

Globalization: How it has impacted Venezuela and Chile

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Abstract

People around the world have very different perceptions of globalization; in the industrialized world, some would say that globalization has failed, whereas the so called developing countries have had a different experience with it. In the developing countries, their economic growth has been supported by foreign direct investment, which has helped to create a middle class. But ultimately, even among the developing countries, globalization has had a different impact on their economies. Chile is one of the countries that has taken advantage of globalization and benefited from it. Meanwhile, Venezuela has cut itself off from globalization and this has led to a disaster for the country. This paper compares the role of globalization in Chile and Venezuela and shows how globalization has been a positive for Chile, while Venezuela has avoided globalization and faced many negative consequences.

Globalization in Venezuela

Hugo Chavez took over power in Venezuela in 1999 and ruled until 2013. His campaign was built on populism, which is one of the ways that people fight globalization according to Ian Bremmer. His populist ideology turned Venezuela into an authoritarian democracy, which concentrated power into a few hands and disregarded human rights. During his presidency, Chavez abolished trade deals that Venezuela had with other countries in favor of nationalization of the oil companies. In the short term, this was good for the country, but they ran into problems. Oil is 91% of their exports, and the country was not prepared for the drop in oil prices. The current president, Nicolás Maduro has continued to avoid globalization just like Chavez.

During the beginning of Chavez's presidency, he believed that investments in education was important for decreasing the gap between the rich and the poor. UNESCO announced that illiteracy in Venezuela was eliminated in 2005 (Otis). But with the drop in oil prices, the government could not keep up with the investments in education.

Venezuela has turned away from globalization with populism and nationalization, which were short term alternatives, now they are facing problems with their main export, with no money to invest in their citizens' education.

Globalization in Chile

After the horrific 17 years of isolation and dictatorship of Augusto Pinochet in Chile, the country opened itself to the global market in the 1990s. Unlike Venezuela, their exports are diverse, they have created many trade agreements that they contributed to growth in their economy. Along with a growing economy, their poverty rate has decreased substantially and the middle class has increased to about half of the population (Ayala). Clearly, globalization has been a success for Chile in terms of the economy and for the Chileans.

Unfortunately, the government has not managed globalization perfectly. With the growth of the middle class, the Chileans are demanding a better education system. The schools are expensive, not up to date and not completely accessible for many students (Ayala). This is a problem that countries can face when their standard of living increases. The governments must continue to invest in the people so they are ready for the coming challenges of technology.

Chile has benefited greatly from globalization in its economy and standard of living, but they are ill prepared to deal with the challenges of the future .

Discussion

Some people will argue that globalization is a failure everywhere, but that is not the case. The success or failure of globalization depends upon the level of economic development of a country and how well the government manages globalization. The government of Chile was able to manage globalization and they saw a great improvement in their economy. On the other hand, Venezuela did not use globalization to their advantage and their economy has plummeted.

Additionally, the future of globalization is unclear and countries need to be prepared for whatever happens. Ian Bremmer discusses how governments must have a social safety net for their citizens if they are going to survive globalization. Both Chile and Venezuela are struggling with a social safety net. Venezuela does not have the money to invest in one and Chile cannot keep up with the changes.

A big part of the future is also new technology. The developing countries must be able to keep up with technological changes or they could fail.

Overall, globalization must be managed throughout the process, if globalization fails, it is because the governments were not managing or responding to it the right way. Governments must be able to minimize the loses while maximizing benefits.

China is a country who has shown how successful globalization can be. The government managed it well, and made it work for their country.

Research Thesis & Idea

Globalization is not a universal failure as many people believe; its success depends upon the level of economic development in the country as well as the competence of the government to manage it.

The idea to research how globalization has affected Venezuela and Chile came from the book *Us vs Them: the Failure of Globalism* by Ian Bremmer.



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