

## Globalization

- **Definition:**  
It is the ability to **move and communicate easily** with others **all over the world** in order to **conduct business internationally**.
- It is the **interconnectedness of people and business** across the world that eventually leads to **global, cultural, political, and economic integration**.
- It involves the **increased interconnectedness and interdependence of peoples and countries**: the opening of **international borders** to **fast flows of goods, services, finance, people, and ideas**, and changes in **institutions and policies** at national and international levels that facilitate or promote such flows.

"It is the **free movement of goods, services, and people** across the world in a **seamless and integrated manner**.

It is the **liberalization of countries** of their impact protocols and **welcoming foreign investment** into sectors that are mainstays of the economy.

## Other Definitions of Globalization

- **Globalization** is the **intensification of worldwide social relations** linking **distant localities**, so that **local happenings are shaped by distant events** and vice versa.
- **Globalization** as a process by which **people of the world** are incorporated into a **single world society**.
- **Globalization** as the **compression of the world** and the **intensification of the consciousness of the world as a whole**.

## Characteristics of Globalization

- **Social mobility** of people regardless of reason
- **Intensification of interactions**
- **Active process**
- **Borderless interaction**
- Spread of **ideas, knowledge, technology, culture, and religion**

## History of the Term "Globalization"

- **1897** – **Charles Taze Russel**, *Corporate Giants*: referred to **large national trusts** and enterprises.
- **1930** – Term "**Globalize**" appeared in *Towards New Education*, denoting a **holistic view of human experience in education**.
- **Late 1970s** – **Globalization** coined.
- **Early 1981** – Used in an **economic sense**.
- **Late 1980s** – Popularized by **Theodore Levitt**.
- **Late 2000s** – **IMF** identified **4 aspects of Globalization**.
- **2013** – Defined as "**borderless society**".
- **2017** – Used in **academe**.
- **2018** – Adopted across **all disciplines**.

## Indicators

- **Interdependence of countries** in social aspects
- **Advancement of science and technology**
- **Environmental issues across borders**
- **Economic, cultural, and political globalization**

## Why Globalization Occurs

- **Domestic markets** are no longer rich due to **many interlocking factors**
- **Rapid shrinking of time and distance** across the globe via **advanced technology**
- Companies seek **political and economic stability** abroad
- Creation of **WTO** stimulates **cross-border trade**
- Acquire **technological and managerial know-how** from other countries
- Access **raw materials** and **markets** unavailable in home country
- Reduce **transportation costs** using **advanced communication and information tools**

## Stages of Globalization

1. **Stage 1: Arm's length service activity** – domestic company enters new markets via **local dealers/distributors**
2. **Stage 2:** Company **takes over activities** independently
3. **Stage 3:** Company conducts **manufacturing, marketing, and sales** in key foreign countries
4. **Stage 4:** Company attains **full insider position**, supported by a **complete business system**
5. **Stage 5:** Company reaches **genuinely global operation (global localization)**

## Advantages of Globalization

- **Open economy** encourages **fast innovation** with **fresh ideas from abroad**
- **Export jobs** often pay more than local jobs
- **Productivity grows faster** when countries produce goods and services of **comparative advantage**

## Disadvantages of Globalization

- **Exploitation** of underdeveloped countries
- **Widening rich-poor gap**
- **Negative impact** on **small industries and businesses**

## Three Arguments of Globalization

### 1. Rejectionists

- Scholars who **dismiss the usefulness** of "globalization"
- **Craig Calhoun** – concept is **vague** and as complex as **nationalism**
- **Linda Meiss** – **big idea on slim foundations**
- **Holton** – abandon **metatheory**, use **middle-range theory**
- **Stegger** – combine **social-scientific and interpretive approaches**

### 2. Skeptics

- Emphasize the **limited nature** of globalization
- **Horster Thompson** – world economy is **not global**, concentrated in **Europe, Eastern Asia, and North America**
- Note that **economic activities** are still **national in origin**, globalization benefits **neoliberal interests**

### 3. Modifiers

- Argue globalization is a **historically imprecise concept**
- **Wallerstein and Frank** – **modern capitalist economy** has been **global since inception**
- Globalizing tendencies follow a **continuum of modernization**

## Theories of Globalization

### Main Theories:

- **Imperialism**
- **Colonialism**
- **Development**
- **Americanization**
- **Neoliberalism**
- **Neo-Marxian Theories**

### Imperialism

#### Definition:

Imperialism refers to the ways a **powerful country gains control** over other countries or regions. This control can be **political, economic, or territorial**, and sometimes involves **direct conquest**.

