

Quadrant II - Notes

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Name of the Presenter: Asst Prof. Angela Dias e Rodrigues

Meaning and Nature of Globalization

- Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology.
- It is the process of interaction and integration among people, companies, and governments worldwide. Globalization has accelerated since the 18th century due to advances in transportation and communication technology. This increase in global interactions has caused a growth in international trade and the exchange of ideas, beliefs, and culture
- This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world
- Globalization is grounded in the theory of comparative advantage which states that countries that are good at producing a particular good are better off exporting it to countries that are less efficient at producing that good

- Globalization is simply the process through which integration and interaction of countries, companies, and people across the globe. The process is as a result of the investment, outsourced manufacturing and International trade.
- All these are supported by information technology, with an aim of bringing economies of various countries together. It is only through globalization that people, services, and goods get to move freely across the world, in a manner that is linked and smooth
- **Globalization is an economic concept that works** by easing the movement of goods and people across borders. To ease the process, all investments, trade, and markets get integrated, and barriers get minimized or eliminated, to ensure different nations enjoy the flow of goods and services.

Causes of Globalization

- The primary components that led to the integration of international market are: International finance, Multinational production and trade. The three components lead to variation in basic causes of globalization. For example, various governments possess all political incentives they need to regulate the movement of cross-border capital, but the revolution of information technology has made it almost impossible

Technology and Globalization

Technology is the main drive behind globalization, with enhanced technology leading to rapid increase in globalization over the last century.

For example, people from all over the world can now share ideas within some minutes through the internet, which has enhanced communication and connectivity. In the 15th century,

communication was revolutionized, when the printing press was invented. Besides, communication was made swift than ever, when email was introduced.

Positive effects of Globalization

Global market

The privatization of industries owned by the state has enabled the emerging markets to be successful. Most of the companies are increasing the consumer demand through extension and expansion of their value chain to international levels. As a result, the positive effects of globalization are expressed by the rising transactions across the borders.

Competition

Competition in the market is largely due to globalization. As a result, the positive effects are visible, since global competition leads to products of high quality. The enhanced quality of both products and services are based on production approaches of customer demands and customer services. For domestic companies to survive in the market, they are forced to raise their customer satisfaction levels, as well as their standards, while fighting competition from foreign companies.

Culture

Globalization has resulted in numerous positive effects on culture. There is no single civilization that had all good practices. Instead, the coming together of various cultures has made the world today a better place. The welcoming of people from various backgrounds and civilizations has resulted in the creation of new cultures, thus leading societal growth.

Legal effects

Human rights have been improved as a result of globalization since media coverage on violations of the rights receives attention from all

over the world. It is through globalization that leaders address inequalities since information and openness get promoted. In most cases, the result is enhanced prosperity and democracy.

Stable security

Although the effect cannot be seen directly, globalization has contributed greatly in enhancing the world security. For example, it is extremely difficult to see two countries attacking each other if the economy of one of the countries depends largely on the economy of the other country

Negative Effects of Globalization

Environmental Damage

Increased production means increased utilization of natural resources. Besides, increased trade results to increased transport, which uses fossil fuels. As a result, pollution has increased, leading to climate change. The changes in climate are now a serious threat to humanity and the future of the world, all because of globalization.

Fluctuation in prices

Globalization has led to increased market competition, hence leading to fluctuation in prices. For example, developed countries like the USA have been forced to reduce their products prices, because countries such as China offer the same products at cheaper prices. This is because the production cost in China is lower than in the USA. As a result, for developed countries like the US to withstand the competition and have customers, they are forced to lower their prices. The impact is adverse, as the ability to sustain social welfare in the US gets reduced.

Job insecurity

Due to globalization, most global economy jobs are insecure and temporary. The impact is mostly felt in developed countries since they can outsource cheaper white collar and manufacturing jobs.

For example, wages and manufacturing costs are lower in India and China, making countries like US and UK to outsource cheaper labor. The effect is people in developed countries losing or having fewer jobs

Examples of globalization

- Multinational corporations are a tangible example of globalization. Some examples include the following:
- **McDonald's** had 39,198 fast-food restaurants in 119 countries and territories, according to its Securities and Exchange Commission filing at the end of 2020. It employed more than 2.2 million people at that time, the filing said.
- **Ford Motor Company** reported in 2021 that it works with about 1,200 tier 1 suppliers around the globe.
- **Amazon's** recent expansion has it using tens of thousands of suppliers and employing more than nearly 1.3 million full- and part-time employees.

Conclusion

- Globalization is a social, cultural, political, and legal phenomenon.
- Socially, it leads to greater interaction among various populations.
- Culturally, globalization represents the exchange of ideas, values, and artistic expression among cultures.
- Globalization also represents a trend toward the development of a single world culture.
- Politically, globalization has shifted attention to intergovernmental organizations like the United Nations (UN) and the World Trade Organization (WTO).

- Legally, globalization has altered how international law is created and enforced.