



Globalization: We Don't Get It

Over the years, I thought about globalization a lot. As an executive handling mergers and acquisitions globally, I was involved in outsourcings, relocations, business closures, and other activities some considered corporate sins. My life was threatened. My children, friends, siblings, questioned the rationale for certain actions. Others accused me of unimaginable corporate ills. Each time, I looked critically at corporate goals, plans, and related activities, and concluded, I should press on.

Why is so much emotion attached to transnational corporations' operations? Why so little thought to contradictions in antagonists' views? I suggest, ignorance, which usually leads to fear.

Globalization intertwines economies, creates interdependencies, can be disruptive, and has exploited Nations, indigenous peoples and other groups. Still, that's no reason to condemn global trade and all transnational corporations. Rather, we must redouble efforts to ensure simple, effective, monitoring arrangements to prevent exploitative corporate behaviour.

Canada, as a major exporter, needs global trade. Our economy benefits significantly from exports and needed imports. It did not experience effects of the recent recession like others, because, among other things, prior successful global trade allowed many Canadians and Canadian corporations to build strong foundations.

Recent international credit and financial markets' problems highlighted the effects of global interconnectedness. Sub prime lending was an unethical scheme developed in the USA. It spread abroad when greedy investors sanitized, packaged, and sold internationally as exotic financial investments, securities backed by these mortgages. Not surprisingly, when sub prime mortgage defaults in the USA soared, these exotic mortgage-back investments collapsed, infecting world economies, including ours.

Globalization didn't cause the challenges; it exacerbated it. Exhorting folks to buy only products made in Canada isn't part of the answer, won't fix the problem, and won't prevent a recurrence. National corporate and personal greed are root causes, pervasive, and need addressing. Greed knows no borders!

Globalization is not inherently bad, but it raises moral and ethical issues with personal financial results. Should Canada stop trade with China until they stop abusing human rights? This is a real issue we need to face. It is fine to talk tough, but we need to act and accept *results* of our actions.

We have not evaluated a holistic globalization approach. Let's be realistic. Stopping trade with China won't change their behaviour. But, we can set strict rules for Canadian corporations operating in China. In my former company, our safety, health, and environment policies applied to all our businesses: in Canada, Japan, China, Thailand, and everywhere. When local standards were below ours, or if none existed, we followed ours. And we monitored this policy.

This approach won't solve China's human rights situation. It's merely a manageable step that would align corporate policies with Canadian values. We control it ... in Canada!

Many folks don't want *facts* to confuse them. So, don't expect antagonists to change popular anti-globalization stance. They won't examine their incongruent behaviour. They will ignore their roles: investors when they invest pensions, consumers when they buy stuff. They will want *to eat their cakes and have them!*

From the same company, Wal-Mart, we can't get the highest return on investment, and the lowest prices for stuff! If it's cheaper for Wal-Mart to produce goods in China than in Canada, are we prepared to accept a lower return on investment (RRSP's) and pay higher prices? In Canada, are we prepared to produce high cost items with eroding market prices and shrinking markets? Will we accept dwindling workforces when we can't sell our high cost products?

The public won't get it! Many Governments will present global corporations as demons because sadly, for many politicians, that's good politics. So, what should Canadian corporations do? I propose three steps to start:

- 1) Be *ethical*. Set and enforce global safety, environment, health, and human resources polices that safeguard the environment and respect human dignity.
- 2) Be *realistic*. Some nations and corporations have *comparative advantages* over others. Canada is blessed with natural resources. We should use these gifts, while others use theirs. That's why, for long term survival, some businesses *need* to and *should* outsource, relocate, or close certain activities. The issue is, how to do it.
- 3) Be *transparent*. These corporate decisions will be unpopular. Still, corporate leadership must discuss effects with unions and other interested groups, and *do what's right in the eyes of the Lord* (2 Corinthians 8:20-22). Popular political disapproval doesn't mean decisions are wrong, and shouldn't cause inaction!