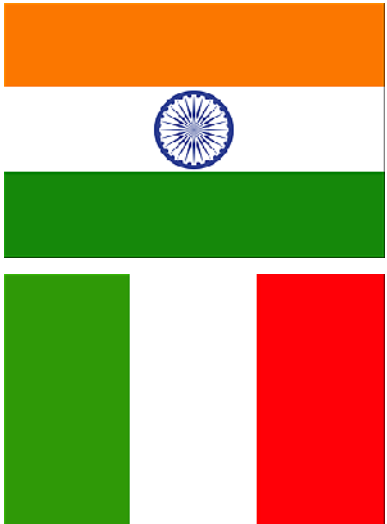


Globalization: What it is and what it isn't



Definition

- One of the most fashionable buzzwords of contemporary political and academic debate
- It is used as a synonym for one or more of the following phenomena:
 - Free markets
 - Economic liberalization
 - Growing dominance of western (or Euro American) forms of political, economic and cultural life (Westernization or Americanization)
 - Global integration
 - The proliferation of new information technologies (internet revolution)

What is Globalization?

4 dimensions:

- **Space** - *extensiveness* of global networks
- **Regularity** - *intensity* of global interactions
- **Speed** - *velocity* of global flows
- **Depth** – *impact* of global interconnections on quality of life

Is Globalization a New Phenomenon?

- Portugal's global expansion in the 16th century, linked continents, economies and cultures to a massive extent.
- Muslim traders and the Silk Road
- Dutch East India Company – 1st Multinational Corporation
- 19th century is sometimes called “the First Era of Globalization”

Globalization: The Pro Argument

- The global economy delivers markets that operate with maximum efficiency
- Globalization is the only way to bring prosperity to the developing world
- Globalization is inevitable and should be embraced

Globalization: The Con Argument

- The global economy is an untamed juggernaut that rewards the few and impoverishes the many
- Globalization is neither inevitable nor desirable
- It diminishes the sovereignty of local and national governments and transfers the power to shape economic and political destinies to transnational corporations and global institutions
- It is responsible for the destruction of the environment, the widening gap between rich and poor societies, and the world-wide homogenization of local, diverse, and indigenous cultures

Globalization

Summary of Key Ideas

Advantages and Disadvantages of Globalization

Realm of Globalization	<i>Advantages</i>	<i>Disadvantages</i>
Political	Weaken power of authoritarian governments	Unwanted external influences difficult to control
Economic	Jobs, capital, more choices	Exploitative; benefits uneven
Cultural	Offers exposure to other cultures	Risks cultural imperialism

Pro

- **Ease of communication**
- **Interdependence means less probability of war**
- **Greater transparency means more oversight of bad leaders**
- **Competition leads to innovation, quality, progress**
- **Weakens independence of governments**

Con

- **Easier exploitation of resources in developing world**
- **Institutionalizes dependency**
- **Weakens independence of governments**
- **Cultural imperialism**
- **Dependency and instability**
- **Access for terrorism and organized crime**

Pro

- Advances technology
- Access to more crops, ideas, technology – stability
- Political implications
- Better fight against transnational crime (sharing info)
- Better informed about world events (genocide)
- increases wealth
- Education globalizes
- Medical tech and nutrition

Con

- Human trafficking
- Political implications
- Increases gap between rich and poor
- Economic inequality continues
- Labor rights not included
- Environmental issues ignored
- More cigarettes, fatty foods

