

# Uneven Development: Globalization, Free Trade & Socio-Economic Equity



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Costa Rica



# Definition

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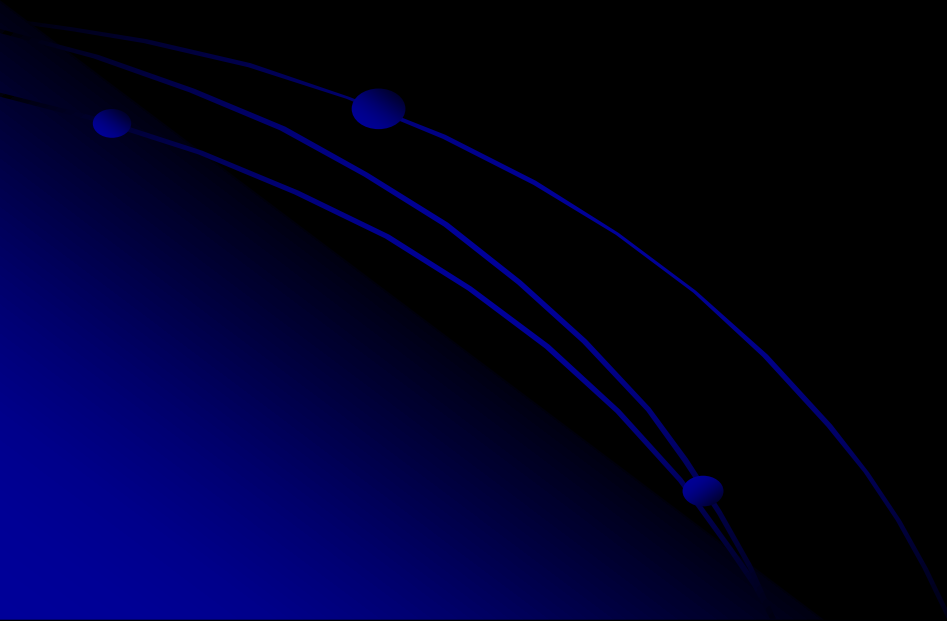
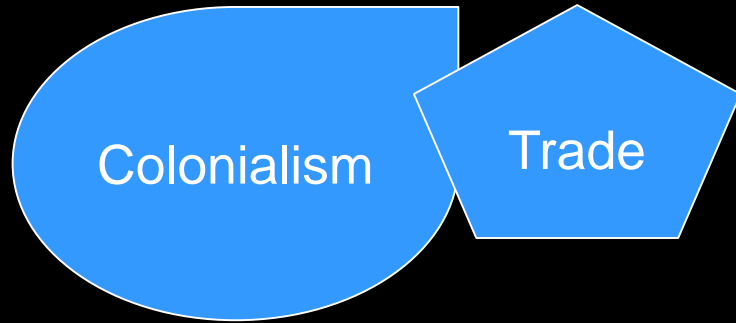
## What is Globalization?



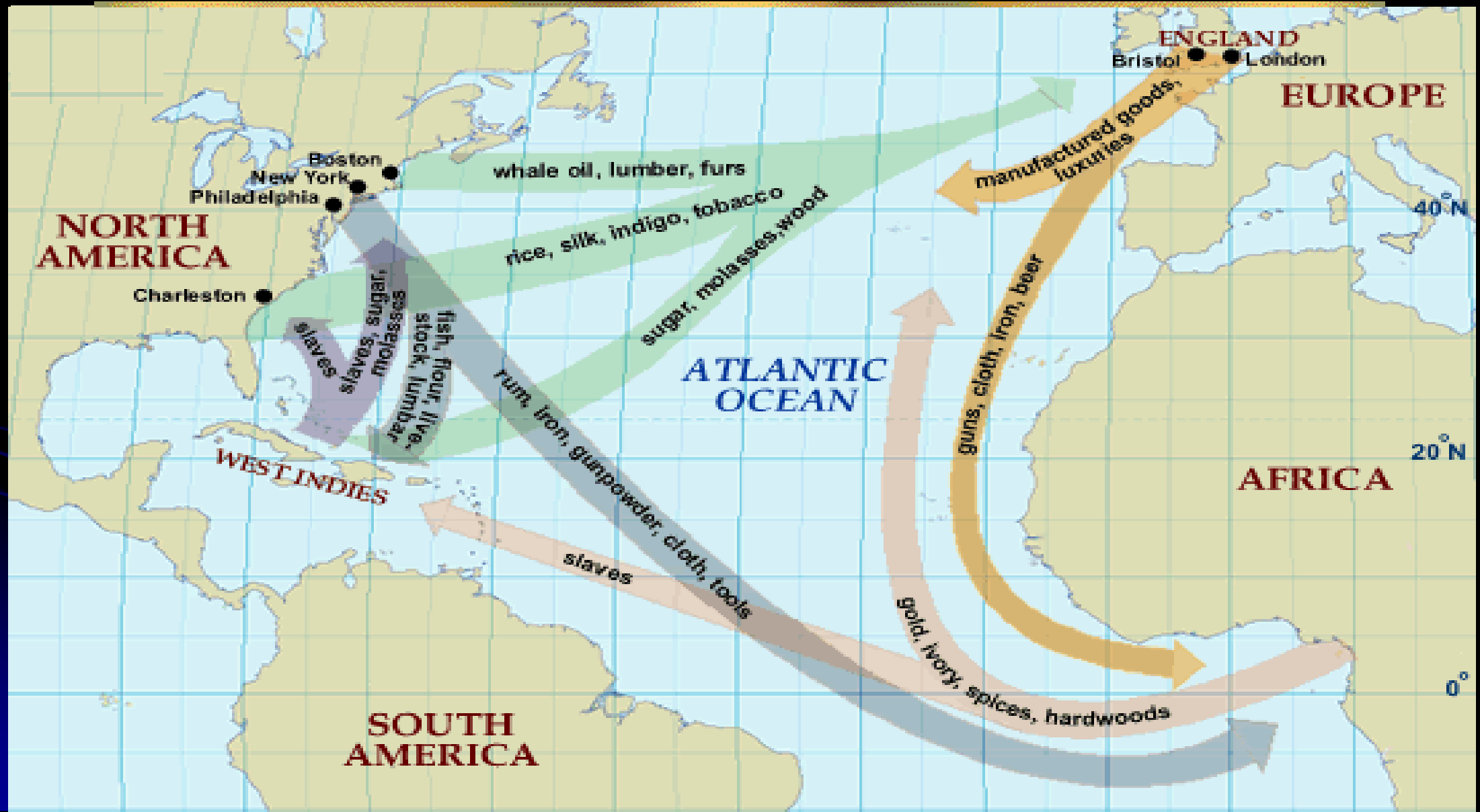
: the act or process of **globalizing** : the state of being **globalized**; *especially*  
: the development of an increasingly integrated **global** economy marked  
especially by free trade, free flow of capital, and the tapping of cheaper  
foreign labor markets

