



GLOBALIZATION

KANAK PRIYA
Guest Faculty
PATNA UNIVERSITY

WHAT IS GLOBALIZATION

- Globalization is stretching of social political and economic activities across political frontiers so that events, decisions and activities in one region of the world come to have significance for individuals and communities in distant regions of the globe
- This unification is driven by liberalisation of trade, investment and capital flow, technological advances and pressures for assimilation towards International standards





Definitions of Globalization

DEFINITIONS



01

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

02

The integration of the world-economy

Gilpin

03

De-territorialization or the growth of supraterritorial relations between people

Scholte

Time-space compression

Harvey

Components of Globalization



01

Globalization of Markets

02

Globalization of Production

03

Globalization of Technology

04

Globalization of Investment

01

Globalization of Markets

Integration and merger of the different markets of the world into a single market. The common norms, tastes and preferences are identified enabling the cultural shift towards use of a common product or service.

Reasons :

- (a) Industrialization of economies
- (b) Maximization of profits
- (c) Shortage of product in home country
- (d) Adverse selling environment
- (e) Expansion of businesses



02

Globalization of Production

Location of manufacturing facilities favorable more in foreign countries than in home country leads companies to shift manufacturing in foreign country to produce goods of high quality at low cost.

Reasons :

- (a) Cheap raw materials
- (b) Skilled and unskilled labor availability
- (c) To avoid restrictions
- (d) Reduce cost of transportation



03

Globalization of Technology

Technological advancement paves a way for a company to enter foreign markets.

Methods for Globalization of technology :

- (a) Joint ventures and mergers
- (b) On the basis of Royalty or purchase of technology
- (c) Technology collaborations
- (d) Latest technology



04

Globalization of Investment

It may also be termed as Foreign Direct Investment. Following GATT and WTO, many countries reduced on eliminated investment barriers. MNC's study the feasibility study of projects overseas and invest capital.

Reasons :

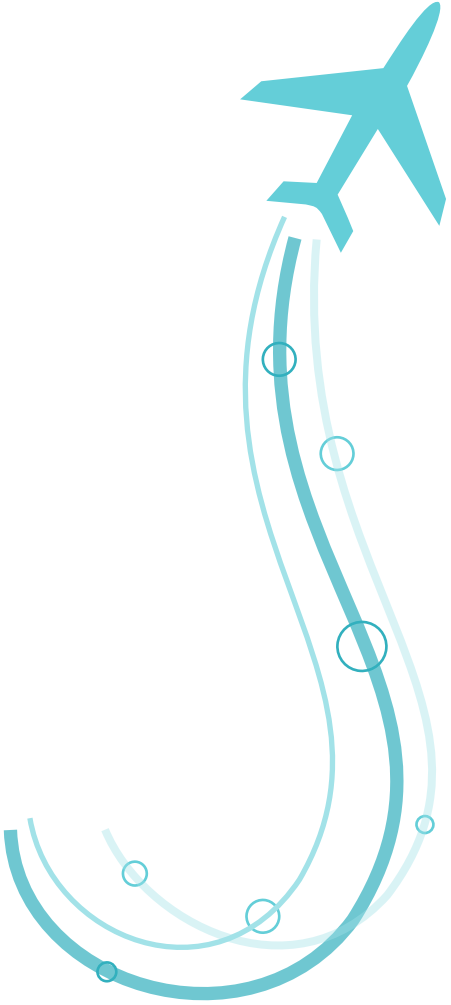
- (a) Avoid restrictions of export by home country
- (b) To have control over manufacturing and marketing activities
- (c) Avoid restrictions of licensing
- (d) The rate of interests and rate of returns are high in developing countries



Patterns of Contemporary Globalization

Globalization to varying degrees is evident in all principal sectors of social interaction