Pro

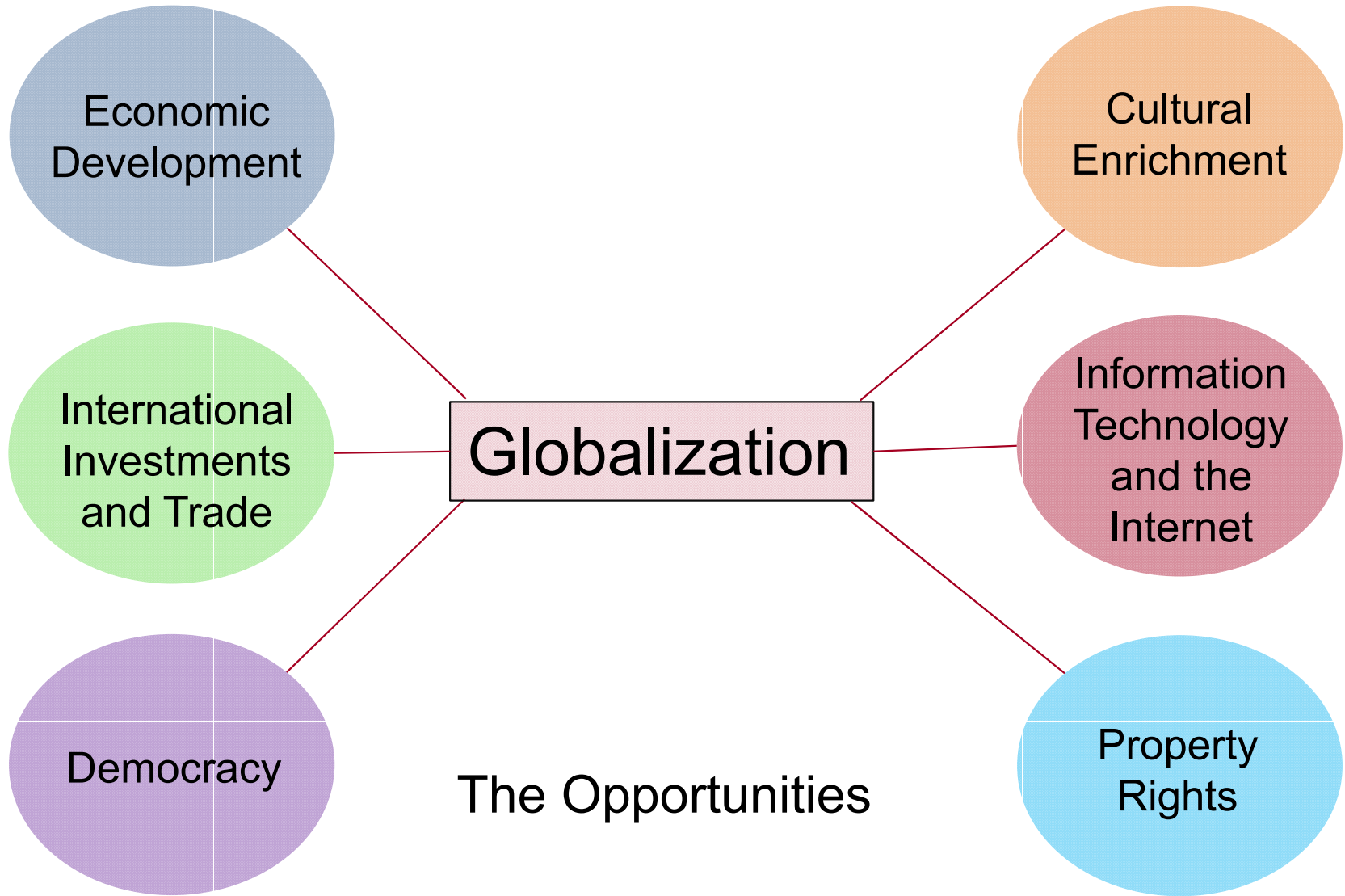
- **Creates jobs in developing world**
- **Greater acceptance of differences; less racism**
- **“bad jobs” better than no jobs**
- **Drives down prices**
- **Nothing else has worked**
- **Globalization isn't a system; it is what happens when people are free**

Con

- **Governments can still close off nations from trade (N. Korea, Zimbabwe)**
- **Causes job losses in developed world as companies search for cheaper labor**
- **Can cause decrease in wages in industrialized world**
- **Spreads materialism, the notion that economic growth is the most important thing**

Modern Globalization

- **Bretton Woods agreement to create a more stable money exchange system**
- **The International Monetary Fund—to administer the International Monetary System**
- **The International Bank for Reconstruction and Development (The World Bank)—to fund various industrial projects in developing countries**
- **World Trade Organization**



The Opportunities

Effects of Globalization

Industrial: Emergence of world-wide production markets and broader access to a range of foreign products for consumers and companies

Financial: Emergence of world-wide financial markets and better access to external financing for borrowers

Economic: Pursuit of free market policies—economic liberalization—free movement of goods and capital

Political: Some mean globalization as the creation of world government (organizations like the UN)—which regulate the relationship between government

Informational: Increase the information flow between geographically remote locations (Internet Revolution)

Effects of Globalization (continued)

Cultural: - Growth of cross-cultural contacts—participate in a “world culture” reducing cultural diversity
- Standardize consumer habits, values and way of thinking

Ecological: The hope for a collective approach to deal with the environmental issues

Social: - Greater international travel and tourism
- Greater Immigration (uncontrolled)
- Promote understanding and peace between peoples

Technical: Development of a global telecommunications infrastructure and greater trans-border data flow

Legal/Ethical: Develop world trade agreement which include copyright laws and patents

Thomas Friedman Defines Globalization this way

“It is not just some economic fad, and it is not just a passing trend. It is an international system—the dominant international system that replaced the Cold War system after the fall of the Berlin Wall.”

