



Resolved: On balance, economic globalization benefits worldwide poverty reduction.

By Keith West

We often hear that the world keeps getting smaller. Trips that took weeks a century ago can be made in hours now; communication from one side of the globe to the other is practically instantaneous, and you can walk into almost any country on the face of the planet and find a McDonald's. Some of these things may be more worthy of celebration than others... Globalization has been a remarkably transformative force in our world, and it clearly has both harms and benefits. While we are able to attend schools and engage in this debate, there are many impoverished people in the world who can't, thus it seems reasonable for us to ask whether, on balance, economic globalization benefits worldwide poverty reduction. Normally this analysis would begin with some background, then delve into the details of the resolution, but so much of the background is tied to understanding the key words in the resolution that this analysis will be structured slightly differently. We will begin by analyzing the resolution, then examine some key concepts that are likely to be central to this debate, before finally overviewing some of the arguments debaters are likely to encounter on either side of the topic.

Resolutinal Analysis

“Economic Globalization”

This term generally refers to “the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital

and wide and rapid spread of technologies.”¹ In short - people can buy and sell things around the world much more easily than they could before. This also includes investing in companies around the world and making technology of all kinds more accessible to more people.

Economic globalization has largely been brought on by technological advancements². The ability to ship products faster and cheaper has made it possible to trade across long distances in a timely and affordable manner. As transportation costs have decreased, businesses have started locating their facilities in places where cost of labor is lower and regulations are less stringent or expensive. Previously the cost of transportation had precluded businesses from moving to take advantage of lower labor and regulation costs - they may save some money there, but the cost and time to transport their product to where it would be sold cost them more than they saved. Now that things have changed it's not uncommon for parts of a single item to be produced in several different countries.

Globalization is more of an identifiable trend than any single example or event. For the purposes of this debate we're examining Economic Globalization “On Balance,” so we'll be trying to weigh its impacts on efforts to reduce poverty worldwide.

¹ http://www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2000_1.pdf
² <https://www.globalpolicy.org/images/pdfs/02iloreport.pdf>

“Poverty”

Most often we think about poverty as an inability for people to afford the basic necessities of a healthy, productive life - however this isn't the only way to think of it. Traditionally poverty has been thought of in terms of Absolute Poverty (sometimes called “extreme poverty”) which is generally defined as living on less than \$1.25 per day. This is what the UN Millennium Development Project refers to when it talks about its goals of reducing poverty³. Details about how this number is selected and what it means can be found in the World Bank Economic Review⁴.

While absolute poverty is the most common way to approach this topic it is not the only one. Relative Poverty examines an individual's income relative to the community they live in⁵. This is intended to account for the fact that different communities and locations have different costs of living. It also addresses the fact that the concept of Absolute Poverty has no concern for anything beyond mere subsistence. Measures of Relative Poverty traditionally focus on the level of economic inequality that exists - the gap between the rich and the poor.

Even this model is arguably incomplete. Many social scientists would argue that there is more to impoverishment than simply a low income level⁶. Individuals can be time-poor, health-poor, or housing-poor even if they have a regular income at or above \$1.25/day. There is a good chance that some teams will attempt to pursue such a definition - especially on the Con. While the resolution does not specify the understanding of poverty we should use, much of the literature does focus on the interaction between globalization and absolute economic poverty. Additionally the impacts of absolute poverty are arguably more significant (or at least more immediate) than other

³ <http://www.un.org/millenniumgoals/poverty.shtml>

⁴ <http://wber.oxfordjournals.org/content/23/2/163>

⁵ <http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/glossary/poverty/>

⁶ *ibid*

types of poverty, so that may make them more important to discuss. Be prepared to engage this debate on either side.

“Benefits Worldwide Poverty Reduction”

This wording is interesting and a bit unusual. “Benefits poverty reduction” seems to be a broader phrase than simply “reduces poverty.” I would argue it asks us to consider the effects globalization is having on poverty reduction overall (in the long term) rather than just whether it has reduced poverty thus far (which the evidence suggests it has). The major takeaway from this part of the resolution is that we may be looking at both direct and indirect effects, and considering longer term implications than we might if the resolution were phrased more conventionally.