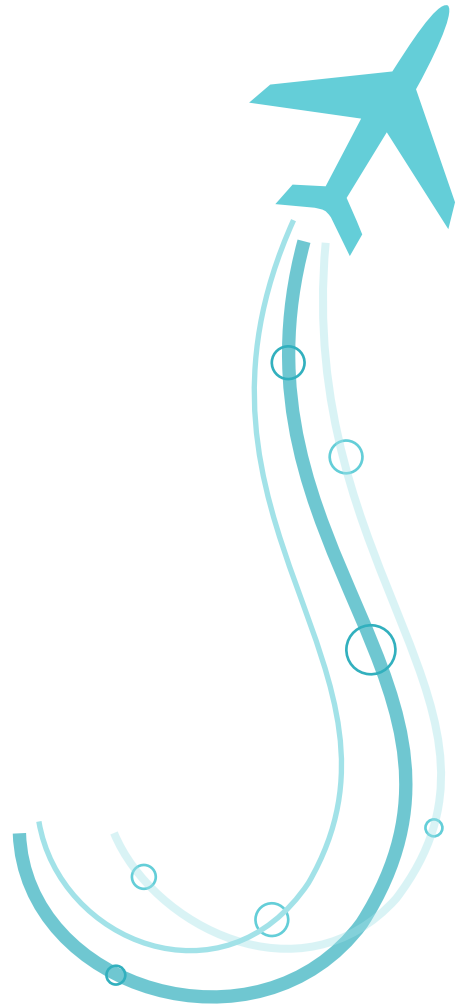


Economic: In the economic sphere patterns of worldwide trade finance and production are creating global markets. Multinational corporations organize production and marketing on a global basis while the operation of global financial markets determine which countries get credit and on what terms.

Military: In the military domain the global arms trade, the proliferation of weapons of mass destruction, the growth of transnational terrorism, the growing significance of transnational military corporations, and the discourse of global insecurity point to the existence of a global military order.

Legal: The expansion of transnational and international law from trade to human rights, alongside the creation of new world legal institutions such as the International Criminal Court, is indicative of an emerging global legal order.





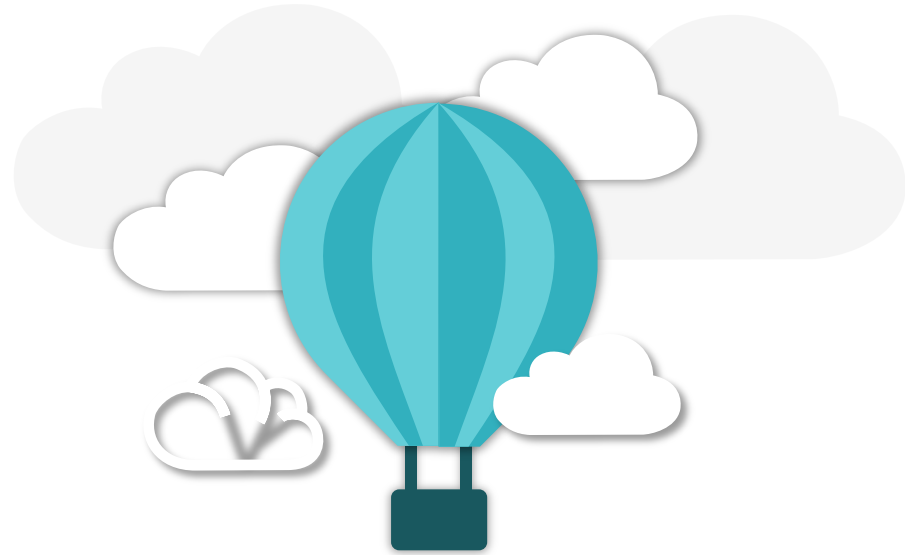
Ecological: A shared ecology involves shared environmental problems, from global warming to species protection, alongside the creation of multilateral responses and regimes of global environmental governance.

Cultural: We see a complex mixture of homogenisation and increased heterogeneity given the global diffusion of popular culture, global media corporations, communications networks etc, simultaneously with the reassertion of nationalism, ethnicity and difference.

Social: Shifting patterns of migration from South to North and East to West have turned migration into a major global issue.