Globalization

Goals

Economic
integration to
help boost living
standards

Democratic policies so
that public policy
decisions are made by
those who are directly
affected by them

Self-determination
which comes in
with the
nation-state
concept

Mutually Incompatible?

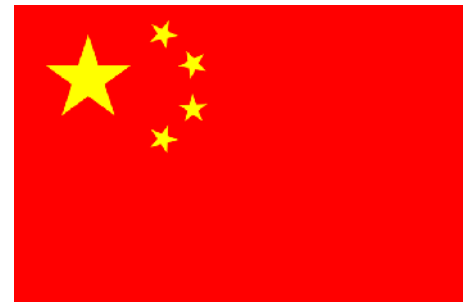
Global Markets without
Global Governance

Some Facts

- Trade as a percentage of gross world product has risen from 15% in 1986 to 27% in 2006
- In the past 20 years, the stock of foreign direct investment has increased by 400% as a percentage of Gross World Product
- Since 1991, international telephone traffic has more than tripled. The number of cell phone subscribers has grown to almost 2 billion—more than 30% of the world population—and internet users hit 1 billion
- Over the last 20 years, 200 million people left absolute poverty level—defined as living on the equivalent of less than \$1 per day.

China

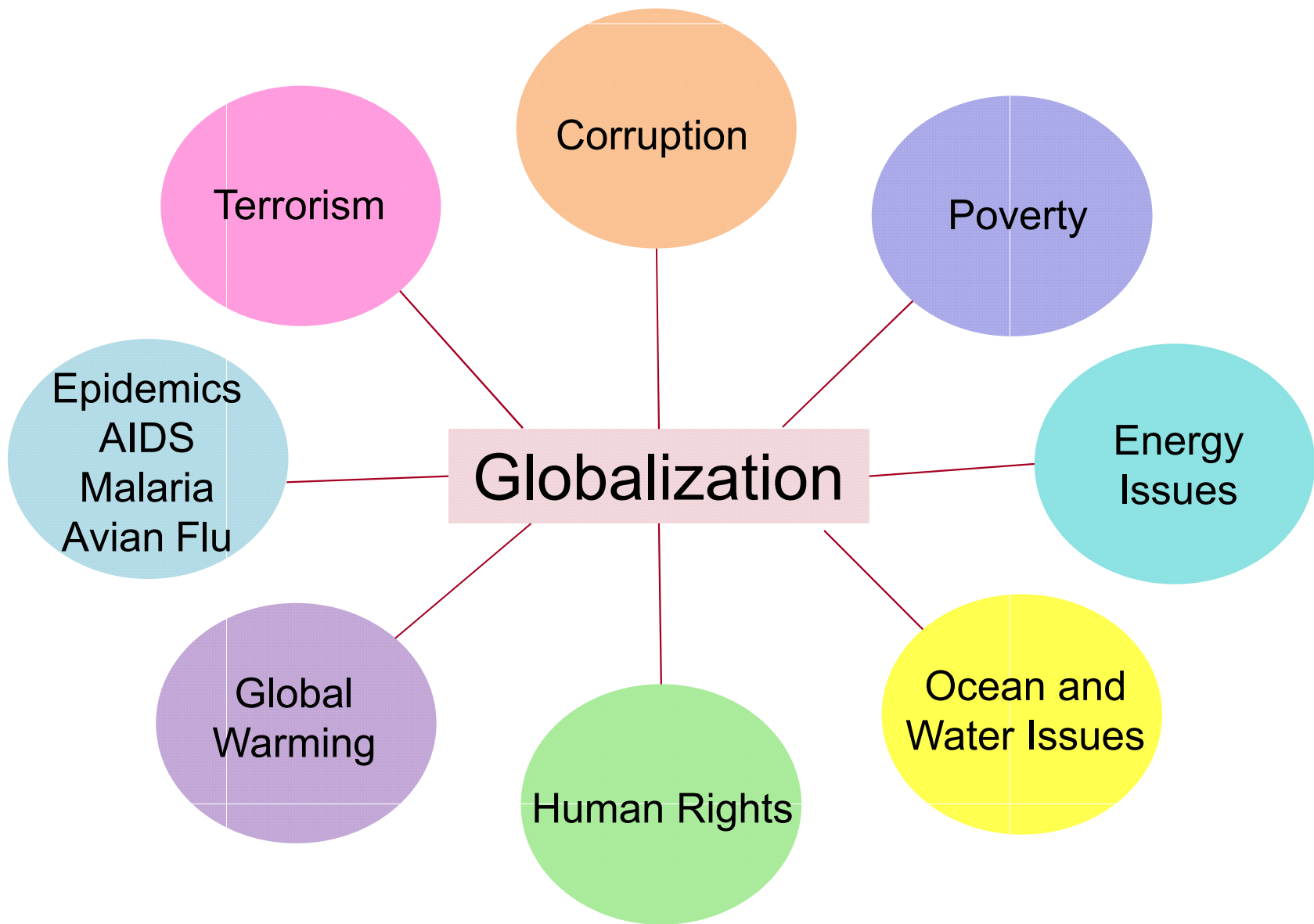
- The first fastest growing large economy (9.9%)
- The third largest economy in the world (U.S., Japan)
- Per capita income \$2000
- Implemented reform in a gradualist fashion
- The world's largest labor force (791.4 million)
 - 49% agriculture (rice, wheat, corn, tobacco, peanuts)
 - 22% mining and other industries
 - 29% service
- The second largest consumer of primary energy, after the U.S.
- The second largest oil consumer
- 75% of China's energy is from coal
- Tourism is one of the fastest growing industries
- Foreign Direct investment \$699.5 billion
- Member of WTO



