

# **Globalization: A non-avoidable process of world development**

by

Prof Dr Indra P Tiwari  
Dean, Faculty of Humanities and Social Sciences  
Pokhara University

## **Introduction**

“The sun never sets in the British Empire” was perhaps the most recognized state of globalization by common people. However, the structure, process and state of globalization of the British Empire were different from what the process and state of globalization at present is considered. Andre Gunder Frank, one of the most known exponents of dependency theory believes that a form of globalization has been in existence since the rise of trade links between Sumer and the Indus Valley Civilization in the third millennium B.C. The desire to expand political might through territorial expansion followed by trade or the desire to expand trade which needed political power to protect it went side by side in the process of early stage of globalization. The rise of empires and the development of the Silk Road trade are the lasting examples of globalization. The Great Exploration of Columbus was clearly motivated by exploration of the opportunities for trade and political power in India, which mistakenly landed in a different hemisphere, but established the strongest base for a long history of colonialism. In a broader sense this process also can be considered as the beginning of the modern process of globalization, if globalization, at broader level is defined as “an increase in the impact on human activities of forces that span national boundaries. These activities can be economic, social, cultural, political, technological, or even biological as in the case of disease.” (Goldin and Reinert, 2007).

At present, globalization is seen differently and defined as “the interweaving of markets, technology, information systems and telecommunications systems in a way that is shrinking the world from a size medium to a size small, and enabling each of us to reach around the world farther, faster, deeper, and cheaper than ever before, and enabling the world to reach into each of us farther, faster, deeper, cheaper than ever before.” (Friedman 2005) and “the closer integration of the countries and peoples of the world ...brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and people across borders.” (Stiglitz 2002).

In the real world, countries have accepted the process of globalization willingly or unwillingly, excluding the authoritarian regimes of North Korea and Cuba, which were rather in a different process of globalization. Yet globalization is one of the most debated issues as people are strongly divided between pro-globalization, anti-globalization and de-globalization.

## **Theories and dimensions of globalization**

Barany (2010) has identified four theories of globalization as (i) The World-Economy Theory (or Hyperglobalisationism); (ii) The Regional Bloc Theory (or Global Scepticism); (iii) The Third Way Theory (or Transformationalism); and (iv) The World-Culture Theory (or Homogenism). The Globalization Website discusses about theories of globalization as (i) world-system theory; (ii) world political theory; and (iii) world cultural theory. A different perspective on the theories of globalization identifies again four explanations as (i) political approach, the end of civility; (ii) economic approach, the end of geography; (iii) cultural

approach, the end of objectivity; and (iv) religious and secular radical approach, the end of inequality (The International Development Research Center 2012).

Globalization is multidimensional and it can be seen through different perspectives. On the basis of functions, eight dimensions of globalization can be identified as building global economy/prosperity/wealth, democratization, social networking, opinion creation, information society, humanitarian, participatory, inclusive and responsive, and integration. On the basis of process, dimensions of globalization can be grouped into four as (i) convergence – production, financial, technology structures approach a common average standard; (ii) synchronization - tendency for grouping nations (mainly USA, EU & Japan + G8 + OECD) to move in tandem, experiencing the same business cycle patterns; (iii) interpenetration- the growing importance of trade, investment & technology in each domestic economy; and (iv) competition yet interdependence- responding to the economic problems of each other and sharing opportunities. On the basis of interaction, the dimensions of globalization can be grouped into two as (i) flow and diffusion of good and commodities, services, resources, people, ideas and knowledge, information, and technology and innovation; and (ii) corridor and network as corridor, super highway, and network. On the basis of coverage, scope and impact the dimensions of globalization can be divided into space (extensiveness of global networks); regularity (intensity of global interactions); speed (velocity of global flows) and depth (impact of global interconnections on quality of life). There is yet another perspective to the dimensions of globalization, which is institutional dimension. There are at least five phenomena of the institutional dimensions of globalization, which function as follow:

- i. globalization fosters the existence of global infrastructure;
- ii. it creates harmonization of institutions at multiple layers and scale;
- iii. it diffuses jurisdictional and political borders of nation-states;
- iv. it facilitates global diffusion of identity, culture, and ideas; and
- v. it is a process of denationalization or destatization.