# Globalization: Past & Present

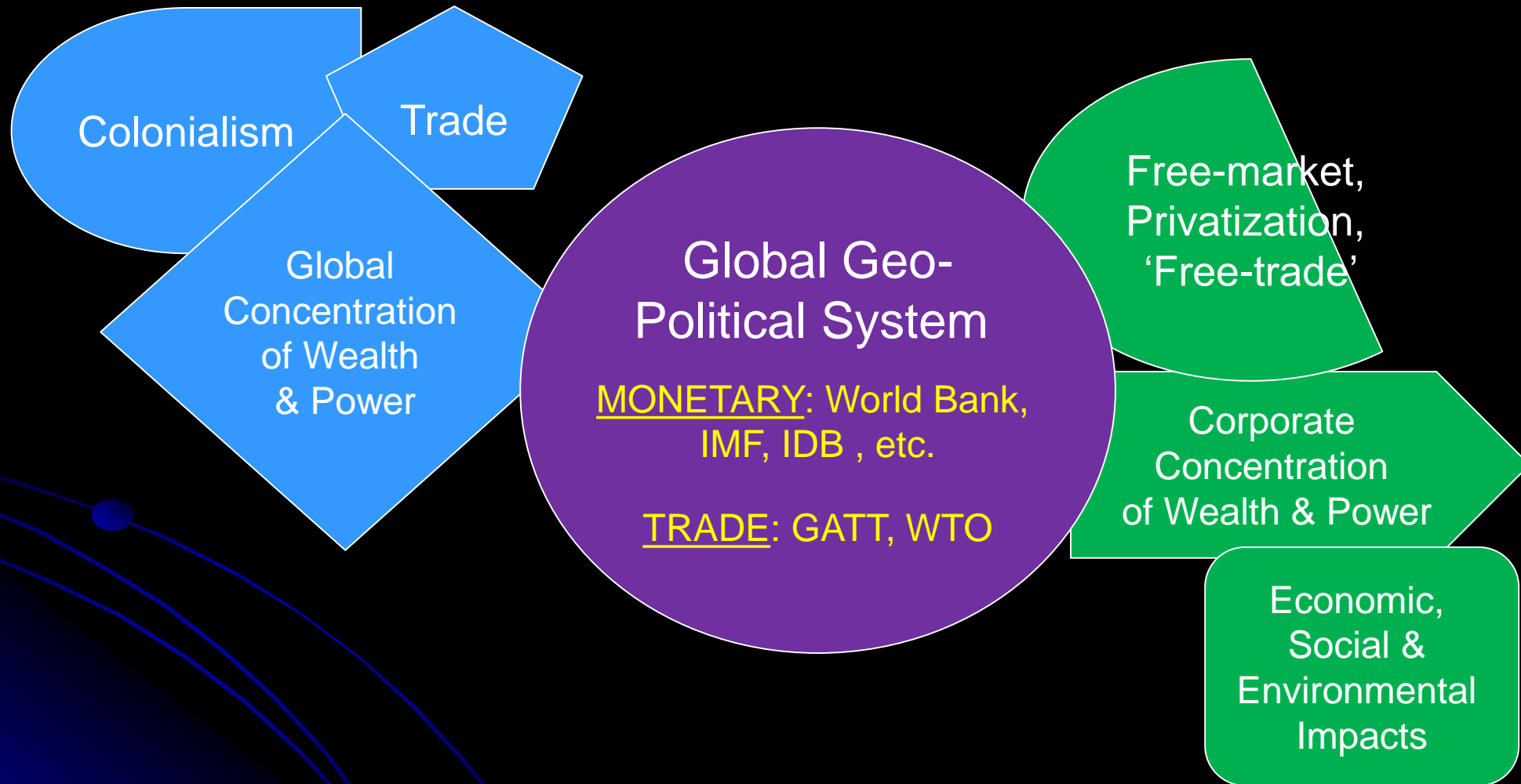
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# Colonial-Era Atlantic Trade



# Globalization: Past & Present



# Costa Rican Agro-Export Trade (1800's)



# Definition

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What is free trade?



