

What is New about Globalization?

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Abstract – Globalization, as generally perceived, is not an economic phenomenon but has social, cultural and political dimensions too. Globalization has increased interdependence and competition between economies and world markets. It has led to emergence of worldwide production markets and greater access to range of foreign products. Newer financial products have allowed entrepreneurs & companies to raise funds from external financial markets. The world has come much closer than it ever was. Politically it has led to creation of international level organizations which facilitate international relations and safeguard interests of smaller nations. Flow of information across the globe has increased through communication networks. English has emerged as the international language for communication.

Key words – Globalization, International, Production Markets

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INTRODUCTION

The World is at our breakfast table- Cheese from Denmark, packaged juice from Australia, Bread from Greece, Marmalade and Oatmeal snacks from England. We have grown up listening to Bob Marley from Jamaica, Ricky Martin from Spain, Scorpions from Germany. We cheer for soccer clubs as diverse as Manchester United, Real Madrid, Juventus, Ajax Amsterdam and players like Christiano Ronaldo, Michael Schumacher, Roger Federer, Tiger Woods are our heroes. We sport Armanis, Guccis, Versaces, and spend our holidays sunbathing in Bahamas or skiing down the slopes of Jungfrau. Globalisation has indeed brought the world at our arm's length. The whole world has turned into a borderless global village.

During the last decade or so, the word Globalization has caught the international imagination. Various economic thinkers and management practitioners have tried to explain the concept in their own way. Conceptually it can be defined as the process of commercial or economic integration of a country or a company with the rest of the world. The magnitude of integration determines the extent of globalization accomplished by the country or the company. Globalization is not an event but a process, which has evolved over a period of time. Though the academicians agree on phased development of globalization, yet they differ on the extent-timelines of various phases.

REASON FOR THE STUDY:

While we are all familiar with what Globalization is and how it has evolved through the sand of time. There is precisely the need to understand how Globalization is panning out in today's time. This paper analysis as to

whether is there anything new in the Globalization as it is unfolding in the present times.

LITERATURE REVIEW:

While a lot of literature is available which defined various aspects of Globalization including its evolution in the modern times and how it is impacting the international relations. But the aspect that is intended to be reviewed in this paper i.e. what is new about Globalization, is an area which does not have too much research undertaken. Probably due to the fact that this aspect would keep on changing as the time passes based on the international economic and political relations.

GLOBALIZATION:

Thomas Friedman, in his book – “**The World is Flat: A brief history of globalized world in the 21st century**” has tried to identify three great globalization eras. The first one lasting from 1492 (the year Christopher Columbus set sail to look for a direct route to India) to 1800, inspired by imperialistic motives of the countries especially European. The next phase of Globalization lasting from 1800 to 2000, was driven by Joint Stock companies and multi-national companies, fuelled by Industrial Revolution – development of efficient means of transportation and communication. In the third & current phase of Globalization, the world has shrunk to a small and flattened playing field allowing individuals and small groups to globalize. By another thought, the phenomenon of globalization seems to have occurred in the late 19th Century from 1870 until the World War I put a halt to the process and later. Malcolm Waters, has tried to divide the process of globalization into five phases - The germinal phase (Europe, 1400-1750); The incipient

phase (Europe, 1750-1875); The take-off phase (1875-1925); The struggle-for-hegemony phase; and, The uncertainty phase (1969-92).

“Globalization can be taken to refer to those spatio-temporal processes of change which underpin a transformation in the organization of human affairs by linking together and expanding human activity across regions & continents.

Globalization, as generally perceived, is not an economic phenomenon but has social, cultural and political dimensions too. Globalization has increased interdependence and competition between economies and world markets. It has led to emergence of worldwide production markets and greater access to range of foreign products. Newer financial products have allowed entrepreneurs & companies to raise funds from external financial markets. The world has come much closer than it ever was. Politically it has led to creation of international level organizations which facilitate international relations and safeguard interests of smaller nations. Flow of information across the globe has increased through communication networks. English has emerged as the international language for communication.