India

- The second fastest growing large economy (9.4%)
- Population (2008) 1.132 billion
- Per capita income \$2700 (no. 165)
- Third largest military force in the world
- The world's second largest labor force (516.3 million)
 - 60% agriculture (rice, wheat, cotton, jute, tea)
 - 28% service
 - 12% industry
- The sixth largest consumer of oil
- The third largest consumer of coal
- 27.5% of the population are living below the poverty line (\$0.40 per day)
- Largest city is Mumbai (13.6 million) - Delhi (the Capital, 12 million)
- Foreign direct investment (1991-2008 \$86 billion, only 8.35% of that from the U.S.)
- Member of WTO





The Challenges

The Dark Side

The Challenges

Interdependency of people and institutions around the world creates both opportunities and challenges

- Energy
- Environment
 - Greenhouse gas emissions/climate change
 - Water shortage
 - Deforestation
- Socio-economic issues
 - Public health
 - Increasing poverty/inequality
 - Financial instability
 - Culture and value
 - Migration and the “Brain Drain”
 - Terrorism

Globalization and Energy

World Reserve Crude Oil Reserves by Region

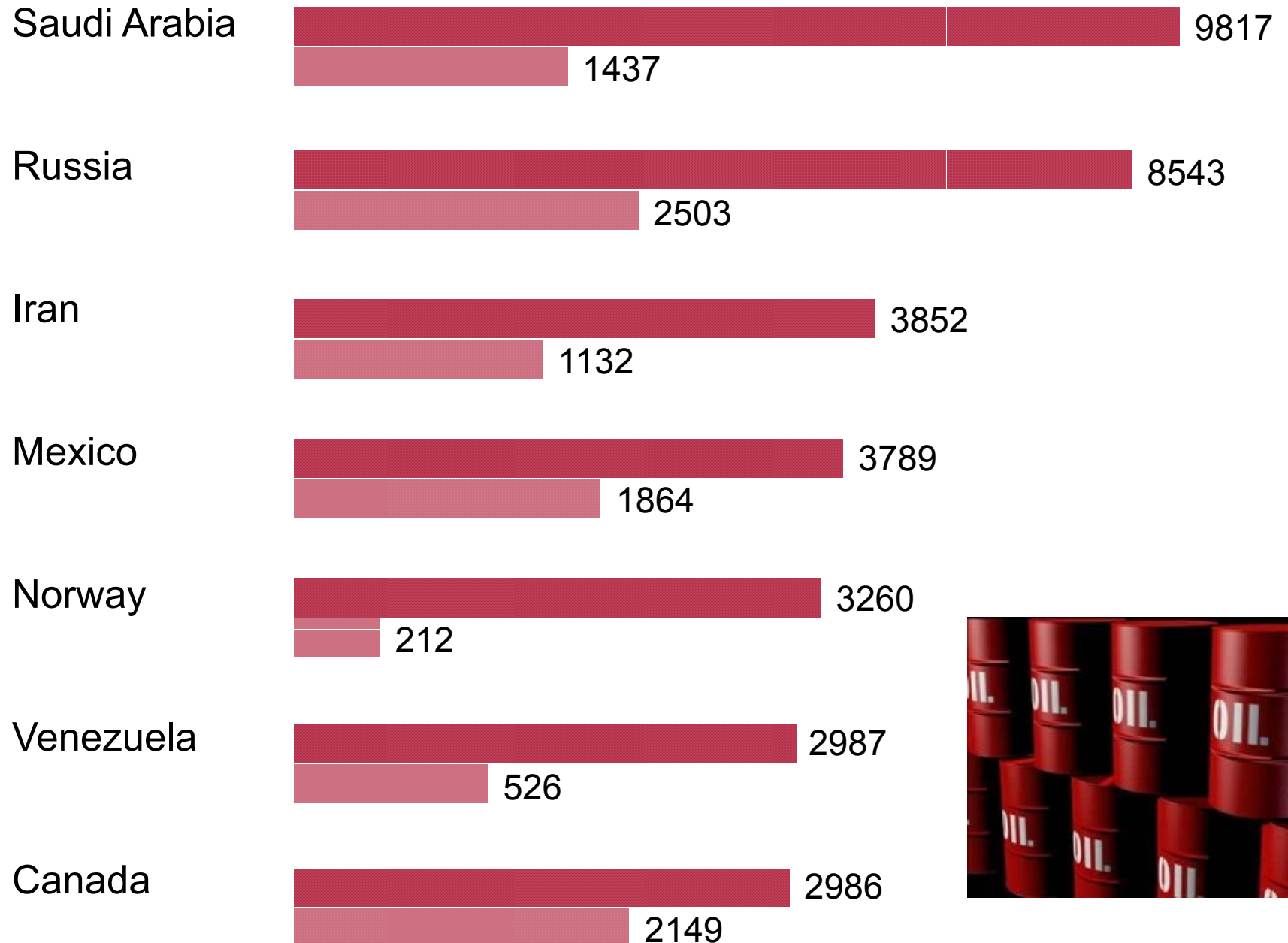
Middle East	64.5%
• Saudi Arabia*	37.8%
• Iraq*	16.2%
• Iran*	14.3%
• Kuwait*	13.9%
• U. A.E.*	14.0%
• Qatar*	1.9%
• Oman	0.9%
• Syria	0.4%
• All others (including Egypt)	0.6%