: trade based on the unrestricted international exchange of goods with tariffs used only as a source of revenue

# Globalization & Free Trade: Benefits

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- Comparative advantage & economies of scale  
(country specialization = lower production costs)
- Increased competition & economic growth
- Tariff reduction leads to:
  - Increased exports
  - Increased incentives to cut costs
  - Lower consumer prices



# Globalization & Free Trade Controversy

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## Proponents

It allows poor countries and their citizens to develop economically and raise their standards of living.

<http://www.globalization101.org/what-is-globalization/> Global Workforce Project

Alliance for Fair Trade <http://www.art-us.org/FTAs/CAFTA> <http://www.nytimes.com/2009/03/24/business/worldbusiness/24peso.html>

[http://en.wikipedia.org/wiki/Free\\_Trade\\_Area\\_of\\_the\\_Americas](http://en.wikipedia.org/wiki/Free_Trade_Area_of_the_Americas)

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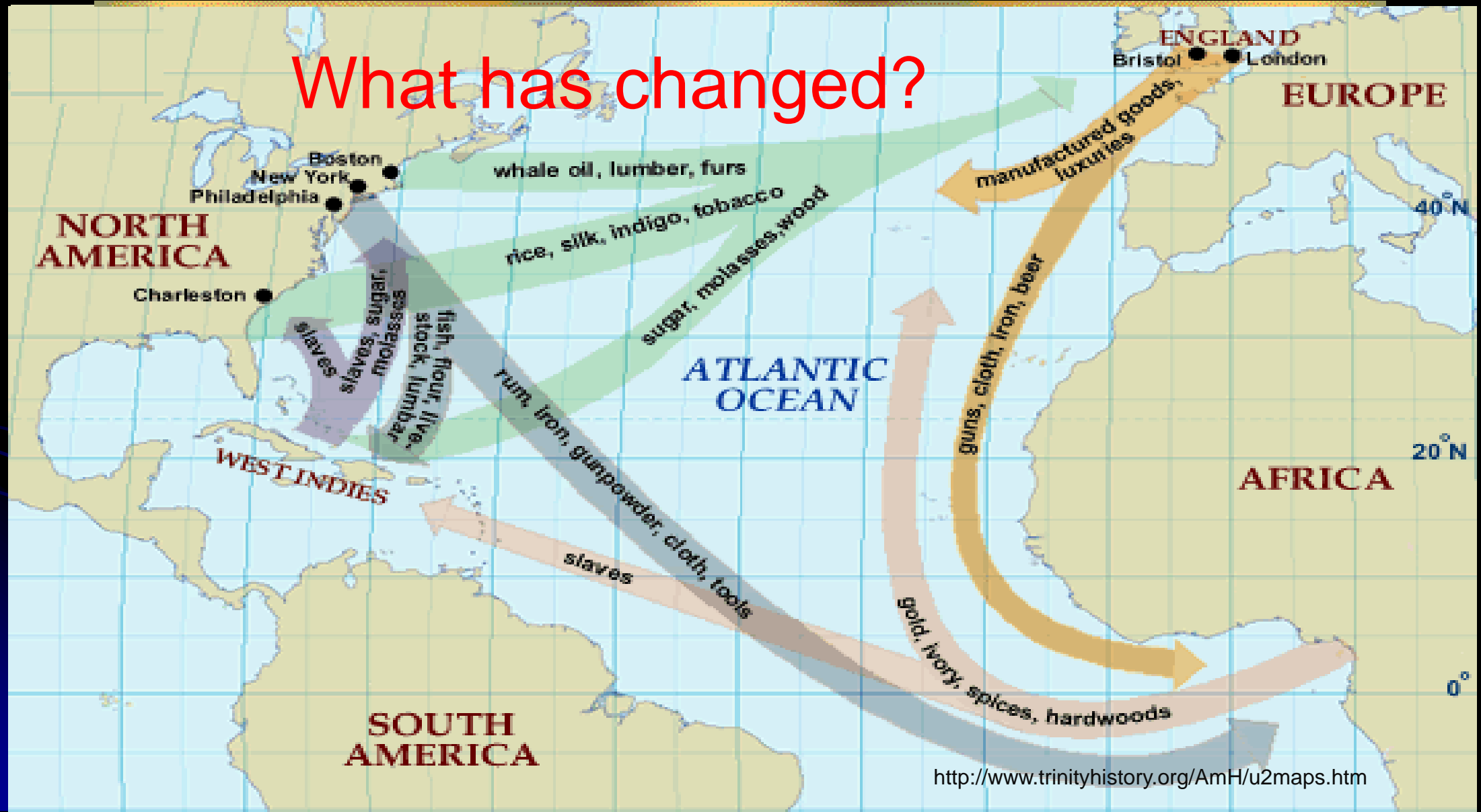
## Opponents

The expansion of the free market has benefited multinational corporations in the Western world at the expense of local enterprises, cultures, and people.

