

Uneven Development: Globalization, Free Trade & Social Equity



Dr. Miguel Karian

Earth Education International

Costa Rica



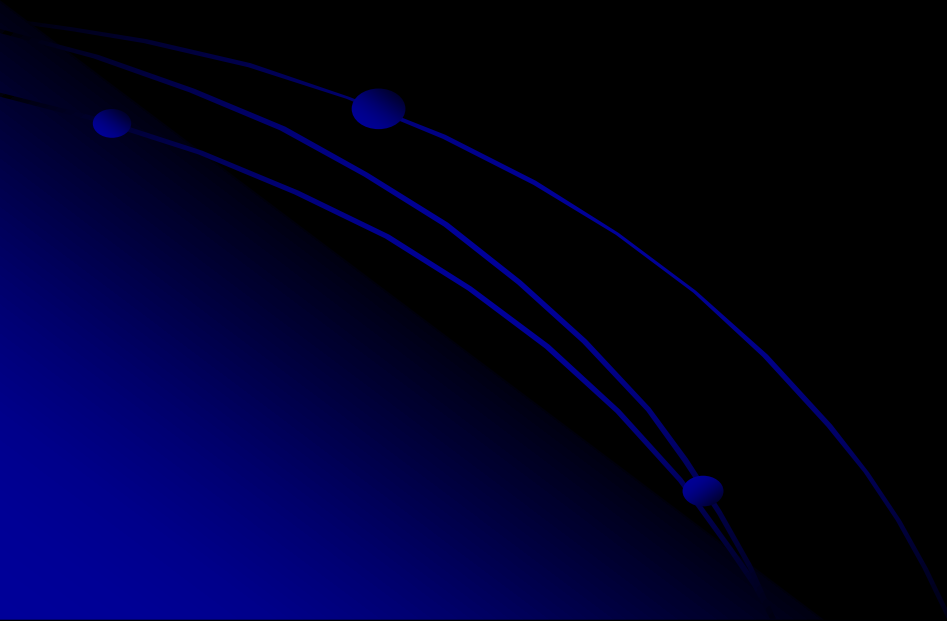
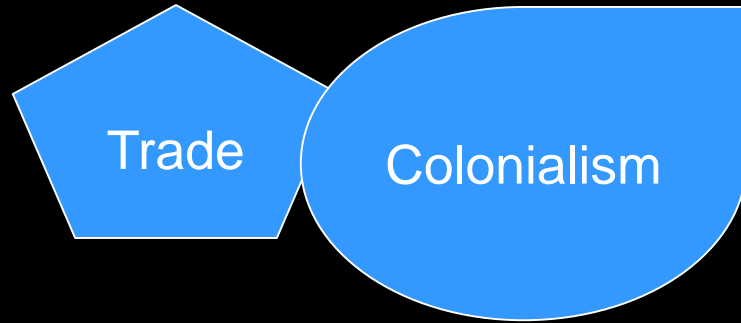
Definition

What is Globalization?