*OPEC Member

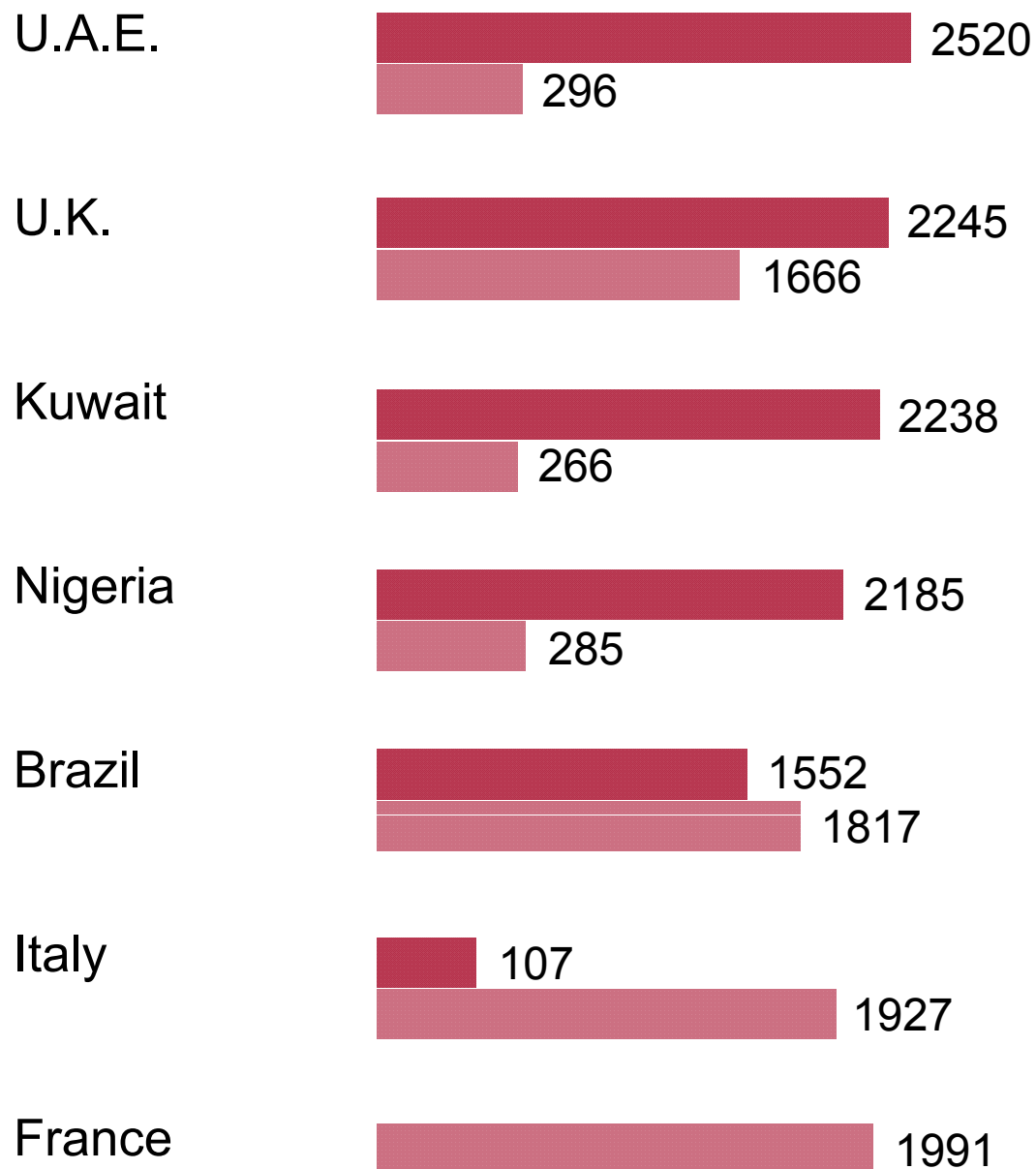


L. America	11.5%	
• Venezuela		61.8%
Africa	8.9%	
• Libya		38%
• Nigeria		36%
E. Europe	6.2%	
• Former USSR		97.2%
Asia	4%	
• China		54%
