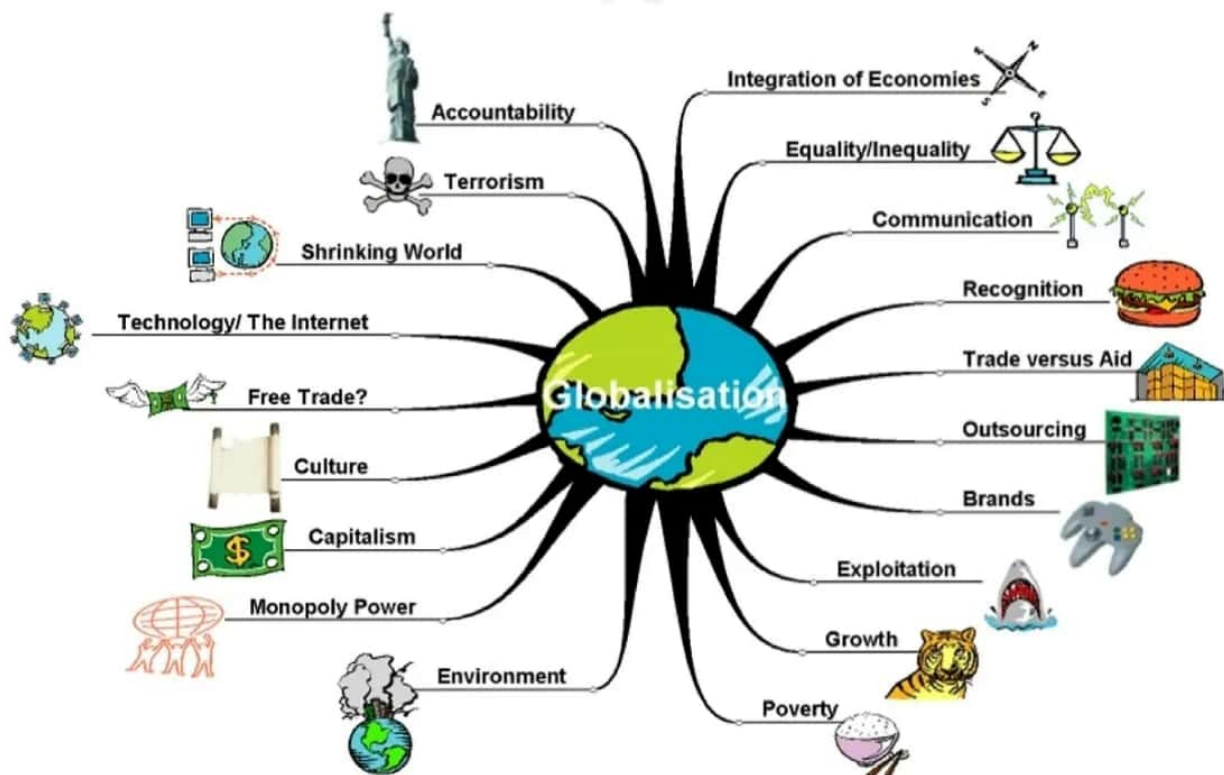


# Globalization

## Introduction:

"Globalization" is a term that came into popular usage in the 1980's to describe the increased movement of people, knowledge and ideas, and goods and money across national borders that has led to increased interconnectedness among the world's populations, economically, politically, socially and culturally. Although globalization is often thought of in economic terms (i.e., "the global marketplace"), this process has many social and political implications as well. At the global level, globalization is thought of in terms of the challenges it poses to the role of governments in international affairs and the global economy.

## Definition of Globalization:



Globalization is often used to refer to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.

Roland Robertson in his book 'Globalization: Social Theory and Global Culture' (1992) define globalization as "the compression of the world and the intensification of the consciousness of the world as a whole".

"All those processes by which the peoples of the world are incorporated into a single society, global society" (Albrow, 1990: 9).

"Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa" (Giddens, 1990: 64).

The term 'globalization' refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders. It refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity- village markets, urban industries, or financial centres. There are also broader culture, political, and environmental dimensions of globalization. IMF

The world's economies have developed ever-closer links since 1950, in trade, investment and production. Known as globalization, this process is not new, but its pace and scope has accelerated in recent years, to embrace more industries and more countries. The changes have been driven by liberalisation of trade and finance, how companies work, and improvements to transport and communications. BBC

## World history can be divided into three distinct phases:

- A. Globalization I: The Age of Exploration
- B. Globalization II: The Age of Imperialism
- C. Globalization III: The Modern World

## History –led globalization:



## Types of Globalization:

### Financial Globalization

- Interconnection of the world's financial systems e.g. stock markets
- More of a connection between large cities than of nations

**Example:** What happens in Asian markets affects the North American markets.

### Economic Globalization

1. No national economy is an island now. To varying degrees, national economies influence one another. One country which is capital-rich invests in another country which is poor. One who has better technologies sells these to others who lack such technologies. The products of an advanced country enter the markets of those countries that have demands for these products. Similarly, the natural resources of



developing countries are sold to developed countries that need them. Thus, globalization is predominantly an economic process involving the transfer of economic resources from one country to another. Example: NAFTA, EU, Multinational corporations

## **Technological Globalization**

Connection between nations through technology such as television, radio, telephones, internet ,etc. Was traditionally available only to the rich but is now far more available to the poor.