- The term comes from the Roman **imperium** (power or command).
- Early empires, like **Rome**, connected distant regions through **trade, migration, and communication**, linking imperialism to **modern globalization**.
- Emerged in **late 1800s** as **developed countries competed for control in Africa**.

#### Economic Explanation: Lenin and Hobson

- **Capitalist countries** need **raw materials, cheap labor, and new markets**.
- **Expansion** into other countries secures these resources.
- **Lenin**: Imperialism signals **capitalism decay** and parasitism.
- **Example**: European powers controlling colonies to supply resources for factories.

## Colonialism

### Definition:

- Related to imperialism but more specific.
- **Imperialism**: control of one country by another, often economic.
- **Colonialism**: involves **settlement and direct political rule**.

### Key Features:

- Sends **settlers** to occupied land
- Establishes **formal government** and administration
- **Direct control** of local population

According to **Edward Said**, imperialism is the **idea and practice** of ruling distant lands, while colonialism is the **actual settlement and direct rule**.

Imperialism focuses on **economic exploitation**, colonialism on **political control**, both involve **cultural domination**.

### Historical Phases:

- **Early Colonialism (15th Century)** – Led by **Spain and Portugal**; colonies in **Africa, Asia, Americas**.
- **Modern Colonialism (1820–WWI)** – Led by **Britain, France, Germany, USA, Japan**; e.g., **India under British rule**.

### Decolonization:

- Ending **colonial rule** politically, culturally, educationally, and institutionally
- Widespread after **WWII**

### Neo-Colonialism:

- **Indirect control** via:
  - **Economic dependence**
  - **Education systems**
  - **Cultural influence**
- Former colonies rely heavily on **Western corporations, loans, or educational models.**

#### **Post-Colonialism:**

- Life and systems after **colonial rule**

#### **Development**

##### **Definition:**

- Historical period: **1940s–1970s**, before globalization dominance.
- Aimed at **improving economic conditions** in poorer countries (**Global South**).

##### **Development Project:**

- Help less developed countries grow economically by **following wealthier nations' examples.**

##### **Key Aspects:**

- **Import-Substitution:**
  - Produce goods **locally**
  - Build **own industries**
  - Reduce **import dependence**
- **Foreign Direct Investment (FDI):**
  - Companies from rich countries invest in poorer countries
  - Example: **American car company builds factory in Brazil**

- Often benefits **North more than South**
- **Foreign Aid:**
  - Money and food assistance can **increase dependence**

#### **Americanization**

##### **Definition:**

- Import by non-Americans of **products, images, technologies, practices, and behaviors** associated with **America.**

##### **Shifting Fears:**

- Post-WWII fears centered on **US industrial dominance.**
- Over time, concerns shifted to **Japan, Asian Tigers, EU, and China.**

##### **Effects on Global Culture:**

- Reshapes **eating, shopping, payment, and consumption habits**
- Leads to **cultural homogenization** and **economic dependency**

##### **Economic & Cultural Influence:**

- **Retail dominance**, pressure on **local businesses**
- Standardized **food and service systems**
- Control over **global payment systems**
- **Global branding** and cultural penetration

##### **New Concepts / Labels:**

- **Coca-Globalization:** spread of **US brands**
- **McDonaldization:** **efficiency, standardization, predictability, control**
- **Disneyization:** **entertainment, theming, emotional consumption**

- **Wal-Martization: low prices, mass retail, labor pressure**

### Neoliberalism

#### Definition:

- Belief in **free markets** and **opposition to state intervention**
- Combines:
  - **Classical liberalism** → **individual freedom**
  - **Free-market economics** → markets function best with **minimal government interference**

#### Key Principles:

- **Free market** operation is crucial
- Emphasizes **deregulation**
- **Linked to democracy** facilitating **individual economic well-being**
- **Tax cuts** stimulate **investment**, reducing **government/welfare expenditure**

### Neo-Marxian Theories

- Critique of **neoliberal globalization**
- Emphasize **transnational practices** crossing boundaries via **TNCs**, **transnational capitalist class (TCC)**, and **consumerist ideology**

