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Bachelor Thesis

Globalization and Localization Impacts on Social Life of People (case study)

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Affirmation of individual work

Herewith I declare that this Bachelor thesis called “Globalization and Localization Impacts on Social Life of People (case study)”, I assessed on my own with the usage of the knowledge that I got from the listed literature and with the help of the supervisor of the Bachelor thesis.

Prague, May 22, 2009

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Andres Perez

Acknowledgment

I would like to thank my supervisor and my family for all the support given.

**Globalization and Localization Impacts on Social
Life of People
(case study)**

Summary

Societal changes can be interpreted with regards to different modernization processes, among the most prominent ones belong globalization processes. The goal of this paper is then to provide a look at some impacts of globalization on social life of people. For a better understanding it has been introduced the concept of localization that is shown as a self protection system that appears usually in small remote communities due to globalization effects.

This paper has been divided into two main parts, theoretical and empirical, the first one giving the knowledge required for a better approach to the matter in hand and later discussion displaying different theories of experts in the subject, the latter employs the case study method, which describes meticulously the social life of people in a Colombian region, whose economy relies on mining industry dominated by a few national and transnational companies.

The purpose is to give an analysis based on modernization processes that affects all of us and experiences that are not fiction but without losing dynamism nor impartiality. Conclusions then do not come as a surprise, but rather as opinions and points of view that are completely open for discussion and critics.

Keywords

Globalization, localization, modernization, poverty, inequality, unemployment, social impact, economic impact.

Souhrn

Společenské změny mohou být chápány s ohledem k různým modernizačním procesům. Mezi ty nejvíce prominentní patří globalizační procesy. Hlavním cílem této práce je poskytnout náhled na některé faktory globalizace, jež ovlivňují životy lidí. Pro lepší porozumění byl představen koncept lokalizace, ukazující se jako sebeochranný systém, který je často kvůli globalizačnímu efektu vidět v malých a odlehlých komunitách.

Tato bakalářská práce je rozdělena do dvou hlavních částí, teoretické a empirické. První představuje celistvý souhrn vědomostí určený k lepšímu teoretickému přístupu k této problematice a následnou diskuzi, která zobrazuje rozdílné odborné teorie. Druhá část představuje případovou studii, která podrobně popisuje sociální život lidí v Kolumbijském regionu, jehož daná ekonomická situace závisí na těžebním průmyslu, který je ovládán několika národními a nadnárodními společnostmi.

Hlavním cílem této práce je poskytnout analýzu podloženou moderními procesy, které ovlivňují nás všechny a zkušenostmi, jenž nejsou pouze fikční, ale jsou důkazem dynamiky a nezávislosti. V závěru nedojde k vyřešení celé situace, ale spíše k názoru a k možným náhledům, které jsou otevřené k diskuzi a kritice.

Klíčová slova

Globalizace, localizace, modernizace, chudoba, nerovnost, nezaměstnanost, sociální vliv, ekonomický vliv.

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1. Introduction

Before giving away any hint of the content of this thesis, I took some time to think of the words laying ahead. In a matter of seconds came to my mind the importance of them, not only their reflection in every human activity or people themselves, but also in every language in the planet, this terms are international and their pronunciation and writing are so similar even being the same in some particular cases. The only reason that I see for this phenomenon is the value that they have and the meaning within themselves.

The term 'globalization' is the one that describes best the theme laying ahead, is the term that was able to give me the freedom to write beyond boundaries and some times to be as specific as possible. It is understandable that there is a big problematic in the world concerning to globalization effects, so it was sensible to introduce the other face of the coin, 'localization'. Both of them, being opposite to each other in meaning and action, work perfectly together to produce the understanding needed for this thesis to be concise and coherent.

We can see around us every day, in every corner, how every place and action is link to others. In every action taken a reaction is to be expected and sometimes thousands of miles away, processes become wider in complexity and range. It is as simple as taking the subway to see how the financial crisis, printed in every advert, started in the developed countries and how the third world suffers in a matter of seconds, how the stock market works almost as if it was just one.

Modernization is a process studied mainly by social sciences, from it are derived others like 'globalization'. To understand what the latter means or how it works is not a simple task, added to this we can see and analyze it from so many angles and based in different sciences concerned with the subject. It is reasonable to define the path to be taken and the tools to be used. Mentioned before, social sciences study these processes meticulously, and the effects are

reflected in many interesting areas worth to be studied, although this work is based on the impacts on social life of people.

The effects on society are so important, the fact that we are in it as the main actors should be reason enough. To study them is a way to understand what has happened, what is and what will. We can create a pattern or explain the causes of some problematics that affect us all. We are the mechanism of so many processes, but some times we do not understand how we can be the cause of something or what we are causing, that is relevant in our lives to understand and see how far our own actions can get.

The effects on society are then the path to follow throughout the whole text and Sociology is the science that can actually provide the tools necessary to explain different terms and describe situations needed to form a valid conclusion at the end. Other sciences are without a doubt needed to really achieve the objectives set.

The work is divided in theoretical as well as empirical parts. The latter of my own experience in a region of Colombia where the mining industry is the main economic activity. History as well as some information of the mining sector in this region is to be provided as well as some brief description of the political, economic and social situation in Colombia.

Sociology and the processes studied by it are then to give us a wider perspective of our own actions in the world. From Asia to South America and from the Arctic to the Antarctic every action we make has a result. These results and their causes are many but one is to be explained here hoping to give the reader some more knowledge about the subject and a bit of a region that remains unknown to many but could be of great importance to all of us.

2. Objectives of thesis and methodology

2.1 Objectives of thesis

Societal changes can be interpreted with regards to different modernization processes, among the most prominent ones belong 'globalization' process. It is a term known to the majority of us and to some point we know exactly what it means and even to some extent the effects assigned to it. But there is more to it than the naked eye can see.

'Globalization' is known as a 'global process' but some of its greater effects one can see in the most remote areas in the planet. Some of this regions are not even known to exist by many, that is why one of the major players in this thesis is the introduction of a remote Colombian region where this effects have not been yet studied at a greater scale.

