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Course – 204

INDIAN FOREIGN POLICIES AND THE CONTEMPORARY WORLD

UNIT - V

GLOBALIZATION

Define the term 'globalization. Point out the advantages and disadvantages of globalization.

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Countries have built economic partnerships to facilitate these movements over many centuries. But the term gained popularity after the Cold War in the early 1990s, as these cooperative

arrangements shaped modern everyday life. This guide uses the term more narrowly to refer to international trade and some of the investment flows among advanced economies, mostly focusing on the United States.

The wide-ranging effects of globalization are complex and politically charged. As with major technological advances, globalization benefits society as a whole, while harming certain groups. Understanding the relative costs and benefits can pave the way for alleviating problems while sustaining the wider payoffs.

Globalization or **globalisation** is the process of interaction and integration among people, companies, and governments worldwide. As a complex and multifaceted phenomenon, globalization is considered by some as a form of capitalist expansion which entails the integration of local and national economies into a global, unregulated market economy. Globalization has grown due to advances in transportation and communication technology. With the increased global interactions comes the growth of international trade, ideas, and culture. Globalization is primarily an economic process of interaction and integration that's associated with social and cultural aspects. However, conflicts and diplomacy are also large parts of the history of globalization, and modern globalization.

Economically, globalization involves goods, services, the economic resources of capital, technology, and data. Also, the expansions of global markets liberalize the economic activities of the exchange of goods and funds. Removal of cross-border trade barriers has made formation of global markets more feasible.^[citation needed] The steam locomotive, steamship, jet

engine, and container ships are some of the advances in the means of transport while the rise of the telegraph and its modern offspring, the Internet and mobile phones show development in telecommunications infrastructure. All of these improvements have been major factors in globalization and have generated further interdependence of economic and cultural activities around the globe. Though many scholars place the origins of globalization in modern times, others trace its history long before the European Age of Discovery and voyages to the New World, some even to the third millennium BC. Large-scale globalization began in the 1820s. In the late 19th century and early 20th century, the connectivity of the world's economies and cultures grew very quickly. The term globalization is recent, only establishing its current meaning in the 1970s.

ADVANTAGES OF GLOBALIZATION

1. Globalization allows us to pool all our resources together.

One of the best examples of globalization within our lifetime is the construction of the International Space Station. The cost to construct the ISS was \$150 billion. Compared to the Mir station at \$4.2 billion, the price tag is astronomical. When the first component for the ISS was launched in 1998, five different programs came together to join in ownership, cost, and operations. The United States, Russia, Canada, Europe, and Japan are all involved in the financing and continued operations of the program.

When nations work together to fund common goals, then more money becomes useful for needs other than national defense. Imagine what we

could do if the \$1 trillion spent annually on warfare and defense could be used for the global greater good?

2. Globalization would also reduce labor exploitation issues.

When borders become less restrictive around the world, people tend to move to locations where their best opportunities exist. Under the current structure of our planet, impoverished nations with a lower standard of living offer wages that the developed world would find abysmal. Someone in Bangladesh making clothes for 10 hours per day earns less in a month than some workers in the U.S. earn before lunch.

By focusing on globalization, we could reduce child labor issues. Human trafficking concerns would be limited because of more border freedom. People could live, work, or go where they please with fewer restrictions, making it easier to chase their dreams.

3. Globalization reduces the prospects of tyranny.

As the world moved slowly toward globalization in the 20th century, the nations realized that having a concentrated power with one administration reduced the likelihood of tyranny in pockets around the globe. Although there have still be issues with government oppression, including the chemical attacks on populace centers in Syria, the number of incidents is slowly declining.

When we're able to move toward a global-centric society instead of a nation-centric one, these issues will continue to decline over time.

4. Globalization improves communication access.

The Trump Administration announced new travel restrictions in September

2017 to focus on 8 countries: North Korea, Chad, Libya, Iran, Syria, Somalia, Yemen, and Venezuela. "Making America Safe is my number one priority," President Trump tweeted when announcing this decision. "We will not admit those into our country we cannot safely vet."