#### Hardt & Negri:

- Globalization as a **new form of imperialism**
- **Decentered empire** → creation of **Empire**
- Positive potential: fosters **collective action**, a **commonwealth of humanity**

### Thinkers, Critiques & Key Concepts:

Thinker	Critique	Key Concept	Example
<b>Example</b>	Global capitalism spreads <b>consumer ideology</b>	<b>Transnational Capitalist Class (TCC) &amp; TNCs</b>	Apple, Nike, Coca-Cola promoting global consumer culture
<b>Hardt &amp; Negri</b>	Globalization = <b>new imperialism</b>	<b>Empire (decentered power)</b>	IMF/World Bank influence, multinational corporations
<b>Hardt &amp; Negri (positive)</b>	Globalization can foster <b>collective action</b>	<b>Commonwealth of humanity</b>	Climate change movements, global activism networks

### Structures of Globalization

Globalization can be understood through **three main structures: Social, Political, and Economic.**

#### 1. Social Globalization

##### Definition:

Refers to the process by which **people, ideas, information, and cultures move across national borders**, leading to **increased interconnectedness and interdependence among societies.**

### Historical Perspective:

- **Age of Exploration (15th–16th centuries):** European powers traveled overseas, exchanging **goods, ideas, and cultures**.
- **Contemporary Social Globalization (mid-20th century onward):** Driven by **technology, communication, and transportation** advancements.
- **Late 20th century:** Internet and **digital communication** accelerated globalization, enabling **instantaneous sharing** and fostering **global networks**.

### Dimensions of Social Globalization:

#### a. Cultural Exchange

- Sharing and integration of **cultural practices, values, and symbols**.
- Channels: **tourism, media, education, international festivals**.
- Result: **Hybrid cultures** and dissemination of **global cultural products**.

#### b. Global Communication

- Global communication technologies (**internet, social media, satellite TV**) revolutionized information sharing.
- Platforms like **Facebook, Twitter, Instagram** enable exchange of **ideas, trends, and social norms**, fostering **transnational relationships**.

#### c. International Migration

- Movement of people for **economic opportunities, education, or asylum**.
- Migrants bring **cultural practices, languages, and social norms**, creating **multicultural communities**.

#### d. Transnational Social Movements

- Address **global issues** and advocate for **social change**.
- Leverage **global communication networks** to mobilize support on **human rights, environmental protection, and social justice**.

### 2. Political Globalization

#### Definition:

- Blurring of **boundaries between nation-states** to reduce friction and promote cooperation.

#### Examples:

- **European Union (EU)** – trade and treaty bloc (27 nations)
- **North Atlantic Treaty Organization (NATO)**
- **Belt and Road Initiative**
- **War Games**
- **North American Free Trade Agreement (NAFTA)**

#### Advantages:

1. **Establishment of International Norms** – standards all signatories adhere to
2. **Ease of Movement** – labor mobility across borders
3. **Ease of Trade** – creation of trade routes
4. **Blocs of Influence** – alliances stronger than individual nations
5. **Solving Global Problems** – e.g., climate change agreements

#### Disadvantages:

1. **Loss of Nation-State Power** – balancing national interests vs. collective benefits
2. **Increased Bureaucracy** – multinational agreements add layers of administration

3. **Decreased Political Accountability** – foreign leaders making decisions without being accountable to local citizens

### 3. Economic Globalization

#### Definition:

- Integration of **national economies into the global economy** via **trade, capital movement, and global supply chains**.

#### Examples:

- **Global Stock Markets:** events in one country affect others
- **Cryptocurrencies:** decentralized, borderless currencies like Bitcoin
- **Global Supply Chains:** products like automobiles manufactured with components from multiple countries

#### Benefits:

- Drives **economic growth**
- Fosters **innovation**
- Expands **market access**

#### Risks:

- Increased **competition**
- Exposure to **global financial crises**

### Ideologies of Globalization

#### 1. Neoliberalism

- Belief in **free markets** and minimal **state intervention**

- **Three obstacles to development:**

1. Tradition
2. Monopoly
3. State regulation

#### 2. Structuralism

- History = **political and economic struggles between classes**
- Similarities with neoliberalism:
  - Development in **historical/social change**
  - **Industrialization** promotes economic growth
- Differences:
  - Neoliberalism emphasizes **individual/materialist motivations**
  - Structuralism emphasizes **social solidarity, class, collective action**

