

Chapter 3

In defense of Globalization

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1. Introduction

In this short paper I pursue three tasks. First I explain why so many economists, in my view the overwhelming majority of them, support the general proposition that trade is beneficial to all countries involved in bilateral and/or multilateral exchanges. This I think is a very important point because, of those who are against globalization, the non-economists do not know that ultimately it is driven by the benefits that it brings, particularly to those that lag behind in the scale of economic development, whereas the economists invoke considerations that are contradicted by facts. My second task is to highlight the forces that have been unleashed by globalization and explain why globalization is unstoppable. In this regard, what I claim is that, as long as the worldwide diffusion of information cannot be controlled by any single country, no matter how powerful, globalization will proceed at an accelerating pace. Finally, my third task is to look into the logic of the criticisms that have been raised against globalization and try to make sense of their consistency or lack of it.

2. The benefits from international trade

To understand the source of the benefits from international trade, I will employ an example of extreme simplicity. In particular, I will strip it from all complexity by appeal to three assumptions. The first of them is that there are two countries, say, 1 and 2, which are

alike in all respects except one. This implies that, whereas the countries have the same institutions, the same technology for producing, say, goods X and Y, and the same tastes, their endowments in terms of natural resources differ. The second assumption has to do with the so called transformation curve, which defines how many units of good Y must country 1 (2) give up in order to free up enough resources to produce one unit of good X. Lastly, the third assumption is that the two countries live isolated from each other.

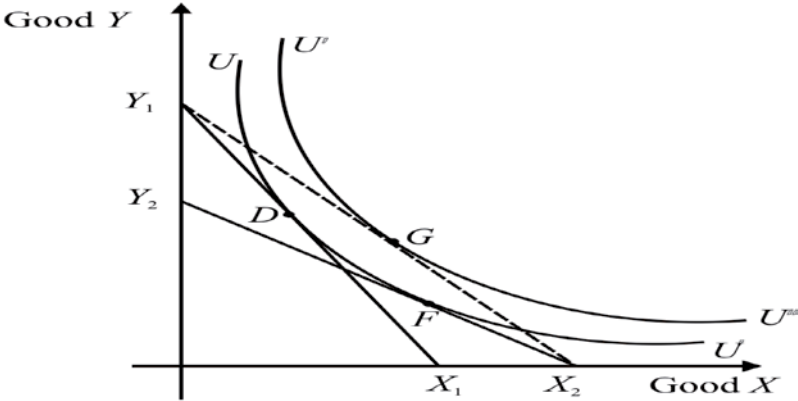


Figure 1

In light of the first assumption regarding the difference of the two countries in natural resources, I will assume for the moment that their transformation curves are linear with different slopes and depict all the above in Figure 1. Line Y_1, X_1 gives the transformation curve of country 1, line Y_2, X_2 gives the transformation curve of country 2, and U, U' is the preference ordering of the two goods in the two countries.

Theorem I: If the transformation curves are linear with different slopes, the countries specialize completely in the production of that good in which they are most efficient.

At this point remember the assumption that the two countries live in isolation. If so, countries 1 and 2 will reach equilibrium in the demand and the supply of goods X and Y at points D and F, respectively. At these points they will enjoy the utility indexed by the indifference curve UU. Next, let us assume that all barriers to trade are eliminated and the countries start to rethink their opportunities. Before very long they will discover that they can increase their material welfare by concentrating in the production of the good in which they are most efficient and then trading it for the quantities they desire to have from the other good. In particular, they will discover that the technologies at their disposal, as reflected in their transformation curves, permit them to proceed to a state of complete specialization, in which country 1 produces only good Y in the quantity Y_1 whereas country B produces only good X in the quantity X_2 in line with the theorem below. Moreover, the countries will discover that it is to their great benefit to trade because they can increase their material welfare by moving to the utility indifference curve U'U'' at point G. This proves the basic proposition that the driving force behind international trade is the benefits that accrue from allowing each country to specialize in those goods they can produce most efficiently and trade them in some quantities in international markets to acquire the goods they wish to have.