N. America	2.8%	
• US		71.4%
W. Europe	2.0%	
• Norway		62.4%

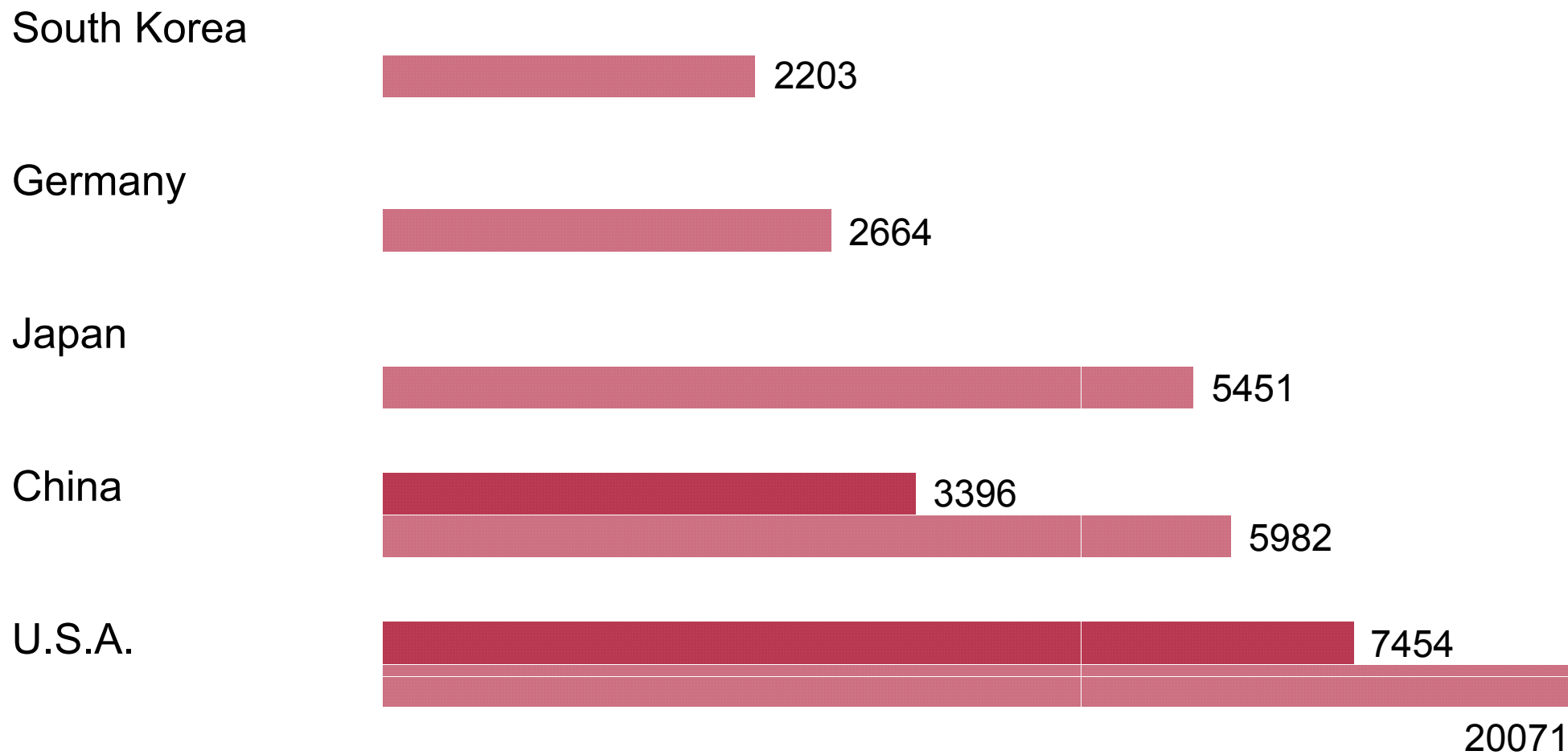
Major Oil Producers and Consumers



Major Oil Producers and Consumers (cont.)