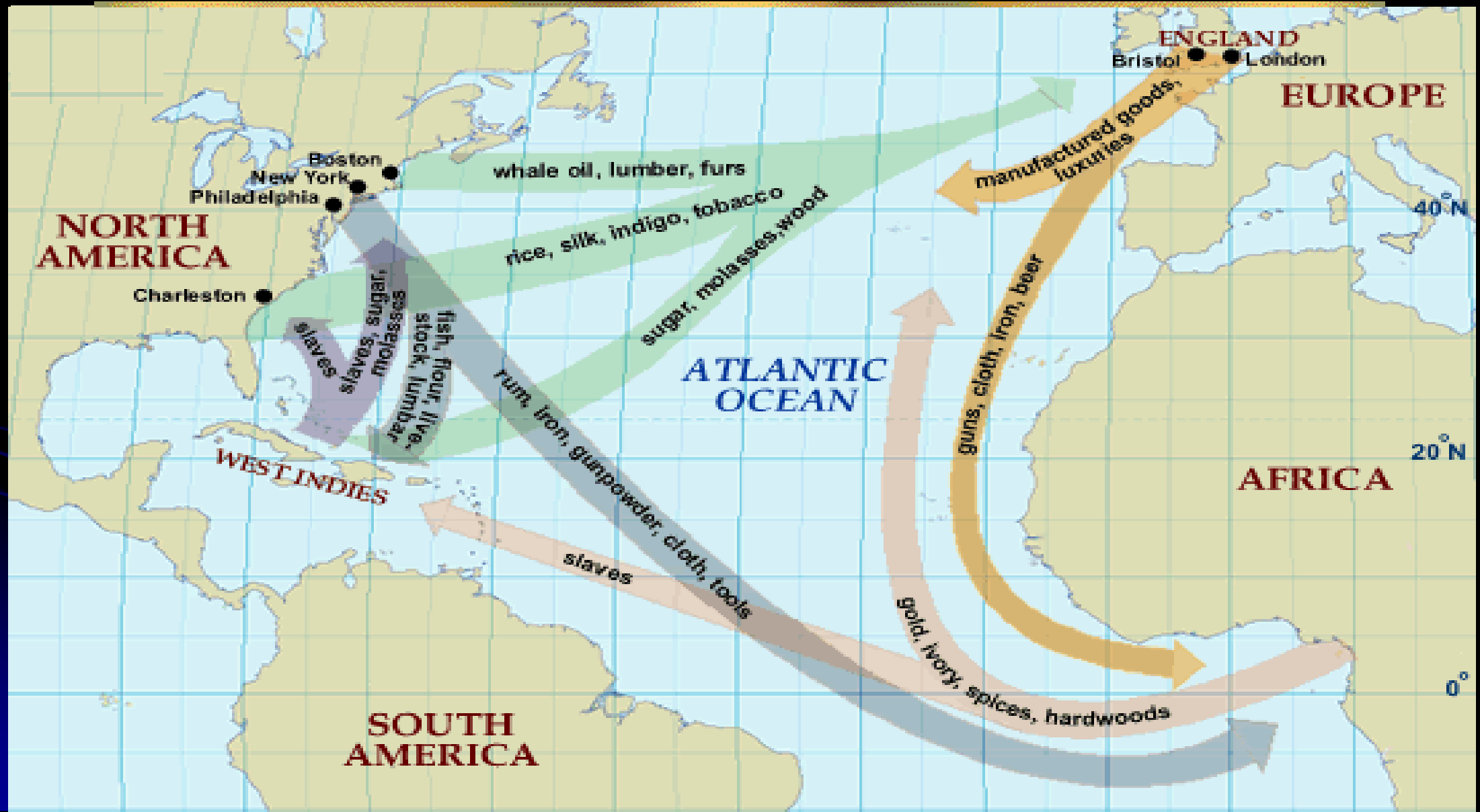


: the act or process of **globalizing** : the state of being **globalized**; *especially*
: the development of an increasingly integrated **global** economy marked
especially by free trade, free flow of capital, and the tapping of cheaper
foreign labor markets