## **Cultural Globalization**

Culture has increasingly become a commodity. Popular books and films have international markets. Harry Potter has readers almost all over the world. English movies are seen almost in all countries. Western pop music has become popular in developing countries. The reverse flow of culture is insignificant. The flow of culture is mainly from the North to the South. In the last few years the media owners of the West have shown interest in entering developing countries. Cultural globalization has been facilitated by the information revolution, the spread of satellite communication, telecommunication networks, information technology and the Internet etc. This global flow of ideas, knowledge and values is likely to flatten out cultural differences between nations, regions and individuals. As this flow of culture is mainly from the centre to the periphery, from the North to the South, and from the towns and cities to villages, it is the cultures of villages of poor countries which will be the first to suffer erosion. e.g. The Simpsons is shown in over 200 countries in the world.

## **Ecological Globalization**

- seeing the Earth as a single ecosystem rather than a collection of separate ecological systems because so many problems are global in nature
- e.g. International treaties to deal with environmental issues like biodiversity, climate change or the ozone layer, wildlife reserves that span several countries

## **Sociological Globalization**

- A growing belief that we are all global citizens and should all be held to the same standards – and have the same rights
- e.g. the growing international ideas that capital punishment is immoral and that women should have all the same rights as men.

## **Political Globalization**

- Countries are attempting to adopt similar political policies and styles of government in order to facilitate other forms of globalization
- e.g. move to secular governments, free trade agreements, etc

## **Criminal Globalization**

Intercontinental spread of global crime and its impact on governments and individuals. ex. Terrorist Attacks on 9/11

## **Geographical globalization:**

Demographic shifts, emergence of global cities of various ethnic backgrounds, transnational urban professional elites

## **Military globalization:**

US, NATO and UN peacekeeping forces playing of global police or mediating local conflicts.

## **Advantage of globalization:**

1. Increased free trade between nations.
2. Globalization gives you a larger market. You can sell more goods and make more.
3. Global mass media ties the world together.

4. Increased flow of communications allows vital information to be shared between individuals and corporations around the world.
  5. Greater ease and speed of transportation for goods and people.
  6. Technological improvement of the Nation is seen.
  7. Greater interdependence of nation-states.
  8. Reduction of likelihood of war between developed nations.
  9. Increases in environmental protection in developed nations.
  10. Resources of different countries are used for producing goods and services they are able to do most efficiently.
  11. Consumers to get much wider variety of products to choose from.
  12. Consumers get the product they want at more competitive prices.
  13. Companies are able to procure input goods and services required at most competitive prices.
  14. Companies get access to much wider markets.
  15. It promotes understanding and goodwill among different countries.
  16. Businesses and investors get much wider opportunities for investment.
- ❖ Goods and people are transported with more easiness and speed
  - ❖ The possibility of war between the developed countries decreases
  - ❖ Free trade between countries increases
  - ❖ Global mass media connects all the people in the world
  - ❖ The global village dream becomes more realistic
  - ❖ There is a propagation of democratic ideals
  - ❖ The interdependence of the nation-states increases
  - ❖ As the liquidity of capital increases, developed countries can invest in developing ones
  - ❖ The flexibility of corporations to operate across borders increases
  - ❖ The communication between the individuals and corporations in the world increases

### **Cultural impact of globalization:**

Spread of American business • McDonald's • KFC • Wal-Mart Because of the globalization and new technology, it has been found that cultural diversity reflects on



the food, music, art, life style, customs and race. The western culture has mixed with the eastern culture.

For instance, McDonalds Corporation has expanded to be worldwide, and you can see the logo of "M" everywhere. Also, the Hollywood movies are very popular in Asia. Globalization has not only promoted cultural blending, but also driven a lot of business opportunities.

## **The Integration of Cultures**

Although the United States may play a dominant role within the phenomenon of cultural globalization, it is important to keep in mind that this is not an entirely one-way street. Many other countries also contribute to global culture, including American culture itself. Just as American popular culture influences foreign countries, other national cultures are influential within the United States and also increase their presence worldwide.

Hollywood is a good example of an industry that integrates elements from more than one culture. Most people would think of Hollywood as something entirely American. However, while Hollywood dominates world cinema, American movies are subject to foreign influence. According to The Economist, "one reason for Hollywood's success is that from the earliest days it was open to foreign talent and foreign money."

## **Reaffirmation of Local Culture**

In Pakistan, for example, satellite TV permits an increase in the number of regional channels, many of which can and do telecast Pakistani content. This gives Pakistan individual new opportunity to identify with his regional ties. Similarly global companies have to take into account the culture of all the countries where they conduct operations or sell products. This can also enhance cultural awareness.