#### Models under Structuralism:

1. **Marxism:** capitalism = class antagonism, exploitation, and oppression
2. **Dependency Model:** Southern countries should **avoid dependence on Northern industrialization**

#### Core-Periphery Argument:

- Core = **US, Japan, Western Europe**
- Periphery = **Latin America, Asia, Pacific**
- Highlights **wealth and economic disparities**

#### 3. Interventionism

- State intervention needed to **regulate the market**
- **Four arguments:**
  1. **Keynesian View:** spend to create employment and stimulate demand (1930s)

2. **Protectionism:** protect **infant industries** of newly industrialized countries
3. **Welfarism:** link development planning to **jobs, poverty eradication, services**
4. **Global Environmentalism:** agreements for **environmental protection** (Rio Earth Summit, 1992)

#### 4. Globalism

- Combines **neoliberalism, interventionism, etc.**
- **Six core claims:**
  1. **Globalization = market liberalization & integration**
  2. **Inevitable and irreversible**
  3. **Nobody is in charge** – transcends partisan interests
  4. **Benefits everyone (long-term)**
  5. **Spreads democracy** – freedom, free market, free trade
  6. **Requires global war on terror**

#### Contradictions:

1. **Coercive state power vs. self-regulating market**
2. **Enforcing democracy by force vs. liberty as absence of coercion**
3. **War on terror as nationalist agenda vs. cosmopolitan ideals**

#### The Global Economy and Economic Globalization

##### 1. What is Economic Globalization?

###### Definition:

Economic globalization is a **historical process**, shaped by **human innovation and technological progress**, which leads to the **increasing integration of economies worldwide**, particularly through:

- **Movement of goods**
- **Movement of services**
- **Movement of capital**

#### Additional Dimensions (IMF, 2008):

- **Movement of people (labor)** across borders
- **Movement of knowledge and technology** internationally

#### Interconnected Dimensions of Economic Globalization:

1. **Globalization of trade** – goods and services
2. **Globalization of financial and capital markets**
3. **Globalization of technology and communication**
4. **Globalization of production**

Economic globalization transforms the **world economy into an “organic system”**, extending transnational economic processes and **deepening interdependencies** among nations.

##### 2. Historical Perspective: Is Economic Globalization New?

- **Early Multinational Corporations:**
  - **British East India Company (1600)** and **Dutch East India Company (1602)** monopolized trade.
- **15th–18th centuries:** Characterized by **economic nationalism**, limiting international integration.
- **1870–1913 (“Golden Age” of Globalization):**
  - Period of **relative peace, free trade**, and **economic/financial stability** (O’Rourke & Williamson, 1999).

##### 3. Convergence vs. Divergence in Globalization

- **Globalization can reduce poverty** but does **not benefit all nations equally** (World Bank, 2002).
  - Example: **Sub-Saharan Africa** – ~50% of the population lives on less than **US\$1.25/day**, remaining marginalized.
- **Stratification of countries** emerged in contemporary globalization (Baldwin & Martin, 1999).

#### Structuralism:

- North and South exist in a **structural relationship**, determining **patterns of economic inequality** (Brown, 2001).

#### World-Systems Analysis:

- Capitalism under globalization **reinforces structural inequality**.
- **Wallerstein**: Imperialism and colonialism produce **unequal exchange**.
- **Underdevelopment** is a consequence of **colonialism and imperialism**, not an initial stage of evolution (Rostow, 1960).

### 4. International Monetary Systems (IMS)

#### Definition:

Rules, customs, instruments, facilities, and organizations for **effecting international payments** (Salvatore, 2007).

#### Purpose of IMS (Eichengreen, 1996):

1. **Lend order and stability** to foreign exchange markets
2. **Address balance-of-payments problems**
3. **Provide access to international credit** during financial shocks

#### 4.1 The Gold Standard

- National currencies were **exchangeable for gold** at official rates without limits.