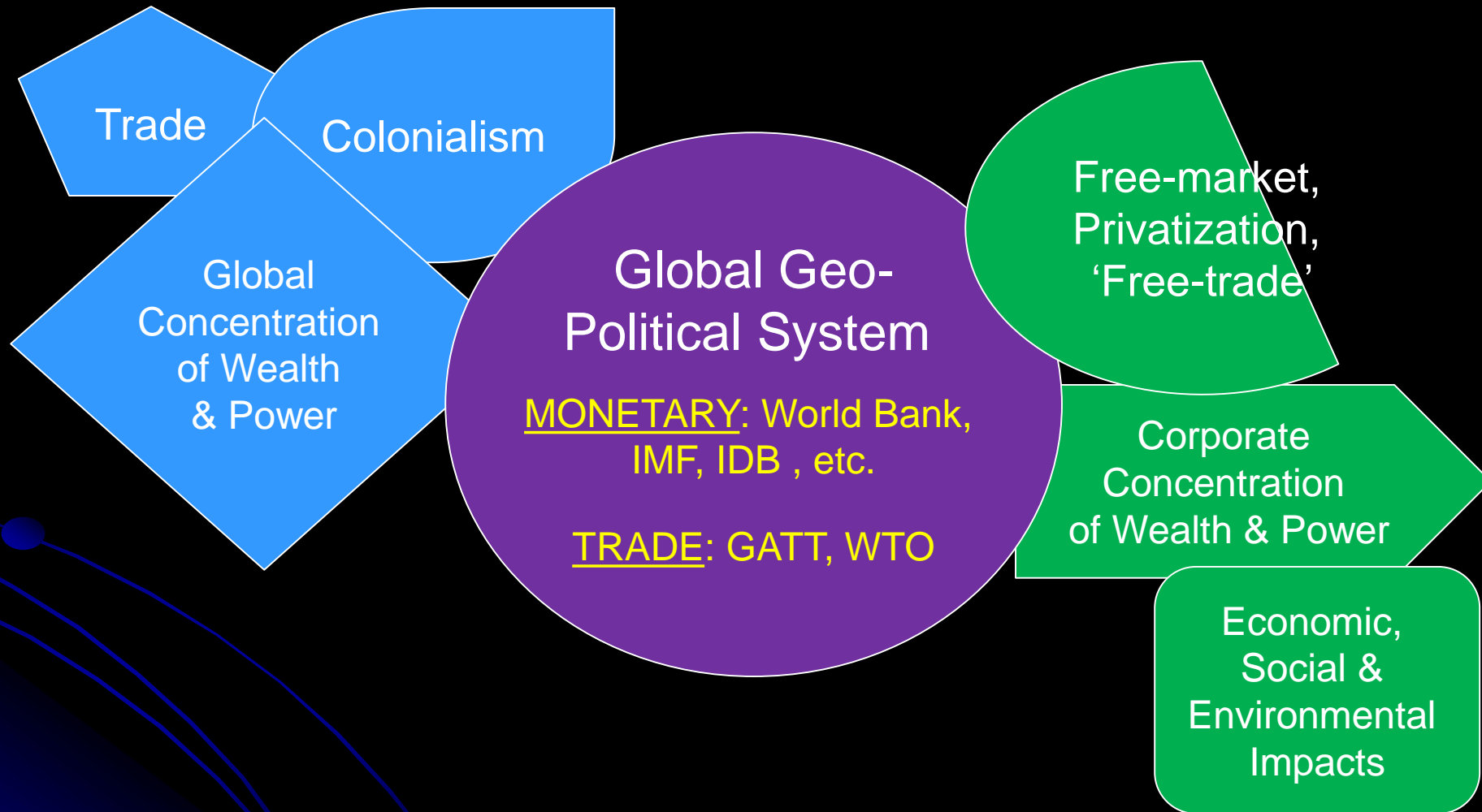
Globalization: Past & Present



Colonial-Era Atlantic Trade



Globalization: Past & Present



Definition

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

- 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

Proponents

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

Globalization & Free Trade Controversy

Proponents

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



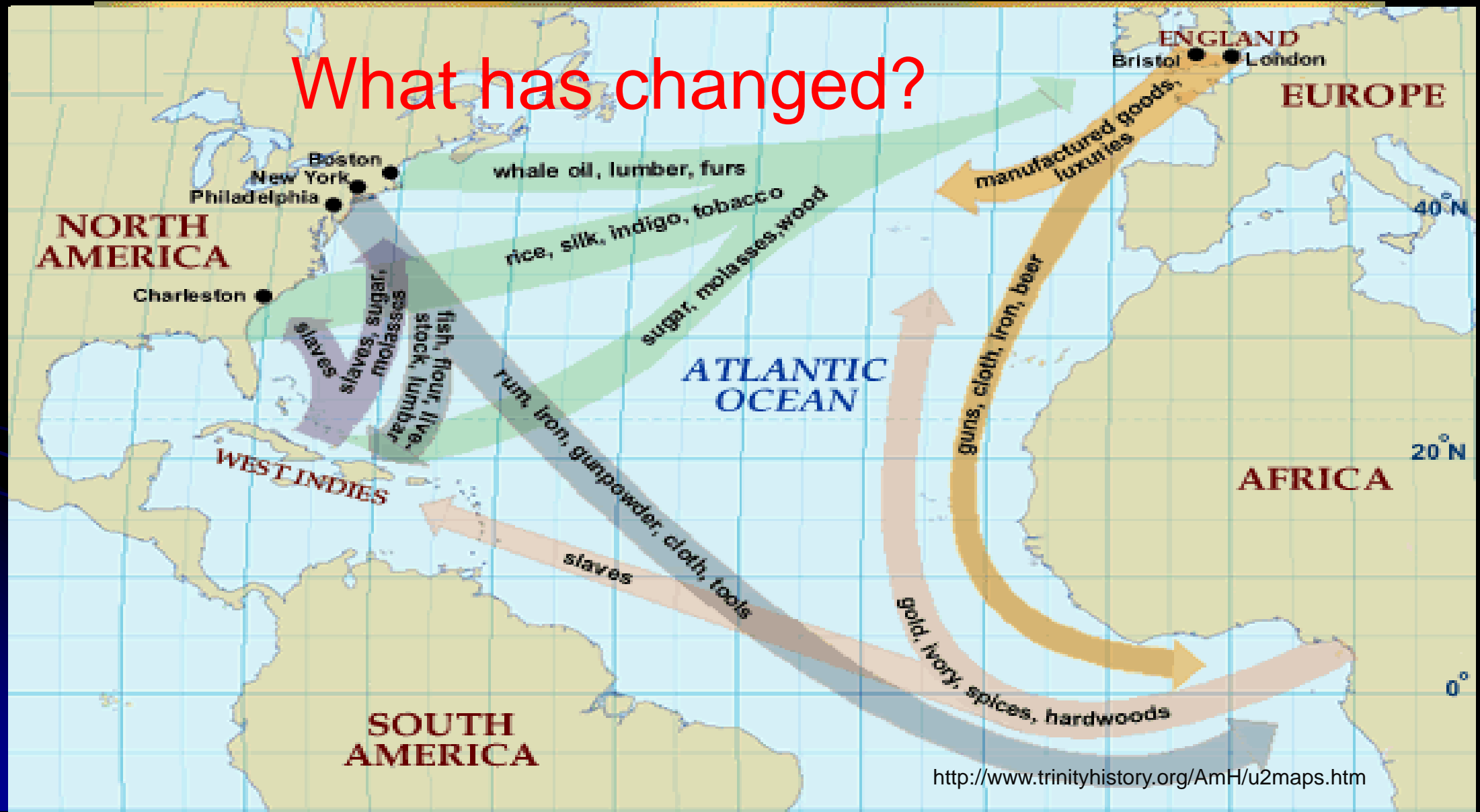
Opponents

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



Background: U.S. 'Free Trade'

- 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 NAFTA & US-Chile FTA

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



Globalization & Free Trade: Benefits?

- 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

1. Pro: Benefits & who most?

2. Con: Provide one long-term impact



NAFTA: Mexico 20 Years on (1994-2014)

- **Mexican unemployment 5%**
vs. 3.1% for 1990-1994 & a low of 2.2 percent in 2000.
- **NAFTA negatively affected agricultural employment**
Net loss of 1.9 million jobs from 1991-2007.
- From 1960-1980, Mexican real GDP almost doubled.
20 years following: Grown by only 18.6%.
- **Mexican inflation-adjusted wages almost same as in 1994.** up only 2.3 percent over 18 years, & barely above their level in 1980.
- **Mexico's poverty rate of 52.3%**
almost identical to that in 1994.



CAFTA Participants



CAFTA Principles & Contradictions

Neo-Liberalism:

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

U.S. Farm Bill 2002 subsidies:
\$180,000,000,000 in 10 years

Subsidies included in CAFTA:
No Mention



CAFTA Exemptions

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?**

YES!!



earl h

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

“Any creation
States, its
around
deni
de



established
al, rights
resort
er
”