Many observers have speculated that the homogenizing effect of globalization on national cultures in fact tends to produce a reaction among indigenous peoples,

which leads those whose cultures are threatened to want to reaffirm their own local traditions.

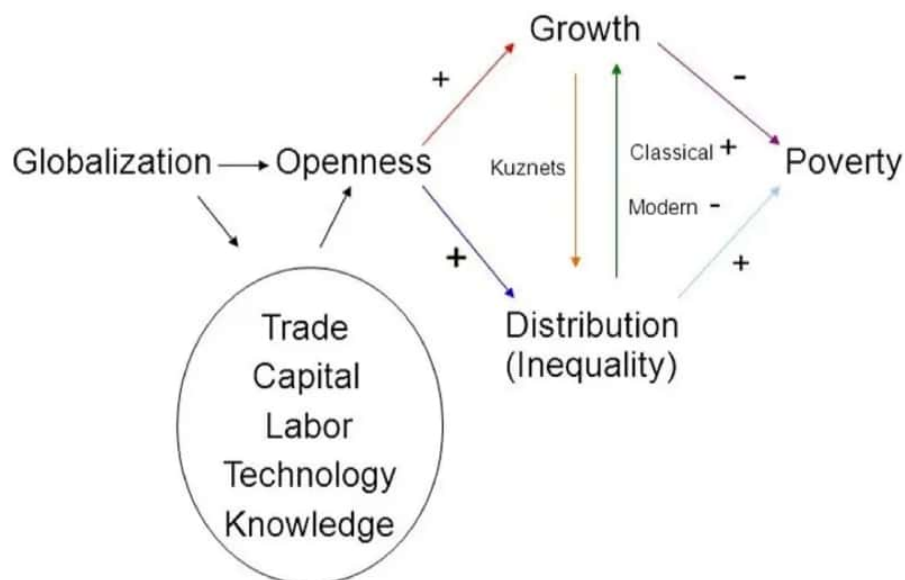
## Television

American cultural products are influential in the television industry, as well. For example, American company CNN exemplifies the global news network. After starting as a cable news network for U.S. viewers only, CNN now reaches over 200 million households in over 212 countries and territories. However, television remains a more local cultural form than movies, music, or publications

## Economic impact of globalization:

Transmission Channels through which Globalization Affects Poverty The first and most important of the mechanisms through which the process of globalization affects poverty directly and indirectly is the growth-inequality-poverty channel.

The Globalization-Openness-Growth-Distribution (Inequality)-Poverty Nexus:





Globalization is that of major potential regional or global instabilities stemming from the interdependencies of economies on a worldwide basis. There is the possibility that local economic fluctuations or crises in one nation could have regional or even global impacts. This is not just a theoretical possibility as seen in the exchange rate and financial crisis in Asia, starting in Thailand in 1998 and then spreading to other Southeast Asian economies and even to South Korea.

The control of national economies is seen by some as possibly shifting from sovereign governments to other entities, including the most powerful nation states, multinational or global firms, and international organizations.

## **Disadvantages of Globalization**

- **Exploitation of Underdeveloped Countries:** Multinational Corporations (MNCs), based in developed countries, purchase at lower rates the raw materials from backward countries.
- **Increase in Unemployment:** The MNCs employ machines to reduce the number of employees.
- **Widening of Rich-poor Gap:** Globalization brings benefits to the rich who are small in number and keeps the vast majority of people in poverty and misery.
- **Harmful Effects of Consumerism:** Globalization produces consumerism. People being attracted by attractive goods and advertisements, want to buy these goods. They would not hesitate to earn money for this by unfair means.
- **Adverse Effects on Social Security and Social Welfare:** Because of privatization, governments in many developing countries are withdrawing from the sector of social welfare and private companies have entered educations, health and other such fields related to development. As a result of this, poor people are facing a lot of difficulties.

- **Harmful Effects on Small Industries and Small Business:** Small-scale and cottage industries cannot grow in competition with big ones.
- **Cultural Homogenization:** Globalization would lead to cultural homogenization.
- **Hostile to Humanism:** Globalization would kill humanism. It aims at accelerating economic growth, and economic growth, according to its protagonists, can be quickly attained through privatization. Pursuit of growth hardly respects human values.
- **Erosion of Democracy:** Globalization has led to the weakening, erosion and even destruction of democracy. Globalization has considerably increased the wealth and power of multinational corporations and they have tended to interfere with and control the economic policy and politics of developing countries.
- **Gender-Insensitive:** Women have suffered a lot under globalization. In the privatized economy, the interests and concerns of women, particularly of poor women, have been seriously ignored.
- **Destructive of Environment:** Globalization would destroy environment. In the name of economic development, environment is blindly destroyed.

## **Conclusion:**

Globalization is a tool that should benefit all sections of mankind. One cannot ignore its negative effects. These must be addressed for the world's peace and prosperity. The ultimate inference being that globalization hasn't shown positive results. To conclude the benefits of economic reforms on the Pakistan economy would get achieved, only if the negative impacts are settled or neutralized.