

# Challenges and Opportunities of Economic Globalization

Social Studies 10-1

As a student living in one of the wealthiest countries in the world, you can help determine the future of economic globalization. For example, you can choose to buy goods that were made in Canada rather than in another country. If you buy goods made in less developed countries, you can try to choose items that were made without exploiting child labour. Or you can buy goods sold in “fair trade” stores. These stores ensure that the goods they sell were produced by farmers and artisans who were paid fairly for those goods, based on local economic conditions.

On the other hand, you might believe that whatever money you have is yours and that you have no obligation to the producers of the goods you buy. You might feel that you have worked hard for your money and can therefore do whatever you want with it. Then again, you might want to save some money to put toward something you consider worthwhile, such as aid to victims of a natural disaster.

**These examples demonstrate that there are many different perspectives on economic globalization.** And the fact that you, as a citizen of a wealthy country, have a choice regarding how to spend your money demonstrates that economic globalization offers both challenges and opportunities. How you decide to approach these challenges and opportunities will help determine your own future, and the future of many others throughout the world.

In this chapter, you will have a chance to focus on the opportunities and challenges that are part of our globalized world. Your exploration of trading blocs, the regulation of international trade, and the impact of economic globalization in Canada will help you respond to the chapter issue:

***To what extent do the opportunities and challenges of economic globalization affect people's lives?***

# A Challenge or an Opportunity?

In this section we will be looking at the following issues:

- Fair Trade Products
- Deregulation
- Crown Corporations
- Privatization
- Outsourcing

As you move through this section, consider whether each is a challenge or opportunity of globalization.

# Fair Trade Products

When you buy fair trade products, you are directly supporting farmers or workers in other countries by ensuring they get a fair wage for their work.

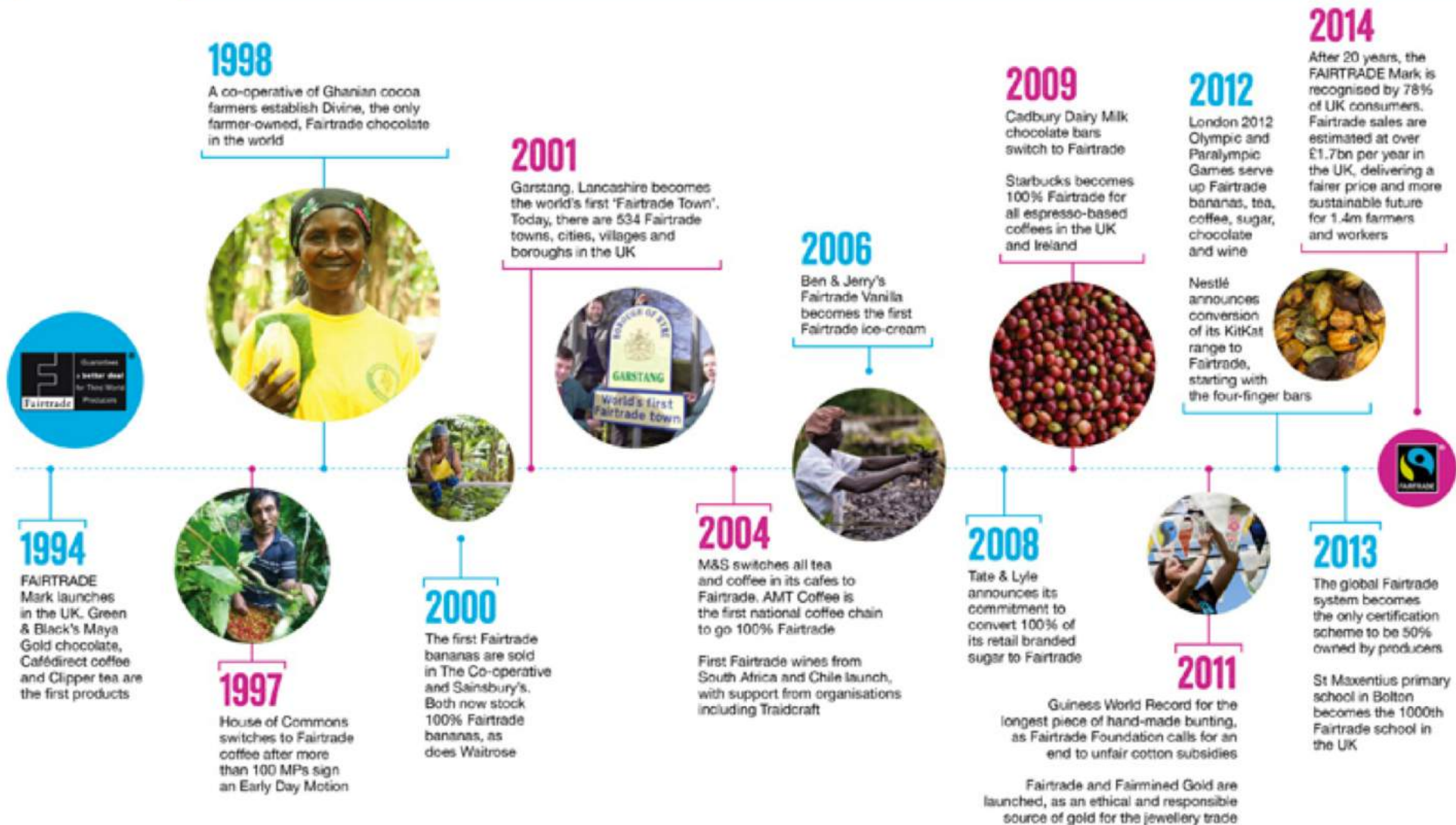
- What does this say about the power you have as a consumer?
- How does this example help you to respond to our unit issue - To what extent does globalization contribute to sustainable prosperity for all people?