The validity of this proposition has been investigated in the relevant literature under a variety of different assumptions and in general it has been found to be quite robust. To give you an example, consider the case in Figure 2, in which the two countries have different tastes as well as transformation curves. Soon after they realize that they coexist, the citizens in the two countries will discover that the prices of the two goods are different in the two countries.

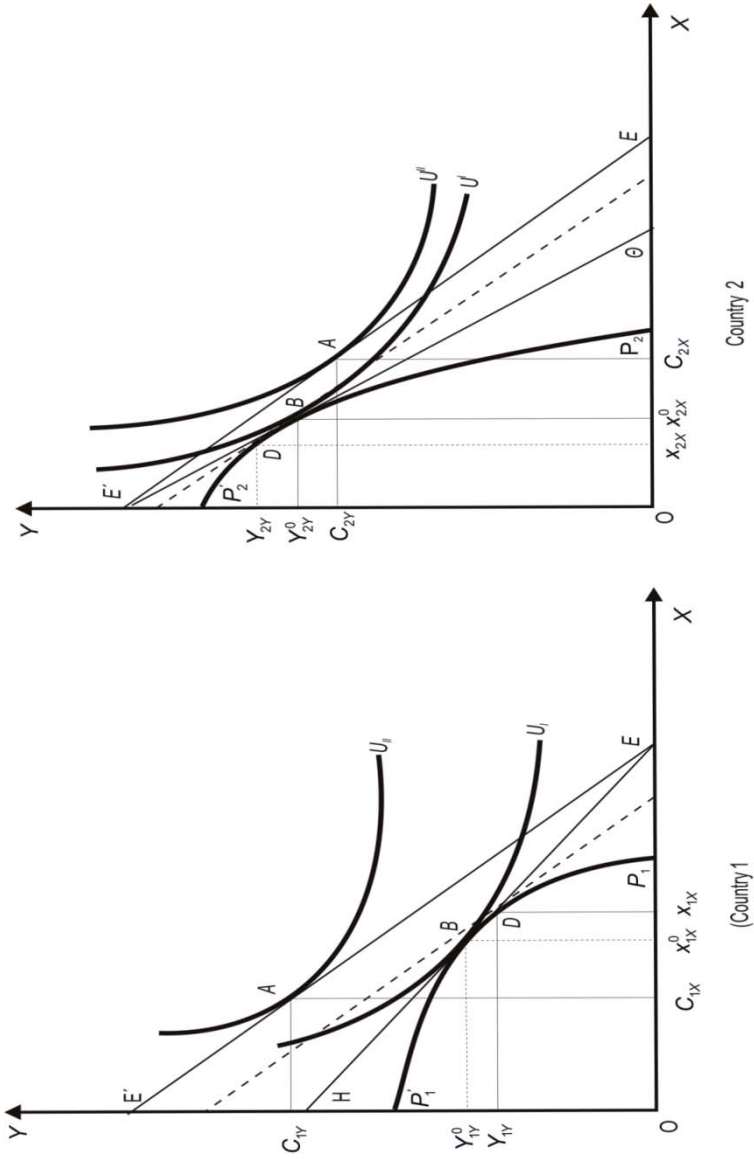


Figure 2

This realization will occur to them because of the difference in the slopes of curves $C_{1Y}E$ in country 1 and $E'\Theta$ in country 2. So they will start trading with the cheaper goods flowing to the countries where they are more expensive. In particular, country 1 will start importing good Y and exporting good X , with country 2 doing the opposite, until equilibrium is established at point A in Figure 1a and 1b. At those points the prices of the two goods in the two countries will have become equal and there will be no more advantage in changing the quantities of goods consumed, produced, and traded. Observe though that equilibrium is established at a level of material welfare that the two countries could not reach without international trade. This proves again the claim that international trade is beneficial to the participating countries.

Finally, to corroborate further the benefits from trade, let me refer to a few powerful theorems which are scarcely, if at all known, to critics of globalization. The first is the one immediately below.

Theorem II: If: 1) countries A and B have the same technological know-how; 2) their production technologies are characterized by constant returns to scale; 3) country A is abundant in one input and country B is abundant in another input; 4) full competition reigns in all markets, and 5) each country produces both goods (i.e. there is no complete specialization), then through international trade the prices of production factors in terms of purchasing power become equal in both countries.