Besides this Colombian region, the mining industry is the main economic activity so some terms are as well to be introduced for a better understanding of the vocabulary used. With this three determinant players, the effects of 'globalization' on the social life of the people living within this region become the main objective of this work.

The goal of this paper is then to provide a look at some impacts of globalization on social life of people. The purpose is to explain modernization processes that affect all of us and experiences that are not fiction but without losing dynamism nor impartiality. Conclusions then do not come as a surprise, but rather as opinions and points of view that are completely open for discussion and critics.

2.2 Methodology

To break this process into small flakes is of great importance in this paper to give to the reader the theoretical knowledge to understand the final purpose of this thesis. Being cautious of not turning the whole thing into another theory

book, there has been chosen a method of research that with self experiences gives the final touches to ensure a new and fresh input.

This paper has been divided into two main parts, theoretical and empirical, the first one giving the knowledge required for a better approach to the matter in hand and later discussion displaying different theories of experts in the subject, the latter employs the case study method, which describes meticulously the social life of people in a Colombian region, whose economy relies on mining industry dominated by a few national and transnational companies.

The data collected for the empirical part is based on my own experience in the area and helpful information from mining companies as well as the regional government. My experience is after some time working for one of the mining companies in the area what helped me to open doors and establish relationships with people from the area. Pictures and data collected aided to put the picture together as well as listening to what people had to say about their social situation and how they perceive what is happening around them.

The work follows from general to specific, from industrialized countries to Europe, from developing countries to Latin America and ending in Colombia to make the last step and discover what is like to be in the middle of nowhere and surrounded by everything.

3. Theoretical Perspectives on Globalization Processes

'Globalization' is a term well defined by experts, this part of the thesis will take us through the theoretical definitions, development and dimensions that we need to have a better understanding and a more precise idea of what 'globalization' processes mean. Different approaches are to be described to give as much information as possible.

3.1 Definition

'Globalization' is a process that for many started in recent years, for others, 'globalization' is a process that have existed for a long time. The question then is more about intensity of 'globalization' nowadays, it has to be acknowledge that when the spaniards came to America the world had already started to become more international in a very particular way, or more recently after the industrial revolution in England the free marketers trying to liberate the market from any kind of governmental regulations. In any case, both approaches agree that 'globalization' is an existing phenomenon and is affecting us all.

In dictionaries one can find definitions of 'globalization' describing it as a process of development, or 'globalize' as a verb whose action is to make an institution more international, to have more influence or a bigger range of action. 'Globalization' then is setting a new pace of modernization, the fact that actions become larger in effect and range makes it clear that 'globalization' starts to crash boundaries and limits in many segments of our world of today.

The world started to 'globalize' some time ago, could be a long or a short time, but the point where everyone settles is that the intensity is bigger nowadays. It is worth to mention that this intensity of this particular process has good and bad sides. Bauman tells us how 'globalization' unites and divides,

how 'globalization' is known as a process of gathering things together but in the same way reaping others apart. (*Bauman, 1998*)

Reality is different than the definition offered by dictionaries, 'globalization' is a network of different entities communicating with each other (*Giddens, 2001*), in this sense we can say that entities from every corner of the planet at this very second are communicating, and this communication is the main factor of shaping and changing things in such a hasty way.

'Globalization' is linked to global economy by many but there is more to it, trade, production and finance are to be mention as well as the changes in politics and cultures around the world that are exposed due to the fact that boundaries do not have the same meaning as they did in the past. There is now an intercultural communication within peoples of every corner in the world and the process is aided by new technologies and new means of information.

Then perhaps 'globalization' could be define as a process of modernization that brings entities of every kind to act more tightly and cope with each other, but that sadly makes others even more apart, and all of this is propelled by new technologies and information systems.

3.2 Development

The human world set some standards of living, some pace at which everyone has to adapt himself, to accomplish this there are in motion many processes. It has to be said that each process increases and develops as the goals become greater and more ambitious. 'Globalization' being one of this processes has a pattern that we can follow and recognize. It is very important to know how it works and why this process exist among us, there are reasons dating to 19th century, actions of the human been that set of these processes.

Where or when 'globalization' started is a question that has not been answered yet. Depends how you are looking at the problem, it is argued that started centuries ago (*Giddens, 2001*), or during the England of the nineteenth-century. Probably 'globalization' is just linked to human actions since the beginning of times but for our purposes and actual political, social and

economic situation its development and dimensions will be described right after the Industrial Revolution.

The term known as 'Laizzes-Faires' is of great importance, especially in mid-victorian England. 'Laizzes-Faires' is french for "allow to do" (*Encyclopedia Britannica, 2009*), and in modern times means "let people do as they please without government interference" (*McGraw-Hill, 2005*). Policies based in this economic theory are the ones that caused the Great Transformation in 19th century England (*Grey, 1998*).

'Laizzes-faires' is a theory that believes that markets enjoy natural freedom and that should not suffer of any kind of artificial policies made by governments (*Grey, 1998*). This theory was applied fully in 19th century England, it was an attempt to free economic life from any kind of restriction. The result ended in a new system called free market, and this events are know as the Big Transformation. (*Gray, 1998*)

Free market was adopted by Britain because of the real advantage of being the first industrialized country, although free trade survived only until the Great Depression hit Britain, uncovering the inconceivable advantage in free international trade. But the policies of a free market did not change until the post WWII, it had to take dictatorships all over Europe and billions of lives to change from a free market to accept Keynesian concepts. (*Grey, 1998*)

The world economy underwent another big change during the 1970s, this is the period where the global economy became 'truly globalized'. Some features are worth mentioning during this time, knowledge and financial structures grew in importance, financial being more centralized than ever. Technology now going from point A to point B in no time, and being obsolete even before returning to point A. Policies made between countries were not a surprise and the rise of global oligopolies and globalized state power where fundamental parts of this new change. (*Hennis, 2005*)

It is then written in history how the world helped by some regulations and great changes, including loses of human lives, came to a 'globalized' reality. From the Industrial Revolution in England to the WWII we can see the effects of human actions in our present, actions that produce results with no regards to

lengths and time. The dimensions are as big as we want them to be, it is no surprise to see in every corner of the world bits of consequences caused by the governments of our time.

