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A Brief Look at Free Trade in the Global Economy

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From around the world, we hear heart-wrenching stories about mistreated and abused workers who earn meager wages, or worse, about millions of children sold into servitude or forced to work in unsafe conditions for pittance wages.....These stories are all too common in the new global economy where competitiveness and profits to stockholders are paramount, and poverty is rising. Increasing globalization, along with U.S. government support for free-trade and investment agreements, are exacerbating three intractable problems that now plague almost every nation on earth: income inequalities, job losses and environmental damage.

Around the world, production, trade and retailing of most goods and services are increasingly concentrated under the control of a small number of corporations: just over a quarter of the world's production comes from General Motors, Mitsubishi, Shell, Philip Morris and 200 of the other largest firms. These firms are the primary beneficiaries of the world's rapidly growing trade. As they compete with one another to capture global markets, their primary mode of reducing costs has been through cutting jobs, wages and benefits. Between 1979 and 1992, the 500 largest firms in the U.S. cut 4.4 million workers from their payrolls globally to remain competitive and keep profits high.

Large corporations have convinced most of the world's governments that they should maximize global competitiveness through freer trade. As a result of these trends, the gap between the rich and the poor has increased dramatically in recent decades. Today, the richest 20% of the world's population has 60 times the income of the poorest 20%.