Resistance increased at popular and governmental levels to try to manage the flow of capital, labor & goods.

# Colonial-Era Atlantic Trade

What has changed?



# Post-Colonial Globalization



# Post-Colonial Globalization



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# Post-Colonial Globalization



# Background: U.S. 'Free Trade'

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- 1985: First U.S. Free Trade agreement (Israel)
- 1994: NAFTA implementation begins
- 1994: First talks on Free Trade Agreement of the Americas (FTAA)
- 2003: Popular resistance caused Bush administration to adopt 'dual track' strategy (FTAA & bilateral/regional agreements)
- 2007: CAFTA (TLC) modeled after US-Chile FTA & NAFTA/USMCA

Beyond trade: Tariff reduction, liberalization in investment, services, agriculture, intellectual property rights & government procurement



# Globalization & Free Trade: Benefits?

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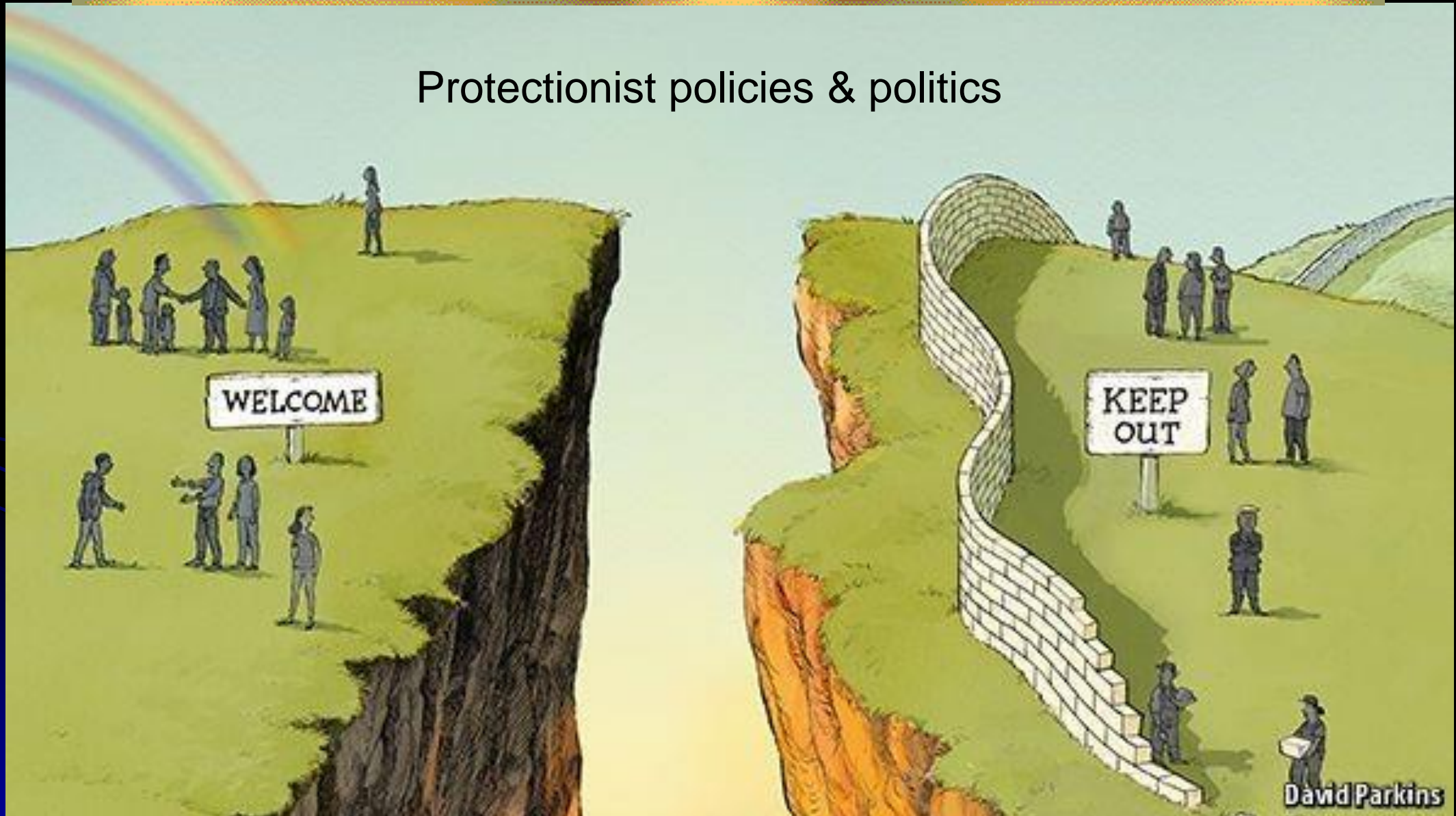
**1. Pro: Benefits & who most?**

**2. Con: Provide one long-term impact**



# Globalization Backlash: Nationalism

Protectionist policies & politics



# Globalization Backlash: Nationalism



# CAFTA Participants



# CAFTA Principles & Contradictions

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## Neo-Liberalism:

True 'economic prosperity' achieved by 'Free-Market' & privatization of services (no govt. intervention)

## U.S. Farm Bill subsidies:

**\$180,000,000,000** in 10 years

Subsidies included in CAFTA:

No Mention



# CAFTA Exemptions

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## Article 3.12.1

PROHIBITED: Whisky production outside U.S.