3.3 Consequences

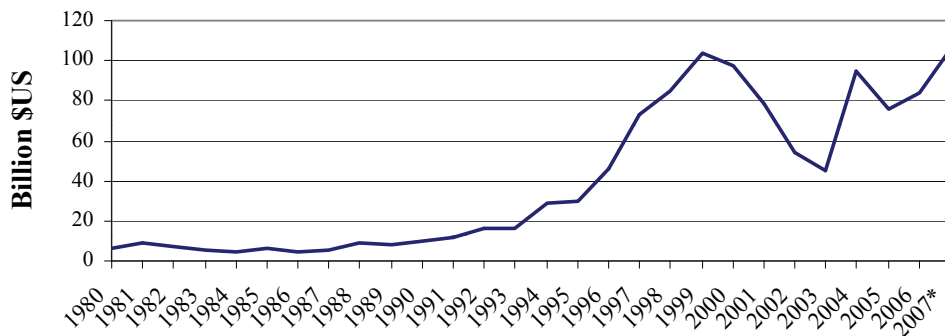
'Globalization' as every process it is a division of actions and consequences, the latter could be looked at from many angles even be divided into bullet lists. This could be done but reality is different in every corner of the world and we are interested to find out the consequences in a Colombian region, following this idea it is sensible to divide things into developing countries and developed ones and refer to them as such from now on.

Developed countries have many advantages but things are changing and this could be due to free market systems and 'globalization' itself. In developed countries low skilled workers could be in disadvantage due to the fast pace of this changing world and the more difficult tasks that have to be endure everyday while in developing countries the situation turns out to be opposite now that the tasks are more manual and international investment is only beginning to take the first steps in these countries.

In the figure bellow we can see how FDI (Foreign Direct Investment) has been steadily increasing in recent years in Latin America and the forecast is that it will be growing even more in the upcoming years.

Figure 1.1 (FDI inflows into Latin America 1980-2007)

Chart 2
Foreign Direct Investment Inflows into Latin America 1980-2007



Source: UNCTAD, FDI Database, 2007; UNCTAD, World Investment Report 2007;
*ECLAC, Foreign Direct Investment in Latin America and the Caribbean 2007.

Chart 2 – Latin America in Transition, Lesson 6



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In the next chapter the impacts caused by 'globalization' on social life of people will be described more deeply. The task now is to show the most discussed consequences of 'globalization'.

3.3.1 Developed countries

Developed countries now are more and more dependent to developing countries, this feature is due mainly to the high production costs that this countries have, following that idea we know that many companies only now keep their headquarters in the countries of origin but their production plants elsewhere.

Based on that last statement, we can say that only plants of production of high quality goods like the aerospace industry remain in these countries, this means that very high qualified workers are needed to see the job done.

It is then a matter of intuition to realize that one big problem of the nowadays so called developed countries is the rise of unemployment rates, mainly due to the bad distribution of employment within society. (DEOS)

Other big problem that developed countries have to face is the deterioration of the welfare state. Competition between these countries through regulations and taxes is massive. This problem is mainly due to the uneven distribution of opportunities that 'globalization' brings along. (DEOS)

There are many more consequences of 'globalization' that will be taken into account and described in the next chapter. It has to be said that now that the world works more and more as a whole every day that passes and the processes within affect us all without mercy, the next statement perhaps could sum up all of it.

“For everybody, though, 'globalization' is the intractable fate of the world an irreversible process, it is also a process which affects us all in the same measure and in the same way” (Bauman, 1998)

3.3.2 Developing countries

Being 'globalized' in the same measure and in the same way as bauman said is true, but the consequences of it is a totally different story, developing countries in some way are being benefitted thanks to modernization processes but still the actual situation is devastating in most of them.

In developing countries the main consequences are as follow:

Income inequality.

Poverty.

Unemployment.

All of these consequences have their ramifications, later on we will found out more about those, but put together the gap between rich and poor could only get bigger, though this does not mean that poverty could not be decreased.

In the next figure we can see how the percentage of poor population has been decreasing in Latin America over the last years, though it has not been a remarkable change to makes us think that ‘globalization’ as a process has been affecting these countries positively in the sense of reducing poverty.

Figure 1.2 (Poor population and poverty rate in Latin America 1990-2007)

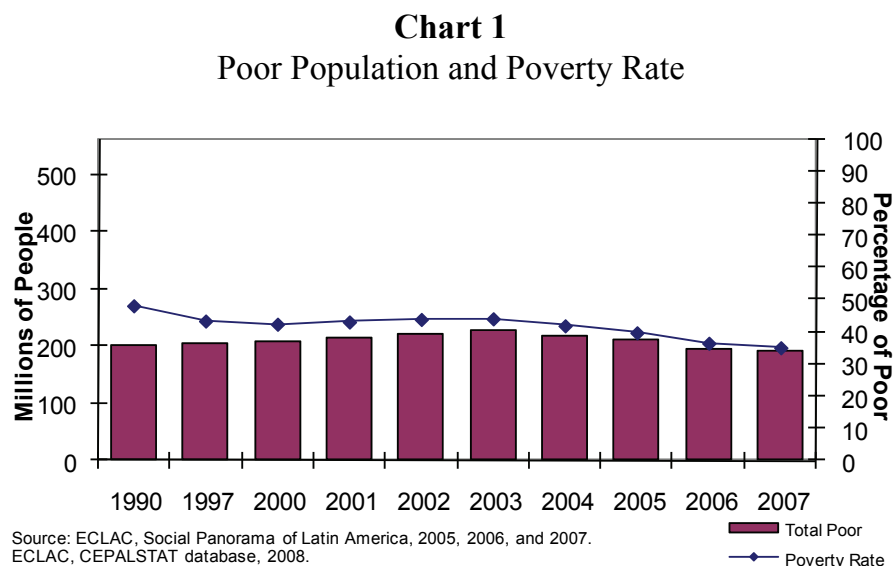


Chart 1 – Latin America in Transition, Lesson 5



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Income inequality is due to problems of distribution where resources are in the hands of few and the gains have consequently the same fate. This is understandable from an economic point of view, though the impacts in society are great and with many different outcomes.