CAFTA: Not 'Free' and Beyond Trade



Post-Colonial Globalization



Popular Resistance to CAFTA

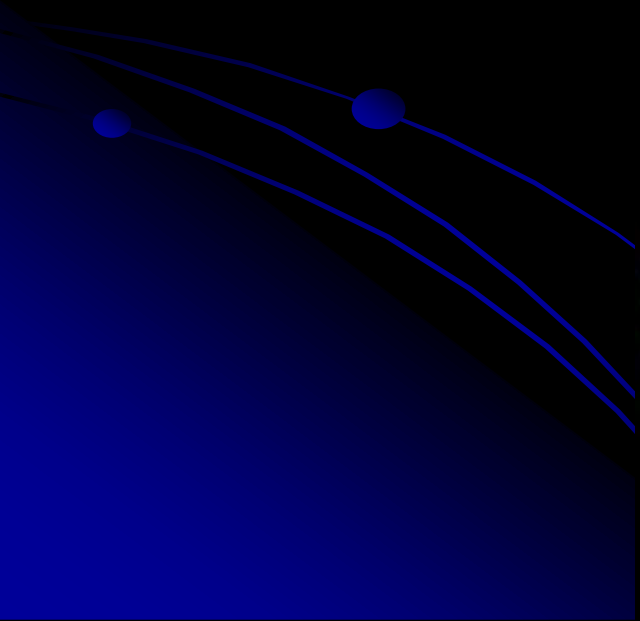


Popular Resistance to CAFTA



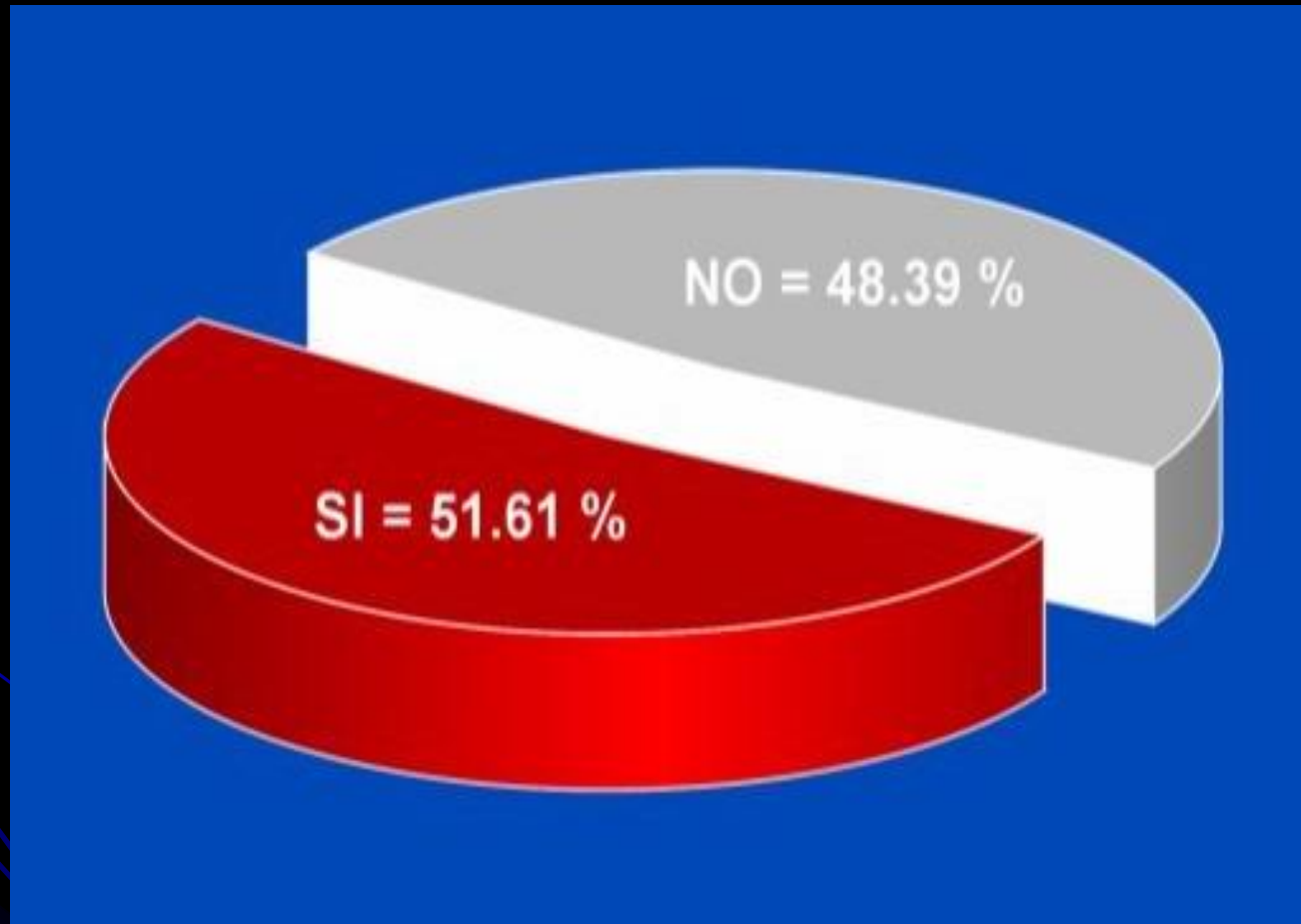
Popular Resistance to CAFTA





Costa Rica CAFTA Referendum: October 7, 2007

Percent Distribution (3.2% difference)



Costa Rica CAFTA 'Fraudulendum'

- Govt. funding for 'Si' propaganda
- 'Si' camp broke 48 hours prior no propaganda rule
- 'No' supporters not provided public transport to vote
 - Govt. paid poor to vote 'Si'
- Ballots closed with 95% precincts reporting

CAFTA Impact: Other Country Examples

Dominican Republic



Implementaion meant figuring out how to make up for approximately \$823 million in government lost revenues from eliminating tariffs to imported U.S. goods.