## Article 3.13.2c

PROHIBITED: Commercialization of agricultural products  
by non-governmental organizations  
(*those that most favor small producers*)



You know, the conditions for CAFTA are: I maintain my subsidies, you remove your import duties, I extend my pharmaceutical patents, you allow me to patent your native species.

What do you say?

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# Costa Rican Territory: United Nations Ocean Convention

National Jurisdiction: 12 Nautical miles from shore.

Exclusive Economic Zone:  
200 miles from the  
national coastal line.

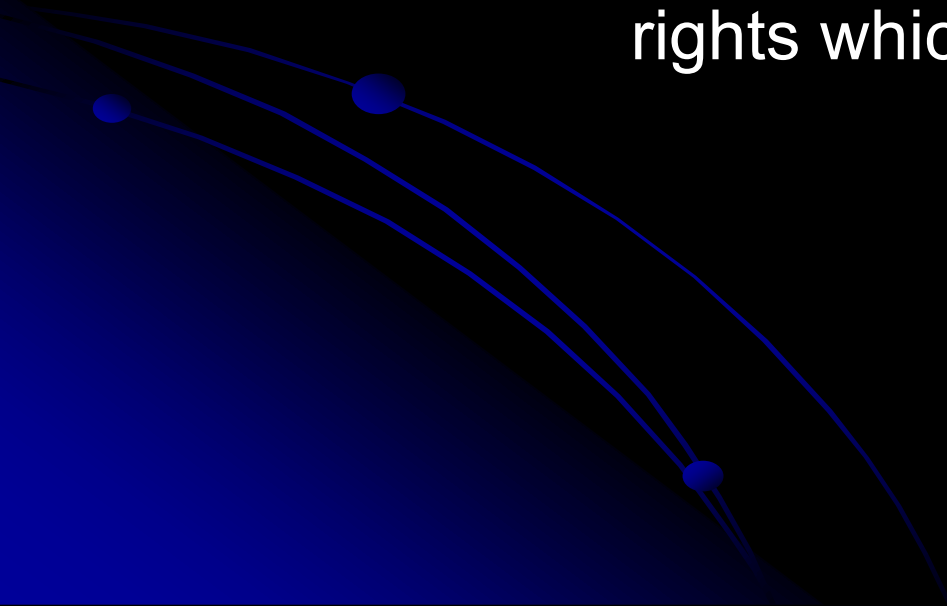


# Costa Rican Territory: CAFTA

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## U.S. Definition of Territory (CAFTA):

“Any zone which is beyond the territorial seas of the United States, within which, in accordance with international rights and with its internal right, the United States may exert rights which refer to the bottom of the sea”



# Costa Rican Territory: CAFTA



# Post-Colonial Globalization



U.S.A. TE USA.