Major Oil Producers and Consumers (cont.)



Source: BP Statistical Review 2004
(Thousands of Barrels Per Day)

 Production  Consumption

Proven Coal Resources

Top 10 Countries

U.S.	121,961.7*
Russia	68,699.3
China	58,900.0
India	55,597.3
Australia	41,546.7
South Africa	33,013.3
Germany	29,666.7
Kazakhstan	21,666.7
Ukraine	16,809.0
Poland	14,153.3
Others	39,157.7

*Million tons oil equivalent

Source: World Resources Institute



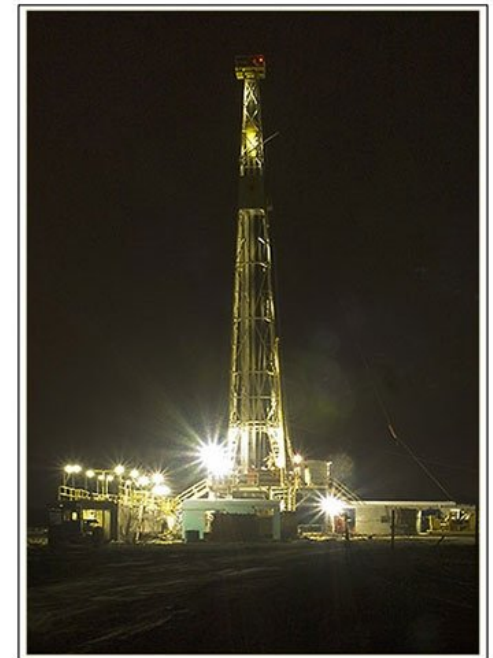
Proven Natural Gas Resources

Top 10 Countries

Russia	42,300*
Iran	24,021
Qatar	23,191
Saudi Arabia	6,010
U.A.E.	5,454
U.S.A.	4,711
Nigeria	4,497
Algeria	4,070
Venezuela	3,734
Iraq	2,798
Others	35,330

*Million tons oil equivalent

Source: World Resources Institute



Elsa Riedel

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NATURAL GAS WELL

Globalization and Water

Facts

- Agriculture is the main user/consumer of water
- 31 countries are facing water stress and scarcity
- Over one billion people lack adequate access to clean drinking water
- Food and Agriculture Organization (FAO) reported “By 2025, 1.8 billion people will be living in countries or regions with absolute water scarcity and 2/3 of the world population could be living under water stress conditions”
- 1.1 billion people in developing countries have inadequate access to water and 2.6 billion don't have proper sanitation (WHO)
- 1.8 billion people who have access to a water source within 1km, but not in their house, or yard consume 20 liters per day, Americans consume an average of 600 liters everyday!

Globalization and Water

- ½ of the people in developing countries suffering at any given time from a health problem caused by water and sanitation deficits
- 12% of world population use 85% of the water and they don't live in developing countries
- 1.4 million children die of diarrhea every year because of a lack in hygiene and sanitation (WB)
- Water shortage is a global problem that touches the lives of people in developed and developing countries-many states have water shortage

Globalization and Water

- A recent report by the National Intelligence Council, a group that reports to the CIA found that:
 - “The main resource problem in 2015 will be water and that the instability created by shortages of water, will increasingly affect the national security of the U.S.”
- The Global Water Corporation, a Canadian water company, put this way:
 - “Water has moved from being an endless commodity that may be taken for granted to a rationed necessity that maybe taken by force.”

Globalization and Water

- With all these facts, we humans are diverting, polluting and depleting our waters at an astonishing rate!
- Many will argue the imperatives of economic globalization—unlimited growth, a seamless global consumer market, corporate rule, deregulation, privatization and free trade—are the driving forces behind the destruction of our water system.