Use this link to check out Fair Trade Canada's website to learn more about products in Canada

<https://www.fairtrade.ca/en-CA>



# CELEBRATING 20 YEARS OF FAIRTRADE





# WHY CHOOSE FAIRTRADE TEA?

## INDUSTRY CHALLENGES

GENDER DISCRIMINATION, SEXUAL HARASSMENT OF WOMEN WORKERS

LACK OF FORMAL CONTRACTS AND BASIC HEALTH AND SAFETY ASSURANCES



**346,230**  
SMALL FARMERS & WORKERS IN COUNTRIES

**12**

## IMPACT OF FAIRTRADE

STRONGER, BETTER-RUN FARMERS' ORGANIZATIONS

A GREATER VOICE FOR WORKERS ON TEA ESTATES

EMPOWERING FARMERS AND WORKERS

IMPROVING WORKING CONDITIONS AND WAGES

INCREASING MARKET ACCESS FOR SMALL FARMERS

SUPPORTING GENDER EQUALITY THROUGH WOMEN'S DEVELOPMENT AND EMPOWERMENT PROGRAMS

WIDER COMMUNITY IMPACT

AT THE END OF 2015 MORE THAN **\$7 MILLION** WAS PAID TO TEA PRODUCERS & WORKERS IN FAIRTRADE PREMIUM\*

SMALL FARMER ORGANIZATIONS INVESTED

**36%**



IN COMMUNITY, EDUCATION, AND HEALTH PROJECTS

**26%**

IN STRENGTHENING THEIR PRODUCER ORGANIZATIONS

**28%**

IN DIRECT SERVICES SUCH AS AGRICULTURAL TRAINING

ON TEA **PLANTATIONS** WORKERS SPENT

**49%**   
ON SERVICES FOR WORKERS & THEIR FAMILIES

**33%**   
ON SUPPORT FOR THE WIDER COMMUNITY



**MAKE SURE IT'S**



\* The Fairtrade Premium is an additional sum of money paid on top of the Fairtrade Minimum Price.

Visit [fairtrade.ca](http://fairtrade.ca)

# Deregulation and Privatization

In Canada, one impact of trade liberalization has been the deregulation of Crown corporations and the privatization of these industries. **Deregulation** involves opening an industry to more competition by removing government regulations. This can be done in different ways. One method of deregulation is **privatization**—the sale of government owned industries and services to private businesses.

In Canada, the following industries have been privatized or deregulated:

- Retail liquor industry in Alberta
- Petro-Canada gas stations
- Air Canada
- Ontario Hydro
- Some health care services
- CN Rail
- Nova Scotia Power
- Courier and parcel delivery division of Canada Post
- Utilities, highway maintenance, and registry and inspection services in Alberta.

AIR CANADA 





# Crown Corporation

A **crown corporation** is any **corporation** that is established and regulated by a country's or government (federal or provincial). This is the opposite of private companies, which are privately owned, structured, and operated to serve the owners of the company



Consider this...  
*why would government's privatize (sell)  
crown corporations?*

# Deregulation

Deregulation is the process of removing or reducing state regulations typically in the economic sphere. It is the undoing or repeal of governmental regulation of the economy. It became common in advanced industrial economies in the 1970s and 1980s, as a result of new trends in economic thinking.