It is known as the theorem of factor price equalization and it is magnificent because it suggests that if the five assumptions hold, immigration of workers and the transfer of capital from one country to another are unnecessary. That is, by itself the movement of goods through international trade equates the value of marginal product of each productive factor in all its international uses. Two more theorems are:

Needless to say, these theorems constitute only a small sample of the propositions that have been worked out to highlight the benefits of and the implications for the countries involved in international trade.¹

Theorem III: Assuming that the five assumptions in Theorem II hold, in the presence of international trade, the country which is abundant in one productive factor produces relatively more of the good which is intensive in that factor, and vice versa.

Theorem IV: If the five assumptions in Theorem II hold and at the same time preferences in both countries are similar and homothetic, the country which is abundant in one productive factor exports that good which is intensive in that factor.

At this point one may ask: if the case is as predicted, say, by Theorem II, why do we observe so significant flows of labor and capital moving from one country to another? Or, expressed in another way, if international trade does have the suggested benefits, why

¹For more details, see, for example, Brems (1968).

do we need globalization in the form of movement of labor and capital from one country to another?

The answer is that globalization is a process that retains for the countries the benefits of international trade in an environment where some or all of the five assumptions mentioned above are violated.

For an example consider the assumption that all countries have the same technological know-how. We know that this is not true and that is why capital leaves from developed and goes to developing countries. By moving there it brings new technology where it is needed and maintains the process of diffusing benefits on a world wide scale.

If after the above explanations one is unwilling to concede that international trade and globalization hold significant economic benefits that could not be had by the countries involved if they lived in isolation, that one is like the agnostic in the novel *Brothers Karamazov*. In that novel Feodor Dostoyevsky writes that there are people who may climb seven heavens, see the god and yet upon returning to the earth they testify that they did not see him.

3. Why globalization is unstoppable

Even a cursory scanning of the relevant literature would suffice to reveal that globalization is driven by the processes that are depicted in Figure 3.² So let me explain how they work and why it is practically impossible for any country, no matter how powerful it may be, to stop their diffusion.

² See, for example, Cullen, Parboteeah (2008).



Figure 3

4. Disintegrating borders

National borders have been always a significant impediment to the open economy. The reason is that they translate into trading costs in the form of differences in the export-import institutions, tax regimes, currencies, etc. However, more precipitously than in any previous period, nowadays countries adopt initiatives to integrate into the world economic community by reducing willfully economic barriers. That they do so is corroborated by many indices. One such index is the number of countries that participate in the World Trade Organization (WTO). In this regard it may be noted that membership in this organization has come to be considered a *sine qua non* for any country that aspires to rapid economic development. Another index is the explosive increase in the regional trade agreements. For example, whereas in the early 1990s there were around 70 such agreements, by 2000 their number had increase to 200. Lastly, since we live in Europe, we must not forget its remarkable evolution from a customs union in the 1960 to a monetary union more recently.

The last example gives me the opportunity to add a further remark. This has to do with the nature of the particular borders that disintegrate. Many who object to globalization are afraid that it erodes the very foundations of the nation-state as a distinct institution of the prevailing world order. Their view is correct in the context of the European Union, where the participating nations willfully shed national powers on the prospect of taking part eventually to a United Federation of Europe. But this is not the case in general, because the borders that disintegrate are the economic ones, not the political, and there is no obvious reason why there cannot emerge in the long run an integrated world economy with distinct and totally sovereign nation-countries.

5. Growing cross-border trade and investment

Figure 4 shows two time series. The thick red line gives the percentage annual change in the international trade flows, whereas the thin black line gives the annual growth rates. From them we observe that the former series moves around an upward trend, whereas the trend of the later series is horizontal.