Yet, laymen understand the dimensions of globalization as economic and production, political, technological, informational, population, social, cultural, gender, geographical/spatial/regional, environmental and ecological, spatio-temporal, labour and migration, and leisure and pleasure. These common dimensions of globalization can also be treated as the components of globalization.

## **The Threats of globalization**

There are strong debates for and against globalization. On the part against globalization, a long list of common threat of globalization can be compiled. The main ones can be listed as global economic/social inequality, population pressures, the sovereignty of countries, sub-national conflicts and failed states, radical Islamic terrorism – “clash of civilizations”, authoritarianism – from Zimbabwe to China, international organized crime – drug trafficking, widespread corruption, ecological threats – rising sea levels, hurricanes, weapons of mass destruction (WMD), resource wars – fuel, water, food, raw materials, and human rights violations, war crimes and genocides. On the economic matter the biggest threat might be the volatility of financial capital. Similarly, on social issues the deadly threats are considered the irresponsiveness on social marginalization, expansion of global poverty and soaring layoff and unemployment. Consequently, a negative consequence of globalization has been reflected on all components of production and distribution of goods and services: production, trade, finance and capital resources, technology, innovation, human resources, and physical resources.

These threats destabilize the global economic, social, political, environmental and cultural systems, particularly the destabilization of production and distribution of social goods and

lead to further economic, social, political, technological, and environmental divisions, social ills and chaos, exploitations, corruptions, and accumulation of wealth and power in the hands of limited persons and/or entities across the globe.

### **The opportunities from globalization**

Everyone is not convinced that globalization is and will be creating threats to individuals, communities and nations rather globalization is creating many opportunities to individuals and nations across the globe. The common opportunities identified among others are comparative advantage of production as explained by Ricardo, expansion of trade, industrialization, finance and GDP, expansion of diplomacy and “soft power” as the core of state power, expansion of international law and organizations, expansion of freedom, democracy, civil society, expansion of development and foreign assistance, expansion of western culture and values, and empowerment of individuals, women, groups, and minorities. Through this process, globalization has established individuals as the primary institution of the society.

The economic benefits of globalization are tangible particularly through internationalization and increasing privatization of finance with the assistance and functioning of IMF, the World Bank, and WTO, the new international division of labor, new technology system, standardized international consumer markets, transnational corporations (TNCs), and transnational economic integration. In a more simplistic way, Friedman (2005) puts forward that the world has been flat due to globalization, which was enforced by 10 flatteners comprising political, technological and economic components including the fall of the Berlin wall, Netscape and Internet, workload software, uploading, outsourcing, offshoring, supply-chaining, insourcing, in-forming through search engines and ‘the steroids’. Beyond, the global movement of people particularly for the purpose of education is equally helping to flattening the world in addition to the global movement of labour force and tourists. The global recognition of property and patent rights has equally opened up and sustained the global markets for goods and services, not only of global conglomerates, but also of an individual living elsewhere.

### **Stylized facts of globalization**

Following are the stylized facts of globalization.

- i. Globalization is undergoing a strong process that is demanded by individuals and society;
- ii. Globalization at the first instance is understood as economic phenomena;
- iii. Globalization, anti-globalization and de-globalization are triangular forces that the present day world is struggling for and against;
- iv. Computer data flows have no national boundary barrier;
- v. Certain technologies are borderless, non-territorial, transnational (e.g. Internet, satellite communication);
- vi. Global warming, depletion of the ozone layer or other environmental pollution have no trans-boundary control;
- vii. Global governance agencies have little or no boundary obstructions;
- viii. Tourism basically demands foreigners cross national boundaries as smoothly as possible; and
- ix. The new tendency of people is to reach the local as well as global communities on economic, social, political, cultural and spiritual matters through respective local, national, regional and international networks.