#### 4.2 Bretton Woods System (1944)

- Delegates from **44 countries** adopted an **adjustable peg system (gold-exchange standard)**.
- **US dollar** became the only convertible currency; US committed to sell/purchase gold at **US\$35/oz**.
- Two key institutions established:
  1. **IBRD (International Bank for Reconstruction and Development)** – post-war reconstruction
  2. **IMF (International Monetary Fund)** – promote financial cooperation, smooth gold-exchange, short-term assistance

#### Dissolution of Bretton Woods:

- Mid-1960s: **US dollar overvalued**, depleting US gold reserves
- 1971: **Gold-exchange standard abandoned**
- 1973: Currencies **floated freely**, Jamaica Accords (1976) formalized this policy

#### 1990s:

- **Washington Consensus**: neoliberal, pro-market policies
- **Free capital flow, soft pegging, current account deficits** → crises in Mexico (1994) and East Asia (1997)

### 5. European Monetary Integration

- **Post-war reconstruction**: **US Marshall Plan (1948)** via OEEC → precursor to **OECD**
- **European Coal and Steel Community (1951)** → first regional cooperation

- **Rome Treaty (1957):** Established **European Economic Community (EEC)** – free movement of goods, services, capital, labor
- **European Monetary System (EMS, 1979):** response to Bretton Woods collapse
- **European Economic and Monetary Union (EMU, 1992):** Maastricht Treaty laid foundations
- **2008–2009 Financial Crisis:** EU implemented **three-pillar financial rescue** (2010):
  1. European Financial Stability Mechanism
  2. European Financial Stability Facility
  3. IMF financial assistance

## 6. International Trade and Trade Policies

### Key Theories:

1. **David Ricardo – Comparative Advantage:**
  - Nations specialize in products where they have relative advantage → voluntary trade benefits all
2. **Friedrich List – Infant Industry Argument:**
  - Temporary restrictions protect **national industries** for long-term growth and political power
3. **Wallerstein – World Systems Theory:**
  - Europe and Western powers gained control → **unequal global division of labor**

### Historical Trade Orders:

- **Unilateral Trade Order (17th–18th century Europe):**
  - Trade = accumulation of gold (exports ↑, imports ↓)
- **Industrial Revolution & Cobden-Chevalier Treaty (1860):**

- UK & France specialize based on **comparative advantage** → industrialization gains
- **Most-Favored Nation Principle:** tariff reductions extended to all partners
- **World War I:** disrupted free trade; US unwilling to replace UK as trade hegemon

## 7. Multilateral Trade: From GATT to WTO

- Post-WWII: **Liberal, rules-based system** replaces pre-war unilateralism
- **GATT:** Coordinated tariff reductions via trade rounds
- **Uruguay Round (1986–1994):** Created **World Trade Organization (WTO)** – legally constituted trade institution (launched 1995)

## 8. Developing Countries and International Trade

- **East Asian Newly Industrializing Countries (NICs):** outward-oriented development → successful integration
- Most other developing nations → **inward-looking, import-substitution strategies**
- **UNCTAD (1964):** promote cooperation between **developed and developing nations**
- Goals: preferential access, debt renegotiation, commodity price stabilization, technology transfer, increased aid
- **Uruguay Round:** major shift in developing countries' trade approach
- **Criticism of WTO & current regime:**
  - Asymmetry in **trade, capital, labor, and technology flows** → global inequality (Nayyar, 2002)

## The Global Economy

### 1. Definition

- Also called the **world economy**
- Refers to the **international exchange of goods and services**
- Characterized by **free movement** of:
  - Goods
  - Capital
  - Services
  - Technology
  - Information

#### Key Focus:

- **Globalization of:**
  - Production
  - Finance
  - Markets
  - Technology
  - Organizational regimes
  - Institutions
  - Corporations
  - Labor

#### Expansion:

- Accelerated by **transnational trade**
- Exponentially increased due to **advances in communication and technology**
- **WTO presence:** Encourages countries to **reduce trade barriers** and **open current and capital accounts**

## 2. Market Integration

- **Definition:** Prices of related goods in different locations follow the **same pattern over time**
- **Integrated market:** When **group of prices move proportionally** and the relationship is clear across markets
- **Indicator:** Shows **how connected or related different markets are**

## 3. Role of International Financial Institutions (IFIs)

#### Definition:

- IFIs are **chartered by more than one country** and **subject to international law**
- Shareholders are mainly **national governments**; occasionally include other international organizations
- Also known as **development banks**, providing finance to businesses and development projects