Key Concepts

Economic inequality

While it is not necessarily intrinsic to the resolution many debates are likely to address the issue of economic/income inequality. As mentioned in the discussion of Relative Poverty, income inequality is a comparative concept, rather than an absolute one. Rather than considering whether someone has access to a certain amount of money each day to live on, it looks at the gap between the rich and the poor.

The most widely used measure of income inequality is known as the Gini coefficient. The Gini coefficient is a number between 0 and 1 and it measures how unequally income is divided. The lower the number, the more evenly income is distributed – there's less of a difference between the “haves” and the “have-nots.” A Gini coefficient of 0 would indicate that everyone in a country has exactly the same income. On the other hand, the higher the number is the less equally income is divided and the wider the gap between the rich and the poor. A Gini coefficient of 1 would mean

one person has all the money and no one else has anything. In practice this number ranges from below 0.3 (indicating a low level of inequality) to 0.4 (a medium level of inequality), to 0.5 and above (high levels of inequality)⁷. Much of the developing world has a fairly high level of inequality,⁸ while Western European countries tend to be less unequal - though there are exceptions to this pattern.

The reason the Gini coefficient matters is that it is one of the easiest and most widely accepted ways to see if economic inequality is increasing or decreasing. The global Gini coefficient is around 0.79, depending on which measurements of income you use, and it has generally been growing over time¹⁰.

Impact Calculus - Timeframe

Most debates have an inflection point of sorts in their impact calculus - a point where advantage shifts from one side to the other. In many debates it is between likelihood and magnitude; one side is able to claim much larger (though less certain) impacts, while the other can claim more likely but less numerically significant impacts. These debates are often decided based which of the two areas of impact calculus debaters can convince the judge to consider most important. For example, in a debate about the use of torture to obtain intelligence to stop a terrorist attack one side has an advantage in magnitude (a large terrorist attack could kill lots of people - preventing that is a really significant thing), while the other has an advantage on likelihood (there's only a small chance the person we torture has that info and that we'll get it, there's a guarantee we violate that person's human rights by torturing them). In this example the side advocating for torture will generally win

⁷ http://www.unicef.org/socialpolicy/files/Global_Inequality_REVISSED_-_5_July.pdf

⁸ <https://www.quandl.com/c/demography/gini-index-by-country>

⁹ <ftp://ftp.fao.org/docrep/fao/012/ak968e/ak968e00.pdf>

¹⁰ http://www.unicef.org/socialpolicy/files/Global_Inequality_REVISSED_-_5_July.pdf

the impact comparison if they convince the judge that magnitude is more important; while the side against will generally win if they can convince the judge that likelihood is more important. Thus the advantage in the debate turns on whether the judge is persuaded to value likelihood or magnitude.

The Globalization debate is likely to have a different inflection point: timeframe.

While likelihood and magnitude are the most common axes of impact comparison they are not the only ones. Timeframe is an axis of comparison we use less often, partially because it can be so much more complicated to evaluate. With magnitude and likelihood the more of it you have the more significant the impact is - we give more weight to impacts that deeply effect lots of people and have a very high probability of occurring. Timeframe is different. It isn't immediately clear which is more important: short term or long term - we make decisions that prioritize each of them all the time. When we go to get a flu shot we prioritize the potential long term benefit of avoiding the flu over the short term pain of the shot. When a family goes on vacation once a year rather than putting that money in a savings account to earn interest, they are prioritizing the short term benefits of the trip over the long term benefits of increased savings.

In this debate over globalization and poverty the Pro is likely to have an advantage in the short term - global poverty rates have been decreasing and globalization is at least partly to thank. The Con is likely to have an advantage in the long term - the systemic inequality being exacerbated by globalization may well lock in a permanent underclass and eliminate what little economic mobility exists now. Moving people from abject poverty to slightly-less-crippling poverty may not be worth preventing them from ever being able to enter the middle class. This topic will likely force debaters (especially on the Con) to consider timeframe analysis in their impact calculation much more than usual, and all debaters will probably benefit from a more in-depth discussion on the

subject with their teams. There is a webinar archived on the NFL site entitled “Public Forum Impact Comparison” that should explain some of these concepts in more depth¹¹.