GET THE FEDERAL  
GOVERNMENT OFF MY  
BACK!!



1980

WHERE'S MY GOVERNMENT?  
WHO'S GOT MY  
BACK?!



2008

MATSON

### Crown Corporations

	<b>Privatisation</b>	<b>Nationalisation</b>
<b>Ownership</b>	Firm owned by private sector	Firm owned and managed by government
<b>Incentives</b>	Profit motive acts as incentive for owners and managers	Workers <i>may</i> feel motivated if they feel company belongs to them.
<b>Externalities</b>	Private firm may ignore external costs (pollution) and external benefits	Government can put social benefits above profit motive.
<b>Efficiency</b>	Incentive to introduce new technology and increase labour productivity	Nationalised firms may find it hard to sack surplus workers
<b>Knowledge</b>	Private firms employ managers with best skills.	Politicians may interfere based on political motives
<b>Natural monopolies</b>	Private monopolies, e.g. water / trains may charge high prices.	Government can set prices based on social factors.

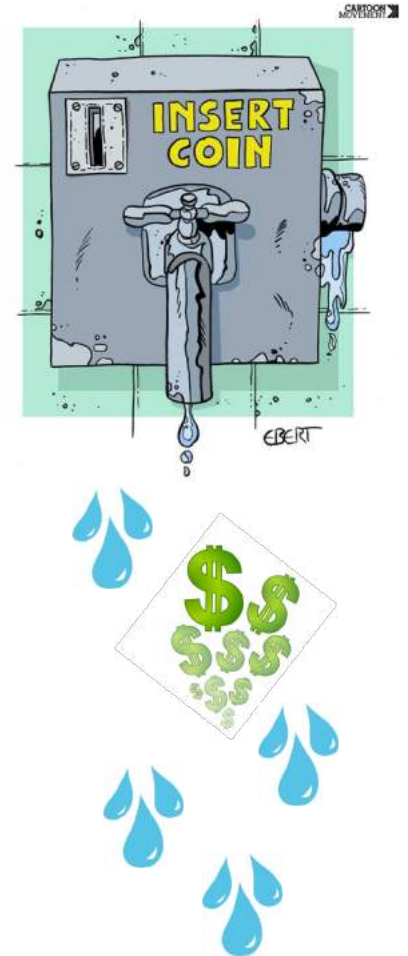


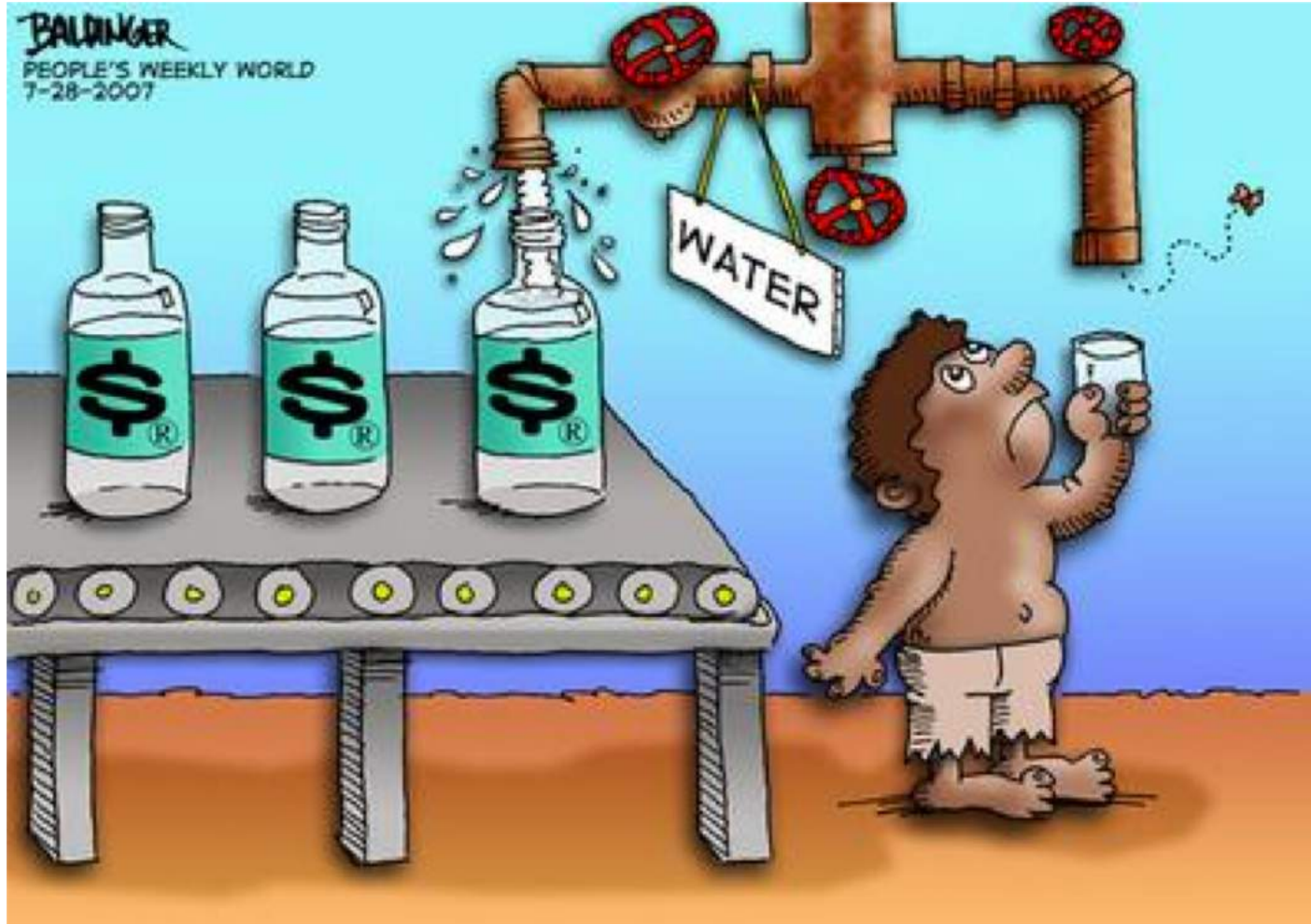
# Privatization

## The Privatization of Water

Water privatization – when private corporations buy or operate public water utilities – is often suggested as a solution to municipal budget problems and aging water systems. Unfortunately, this more often backfires, leaving communities with higher rates and those without access unless they can afford it.

Access to clean water, sanitation, and hygiene can transform lives. According to UNICEF, Globally, 785 million people live without easy access to clean water and 2.4 billion people lack access to improved sanitation facilities.





To what extent does globalization contribute to sustainable prosperity for all people?





# Environmental Impact

Bottled water has become extremely popular and, as a result, plastic water bottles have become a major source of garbage.

- Do you drink bottled water?
- If so, why do you drink it rather than tap water?
- If not, what are your reasons for drinking tap water?