# Post-Colonial Globalization



# Popular Resistance to CAFTA

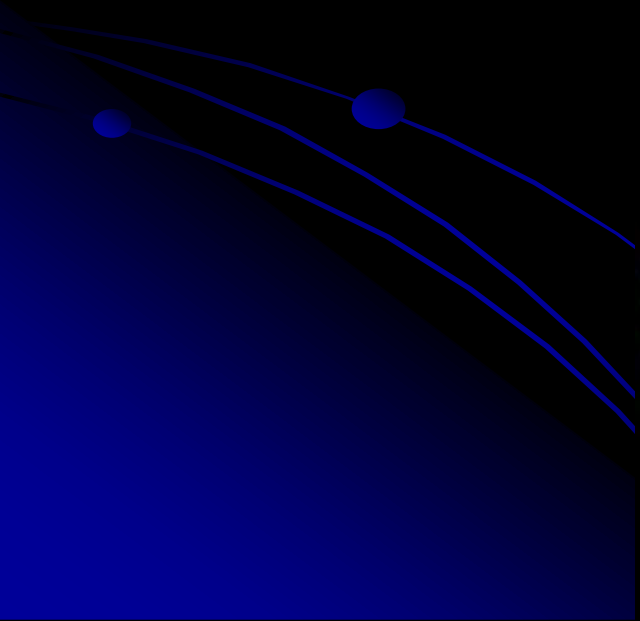


# Popular Resistance to CAFTA



# Popular Resistance to CAFTA

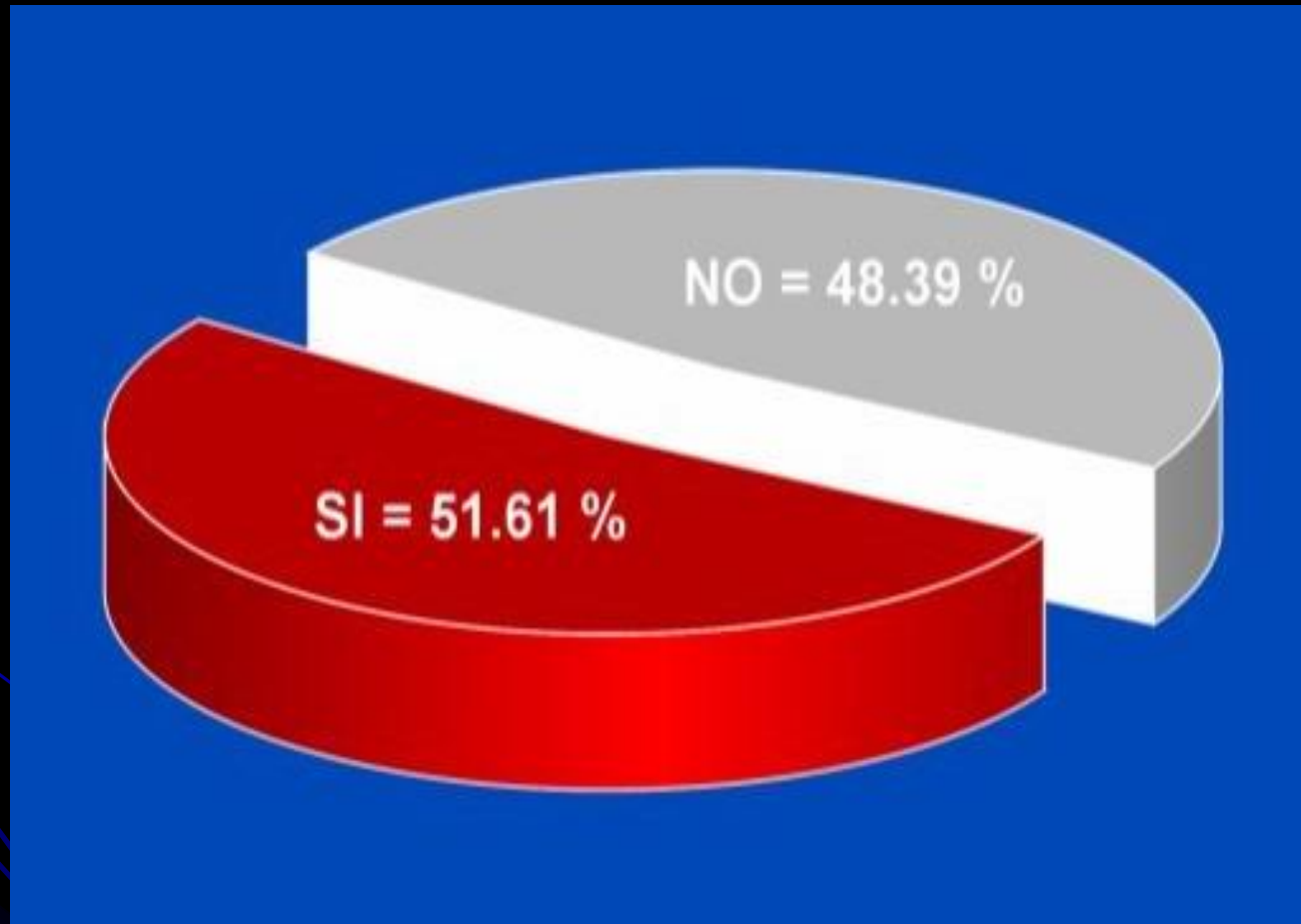




# Costa Rica CAFTA Referendum: October 7, 2007

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Percent Distribution (3.2% difference)



# CAFTA Impact: Other Country Examples

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## Dominican Republic



Implementation meant \$823 million in lost government revenues from eliminating tariffs to imported U.S. goods.

Answer: Apply consumer taxes on gas & food. Millions of dollars that were paid by transnational corporations now paid by Dominicans.