Poverty as mentioned before could be reduce greatly but the problems of income in developing countries do not aloud any big changes to happen in the near future. Income then, is to be mentioned later on as a real factor that affects these regions of the world

Unemployment is increasing in some countries in others remain constant, but is still very high. This is one of the main causes of delinquency in countries of the third world and poverty as well. We could ask ourselves how is this possible when FDI is increasing but we can not forget that imports from overseas increase as well causing some domestic firms to close down. *(Lee, Marco, 2006)*

In any case the consequences are many and it is time to evaluate them more closely from a social point of view and mainly the impacts on social life of people.

4. Modernization and Globalization of Society: impacts on social life of people

'Globalization' as mentioned before is considered part of modernization processes, it is sensible then to explain the meaning of modernization in sociology. This process is basically what defines the biggest differences between countries of the first and second world.

4.1 Modernization

When we look at the definition "modern" in dictionaries is just a relation of present and past, just calling the present modern and the past the opposite. An example could be Modern English and Middle English, seems vague this explanation but going deeper shows that is just the base for the definition of modernization in these times.

The sociological definition of "modernization" is the change from an agricultural based economy to an industrialized one. Industrialization has to do very much with modernization processes, the change a country suffer from a stage to another one is what we know as "modernization".

The change concern countries and the individuals as well, in fact the individuals are the main actors of theses process. When nations modernize the individuals within become more and more important, families and other groups are not anymore the base of society. The new entities of modern societies distinguish very well from one another, dividing labour and having more specialized tasks to perform. (*Encyclopedia Britannica, 2009*)

Modernization comes then with more individualism and as we can perceive, industrialization is just not a process concerning new technologies or changes in the economy of a country, but a process that takes societies from old systems to totally new ones. In theses sense we can say that countries of the third world are based still in agriculture, that is the system from where

industrialized and modern countries come from, here is when the definition of 'modern' makes even more sense.

4.2 Impacts on social life of people

Before dividing the world, depending on the impacts on people in different regions, there is a characteristic that every globalized country has in common and its consequences are very similar as well. This characteristic has to do from technology to communication and is one of the paths to become a truly globalized entity, mobility.

4.2.1 Mobility

Mobility is a recognized sign of truly 'globalized' countries, it is vital even for the activities of every day for the new entities of the new world system to stay afloat and keep up the pace. Mobility is not about physical movement of elements only, but the fact that one has not to go somewhere to be in a different place despite the whereabouts of mind and body.

This determinant factor of 'globalization' is aided by new technologies and communication, internet, radio, television and more. There is no possible way to determine the speed in which people exchange ideas from one place to another, not even possible to stop it. Now people are exposed to every kind of information regardless origins, language or content. (*Giddens, 2001*)

Mobility is then a weapon used by transnational companies to move capital as they like from one place to another without having to actually move physically, and taking advantage of a world with no actual barriers. We can not forget that people have the same advantage to move freely and have access to every bit of information out there and not forgetting the cultural influence that this brings without a previous invitation. (*Bauman, 1998*)

Now that we are exposed to different cultures at all times things have started to change even faster, a very good example is the flag of the EU in every member country trying to seek a sense of belongingness within society to

this new political and economic order. New systems exist based on this new mobility model but it is important to consider the ones that are still opposing themselves to it, the ones that want to remain local.

Localization

'Localization' is the term that provides us with the reasoning needed to understand how 'globalization' does not work, in other words is the term that places the bet against 'globalization' and goes the other direction. This process though has many critics as well as flaws made by the already new free markets.

'Localization' does not support the idea of free trade and new developments in technology and communications. This process tries to give more control to states over the economy, markets, communications and all other different entities involved. The real goal is not let goods and services that could be exchanged within the country go elsewhere. (*Hines, 2003*)

This process though as said before is criticized by many countries, especially industrialized ones. The flaws of this process is based in the fact that the world is already 'globalized' and the countries truly 'globalized' are the ones to dictate the rules on how things should work and 'localized' countries being a minority can only hope not to become even more apart of the trade and commerce of the globalized world. (*Bauman, 1998*)

Individuals need to find something to hold on, something to believe in not to feel the void outside, but modernization processes help to destroy identities and ties within society and creating new ones, some times it is just better not to fight straight back but to find a way to turn the way wanted following the tendencies already imposed.

4.2.2 Europe

Impacts on people in industrialized countries are very similar, and for the purposes of this work the focus now will be on Europe. It is just the best combination of industrialized countries, there is no other place in the world with

so many countries gathered in one place sharing so many things, from currency to no borders between them. Europe becomes an excellent example of what 'globalization' is and does.

The following are the most common impacts due to 'globalization' on industrialized countries and more specifically in Europe.

Welfare state

Mentioned before, this is a process known in the literature as 'social dumping', what we see is the degradation of countries due to competition in the free markets, this often happens due to new policies and taxes. (*DEOS*)

It is an example of portuguese workers working in Uk because they are cheaper while the british complain of not having work due to foreigners doing what they are suppose to do. To some extent this is more of a problem between companies, anyway one of the characteristics of the actual world is that is ruled more by companies than states themselves now that market regulations are not in their hands anymore.

Unemployment

It seems like an ethical problem, it is not a problem of scarcity of new opening positions in companies, it is more a problem of making things more reliable, faster and efficient. New technologies come and go like the sunrise and sunset everyday, and companies can not stay away of the obvious.

When new technology comes to town, companies in order to sustain their levels of efficiency and production have to innovate machinery and communication systems, this ends in many workers loosing their jobs due to not reaching the conditions required for the proper functioning of the new equipment or system.

Basically the point here is that high skilled workers are needed in Europe. Due to cheap labor force in other countries Europe has to have state of the art technology to keep up. This is very frustrating now that 'globalization'

claims to do the opposite. Low skilled workers then lose their jobs and that is how unemployment becomes one of the main problems in developed countries.

Income inequality

Income inequality exists in every corner of the world, from industrialized countries to third ones. The causes though are different, in Europe for example the new technology and mobility are the main ones.