## **Deglobalization as an alternative to globalization**

On the tussle of pro- and anti-globalization debate, deglobalization is a third view which has its own scope. It emerged along with the debate of globalization. Keynes on globalization concluded by saying, "I sympathize...with those who would minimize rather than with those who would maximize economic entanglement between nations. Ideas, knowledge, art, hospitality, travel — these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national." (Keynes, 1933). This was an expression on restraining globalization and upholding deglobalization. Now its lead advocacy with rather tending towards anti-globalization is done by the World Social Forum (WSF). On this line, before considering the true management of globalization, a view on deglobalization which is rather considered as an alternative to globalization as well might be worthy for consideration, put forward as below.

- i. Production for the domestic market must again become the center of gravity of the economy rather than production for export markets;
- ii. The principle of subsidiarity should be enshrined in economic life by encouraging production of goods at the level of the community and at the national level if this can be done at reasonable cost in order to preserve community;
- iii. Trade policy — that is, quotas and tariffs — should be used to protect the local economy from destruction by corporate-subsidized commodities with artificially low prices;
- iv. Industrial policy — including subsidies, tariffs, and trade — should be used to revitalize and strengthen the manufacturing sector;
- v. Long-postponed measures of equitable income redistribution and land redistribution (including urban land reform) can create a vibrant internal market that would serve as the anchor of the economy and produce local financial resources for investment;
- vi. Deemphasizing growth, emphasizing upgrading the quality of life, and maximizing equity will reduce environmental disequilibrium;
- vii. The development and diffusion of environmentally congenial technology in both agriculture and industry should be encouraged;
- viii. Strategic economic decisions cannot be left to the market or to technocrats. Instead, the scope of democratic decision-making in the economy should be expanded so that all vital questions — such as which industries to develop or phase out, what proportion of the government budget to devote to agriculture, etc. — become subject to democratic discussion and choice;
- ix. Civil society must constantly monitor and supervise the private sector and the state, a process that should be institutionalized;
- x. The property complex should be transformed into a "mixed economy" that includes community cooperatives, private enterprises, and state enterprises, and excludes transnational corporations; and
- xi. Centralized global institutions like the IMF and the World Bank should be replaced with regional institutions built not on free trade and capital mobility but on principles of cooperation.

## **Managing globalization for human prosperity**

On the tripartite debate on pro-globalization, anti-globalization, and deglobalization, managing globalization is considered a way out as the globalization process may not be stopped from its pace in the near future, particularly before it reaches to a stage of development. Despite opportunities by making the world flat by fair playing of the globalization game, some serious threats are inevitable and unavoidable. In managing

globalization concepts like self-sufficiency economy, one-locality-one-product (OLOP)/one-village-one-product (OVOP), local cooperatives, focusing on informal sector and MEs, strengthening and SMEs, and promotion of indigenous technologies and production practices are emerging at the local level or in substance implement the slogan of 'thinking globally and acting locally'. However, regular global dialogue, debates and negotiations are required to continue in a broader context, particularly in areas of the global political relationship and global conflicts, trade, foreign aid, foreign (direct) investment and global capital markets, international joint ventures and multinational corporations, international migration, remittance, poverty alleviation, global warming and climate changes, sustaining, preservation and conservation of natural, physical, biological and cultural diversities and heritages for a sustainable global human prosperity.

## References

Barany, A (2010), The Four Theories of Globalization, in Issues, February 28, 2010 <<http://socyberty.com>>

Friedmann, Thomas L. (2005) *The World Is Flat: A Brief History of the Twenty-first Century*, (New York: Farrar, Straus and Giroux).

Goldin, Ian and Reinert, Kenneth (2007), *Globalization for Development: Trade, Finance, Aid, Migration, and Policy* (Washington, D.C: The World Bank).

Keynes, John Maynard (1933) "National Self-Sufficiency," *The Yale Review*, Vol. 22 ( 4), pp. 755-769.

Stiglitz, J. E. (2002), *Globalization and Its Discontents*, New York: Norton.

The Globalization Website: <http://www.sociology.emory.edu/globalization/theories.html>

The International Development Research Center – Science of Humanity (2012), [http://www.irms.gc.ca/minga/ev-87930-201-1-DO\\_TOPIC.html](http://www.irms.gc.ca/minga/ev-87930-201-1-DO_TOPIC.html)