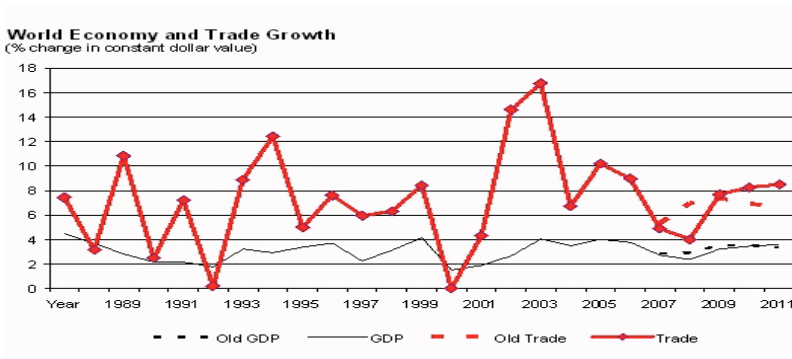
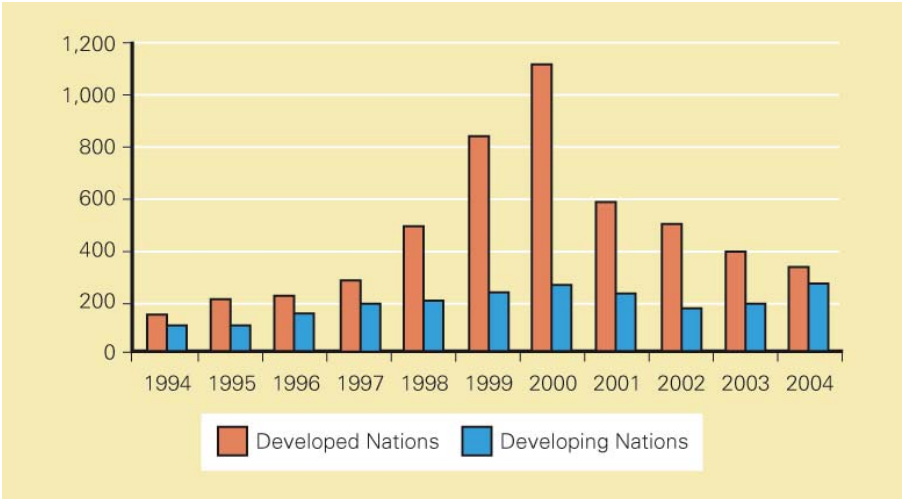


Figure 4

By implication, the volume of the international trade increases in the long-run at an average annual rate of around 6% and indeed quite independently from economic growth. This difference is interpreted to imply that countries attempt to maintain their economic growth by resorting increasingly to international trade. However, at the same time, it should be noted that almost 50% of the international trade is taking place among EU, USA, and Japan, i.e. the so called TRIAD.



Source: UNCTAD database

Figure 5

On the other hand, Figure 5 depicts the amounts of Foreign Direct Investment (FDI) in billion dollars that went into developed and developing areas of the world. Even though after 2000 there took place a significant deceleration, in the last two decades the trend in the flows and stocks of such investments is positive and more so in the developed areas.

Based on the above it is reasonable to surmise that, as more and more countries come to appreciate the benefits that accompany

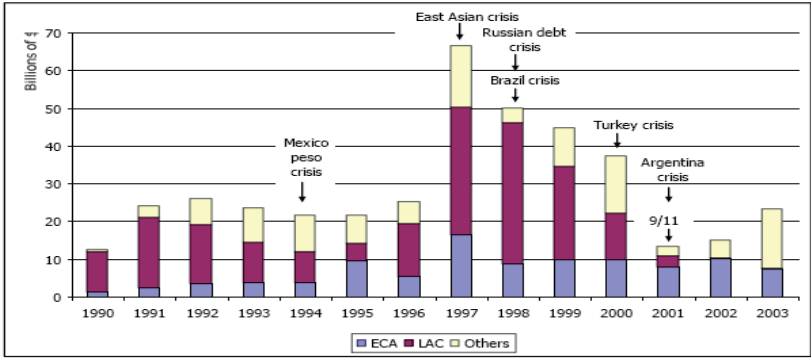
international trade and foreign direct investment, globalization will accelerate.