Engines of Globalization



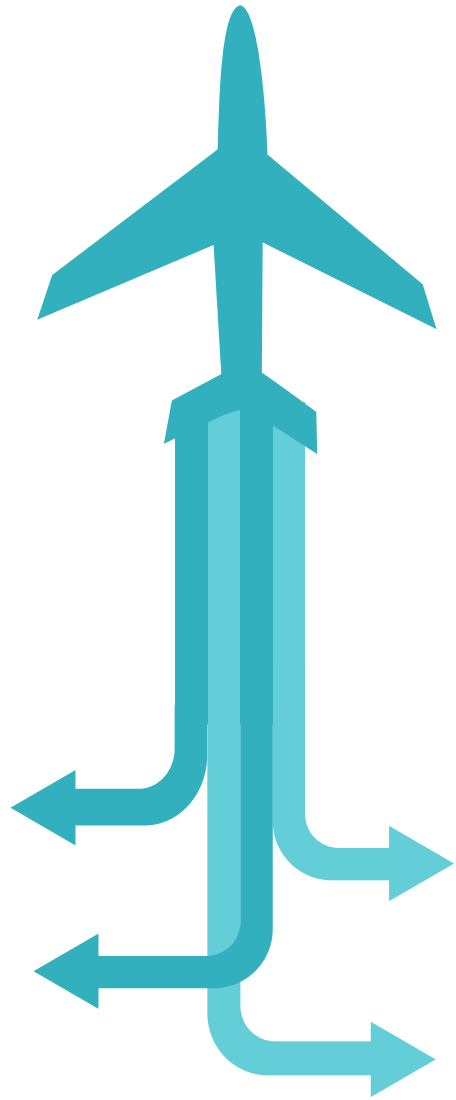
Explanations of globalization tend to focus on three interrelated factors:

Technics (technological change and social organization)

Economics (markets and capitalism)

Politics (power, interests and institutions)





Technics: Central to any account of globalization since it is a truism that without modern communications, infrastructures, in particular, a global system or worldwide economy would not be possible.

Economics: Crucial as technology is so too is globalization's specifically economic logic. Capitalism's insatiable requirement for new markets and profits leads inevitably to the globalization of economic activity.

Politics: Ideas, interests and power constitutes the third logic of globalization. If technology provides the physical infrastructure of globalization, politics provides its normative infrastructure.



Advantages of Globalization

- ◇ Helps in free flow of capital from one country to another
- ◇ Helps in free flow of technology from developed to developing countries
- ◇ Helps in booting industrialization and balanced growth of world economies
- ◇ Improves standard of living of people
- ◇ Makes available high quality goods at low prices
- ◇ Helps in spreading production facilities
- ◇ Increases employment opportunities and decreases cultural differences



Disadvantages of Globalization

- ◇ Vanishes the domestic businesses
- ◇ Causes decline in demand of domestic products
- ◇ Leads to commercial and political colonialism
- ◇ Widens the gap between rich and poor
- ◇ Developed countries exploit the resources of developing countries
- ◇ Threat national sovereignty as the economic power shifts from the independent industries to the international organization



Waves of Globalization

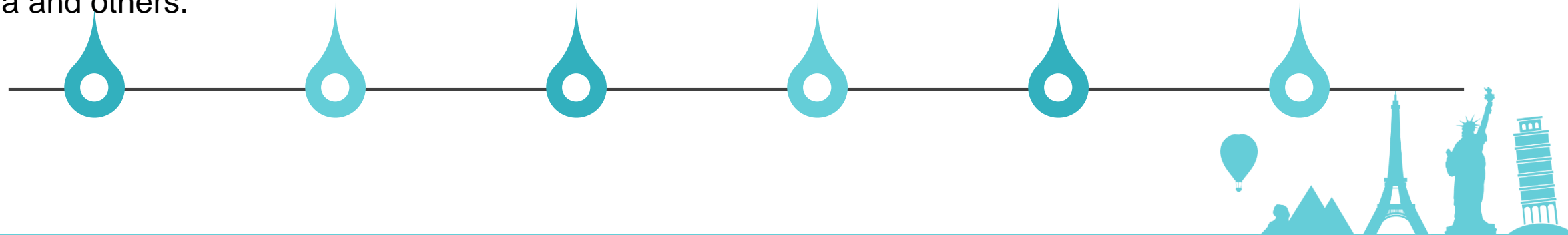
Globalization is not a novel phenomenon. Viewed as a secular historical process by which human civilization have come to form a single world system, it has occurred in three distinct waves.

In the first wave, the age of Discovery (**1450-1850**), globalization was decisively shaped by European expansion and conquest.

The second wave (**1850-1945**) evidenced a major expansion in the spread and entrenchment of European empires.

By comparison, contemporary globalization (**1960 on**) marks a new epoch in human affairs. Just as the industrial revolution and the expansion of the west in the nineteenth century defined a new age in world history, so today the microchip and the satellite are icons of a globalized world order. It is also associated with a shift in economic power from the West to the East with the rise of China and India.

Fourth wave of globalization maybe in the making, driven by the emerging economic powers of China, Brazil, India and others.





Globalization is a historical process involving of fundamental shift or transformation in the spatial scale of human social organization that links distant communities and expands the reach of power relations across regions and continents.



Thank you