# Outsourcing

One of the major concerns about trade liberalization—and economic globalization in general—is the issue of outsourcing and the impact it has on “our” jobs.

Outsourcing occurs when one company hires another company to fulfill certain tasks in production. Like unions in other more developed countries, unions in Canada claim that, because of economic globalization, outsourcing is resulting in significant job losses in our country. But supporters of economic globalization disagree. They argue that just as many jobs are created in Canada as a result of trade liberalization as are lost to outsourcing.

Outsourcing has become a controversial issue in Canada and other more developed countries. When a local plant or industry closes down because the company that owns it has decided to move its operations overseas, Canadians find themselves out of work. If they are unable to find other employment, they may have to collect employment insurance or social assistance. They will also likely experience a drop in their standard of living for at least a short period of time.



# Outsourcing

Outsourcing has become very common in the communications and high-tech fields. For example, call centres can be established at low cost in less developed countries through the use of toll-free telephone numbers and high-speed computers. Outsourcing has also affected many manufacturing jobs, such as those in the automotive industry.

Supporters of freer trade point out that every country has a **comparative advantage**. This term refers to a country's ability to produce a product or service with comparatively fewer resources than another country. In the computer software field, workers in India have skills and training comparable to those of North American workers, but their wages are much lower. As a result, many jobs in this field are outsourced to India. On the other hand, companies such as Siemens and Toyota employ thousands of North Americans because, at present, our highly trained workforce does not have comparable, lower-cost counterparts in other countries.



The Curious Idiot  
COPY AND PASTE

MATTHEW  
STURGES