6. The rise of global products and global customers

As the ever spreading use of internet, tourism, and other trade relations bring people nearer together, consumer tastes, consumption habits, and product preferences become more and more homogeneous across countries. On the other hand, the capabilities associated with the technologies of just-in-time production, and not only, enable companies to locate and produce anywhere and then ship their products to any location. As a result, in recent decades reaching global customers with the production and marketing of global products has transcended the narrow confines of big multinational companies and spread into medium and smaller size enterprises. This explains why we find now the same products in the stores of nearly every country we visit.

7. Privatization

Privatization is a policy under which governments particularly in developing nations sell or transfer the management of public assets to private concerns for the purpose of accomplishing various objectives. This policy was applied widely from 1970 to 1990 all over the world, then in the 1990s it lost some of its traction, but more recently it seems that it is accelerating again as many countries attempt to become more competitive in the light of the economic crisis. Figure 6, which is based on data from the World Bank, indicates how the index of proceeds from privatizations evolved over the period 1990-2003 in three regions, namely Europe (ECA), Latin America (LAC) and all others. From this we observe that privatization activity in all three regions decelerated significantly after the crises that occurred in the late 1990s and early 2000. But from then on it has picked some speed again.



Source: World Bank Privatization Database

Figure 6

Clearly, this policy fosters globalization in at least two ways. First, by providing opportunities for Foreign Direct Investments, as buying and operating high value public assets in many countries cannot be effected by local investors, and, secondly, because by contributing to competitiveness countries are enabled to integrate easier into world markets.

8. New Competitors in world markets

Not long ago the only multinational companies that roamed in the world originated in the developed capitalist countries. Oil, automobile, electronics, chemicals, shipping, food, and other giant corporations were predominantly American or European. However, starting from the 1960, companies based in Japan and the newly emerging countries started to challenge their dominance. Now there is no need for me to mention what happened in most of these industries. With a few exceptions the industrial basis of the world has moved eastwards and now multinational companies like Toyota, Mitsubishi, Toshiba, Samsung Electronics, Taiwan Semiconductor, etc., are leaders in their sec-

tors. This was made possible because globalization allows fierce competition among the best of the best companies and opens new opportunities for companies that we do not know of today, but which will lead in the future. In other words, globalization goes hand in hand with entrepreneurship and the systematic pursue of excellence through Research & Development (R&D) and keeping world markets open to newcomers. This is a most dynamic process which cannot be controlled by any single company or government.

9. The rise of global standards of quality and production

Multinational companies follow a great assortment of strategies to strengthen their position in world markets. Some produce one or a few versions of a given product with specific country differentiations. Others adopt more regional strategies by differentiating their products to better suit the desires of local customers. And still others allow wide limits of adaptation to their local affiliates. In each case the best strategy is selected on a cost–benefit basis because, as it is easy to understand, more varieties of a given product cost more to produce and market. However, the tremendous expansion of such activities was significantly propagated by the establishment of international organizations that imposed standards in the quality of products. Such quality assurance organizations have proliferated in all activities and in all regions. For example, in Europe we have the International Organization for Standardization (ISO) in Geneva, Switzerland - ISO 9000:2000.

10. The internet and information technology

Lastly, I can hardly stress the power with which the diffusion of information through internet and other means of electronic communication have accelerated the speed of globalization. In our days all aspects of control and management of a multinational company are done mostly from the headquarters. Just in time production and

delivery, logistics, and the ability to fine tune operations are a few examples of activities that would be utterly impossible to conduct without internet. Moreover, medium and small companies which operate in world markets would be unable to compete with the giant and well-capitalized enterprises.

In summary, owing to these seven forces, globalization may go through phases of acceleration and deceleration, adjusting in accord with the cyclical movements of the world economy, but its trend will continue to point upwards. The fundamental reason for this is the benefits that nations reap by integrating their economies into world markets.