Under a globalization perspective, people would have their risks associated by a central perspective instead. It would be like the United Nations vetting immigrants instead of the individual country. By reducing border restrictions, we improve communication access because we're no longer restricting the movements and actions of people on a per-nation basis.

5. Globalization would remove tax havens for wealthy individuals and businesses.

Tax havens are defined as either a country or independent area where taxation levies are at low rates. They offer foreign businesses and individuals an opportunity to keep their profits in local institutions with little or no liability. These havens share little, if any, information about these finances with other tax authorities.

Globalization reduces this issue because it eliminates the administrative structures in place which allow the wealthy to hide their funds from being taxed. That would mean these businesses and people would be treated as an average citizen is today. Greater transparency here would lead to better funding of social programs, which could reduce poverty and food insecurity over time.

6. Globalization would help the developing world progress faster.

Most of the world today is not developed. Outside of about 40 countries which have gone through their own version of the Industrial Revolution, the

rest of the population still struggles as a primarily agricultural society. By reducing border restrictions, creating common payment formats, and opening product access by reducing export barriers, more people could improve their way of life. Higher incomes often lead to lower maternal and infant mortality rates too, which means we'd be saving lives with this effort.

7. Globalization would reduce currency manipulation problems.

There are three primary currencies traded in the world today: the Dollar, the Euro, and the Pound Sterling. When a nation offers access to a weaker currency, those with stronger currencies buy and sell more often with them. It offers better value than spending at home. Globalization would reduce the efforts made to build weakness or strength into these currencies to influence local markets. We'd be working toward a society where economic growth occurs on a global scale instead of in only local economies.

8. Globalization encourages free trade.

Borders create restrictions to the free flow of goods and services. One example of this issue is a duty and taxes paid on imported goods originating in the U.S. when purchased in Canada. These taxes apply on luxury items and other items of high value. The HST in Canada may be collected at a rate of 13%. Canadians use shipping service receptacles at locations like Point Roberts, WA to get around this tax simply because the laws haven't globalized like our access to goods.

There are currently over 1,500 different restrictions in place with the global import/export market right now.

9. Globalization could create more employment opportunities.

With fewer barriers to the import/export market, the cost of producing goods or offering services would decline without affecting the profit margins

of companies. Consumers would benefit from the lower prices, consume more, and create additional job opportunities around the world. By creating an environment where free trade encouragement readily exists, more innovation, creativity, and engagement would occur at every level of society.

DISADVANTAGES OF GLOBALIZATION

1. Globalization may encourage more offshoring instead of less.

With fewer restrictions in place at the national level, some businesses may use offshoring to their advantage. Even if they kept jobs local, the threat of sending jobs to a different, cheaper region overseas could be used to justify lower wages at home. The end result of an effort to remove borders would be an increase in wages in the developing world, but a decrease in developed countries. Many households could see their standard of living go down if consumable price decreases don't occur simultaneously.

2. Globalization benefits the wealthy more than the poor.

Value-added taxes above 25% exist in some nations. Tariffs above 70% exist for some products. Unless borders are completely removed, the advantages of globalization are challenging to achieve. The people who have the power to dictate policy would reap the most significant rewards. Those with money to invest would see their bank accounts continue to rise. At the same time, households living paycheck-to-paycheck would struggle to access what they require, suppressing their ability to pursue a better job.

3. Globalization would encourage disease transfer.

The outcome of the Columbian Exchange was profound at the time. Over 90% of some population centers died because of their exposure to smallpox, chickenpox, and other diseases that the Europeans were somewhat immune to at the time. The Europeans brought back syphilis and other diseases as well. If global travel restrictions eased, then issues with malaria and tropical disease could spread to portions of the world where exposures are minimal. Tuberculosis, certain influenza strains, and other communicable disease could produce outbreaks at epidemic levels.