If every worker had the very same conditions of another one, the same advantages and disadvantages, problems of inequality would be unknown to people but reality is different. Workers do not have the same mobility all over Europe and not all of them are capacitated to operate every bit of new technologies, this sadly ends up in a bad distribution of economic resources. *(DEOS)*

Migration

There are two different types of migration that affect Europe, migration within or intra-EU migration and immigration from non-EU countries. *(DEOS)*

Intra-EU migration is part of what the EU means, is to let people move as they wish. This mobility though is seen from many angles, we could say that helps people to adventure to other places, meet new cultures and people or make business elsewhere. Other possibility is the one that applies to countries that do not have the same economic possibilities for their people, this eventually aided by the possibility to move freely within Europe ends up in migrations to countries with better conditions. Migration is then very useful in many cases and helps to develop welfare but at the same time the mere fact that this phenomenon exist is due to regional inequalities within the old continent.

Migration from overseas is more delicate, workers from developing countries are ready to work for a lot less and could be very skillful at the same time, this of course helps to create unemployment and income inequalities. This kind of migration works more intensively in different countries.

4.2.3 Latin America

'Globalization' works differently in terms of intensity and results in developing countries. In Asia for example 'globalization' helped, and still does, countries like China and India to overcome many problems, the quality of life of people has increased rapidly and greatly and unemployment rates have reduced as well.

The big difference is that in Latin America the effects of 'globalization' have not been as great as in Asia, although the change is noticeable. The causes could be many, from availability of natural resources to lower wages in the east.

The following are the most noticeable social consequences in Latin America due to 'globalization'. Other consequences, for example, to the environment, etc, will be considered in the last chapter.

Employment

In Asia countries like Vietnam have seen employment increase during recent years mainly due to foreign investment, the why of this investment is probably what matters the most, wages are so low that manufacturing process founded a paradise to increase production at much lower costs.

In Latin America the situation is a bit different, wages are not as low like in some developing asian countries, this is probably one of the reasons why big changes in this segment of the economy have not yet taken place.

Other factor that affects greatly is international competition, foreign firms offer at a much lower price products that national firms offer as well. This process ends up throwing national firms out of the market and increases the demand for foreign goods. *(Lee, Marco, 2006)*

The political situation could be named as well, Latin America is under the effect of great political changes and countries like Venezuela have started to nationalized many companies to give more power to the state, this finally helps to create the necessary conditions for bureaucracy to increase as well as

corruption giving a bad management to the industry and consequences like job abatement.

Inequality

Income inequality is great in Latin America, this is due to high rates of unemployment as well as unskilled workforce. The gap between rich and poor is very big, it is no surprise that some countries have even more than 50% of poverty making this a very serious social problem.

New technologies affect directly developing countries in general, in Latin America the effect is opposite to what the expected outcome would be. Developed countries will try to send to their factories in third world countries state of the art technology and this becomes into a real problem due to high rates of unskilled workforce that are not prepared to operate this new technology, and so then only few have access to it. *(Lee, Marco, 2006)*

Wages are a factor to look at, although varies from country to country poor people get almost nothing compared to wealthy ones. The next table gives some information based on the GINI index to show the high coefficients of income distribution in Latin America.

Table 1.1 (GINI index of chosen Latin American countries 2000-2005)

GINI INDEX						
COUNTRY	2000	2001	2002	2003	2004	2005
Argentina		52.24	52.52	51.28	51.32	2005
Bolivia			60.05			2005
Brazil		59.25	58.75	58.12	56.99	2005
Chile	55.36			54.92		2005
Colombia	57.5			58.83	56.23	2005
Mexico	51.87		49.68		46.05	2005
Nicaragua		43.11				2005
Panama	56.56	56.49	56.51	56.08		2005
Paraguay			57.98	58.36		2005
Peru	49.82	53.01	54.65	52.02		2005
Uruguay	44.56	44.96		46.86	46.14	2005
Venezuela				48.2		2005

(USAID, 2008)

Poverty

Poverty is linked to unemployment and income inequality very tightly and in part this last two are causes of the high rates of poverty. In the second figure (figure 1.2) shown in this work we can see that Latin America has around 200 million people living in poverty, its has to be said though that the percentage has been decreasing.

It is important to acknowledge that 'globalization' has helped to decrease poverty in many countries in the world and latin american countries are among those benefited ones. The problem here is the stability or reduction of poverty in the years to come, Latin America is susceptible to whatever happens in the

world and just the small shake in the world economy could propel the growth of poverty in no time.

5. Evaluation of globalization effects in different parts of the world

After evaluating regions in general it would be appropriate to apply the same procedure to countries. The countries to be evaluated were chosen depending on the effects that 'globalization' brought upon them.

It is sensible to include countries differing not only in terms of economic activity but also in terms of geography. Asia, Africa and South America host different countries in terms of wealth and development, and different indexes could help us to analyze more deeply what is really happening.

'Globalization' is a worldwide process, and many of the effects caused by it are aided by the position of governments towards it. How state policies and economic systems adapt to modernization changes are very important and help us find out the outcomes in different countries. Culture is not to be left behind, the perception of people towards these phenomena is of great importance as they are the new entities in this new era.

It is inevitable to avoid going back and think about 'heavy' and 'solid' modernity, a modernity based in big companies well settled and in charge of every stage of good production and compare it to the 'light' and 'liquid' modernity that we face in this very moment. The change is palpable and now countries can not scape the effects, the only thing that remains is to adapt and as flexible as possible to changes that consequently will come. (*Bauman, 2000*)

5.1 Singapore

Singapore stands very high in different sectors in Asia and the world as well, being one of the most advanced economies in the planet and with very low rates of corruption and unemployment. Singapore is a very good example of new economies boosted by 'globalization'.