11. An assessment of the criticisms against globalization³

The process of globalization did not start either yesterday or a decade ago. It started since unmemorable times when people in one country sent their goods by land or sea to other countries to exchange them with other products they did not produce but wished to have. In other words, globalization started ever since people discovered the truth of the theorem that through voluntary exchange of goods and services material prosperity and quality of life may increase for the average citizens in those countries that take part. Therefore, as I argued already, the forces that promote the opening of economies and societies to international trade and other exchanges are so powerful that no country is strong enough to stop globalization. However, at the same time there is a growing group of well-respected people, including some prominent figures from universi-

³The literature which examines the effects of globalization is enormous. For the readers who are interested to find where the discussions stand at the present on the various issues, a representative sample of solid sources, to begin with, would include: Milanovic (2005, 2012) and Hurrell, Woods (2000), on Globalization and Inequality; Goldsmith (1996) and Najam, Runnalls, Halle (2007), on Globalization and the Environment; Tomlinson (1999), on Globalization and Culture; Singer (2004), on Globalization and Ethics; and Giddens (2000), on how globalization reshapes working and living conditions everywhere in the world.

ties, politics, religion and culture, who raise various strong objections. This means that, while initially the criticism originated with people who oppose the system of open economy and society, today the situation is different and we must see whether their criticisms point to problems that need to be addressed. So what I intend to do next is to assess the main arguments they have put forward.

12. Globalization increases inequality and poverty

One of the main arguments used by protesters against globalization is that it increases inequality and poverty, both between countries and within them. Usually in support of their arguments they rely on the calculations that Milanovic (2005) has made using data collected on behalf of the World Bank, covering the period 1988-1993. His calculations showed that the Gini coefficient of income inequality rose from 63.1 in 1988 to 66.9 in 1993, recording a percentage increase of 6%. But can one conclude from this evidence that globalization contributes to inequality in the income distribution, and hence to a worsening of poverty in the world? My view is that such a conclusion is not warranted for the following reasons.

To be sure the data on which the above calculations are based are much more detailed and more reliable than any previous study of the likely forces that may contribute to inequality and poverty. However, the period they cover is very small and we cannot know if these findings traced a temporary trend, which reversed in the years that followed, or if it constitutes part of a more permanent trend. Obviously, those who draw on this evidence to claim that globalization is responsible make a jump of logic by assuming that the rise in the Gini coefficient captured a well-established long-term trend.

However, suppose for the moment that they are right and that this finding revealed the existence of a permanent trend. Then the following question comes to mind naturally: Is globalization the sole cause for increasing poverty or are there also other forces, and perhaps more important ones, that feed on this trend? To this question the critics of globalization respond by saying that there are certainly

other factors at work. In particular, most commonly they mention that: a) economic growth in rich countries is faster than in poor; b) the population is growing faster in poor countries than in rich; c) for many decades in Africa and in rural areas of China and India there has been economic stagnation, and d) in China and India, the inequality between rural and urban areas is widening. In this light, serious researchers would have thought that there is an identification problem in the sense that one cannot tell how much each of the numerous factors contributes to inequality and poverty. Yet, ignoring this major issue, they go on to claim that for the increasing inequality and poverty the main cause is that: "information technology and liberalization of financial markets is causing a disproportionately rapid increase in the number of very wealthy households without at the same time reducing the number of very poor ones." Therefore, the question transforms into the following: Why might these two forces of globalization work against the poor peoples of the world?

To answer it a straightforward approach is to direct attention to those places where inequality and poverty have increased the most. Apparently, this has happened in Africa and in the rural areas of China and India. Can we consider these regions as victims of information technology and liberalization of financial markets? Since these areas are geographically and economically extremely isolated, the answer is certainly that their poverty has nothing to do with these factors. Hence, the most logical thought is that these areas are victims of their lack of internationalization and the problem they face is how to stop them from being isolated.

How valid is this view is also corroborated by the realization that every poor country that found its way to a more or less decent standard of living in the past century has succeeded thanks to globalization. That is, by producing goods and services for global markets rather than trying to achieve economic self-sufficiency. No one denies that in the process of economic growth in many export industries workers are paid much lower wages than the wages prevailing in developed countries. But to put the blame on globalization for this, one must close his mind to two indisputable facts. First, that these workers were impoverished before the jobs were created by Foreign

Direct Investment and exports, and, second, that poverty in regions geographically and economically isolated is far worse than in those regions which have reached some degree of integration into world markets through globalization.