The Bottled Water Industry

- \$100 billion spent annually on bottled water
- 40% of bottled water is actually just tap water
- 1.5 billion barrels of oil are consumed each year to produce the plastic for water bottles, enough to fuel 100,000 cars
- A water bottle in a landfill or lying around as litter will take over 1,000 years to biodegrade



Source: <http://www.organicconsummers.org>

Globalization and Risks to Health

- Increasing trade is certainly good for economies, it also leads to globalization of health risks.
- As the industrialized countries increasingly ban cigarette advertisement, sales go down. Tobacco companies intentionally target people in poor nations.
- 10 million died from tobacco abuse—70% of these deaths are in developing countries.
- The increase in global food trade, and its domination by large transnational companies that have developed global brand names such as popular beverages and fast food have contributed to the global epidemic of obesity.

Globalization and Risks to Health

- Trade and movement of infected cattle and poultry across national borders have contributed to recent outbreaks of mad cow disease in the northern hemisphere and avian influenza in Asia.
- SARS (Severe Acute Respiratory Syndrome) is the best contemporary example of the rapid spread of a hitherto unknown and virulent viral pathogen through travel of infected humans.
- SARS was first recognized in Vietnam in Feb. 2003. By the first week of May 2003, 30 countries on six continents has reported a total of more than 7000 cases.

Poverty

- **2.6 billion people** live on less than \$2 per day.
- **1 billion people** entered the 21st century unable to read or sign their names.
- **640 million children** live without adequate shelter.
- **400 million children** have no access to safe water.
- **Poorest 40%** of the world population account for 5% of global income.
- The **richest 20%** account for 75% of the world income.

Different Realities

“People in the West may regard low-paying jobs at Nike as exploitation, but for many people in the developing world, working in a factory is a far better option than staying down on the farm and growing rice.”

–Joseph Stiglitz, *Discontents*, p. 4

Globalization and Culture

- Culture is the way of life to a group of people. It includes code of manners, dress, language, religion, rituals, and norms of behavior.
- The drives of today's rapid globalization are improving methods and systems of international transportation, devising revolutionary and innovative information technologies and services, and dominating the international commerce in services and ideas.
- Some believe that globalization brings the decay of social values, culture and the environment.

McDonaldization

“... America’s enormous cultural vitality and technological creativity, combined with hegemonic status in world politics, make her a net exporter of culture, giving her therefore no sense of threat from that direction either: it is her culture that spreads. But this spread of American culture threatens others to whom it goes.”

– Jagdish Bagwati, Defense, p. 120

Our Culture in Numbers

- Number of types of packaged bread available at typical US supermarket **104**
- Amount of money spent by the fast food industry on television advertising per year **\$3 billion**
- Number of “coffee drinks” available at Starbucks, whose stores accommodate a stream over 5 million customers every day **26**
- Number of new models of cars available to suburban residents **197**
- Number of hours the average American spends watching television per week **28**

Joseph Stiglitz raised 5 concerns

- While the advocates of globalization have claimed that everyone will benefit economically, there is plenty of evidence from both developed and developing countries that there are **many losers** in both.
- Globalization **advances material values** over other values, such as concern for the environment or cultures.
- The rules of the game that govern globalization are **unfair**; specifically designed to benefit the advanced industrial countries.
- The way globalization has been managed has taken away much of the developing countries' sovereignty, and their ability to make decisions themselves in key areas that affect their citizens' well being. In this sense, it has **undermined democracy**.
- The economic system that has been pressed upon the developing countries—in some cases essentially forced upon them—is inappropriate and often grossly damaging. Globalization should not mean the **Americanization** of either economic policy or culture, but often it does, and that has **caused resentment**.

What could be done? Can we do it?

Developed countries and international institutions

- Play a fair game
- Delivering on trade and foreign aid
- Deal with immigration issue
- Making international finance system less crisis prone

Developing countries

- Corruption
- Protectionism
- Education
- Governance



A Concern and Warning

In the new economy, everything is for sale, even those areas of life once considered sacred, like seeds and genes, culture and heritage, food, air and water. As never before in history, the public space, the vital commons of knowledge and our natural heritage, has been hijacked by the forces of private greed!!!

However, the question isn't whether globalization is good or bad, but rather to ensure that a "borderless world" provides more fulfilled lives for all.

What we really need is a healthy global polity!

The Last Word

“The current process of globalization is generating unbalanced outcomes, both between and within countries. Wealth is being created, but too many countries and people are not sharing in its benefits. They also have little or no voice in shaping the process.

Seen through the eyes of the vast majority of women and men, globalization has not met their simple and legitimate aspirations for decent jobs and a better future for their children. Many of them live in the limbo of the informal economy without formal rights and in a swathe of poor countries that subsist precariously on the margins of the global economy. Even in economically successful countries, some workers and communities have been adversely affected by globalization. Meanwhile the revolution in global communications heightens awareness of these disparities—these global imbalances are morally unacceptable and politically unsustainable.”

Source: “World Commission on the Social Dimensions of Globalization” 2004