Table 1.2 (Quick facts of Singapore)

QUICK FACTS	
Population	\$4.5 million
GDP (PPP)	\$200.5 billion
	8.2% growth
	\$44708 per capita
Unemployment	2.10%
Inflation (CPI)	2.10%
FDI inflow	\$24.2 billion

(The Heritage Foundation, 2009)

5.1.1 Economic freedom of Singapore

To evaluate the economic freedom that a certain country has we will use the index of economic freedom; it is basically the freedom that people have to do business, consume or invest as they wish to, a process that is protected by the government and as well with no restrictions by it. Every country has a different score depending on many factors, including: monetary, trade, investment freedom as well as corruption rates. *(The Heritage Foundation 2009)*

Singapore has the second highest score in this list, before Hong Kong and after Australia *(The heritage foundation, 2009)*. This index is measured in ten different segments in scale from 0 to 100, the highest the number the more free the country is in this segment. *(The Heritage Foundation, 2009)*

The economy of Singapore is significantly more free than the world's average. This economy is open and flexible and there is almost no corruption. Foreign investment is welcome and is treated in the same way as national, other factors as property rights and financial transparency make the country very competitive and have helped in an steady economic growth in recent years of around 6% *(The Heritage Foundation, 2009)*

Table 1.3 (Index of Economic Freedom of Singapore)

10 economic freedoms of Singapore (87.1)			
Business freedom	98.3	Investment freedom	80
Trade freedom	90	Financial freedom	50
Fiscal freedom	91.1	Property rights	90
Government size	93.8	Fdm. from corruption	93
Monetary freedom	86.8	Labor freedom	98.1

(The Heritage Foundation, 2009)

5.1.2 HDI of Singapore

There is not a given method to evaluate countries objectively without missing important sectors of their social and economic life, this happens frequently with the GDP that sometimes forgets sectors of a determine economy but that still have economic value.

Here is where the Human Development Index comes in. It is not only about income as there are other factors that affect greatly avery nation. HDI takes then into account literacy in society, life expectancy and income per capita. *(UNDP, 2008)*

Singapore scores high once again, although is not in the top ten of the list it still has a valuable 28th place and above average. This is not a surprise after seeing the results of the economic freedom index. It is true though that we cannot set a general rule just because in this case the results are quite similar in both statistics. *(UNDP, 2008)*

It is still a good argument to assume that Singapore has adapted itself well to the waves that 'globalization' produces. It is admirable how a country can take advantage of every bit of opportunities laying out there just waiting to be taken advantage of.

5.2 Zimbabwe

Africa is one of those continents where 'globalization' effects are considerable more noticeable. But in Africa 'localization' is probably one of the main actors in the big picture. Many countries in these vast territory keep trying to oppose to the direction that the world has long already set and as a very good example a country like Zimbabwe comes very handy to explain this process.

Table 1.4 (Quick facts of Zimbabwe)

QUICK FACTS	
Population	\$13.2 million
GDP (PPP)	N/A
	-5.4% growth
	N/A
Unemployment	80%
Inflation (CPI)	10,453%
FDI inflow	\$40 million

(The Heritage Foundation, 2009)

5.2.1 Economic freedom of Zimbabwe

Zimbabwe government is managed by the army, in essence is a government of tyrants and corrupts. This is a country that due to its political and financial system is falling away from the economic international sphere. Zimbabwe is a typical example of what pure isolation means, and only topped by countries like North Korea. *(The Heritage Foundation, 2009)*

Talking about economic freedom where the country scores well below the average, we can see how FDI is alarmingly low what brings the question up if isolation is good at all for the economy. Even some communist regimes like

China are open to FDI with a very strong financial system but sadly in this particular case Zimbabwe is the perfect example of the opposite. Zimbabwe is penultimate in the list with North Korea in last place.

Table 1.5 (Index of Economic Freedom of Zimbabwe)

10 economic freedoms of Zimbabwe (22.7)			
Business freedom	30.8	Investment freedom	10
Trade freedom	50.4	Financial freedom	10
Fiscal freedom	44.1	Property rights	5
Government size	4.6	Fdm. from corruption	21
Monetary freedom	0	Labor freedom	51.2

(The Heritage Foundation, 2009)

5.2.2 HDI of Zimbabwe

It is no surprise that 2008 statistics for Zimbabwe are not yet available or wont be at all. In 2007 the country was 151 and with a dramatic low score. Zimbabwe and its system do not help to improve social welfare nor give the necessary step to give society the resources needed to continue a process of maturation. *(UNDP, 2007)*

It is sad from every point of view to see what has happened to one of the gems of human history. Zimbabwe is rich in every sense, from natural resources to human capacities, this is probably one of the few examples where we can see that still the future of some societies is not in their own hands.

5.3 Colombia

Colombia is the last country to be evaluated, is the country that finally host that small population in the middle of dredgers and panning activities by a great number of its population. A country with many things to improve and with

a very big potential to develop and do it right. From the three countries here evaluated or to be we find all the extremes and middle points, Singapore as the most developed one, Colombia being in the middle and Zimbabwe being the least developed country of all.

Table 1.6 (Quick facts of Colombia)

QUICK FACTS	
Population	\$45.6 million
GDP (PPP)	\$290.6 billion
	6.8% growth
	\$6378 per capita
Unemployment	11.20%
Inflation (CPI)	5.50%
FDI inflow	\$6.3 billion

(The Heritage Foundation, 2009)

5.3.1 Economic freedom of Colombia

Since 2002 Colombia has experimented enormous changes in every aspect, a list would be endless but the most prominent ones are:

Presence of the state in all the national territory.

Recovery of areas in hands of illegal organizations.

Reactivation of the economy and foreign investment.

Reduction of poverty and improvement in human rights affairs.

All the changes and goals achieved to date are not sufficient but definitely are putting the country in the right track to overcome so many problems that still affect greatly social and economic life. Other things worth to

be mentioned are the help, support and encouragement given by developed countries, especially UE and UE.

Economic freedom in Colombia has an average score, business and trade freedom are high but corruption remain very high, thing that endangers the transparency of doing business in the country. Other problem is government expenditure, is very high and so other sectors do not have the attention required like education and health, although have been getting better steadily in recent year.