4. Globalization could reduce social safety net programs.

Most nations today offer those in extreme poverty access to safety net programs for basic supplies. Even in the United States, programs like WIC and SNAP offer food and care access to those who cannot afford it on their own for whatever reason. When we reduce or eliminate borders, there would be a likely shift in social programs to benefit those earning less than \$2 per day while ignoring the needs of those at home. Households living in poverty in the U.S. or United Kingdom fit into a different definition when compared to global poverty.

5. Globalization would create a new system of politics.

We've already received a sneak peek of what a global society would be like from a political perspective. The individuals and organizations who spend the most to lobby politicians would receive the best chance of having their needs met first. We've seen billions spent in U.S. elections lately to influence legislation and policy to become favorable toward specific outcomes. This issue would translate to a global economy, where only the richest and most influential would influence laws which would impact everyone.

6. Globalization would not prevent resource consumption.

The goal of globalization is to equalize patterns of consumption for populations around the world. Even though there would be movement toward doing so, there is no getting around the fact that the wealthiest nations will still consume the most resources. The 20 richest countries in the world today consume almost 90% of the planet's resources each year. The United States constitutes 5% of the global population right now, but it consumes 24% of the world's energy as a country.

When you look at the per capita consumption rates of energy globally, one American consumes as much energy as 31 people in India. If you go to a developing nation, it takes 370 Ethiopians to use the same amount of energy that a single U.S. citizen uses to meet their needs.

7. Globalization would make it easier for people to cheat.

The statistics of consumption (especially food) show us already that those who are in power take the majority of resources away from the general population. Americans eat almost 200 billion more calories per day as a nation than they require, which means 80 million people are hungry needlessly because of these consumption habits. About 200,000 tons of edible food is disposed of daily in the United States. By the age of 75, the average person in the U.S. creates 52 tons of garbage.

Globalization would likely centralize distribution of necessary resources. With only a few controlling access to the many, the chance to negatively impact populations on a large scale become greater when borders are reduced.

8. Globalization doesn't fix a lack of skills.

The future of employment involves programming, robotics, and artificial intelligence. Workers who adapt to automation with their skillset are the most likely to find employment in the coming generations. Jobs which require repetitive functions will be the first to go away, which are the employment opportunities often found in the developing world. With no meaningful skills to a globalized economy, there could be a higher unemployment rate if border restrictions reduce because only those in the developed world would be trained for the new economy.

Unless new vocational development opportunities implement with the globalization structures, the boundaries between the developed and developing world will likely continue to exist.

9. Globalization changes how humans would identify themselves.

Humans are global citizens in some ways already. We all share the same planet, after all, so we are united with that common ground. If we lose borders, however, we also lose a piece of our culture, ethnicity, or family heritage. People identify themselves based on their history, so being Irish in a global world would have less impact than it does today. We already saw how this works when Texas came into the U.S. after being an independent nation. Some Texans label themselves as such first, but many see themselves as an American before being a Texan.

10. Globalization would negatively impact the environment.

We've already seen what free trade does to the environment. Greenhouse gas emissions rose in 2018 despite efforts to curtail them. Micro-plastics invaded our oceans, creating negative impacts on marine life. The waters of our planet are slowly acidifying, creating economic and health impacts

every day. Over 200,000 Americans die each year because of pollution exposure. If caps are taken off of what is not permitted through globalization, then this issue will continue growing worse.

The advantages and disadvantages of globalization show us that a world free to move and communicate offers numerous opportunities to pursue. It also shows us a planet where fewer opportunities may exist for workers and families who are employed in low-skill positions. We have many challenges to face in the coming years as the world continues to become a smaller place. That's why we must continually look at these issues to ensure everyone has a fair chance to find success. The advantages and disadvantages of globalization show us that a world free to move and communicate offers numerous opportunities to pursue. It also shows us a planet where fewer opportunities may exist for workers and families who are employed in low-skill positions. We have many challenges to face in the coming years as the world continues to become a smaller place. That's why we must continually look at these issues to ensure everyone has a fair chance to find success.