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

Guatemala



Forced changes its intellectual property legislation to comply with strict demands on 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 Impacts

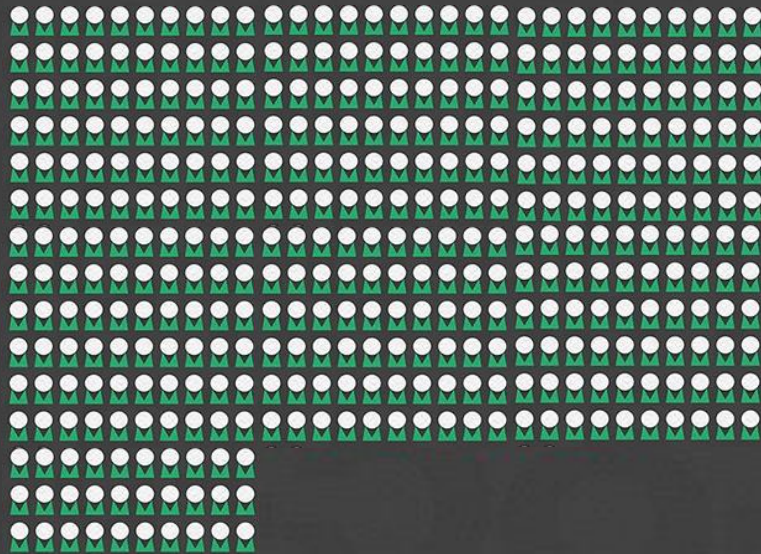


Historical Global Distribution of Income

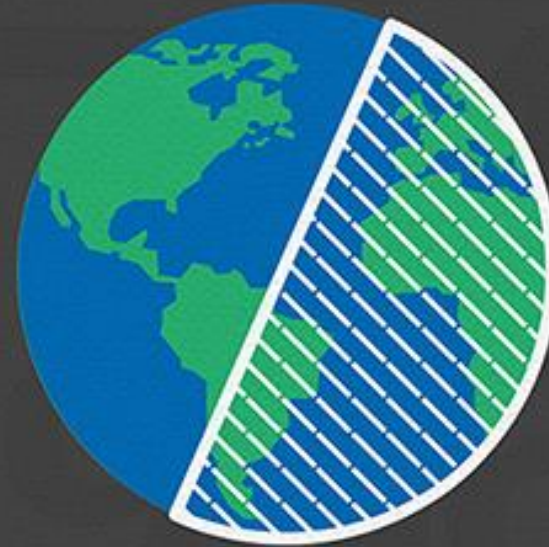
(Income Quintile Ratio)

YEAR	INCOME OF RICHEST 20% divided by INCOME OF POOREST 20%
1960	20:1
1980	46:1
1989	60:1
1999	74:1

Global Wealth Comparison: 2010



388 individuals



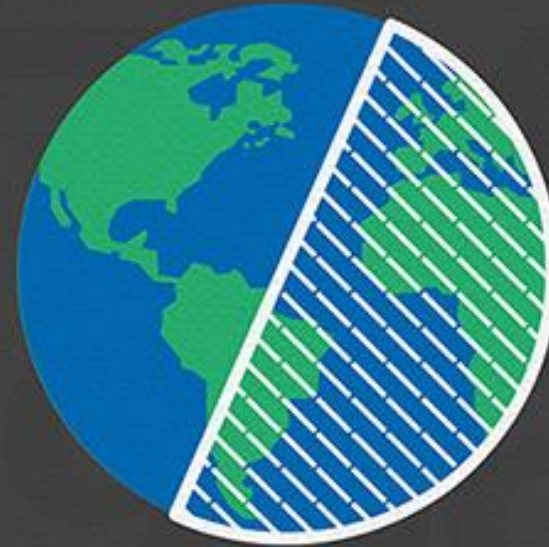
3.6 Billion
(half the world's
population)