#### Prominent IFIs:

1. **International Monetary Fund (IMF)**
2. **Multilateral Development Banks (MDBs):**
  - World Bank Group
  - African Development Bank
  - Asian Development Bank
  - Inter-American Development Bank
  - European Bank for Reconstruction and Development

#### Member Composition:

- Only **sovereign countries**
- Broad membership includes **developed donor countries** and **borrowing developing countries**
- Regional development banks include **countries worldwide**

- IFIs have **independent legal and operational status**

#### Functions of IFIs:

- **IMF:** Provides **temporary assistance** to ease **balance-of-payments adjustments**
- **MDBs:** Provide **development financing** to developing countries:
  1. **Long-term loans** (~20 years) at below-market interest rates, funded from **international capital markets** and **government borrowing**
  2. **Very long-term loans** (~30–40 years) funded by **government contributions**
  3. **Grants** for **technical assistance, advisory services, or project preparation**

#### 4. Global Corporation

- **Definition:** A **global corporation** or **multinational corporation (MNC)** operates in **multiple countries outside its home country**
- Typically has:
  - **Headquarters** in one nation
  - **Subsidiaries, factories, offices, or branches** worldwide
  - **Coordinated global strategy and operations**
- Some global corporations **lack a dominant headquarters** and are **governed by the laws of the country of incorporation**
- Key aspect: **significant investments and facilities across multiple countries**

#### The Modern World System

##### Key Thinker: Immanuel Wallerstein

- American sociologist and economic historian
- Best known for **World-System Theory (WST)**, developed in **1974**

#### 1. Definition

- The **modern world system** is a **capitalist world economy**, with capitalism defined as the “**endless accumulation of capital**”
- Explains how **resources, money, and labor move between countries**, often benefiting the **core countries the most**
- **Division of labor:**
  - Economic linkages are central
  - Reinforced by **political** and **cultural/social factors**

#### 2. Tripartite World System

The world is divided into **three units: Core, Semi-Periphery, Periphery**, plus **external areas** that are not part of the system.

Unit	Characteristics	Examples
<b>Core</b>	Powerful, wealthy, independent; dominate capitalist world economy; advanced industries	United States, Canada, Japan, Australia, New Zealand, United Kingdom, Sweden, Norway
<b>Semi-Periphery</b>	Between core and periphery; more developed than periphery but less rich than core	Brazil, Argentina, South Korea, Iran, India, China, Malaysia, Indonesia

**Periphery** Controlled by core countries; African countries, Asian export raw materials; rely on countries, some Latin American coercive labor; heavily exploited countries

### Key Points:

- Socio-economic arrangement ties closely to **colonial history**
- Former **colonial powers** → Core nations
- Former **colonies** → Peripheral nations

### Economic Flow:

- Core → High profit consumption goods
- Periphery → Cheap labor and raw materials

### Model Insight:

- Explains why **economic development is unequal**
- **Deemphasizes individual countries**, focuses on **Western economic dominance**
- **Downplays culture**, prioritizes **economic dominance**
- Highlights **geographical variations in economic development**

## 3. Alternative Theories to Wallerstein

### a) Dependency Theory

**Key Thinker:** Andre Gunder-Frank

- Focus: **Global inequality**, how richer countries maintain poorer countries through **trade and finance dependency**

- **Peripheral countries:** Provide **cheap labor** and **raw materials**
- **Core countries:** Transform these into **finished goods**
- Peripheral countries **buy back finished goods at high prices**, depleting capital
- Creates a **vicious cycle** → Rich core vs. poor periphery

### b) Modernization Theory

**Key Thinker:** Max Weber (German sociologist)

- Focus: **Internal factors** of a country
- Assumes “**traditional countries**” can develop like advanced countries with assistance
- **Development steps:**
  - Build industries
  - Improve education
  - Use new technology
- Explains **societies’ transition** from **traditional lifestyles** to **modern industrial states**

### ✓ Summary:

- Wallerstein’s **World System Theory** emphasizes **economic dominance and global inequalities**
- Dependency Theory explains **why peripheral countries remain underdeveloped** due to **exploitation by richer nations**
- Modernization Theory highlights **internal reforms and steps** for traditional countries to **achieve development**