India and Pakistan that drew one billion viewers. Every four years the Olympics and the World Cup soccer tournament draw the attention of people around the world. For those weeks, billions of eyes are glued to TVs and computer screens, as people cheer on their favorites. Although nations are competing, these events bring us closer together.

## WHAT YOU CAN DO

Globalization is good in many ways, but it affects different people in different ways. What can you do to help people who might be affected by it?

- **Read** reliable news sources to learn how globalization is affecting different people.
- **Investigate** companies to see where their products are manufactured, and what their labor practices are. This way you can make well-informed decisions when you buy products.
- **Write or call your elected officials** to let them know what you think about globalization issues.
- **Inform your elected officials** how important this issue is.
- **Vote, when you are old enough!** With few exceptions, you can't vote until you're 18, but in many states you can register at 16 or 17, and you'll be all set when 18 rolls around.

# TRAILBLAZERS



Archana Soreng

Guglielmo Mangiapane/Reuters/Alamy Images

## Archana Soreng

Archana Soreng is an environmental activist from India. A member of the indigenous Kharia tribe, she's looking at climate change through the lens of the traditional practices of her community rather than a generic international response. Soreng is documenting her tribe's work in preserving the forests, renewing the soil, and producing the goods they need in a sustainable way. She believes these practices could be useful in the wider world. She and her brother have created a youth-led platform for indigenous young people to gather the cultural knowledge of their tribes and showcase it on social media.

## Matthew Tikhonovsky

Growing up in Atlanta, Matthew Tikhonovsky often heard people mock his parents, who were refugees from Ukraine. The way immigrants are sometimes treated in the United States angered him, and while still in high school he created a refugee awareness program. Called Walk a Campus in My Shoes, the program helps

combat ignorance and prejudice against new immigrants. It has been featured at more than 60 high schools and colleges around the nation.

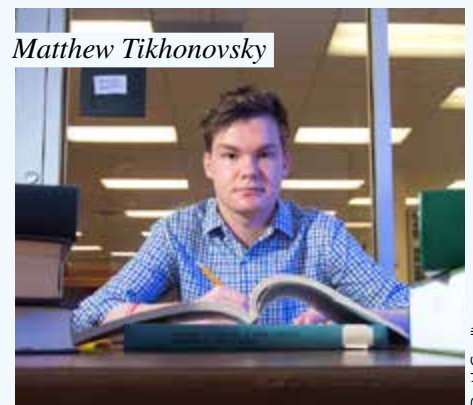


Boyan Slat

Annette Birsche/DPA/Alamy Images

## Boyan Slat

When Boyan Slat was 16, he noticed huge amounts of plastic in the sea while on vacation in Greece. Two years later, the Dutch teenager founded a nonprofit organization called the Ocean Cleanup, to help deal with the problem. Donors from 160 nations chipped in. Since then, Slat has developed and refined systems for collecting and removing plastic from the ocean. In 2019, his ocean cleanup device began successfully collecting plastic for the first time.



Matthew Tikhonovsky

David Caselli



Supply Chain by Joe Heller/PoliticalCartoons.com

## HOLDING BACK THE HOLIDAYS?

1. What is this cartoon trying to say? How do you think the cartoonist feels about the issue?
2. How do you think people in the United States will react if they cannot buy popular products in time for the holidays?
3. What does the supply chain slowdown tell us about the strengths and weaknesses of globalized trade?

## NOW IT'S YOUR TURN TO MAKE GREAT DECISIONS

1. In what ways has globalization made the world better? In what ways has it made things worse?
2. Who benefits the most from globalization? Who is harmed the most?
3. **YOUR STORY:** How has globalization affected your life? Which international foods and entertainment do you enjoy? Which imported products do you use? Would your life be improved if you had more or less access to international goods?

### KEY WORDS & TERMS

boycotted	free trade	supply chains
consumers	globalization	tariffs



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### GREAT DECISIONS GLOBALIZATION

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