¹¹ <http://www.speechanddebate.org.aspx/documents/documentdetail.aspx?documentid=54>

Potential Arguments

This section includes a brief overview of several arguments each side could make on this topic. This is by no means an exhaustive list. Debaters are highly encouraged to create their own arguments and/or develop more nuanced versions of these arguments. This section is mainly intended to give debaters a starting point and an idea of some of the arguments they should be prepared to confront.

PRO

The Pro's greatest strength is that developments in China and India in the last few decades have lifted hundreds of millions of people out of extreme poverty¹²¹³. The first major argument will likely center on the role trade has played in reducing poverty. As markets across the developing world have opened to the outside they have brought a flood of new goods and new jobs¹⁴. Millions who were unemployed or struggling to survive as subsistence farmers have found new jobs in factories and call centers that have opened in their countries. While these jobs may not be fantastic they are infinitely preferable to begging in the street or starving to death. Trade isn't a one-way street, however - as people have begun to earn more money they have been empowered to buy things from local businesses and neighboring countries. This creates a positive cycle of economic activity that enables everyone to benefit, and it's only possible because globalization has made it profitable to make and sell goods all over the world.

The second major Pro argument will likely focus on foreign direct investment. As globalization has gathered steam, corporations from rich nations have invested in helping poorer

¹² <http://www.cebr.com/reports/globalisation-can-reduce-poverty/>

¹³ <http://yaleglobal.yale.edu/content/little-notice-globalization-reduced-poverty>

¹⁴ <http://www.imf.org/external/pubs/ft/fandd/2001/09/dollar.htm>

countries develop their natural resources. These companies have built mines and facilities that produce millions of jobs and bring new streams of revenue into poorer countries. Many of these resources would have lain dormant and untapped for decades or centuries if globalization hadn't brought in external companies with the funding and equipment to find and access them. Foreign companies also build roads and infrastructure to move goods and people to and from their operations. These infrastructure improvements provide continuing benefits to the local people increasing their access to safe transportation and making it easier for them to lift themselves out of poverty.

The final major boon of globalization in the spread of technology. Few things have had so dramatic an effect on the lives of poor people in developing countries as the spread of mobile phones. Not only do cell phones enable much easier and faster communication they also facilitate mobile banking - an entirely different method of financial interaction that massively helps the poor¹⁵. Cell phones in many developing nations are used to issue SMS payments and money transfers, much the way we are used to using credit or debit cards in the US. The ability to send money home to a family member instantaneously and pay for purchases without the need to carry or convert large amounts of cash massively increases the ability to people to buy what they need when they need it. This increased liquidity of money facilitates better, faster, more frequent and more secure transactions and makes it much easier for people to save or loan money. By circumventing the traditional banking system through the use of technology, the people of the developing world are gaining financial independence and the ability to make the most out of their money.

¹⁵

http://www.academia.edu/1511142/Globalisation_and_Poverty_Reduction_-_A_critical_analysis

CON

Con arguments are likely to be more indirect and more focused on the long term than Pro arguments. While the Pro will likely talk at length about how things have improved for people, the Con is more likely to highlight the systems that have been created/reinforced and the harm they are likely to do.

The most common Con argument is likely to address the issue of income inequality and relative poverty. While the Pro can claim to have helped some people leave “extreme poverty” they’ve just moved them into “really-severe-but-not-quite-as-extreme poverty,” and they’ve done it by increasing the wealth and power of the financial elite to unprecedented and terrifying levels. Globalization has enriched the world's top 1% to utterly obscene levels, enabling them to lobby/bribe governments and lock-in their place at the top of a very narrow pyramid. Globalization reduces poverty by helping some people who were living on a dollar a day instead have \$1.50 while granting the rich monopolies and political and economic control. This control is used to eliminate social services and progressive tax policies that are essential for the poor to ever rise into the middle class, never mind the elite. Decreasing someone’s absolute poverty slightly by forcing them to work 80 hours a week and impoverishing them in terms of time and health isn’t an improvement, it’s an atrocity. Even if we accept this marginal change in absolute poverty levels as meaningful, the inequality it creates inevitably causes social problems that roll back any of the gains the poor may have made¹⁶. In the long term the frustration and strife created by persistent inequality will create political instability and chaos causing a host of problems, among them a reduction in economic growth¹⁷.