## Guatemala



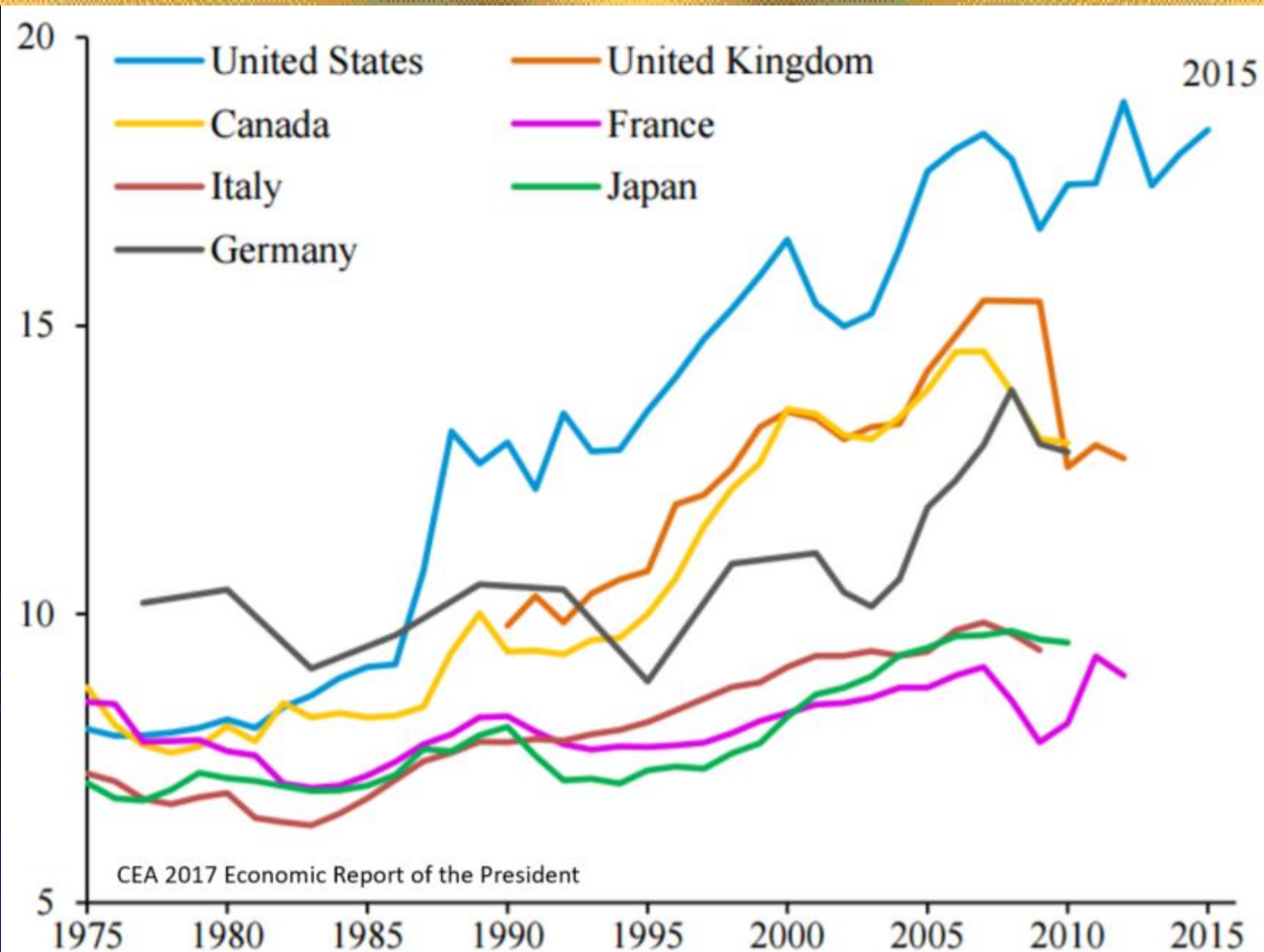
Forced compliance with strict royalties enforcement of almost exclusively U.S.-owned intellectual property.

Current legislation requires rounding up low income Guatemalans who sell home-made movie and music CDs.

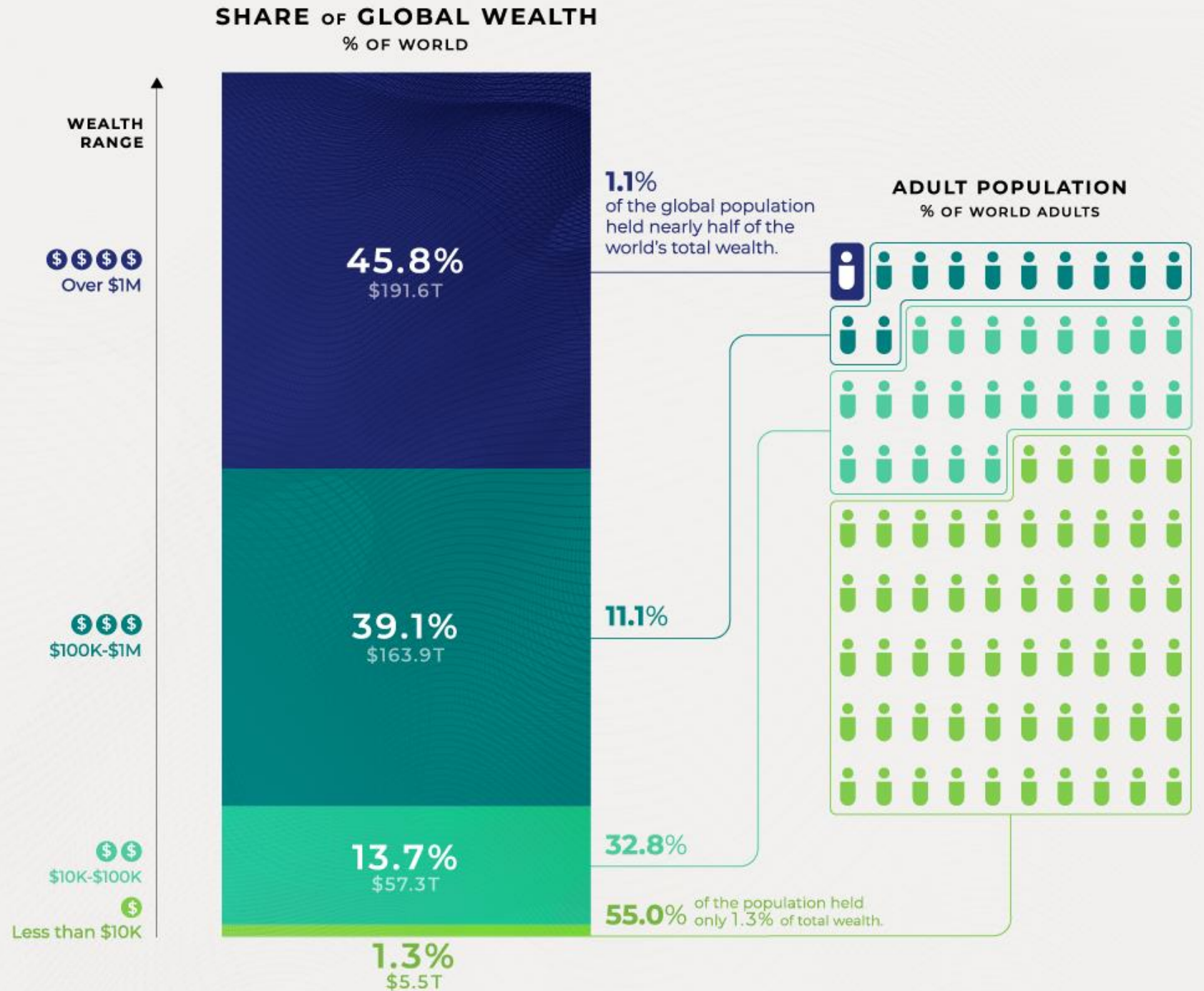
# Globalization & Free Trade: Social & Economic Impacts