In short, all available data indicate that economic growth reduces poverty. Also, in many poor countries that have managed to find a path towards economic development, the historical records show that their income per capita showed discernible signs of convergence to that of the rich countries. But many other countries and regions within countries have not been able to take off in economic development. No matter how awful this realization is, the way forward is clear. In particular, the challenge for them is not how to protect from globalization, but how to engage through it in the process of economic development and technological progress.

13. Globalization reduces national sovereignty

The financial crises in some countries of Southeast Asia in 1997-1999, in Turkey more recently, and Greece currently have provided the critics of globalization with opportunities to claim that it allows managers of short-term funds the ability to blackmail the governments of weak countries by inducing the International Monetary Fund (IMF) to impose stiff austerity measures against their people. The reality is that poor countries cannot on the one hand do everything in their power to attract Foreign Direct Investment and on the other to seek protection from the mobility of capital. Nor is it possible for IMF to intervene to save from bankruptcy countries with profligate and wasteful governments, because not only the IMF does not have the required vast resources, but also there a serious moral hazard problem arises. Hence, if some countries lose sovereignty, the blame should not be put on globalization but in the first place on their governments that misused the loans they obtained from abroad, and ultimately on their citizens who voted repeatedly for such governments over the course of many years.

Moreover, contrary to the predictions of the critics that those financial crises would deepen and spread globally, nothing of this

sort happened. The crisis in Southeast Asia soon stopped. Turkey returned to very robust economic growth and was able to repay all IMF loans, and my expectation is that a solution will be found in the case of Greece in the context of the European Union.

14. Globalization promotes consumerism

The protesters have a lot of ingenuity. Among those that went to Seattle, for example, to demonstrate against world leaders, we saw people displaying photos of a crossroads in total confusion due to traffic congestion. Others held signs of a national road filled with kilometers of cars waiting patiently to pass through a bridge. Some others mocked the aesthetics of a building with satellite television antennas in every balcony, etc. Obviously the message they wished to send is that these phenomena are indicative of a decaying material culture that has no other goal than to increase consumption.

Now it is true that most people bear with the hassle of traffic congestion for the freedom and pleasures that are associated with the ownership of a car or motorcycle, they prefer work in the office instead of the hard work in the fields, and despite the annoying image of satellite antennas, they are happy to hang them in their balconies. But why are these consumption patterns bad if they are formed in the context of spending their disposable incomes as they chose? The critics of globalization allege that they are bad because they are promoted to poor countries and as a result the latter get stuck in impoverishment and underdevelopment. The linkage they imply is that overconsumption in these countries defeats their need for investment and to some extent the critics have a point. However, I think their analysis is faulty because they fail to allow for the fact that: a) the diffusion of consumption patterns would take place even in the absence of globalization through other contacts among peoples, and b) thanks to the rapid growth in per capita consumption, the average lifespan has increased, the mortality of infants and mothers has decreased, literacy has spread like never before, etc. Therefore, even though consumerism may be accompanied by certain drawbacks in poor countries, it

is the key feature of an open economy and society and one should not judge its merits without allowing for all its pros and cons.

15. Globalization leads to depletion of natural resources

Another criticism is based on the view that, as per capita consumption increases with the spread of globalization, the available natural resources will run out soon, so future generations will be condemned to a state of irreversible poverty. Initially this assertion was raised by the Club of Rome and since then many more have repeated it by focusing on particular resources like oil, wood, many foodstuffs, and other commodities.⁴ However, their predictions so far have not materialized. Nor is it expected that there will be shortages of natural resources in the future for three reasons. First, because the quantity of resources depends on the inventiveness of human ingenuity and entrepreneurship, which for all conceivable purposes are infinite. Second, because - as we know from the experience in the last 200 years - in the market system inventiveness is endogenously directed to those resources that become relatively scarce and need to be substituted by other resources in relatively abundant supply. And third, the resource content of goods and services moves along a long-run declining trend thanks to technological innovations that are bent on economizing resources by all means. In the light of these processes, one may concede that from time to time there may emerge shortages of certain resources, but the claim that globalizations drives the world to a state of general scarcity of resources is unjustified and undermines the hopes and expectations of poor and developing countries.

⁴ See Meadows, Randers, Meadows (2004).