¹⁶ http://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-working-for-few-political-capture-economic-inequality-200114-en_3.pdf

¹⁷ <http://www.imf.org/external/pubs/ft/fandd/2011/09/berg.htm>

The Con is also likely to critique the effect globalization has had on the rural poor. One of the major effects of globalization has been the destruction of indigenous farming, taking many rural poor from “extreme poverty” to “absolutely nothing.” Globalization has opened countries to agricultural exports from around the world, and - thanks to incredibly high agricultural subsidies in developed nations like the US - local farmers have been entirely unable to earn a living¹⁸. While it’s really bad to live on \$1 a day, it’s even worse to live on \$0 a day, and many of those still in poverty are worse off due to globalization. As factory jobs have been created there’s been a rush to cities in many areas, and the rush to power and support those cities has destroyed entire rural communities. The city of Chongqing in China is a perfect example. As younger people flocked to the city for jobs China created a massive hydroelectric dam to provide limited power. That dam (the Three Gorges Dam) destroyed the livelihood of rural poor all along the river¹⁹. Just looking at the number of people who cross an arbitrary income line doesn’t paint the full picture, rural poor are being utterly destroyed by globalization.

The last Con argument to examine deals with the environment. Globalization has not only enabled goods and services to move across the world, it’s also allowed companies and countries to effectively outsource their pollution to the developing world. Companies often take advantage of lax environmental regulations to locate heavily polluting factories in poor developing nations. This enables the rich to receive the benefits of technology and production at the expense of the health of the poor. This becomes even more of a problem when we factor in the millions of tons of toxic waste that is shipped to poor countries because no rich country will take it. Any temporary

¹⁸ http://www.academia.edu/1511142/Globalisation_and_Poverty_Reduction_-_A_critical_anaylsis

¹⁹ *ibid*

improvement in the economic status of the poor today will be massively offset when the land they live on starts killing them tomorrow²⁰.



Resources

PRO

Analysis of the role of globalization in reducing poverty
<http://www.cebr.com/reports/globalisation-can-reduce-poverty/>

IMF paper arguing that globalization has not had a significant role in increasing income inequality
<http://www.imf.org/external/pubs/ft/fandd/2001/09/dollar.htm>

Article contending that globalization has lifted half a billion people out of poverty in the last few decades
<http://yaleglobal.yale.edu/content/little-notice-globalization-reduced-poverty>

Excellent article showing global poverty sharply declining from 2005-2015
http://www.brookings.edu/~media/research/files/papers/2011/1/global%20poverty%20chandy/01_global_poverty_chandy.pdf

Analysis of inequality arguing that it is largely due to local government policies, not globalization
<https://www.globalpolicy.org/images/pdfs/02iloreport.pdf>

CON

Overview of the negative effects of globalization in Africa and elsewhere
<ftp://ftp.fao.org/docrep/fao/012/ak968e/ak968e00.pdf>

Excellent analysis of the perils of globalization
http://www.academia.edu/1511142/Globalisation_and_Poverty_Reduction_-_A_critical_analysis

Analysis of the links between globalization and economic inequality.
http://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-working-for-few-political-capture-economic-inequality-200114-en_3.pdf

UNICEF analysis of the social and political harms of economic inequality
http://www.unicef.org/socialpolicy/files/Global_Inequality_REVISED_-_5_July.pdf

Slightly old but very thorough analysis of the problems of globalization
<https://www.globalpolicy.org/images/pdfs/02iloreport.pdf>

