**SUMMARY AND CONCLUSIONS - Chapter 2: The global economy from an ethical perspective**

Globalization has been spearheaded by companies seeking advantages in diverse geographic locations to produce products, extract resources and make financial gains. The growing ease with which goods, money and information travels around the world has greatly facilitated their global aspirations. Their profits have grown with their markets, and corporate strategists have become adept at shifting activities to places where costs are low, while shifting profits to places such as offshore jurisdictions where taxes are minimal. In one of the paradoxes of globalization, profit-maximizing advantages have focused on localization, with trade-offs between locations. This aggressively capitalist strategy is admired when it succeeds, but is criticized when it fails, often because of excessive risk-taking in pursuit of greater rewards.

The world’s economies represent divergent approaches to managing economic life. While capitalism on free-market lines has led many countries to introduce market reforms, the financial crisis reminded the world that markets carry risks. The exposure of the methods by which global companies have generated profits, such as the exploitation of armies of workers in Asian locations, has led to a debate on whether capitalist pursuit of self-interested gain has gone too far. Moreover, the business models which rely on low-cost labour now look unsustainable in the long term, as well as being unethical in principle. Capitalists might say that their object is simply to make money within existing legal frameworks in each country, and that it is up to governments to change the law if they perceive social harms are being perpetrated. In the next chapter, we look at what governments and political systems are doing – or should be doing – towards ethical goals in relation to both society and businesses.