

## LESSON 2.

## GLOBALISATION

Globalization is a relatively new word used to describe a very old process. It is a historical and economic process that began with our human ancestors moving out of Africa to spread all over the globe.



The term "globalisation" was first coined in the 1980s, but the concept goes back decades, even centuries, if you count the trading empires built by Spain, Portugal, Britain, and Holland. Some would say the world was as globalised 100 years ago as it is today, with international trade and migration. (E-cyclopedia)

The problem with globalisation begins when we try to define it. An accepted definition neither exists in science, nor in the broader public debate. The following chart presents various concepts defining globalisation:

Globalisation represents...	
"...represents the largest economic and social shift since the Industrial Revolution..." [Dirk Messner/Franz Nuscheler]	"...unleashing of the forces of the world market and the economic stripping of the power of the state..." [Schumann/Martin]
"...a quantitative and qualitative intensification of transactions across borders in conjunction with a simultaneous spatial expansion of the same..." [Ulrich Menzel]	"...an intensification of worldwide social relations, via which far away places are linked together in such a way that events in one place are affected by processes taking place many miles away, and vice-versa..." [Anthony Giddens]
Globalisation describes the way that world trade, culture and technologies have become rapidly integrated over the last 20 years, as geographic distance and cultural difference no	Defined by Webster's dictionary as a process that renders various activities and aspirations "worldwide in scope or application" - has been underway for a

longer pose an obstacle to trade	long time.
<p>“...has become a catch phrase, which has been used in an inflationary manner in political, public and scientific debates for some time now, and which, on the one hand, is seen as a 'threat' and, on the other, as an 'opportunity'...”</p> <p>[Johannes Varwick]</p>	<p>„... a social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding (...). Globalization does not necessarily imply homogenization (...). Globalization merely implies greater connectedness and de-territorialization ...”</p> <p>[Malcolm Waters]</p>
<p>Globalisation is a multifaceted phenomenon, which includes the acceleration of international trade, of the flows of labour, capital and technology as well as of the transfer of ideas and patterns of living.</p> <p><i>Gala Amin, Professor of Economics</i></p>	<p>Globalization is an ongoing process that presents opportunities as well as risks and challenges... [It] can be a powerful and dynamic force for growth and development. If it is properly managed, the foundations for enduring and equitable growth at the international level can be laid.</p> <p><i>UNCTAD Bangkok Declaration, 2000</i></p>

This phenomenon could be a great deal of different things, or perhaps multiple manifestations of a prevailing trend. It has become a buzzword that some will use to describe everything that is happening in the world today.

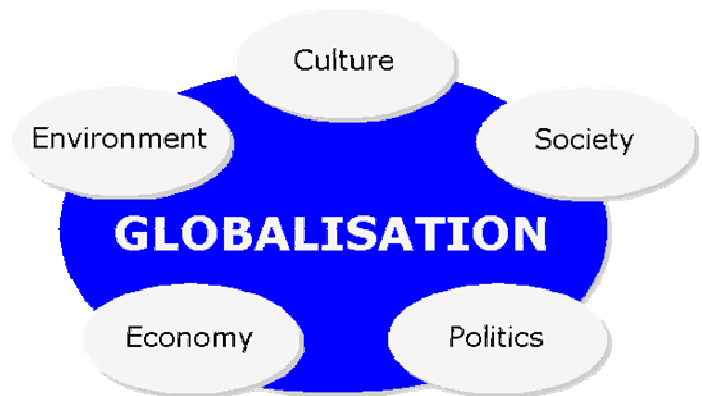
Globalisation came to be seen as more than simply a way of doing business, or running financial markets - it became a **process**. From then on the word took on a life of its own. Centuries earlier, in a similar manner, the techniques of industrial manufacturing led to the changes associated with the process of industrialisation, as former country residents migrated to the overcrowded but booming industrial cities to tend the new machines.

Globalisation can be seen as a positive, negative or even marginal process. And regardless of whether it works for good or evil, globalisation's

exact meaning will continue to be the subject of debate among those who oppose, support or simply observe it.

## THE DIMENSIONS OF GLOBALISATION

The dimensions are very closely related, when trying to draw differences between each of them as in the case of the figure above, it is essential to see that these are very difficult



to isolate. They are all interconnected since they are derived from the process of globalisation. The global networking of players and subject areas counts as a particular feature of globalisation.

The various dimensions involved form **interfaces** with 'globalisation, since it is important to envisage all factors that are a part this phenomenon, and the fact that these factors are in no way exhausted in economic processes, even if economic globalisation makes up the cause and is an important driving force.

### **Economic Dimensions...**

Examples of each dimension can be found in the daily press, whereby the economic dimension is normally placed in the centre of the discussion, samples rank from enormous growth in trade or direct investments, globalisation of the financial markets, transnational integrated production, location competition of states and regions, end of national economies.