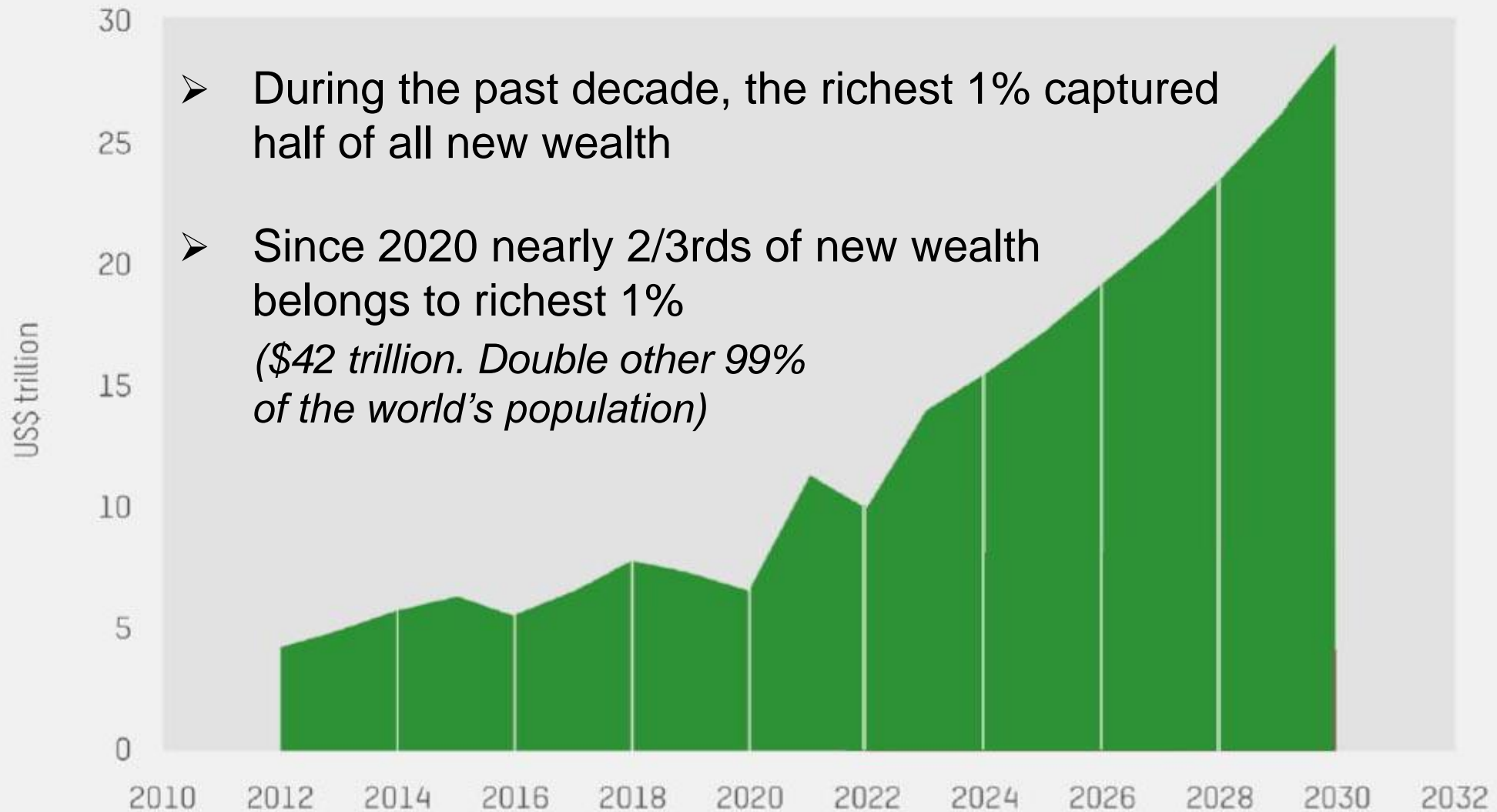
# Historical Global Income Earned by Top 1%



# Current Global Wealth Distribution



# Billionaire Wealth Concentration



# Costa Rica: Quintile Income Distribution



Poorest 20%  
of households

Richest 20% of  
households

Quintil



# Costa Rica: Urban vs. Rural Poverty



# Costa Rica: Urban vs. Rural Poverty



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Systems