Table 1.7 (Index of Economic Freedom of Colombia)

10 economic freedoms of Colombia (62.3)			
Business freedom	77.4	Investment freedom	60
Trade freedom	72.4	Financial freedom	60
Fiscal freedom	72.9	Property rights	40
Government size	65.9	Fdm. from corruption	38
Monetary freedom	70.6	Labor freedom	66

(The Heritage Foundation, 2009)

5.3.3 HDI of Colombia

Colombia in place 80 has remarkably progressed in human development. Still missing though a high life expectancy where the country has an average of 72.5, the same as Saudi Arabia. When we look at this index we can see that the more open the country is to the world market the better it gets in every sense, it is shown in economic growth to abatement of poverty as well as reduction of unemployment. *(UNDP, 2008)*

There are other problems though that Colombia has not yet dealt with entirely. Illegal organizations and drugs production are the main ones, it is true that the country has improved in these areas greatly but still is missing much to

get to the point where one can breathe fresh air and not have a care in the world.

From all the countries evaluated, we can see that Bauman is right about the 'locals', it is just a death sentence to try to isolate from the world. We can see how everything works together, even China being a communist regime has a capitalist based economy to be able to survive and maybe even be the next big empire in economic and military terms.

'Globalization' has already set a path and a pace and the world has decided to follow, it is up to countries, cities and societies to adapt to this new phenomenon that has been active for many years but is definitely getting stronger in actions and consequences.

6. Case study

After my flight to Colombia in 2008, I had an offer to work for a mining company in a region that I had barely heard of and about the company I knew a bit due to a person that I knew that was working there. In a world where contacts or sometimes friends that can help you to obtain what you want. I finally accepted the offer, not that I was thinking hard about it, and that is how I decided to change my vacations at home to expending time in a place known to few but with influence over many.

My desire to contribute to a better environment and a sustainable use of natural resources pushed me to take the risk and cross the border from city experiences to a town that is probably not as old as it looks and that definitely does not offer the opportunities that a city does, but instead offers the magic of a changing world in front of your eyes.

6.1 The airport

Going to the airport Olaya Herrera in the city of Medellin I started to wonder how El Bagre, my destination, would look like, It was hard to get a picture of a place that I did not know in words nor in pictures and the information that I had was a bit vague. I did not pay more attention to the matter and resolved to let myself be surprised, I was definitely excited and in my mind the next question was what kind of plane was supposed to take me there.

To my surprise it was a very small plane, probably for 16 passengers and the crew, it looked old but very eager to fly or so I thought to convince myself that everything was OK and that the plane was in every condition to fly safely, I decided to stick to that first thought and let my mind drift away during take off.

Medellin is the second biggest and important city in Colombia, to see it from the sky was wonderful now that is my place of birth and where the best cooking in the world takes place, my mother's. In an instant this concrete jungle change into a real one and the flight turn to be a bit more bumpy than

expected¹, it was probably then the only thing that I regretted, going by plane. In a matter of seconds the landing strip was in front of my eyes and after a very soft landing I was already in the airport of El Bagre and here is where the story begins².

6.2 My first night

From the airport to the hotel where the company provided me with a room I decided to walk, it was a dusty road and the sun was up telling me that it was not going to be a very cool night, I washed away the image from my head as well as drops of sweat already making their way down my forehead. I finally got to the hotel and the first impression was very pleasant, the receptionist was quiet but did a very good job and the room had air conditioning to my surprise.

After leaving my things in the room I decided to go for a walk and then to eat something, I was thirsty but I knew that tapped water was not potable so I decided to drink a beer like everybody does in places very near the jungle and with temperatures over 30 degrees celsius.

The town had no order at all, mixed streets and people walking as they pleased got my mind to wonder once again, first I thought that it was a problem of the regional government then I wanted to blame the people and finally the social situation in a town with more than 90 percent of extreme poverty, but suddenly I saw more than the border set already by the European standards, and I realized that people were laughing and smiling and playing and even having a very good time.

I decided not to pay attention to what my body was telling me and I decided to let myself go and enjoy a very different life, a very different atmosphere and immerse in the activities of the town and try to start new relationships with people of the area and learn a bit of their costumes and culture. I expended so much time going around that I even did not notice the

¹ First photograph in the supplements shows the jungle from the sky

² The plane after landing is shown in the second picture

presence of some Americans in the area, talking in english in a country where is said is dangerous even in the big cities.

I was hungry and decided to eat, there was not a big variety of dishes in the menu in the restaurant where the company decided to pay. But the food was delicious and the night not as fresh, just like the sun told me, was talking my eyes into going to bed. Before going to bed and making it the first night in town I was told to be ready by six in the morning to take a boat ride to the working site.

6.3 Dredgers and the environment

At six o'clock in the morning children were already in their way to school, though the rate of literacy in this region is not very high. I met the boat driver, Julio, big guy, he even let me play as captain of the boat for a while, I was in my way to see the construction of a dredger, machine used in mining to extract gold from river beds, as well as to control floods and the direction of the river itself.

The river, Nechi, was big enough and the breeze against my face was already a bonus due to the high temperatures. I could not stop staring at Julio, while he was driving the boat he was at the same time taking a cellular phone call³. It was strange to see people with not even 100 dollars once a fortnight having mobile phones, but the thought vanished from my head when I saw the working site where I was suppose to go every day to work⁴.

The ride took only 7 minutes, very pleasant and smooth, now that the picture was different, I was suppose to meet the team and the American engineers in charge of the whole operation. My job position was to translate from one language to the other, although with time I became in charge of some part of the operation.

The Americans were happy to hear someone talk in their own language, but still, even before my arrival they seemed happy already. They were working hard and I become part of the whole activity immediately, telling people what to

³ Julio talking on the phone while driving the boat, third picture

⁴ The dredger in the working site, fifth picture

do and how to do it. The whole interaction with one to another made me realize how enjoyable the whole thing was and how people from the area and Americans were getting along quite well.

I thought people from El Bagre would be more reluctant to strangers, but one of the workers explained to me how Americans or “gringos” are part of the whole activity in the area, some of them in charge of the design and construction of dredgers or gold extraction and others just doing business with companies in the area.

It was clear to me that people from El Bagre were already in touch with the outside world and that technology had arrived even before welfare to their society. Communication was done with mobile phones and was already part of daily life of people. The fact is that they were open to many things that even people in developed countries are not, I would like to call it reality.

The surrounding environment was full of pastures with cattle, mainly water buffalos⁵. The deep jungle was in sight but some impacts to the environment as well. Previous mining activities by locals or companies were obvious and I was disappointed to see the damage done, probably too deep that it could take many years to solve the problem.