### **Environment as a Dimension...**

Global problems such as the warming of the earth's atmosphere, the ozone hole, and the deforestation of the tropical rain forests best illustrate globalisation, since *global* problems are clearly being dealt with which need to be approached on a global level.

### **The Social Dimension...**

The world is turning into a '**global village**', new communication societies (chat, e-mail) communicating across great distances is being added to traditional societies such as the family or neighbourhood.

### **The Cultural Dimension...**

Movies can be seen worldwide which allows us to know the culture, values and expectations. However, local and regional cultures do not become extinct because of this. On the contrary, the reflection on such cultures counts as one of the accompanying characteristics of globalisation, which is why the term '**glocalisation**' has been introduced to the debate.

### **The political dimension...**

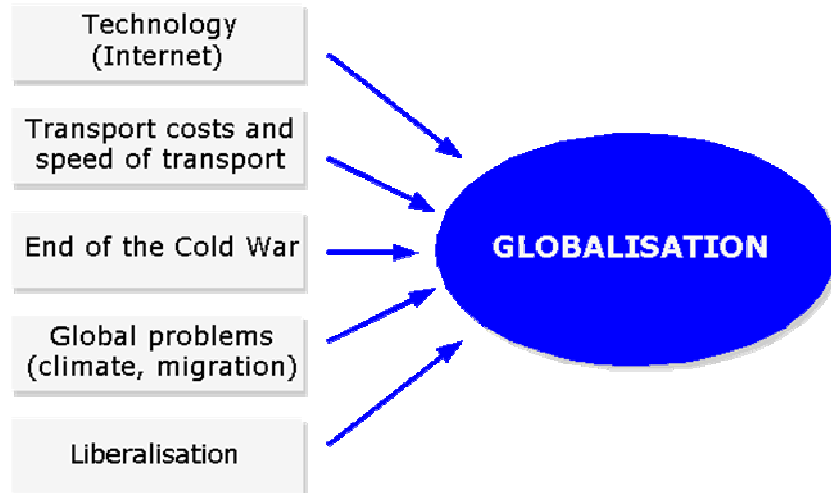
Politics has to battle enormous problems. Globalisation and location competition limit the amount of flexibility retained by national politics. Many problems can only be dealt within a measured way at an international or global level. New forms of politics and arenas need to be found. European integration is seen as a promising response to the challenges of globalisation.

But globalisation is not actually guilty of everything that it is made out to be. Frequently, it serves politicians as a scapegoat and all-purpose

weapon for argumentation. This aspect becomes clear as soon as examples from politics are taken, which do not count as interfaces to globalisation.

## THE CAUSES OF GLOBALISATION

Complex phenomena can only be explained multicausally. There is no controversy about this in the globalisation debate, however all else remains disputed. Depending on the understanding taken as the basis for globalisation, other causes and forces are projected into the field of vision. The drawing names frequently given causes, without being complete.



Technological innovations, particularly in the field of information and communication, have played and still do play a central role. The **Internet** represents a symbol for globalisation in many respects. The globalisation of the financial markets, the lightning-quick transfer of unimaginable sums of money around the globe would be impossible without this technology, just as the organisation of transnational production would be and much more.

The enormous increase in trade as a further central element of commercial globalisation results not least from the fact that **transport** costs have sunk rapidly, and goods can be transported more quickly. This applies to the service sector in particular. Products such as software or databases can be sent from one corner of the world to the other over data lines in seconds.

The **end of the Cold War** is also frequently named as a cause. Whereas the world was divided up into two camps during the East-West conflict, this separating influence crumbled in the years following 1989/90 following the fall of the Iron Curtain. The former “Eastern Bloc countries” have opened their borders to the world market.

**Global problems** have played a very central role, above all at a conscious level. The presence of **one world stores**’ in the highly developed industrial nations is not the only evidence of this. Globalisation problems require an internationalisation of politics, and the promotion of an international consciousness.

Organisations like **Greenpeace** or **Amnesty International**, who have dedicated themselves to global topics such as the environment or human rights, are global players in this field. The beginnings of a global society can be seen quite clearly. But without the **liberalisation** of world trade within the framework of GATT or the WTO, the developments made possible by globalisation would, in fact, have been improbable.

Globalisation describes the way that world trade, culture and technologies have become rapidly integrated over the last 20 years, as geographic distance and cultural difference no longer pose an obstacle to

trade. New technologies have increased the ease of global communication, allowing money to change hands in the blink of an eye. International bodies such as the World Trade Organisation and the European Union have been created to help reduce barriers to trade and investment.

### **Globalisation involves**

- ❖ The opening up of trade which allows goods and services to travel across the world more freely.
- ❖ An increase in foreign investment - companies investing overseas by building plants, contracting subsidiaries or buying stock in foreign countries.
- ❖ The opening up of capital markets which increases the flow of money across the world.
- ❖ Improved access to communication - from the development of new technology like the internet to cheaper plane tickets.

### **Exercises**

**\*\* Using the definitions we have just discussed, think and write down your own conceptualizations about Globalisation.**