SOURCE: OXFAM INTERNATIONAL

Global Wealth Comparison: 2017

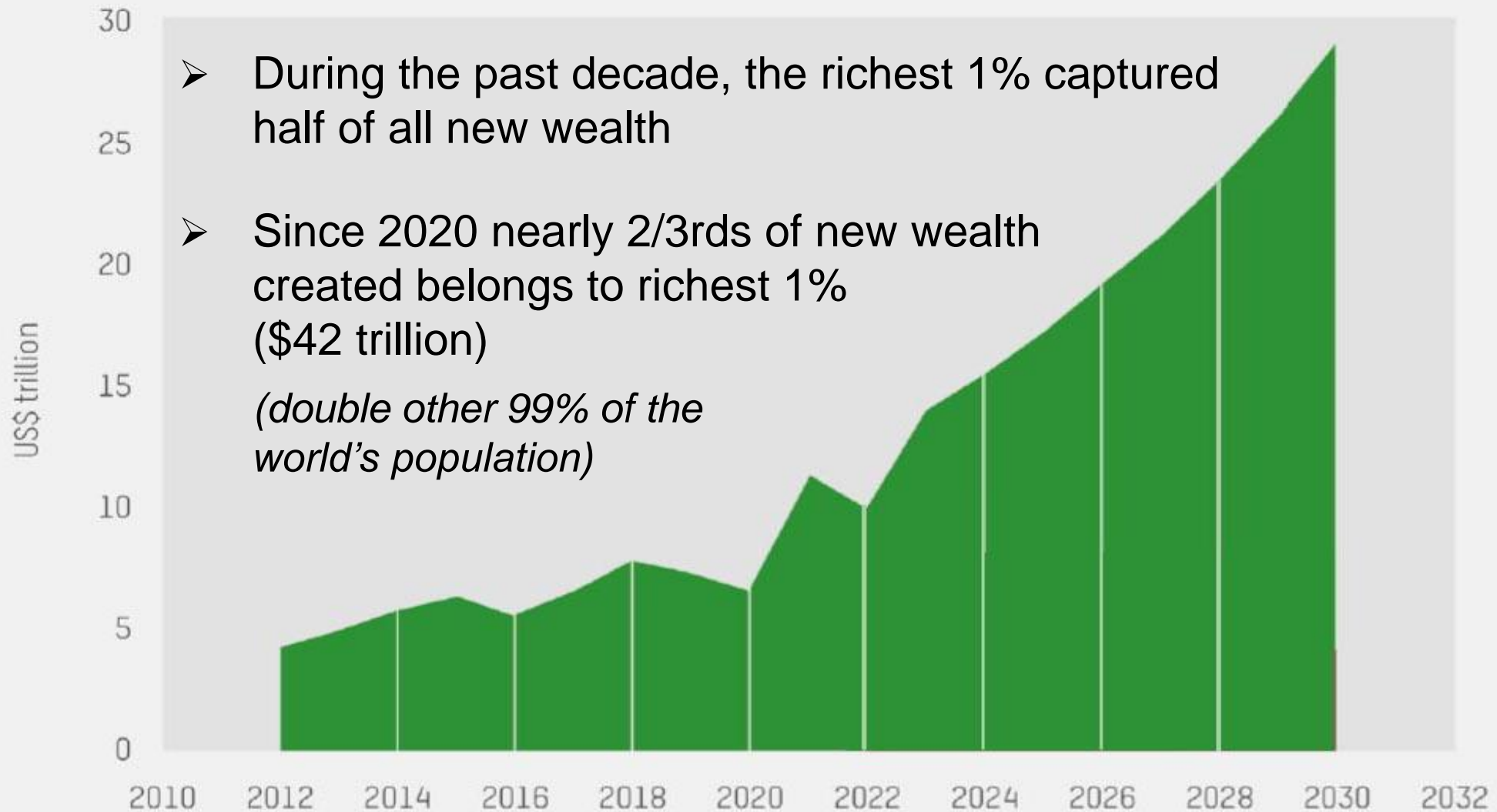


5 individuals



3.6 Billion
(half the world's
population)

Billionaire Wealth Concentration: Past & Future



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



[Life in a Poor Area of Costa Rica](#) (7 min)

Stay Tuned and...



Make good decisions!

Up Next:

Sustainable
Energy
Systems