WHAT IS NEW ABOUT GLOBALIZATION

There are two distinct new factors that have emerged during the current phase of globalization. The September 11 attacks on the World Trade Centre Towers, the London tube station bombing, the Madrid train bombings and the Mumbai terror attack have woke up the international community to a different kind of Globalization – Terrorism & Crime. The menace, which hitherto had been restricted to Middle East & South Asia, has spread its tentacles across the world. The global crime syndicates & terrorist outfits are operating with impunity, which is a source of continual threat to the world peace. The Governments are working in unison to curb the menace. Mather Trotter in his essay – Are Globalization and Terrorism Linked has tried to draw a co-relation between the two. He argues that globalization facilitates terrorism. He states that media, communication technologies, internet, mobiles phones, simpler immigration & border crossing policies and financial systems created to make international businesses simpler have aided the terrorist outfits and crime syndicates.

Zunairah, in her article “The Internet and Globalization” – has assessed the positive and negative impacts of the internet on globalization. She argues that Technology is perhaps the most visible aspect of globalization and in many ways its driving force. She states that Globalization tends to be most perceptible and observable in almost every facet of life mainly due to the emergence of internet technology and that the technology was globally integrating and amalgamating the people of the world. She has also commented that the advent of the Internet in its unquantifiable shape and form has over the past decade provided a

common platform upon which countries from all corners of the Earth are able to communicate and share information. The internet has also facilitated flow of ideas. Barack Obama in a recent speech has remarked, “A young woman with an Internet connection in Bangalore, India, can compete with anybody anywhere in the world. An entrepreneur with a startup company in Beijing can take his business global... That’s good for all of us, because when prosperity is created in India, that’s a new market for our goods... when new connections are forged... all of us are enriched.” The statement further highlights importance of internet in today’s context.

A group of eminent professors at the Princeton University namely Gene Grossman, Alan Blinder & Richard Baldwin, have described what they call – new paradigm of globalization. They have viewed globalization as involving several distinct phases beginning 19th century. As per them, sharp reduction in transportation costs allowed the facility of goods being manufactured away from the place of consumption. After 1970s, further speeding up of communication and transportation, development of better manufacturing technologies led to development of trans-national companies. They have further argued that Electronic Off-shoring will form the basis for new wave of Globalization. The next phase will have the global competition occurring at the level of individual job – same type of job being outsourced across firms & industry.

Politically, globalization has also undergone changes over the last half century or so. During the Cold War era, which developed at the end of World War II, the world was divided into two primary groups – the western Bloc led by USA & the Eastern Bloc led by USSR – a bi-polar arrangement. In the early 1990s, with the break-up of erstwhile USSR, the hegemony of USA became the order of the day – a uni-polar world. With the economic globalization fuelling the growth of emerging economies like China and India, the balance of power is more widespread – a multi-polar world – no longer dominated by USA or any single power.

As per another study, Cultural globalization, spurred on by communication technology, was first understood as homogenization (development of a common culture across the globe). Subsequently, as a reaction to this trend, a new trend of uniqueness, individuality and identity has gained strength.

While the previous phase(s) has witnessed globalization of countries and companies (through trans-national & multi-national companies), the present wave has witnessed shift of focus to socio-cultural and environmental issues. There is a growing integration of societies across the globe. Poverty reduction and growth are issues that nations are collaborating for. Today, Environmental issues like Global warming & greenhouse gas emissions are concerns that affect everybody and require a global

solution – based on international cooperation, which is easier in an integrated world.

There is however another view shared by many economists which states that there is nothing fundamentally new about globalization. To quote Gilpin “although globalization had become the defining feature of the international economy at the beginning of the twenty first century’ the current world economy, in comparison with the belle époque, remains considerably less globalized and integrated. This is a view shared by many historians for example O’Rourke and Williamson. The implication is that, far from being unprecedented, economic globalization today is essentially a return to the developmental trajectory of the world economy inaugurated by the birth of the industrial age. As O’Rourke and Williamson emphasize “By 1914, there was hardly a village or town anywhere on the globe whose prices were not influenced by distant foreign capital, whose engineering, manufacturing, and even business skills were not influenced by the absence of those who had emigrated or by the presence of strangers who had immigrated” and “Involved the most extensive wage and living standard convergence the Atlantic economy has ever seen.” Indeed, Hoogvelt describes the current era as one of the implosion of global economic activity as it has become increasingly concentrated in the OECD and a handful of NIEs by comparison with the age of empire (Hoogvelt 2001). The implication is that the significance of the second age of economic globalization is considerably exaggerated and thus its consequences have been significantly overstated, particularly with respect to national politics and the continuing centrality of state power to the proper functioning of the world economy (Hirst and Thompson 1999).

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