16. Globalization harms the environment

In recent decades technological progress has restricted significantly the adverse effects of production technologies on the environment. But so far there exist no environment neutral technologies for the production of goods and services. In turn this implies that, as globalization spreads and per capita incomes increase, more and more pollutants are emitted in the environment. Hence, the assertion that globalization harms the environment has a basis in facts that are difficult to deny. That is why this argument against globalization has won many supporters. It is simple, it is based on plausible facts, and by raising doubts about the sustainability of human race in this planet it seems logical. But three reasons make it quite contestable. The first of them is that pollution is worst not in the rich but in the poor countries. In other words, pollution in these countries has been the result of the reckless environmental policies of their governments and not of multinational companies that located there, even though some multinationals have behaved badly. The second reason is that by integrating into world markets the governments of globalized countries are subject to the continued supervision of international organizations and as a result they are obliged to follow good environmental policies. Finally, the third reason is that world markets provide countries with considerable flexibility in dealing with the problem of pollution. For example, a country may trade for rights to pollute, which leads to pollution levels considerably lower than those that would result under existing technologies and per capita consumption, if countries operated in complete isolation.

17. Globalization hurts the diversity and cultural heritage of peoples

The protesters argue that in a globalized environment, which will be dominated by international markets, there will be no room for the cultivation and development of those characteristics that make each country unique. Therefore, they conclude, globalization threat-

ens the language, the religion, the traditions, and the culture of various countries with extinction. Is this possible and if so under what conditions?

As I mentioned above, even though the pace of globalization has increased in recent decades, the process has been recorded since immemorial times. In the course of history we know that through it some cultures thrived whereas others disappeared. For example, the Babylonians, the Assyrians and the Phoenicians disappeared along with their cultures. But the Greek, the Roman and many other cultures continue to survive and evolve. Based on this realization the view that globalization threatens the characteristics that give peoples their uniqueness is a speculation of incalculable order. Someone may legitimately argue that because through globalization cultural goods will be opened to international competition, those of a country may "lose market share" even in the preferences of its citizens. This possibility does exist. But what will happen eventually no one can tell because the result depends on the incentives of peoples to support their cultural heritage and promote it as their trade mark in the international community. Personally I think that Greek cultural goods in Europe are of excellent quality and that they enjoy great competitive advantage. Thus, the probability is that globalization will help us "gain share" internationally. But if we doubt about their strength, then we run the risk to fall into the trap of the mechanism that economists call self-fulfilling prophecy. Therefore, the burden of proof that our cultural goods may succumb to globalization lies with all those who support this claim.

18. Conclusions

From the above it turns out that on careful examination all main arguments against globalization vanish. However, this does not mean that the criticisms are completely devoid of benefits. Thanks to the criticisms, we have come to realize that there are side effects that need attention. For example, one is that capital and jobs move from countries with high to countries with low labor costs. This obviously

creates unemployment and job insecurity in wealthy countries from where the funds move. So it is reasonable for workers who lose their positions to react. We know also that, while initially globalization caused immigration of unskilled workers, more recently globalization has affected workers with advanced skills.

A second side effect arises from the fact that wages and salaries in the sectors that move abroad are pushed down. This happens for two reasons. First, because workers are forced to seek employment in other sectors with lower wages, and second, because businesses indirectly use the threat of moving to other countries, thus pushing their employees to reduce their wage demands. Thus, in the sectors which are affected unemployment increases and wages decline, thereby worsening inequality.

Finally, a third important side effect is that in the countries where capital and jobs move labor conditions are less than satisfactory. In particular, the hours of work are too long and the conditions of occupational safety and comfort below par. Therefore, despite the improvement that globalization brings to their lives, workers in these countries have many reasons to complain. Although there are effective ways of intervention in the decision making of foreign investors, the protests against globalization have already begun to attract the attention of both governments and international organizations. Early retirement schemes, retraining of workers who lose their jobs, and prolonging unemployment benefits, are some of the initiatives governments adopt and they are in the right direction. But the implied advice of those who object to globalization to return to the era of closed borders and economies is neither reasonable nor justified. The reason is that it will harm the best interests of those poor countries that the objectors purport to shield from the effects of globalization.

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