It was time to go back to town, to the noise of motorcycles⁶, predominant way of transportation in the area, and back to La Rana (the restaurant), or froggy called by the Americans. The breeze was refreshing and with some of the workers in the boat I had the opportunity to talk to them about something different than work and get to know them a bit better before becoming a member of the team.

6.4 Team work

For several days I was already working as a translator and at the same time telling people the next move, the goal was to finish building a boat and

⁵ In the fourth picture some water buffalos are shown in the river Nechi

⁶ Motorcycles as main transportation in El Bagre in picture 5

then to put it in the water, this boat has the function of dragging the dredger once in the water⁷. There was some painting and welding to do and I was becoming friends with the American in charge and the charger driver, a guy that came to work with us for his reputation of good skills behind the wheel.

The team was united⁸, there was not a single complaint and during launch time everybody would tell jokes. I was called by my name instead of doctor or engineer, typical titles to address someone. The boat was taking shape and a prompt journey home was taking form. Still the job was a priority and the work went on.

Working with the Americans, made me realize that they had started to evaluate the potential in some of the team members, I even heard of offers to take some to US to work as welders in the factory where the dredgers where build. Dredgers are brought to Colombia to be assembled.

The time came and it was time to put he boat in the water, to see if it could float and if the engines where working and running properly. The time when team work came to show the results, the time where two nationalities working together showed me how things are really get done. It is not a one person activity but the activity of many working to achieve the same goal.

The happy faces were many, even I was happy when the boat was floating and working properly⁹. The whole team was satisfied with the job done and celebration was in the way. I was proud of taking part of the whole operation and that night was only to rest before going back home.

6.5 Fair well and good luck

The last night in El Bagre was fresh and a storm was in its way, I had much fun saying good bye to the people that I wok with, even the Americans

⁷ The dredger being prepared to be launched, picture 7

⁸ Members of the team, picture 8

⁹ One of the American engineers driving the boat, picture 9

trying to learn spanish was very funny. The whole atmosphere was of joy and a bit sad, knowing that it was the last time I was going to see them.

I had time to think, it was real what was happening and I could see many things more clearly:

Poverty was a big issue.

Health and sanitary problems were manhandled.

AIDS is very high in the area.

Violence has not yet been exterminated.

Drugs are still being grown in some areas.

The educational system has failures.

But besides that, technology was part of this society, foreign investment is very high and many companies have the desire to start exploiting some areas. The environmental institutions are more capable of doing their job and policies concerning the environment are tougher. Unemployment is decreasing and many social investments are taking place.

Before leaving I had the chance to see where the engineers of the biggest company in the area where living in. It was a camp with modern houses a club, pool and a heliport. There was even a private small port and the best thing is that many of the people born in El Bagre where directly working for this company.

It was time to leave, thinking of gold mines and the beginning of a financial crisis. People around the world trying to have assets in gold due to the steady value that has. A region producing gold to the world¹⁰, a region known by few but very important for all of us.

I was on the plane once again, thinking of the storm of last night and my mother's cooking, there were so many thunders that I was getting very hungry. The reason for the thunders was that the whole area attracted them because of the mineral reserves. It was a pleasant thought and a long trip back home, knowing that reality is present even in the farthest corner of the world.

¹⁰ Panning a sample to check gold amount in it, tenth photograph

7. Conclusions

The trip to El Bagre came first before even knowing that i was going to be writing about it some time later. The experience was great, to interact with people that definitely had less opportunities than I did was comforting for my own mind but my heart did not feel that great.

Bauman talks of 'globalization' in a way where there is no place or chance for 'locals' to evolve and develop, the truth is that I have to agree. I do not think that a world where things started to work as only one is a place to go the other way. I do not want to say that there is only one way of acting and living, I just want to say that there are some boundaries and that we should find the way to make it work for our own good but within this boundaries.

If we look at Cuba, a country that I once visited, we can see that the government could not hold anymore the free propagation of mobile phones, once banned in Cuba, or the use of internet. There are many things that governments try to do to work in the other direction but the key is to find the way to achieve whatever proposed with some set rules and not going against a system.

We even see that in times of financial crisis countries want to work together to find the best solution to solve the actual financial problems. Even EU wants to work as a whole, countries want to feel the backup of others before taking any decision. The US being the most powerful country in the world found difficult the relations with other countries during Bush administration due to acting as the "Lone Ranger".

"A number of global forces have gradually, sometimes almost clandestinely, altered the world as we know it" (Greenspan, 2007). That is a phrase to remember, there are changes taking place in our door step and we can not change it. Look at the changes that India or Chine have undergone, it is obvious that 'globalization' exists and it is time to accept that the world is hanging around us and we with it.

I do not have any right to call 'globalization' right or wrong I just think that is happening and that we as members of society were the ones that triggered this process. The human being has thirst to know different things, to understand what is happening around them. It is probably time to let go and accept the fact that all of us are being 'globalized'.

7.1 El bagre

This region was the perfect example of how nobody gets away from the effects of 'globalization'. El Bagre and its mining industry have in hands the future of that society. I remember when the Americans were talking about taking one of the welders to work in their production plant in US. There is sharing of information and technology and every day gets even faster to its destination.

There is probably no time to think but to act instead. El Bagre has to take advantage of everything these foreign companies and national ones have to offer. There are many possibilities in every sector of the social an economic life. Developed countries are bringing new jobs and new standards of living that should be taken advantage of.

Construction of access roads, healthcare facilities and education are some of the advantages that 'globalization' brings to the region. It is true that cultures are to change due to this interaction but it has been like that since the beginning of times. Culture is in permanent change as well as the weather is.

Lets then finish this chapter with a new vision, processes that we started are taking place and we are the main actors, so lets begin thinking like the designers of our present and future¹¹. It is always good to have the past in our hearts to know where we come from, the present in our eyes to know where we stand and the future in our minds to know where we are going¹².

¹¹ Sunset in El Bagre. Penultimate photograph

¹² Las photograph. 3 generations, past, present, future.

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9. Supplements











