



GLOBALIZATION

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ADA412

Case Study 5

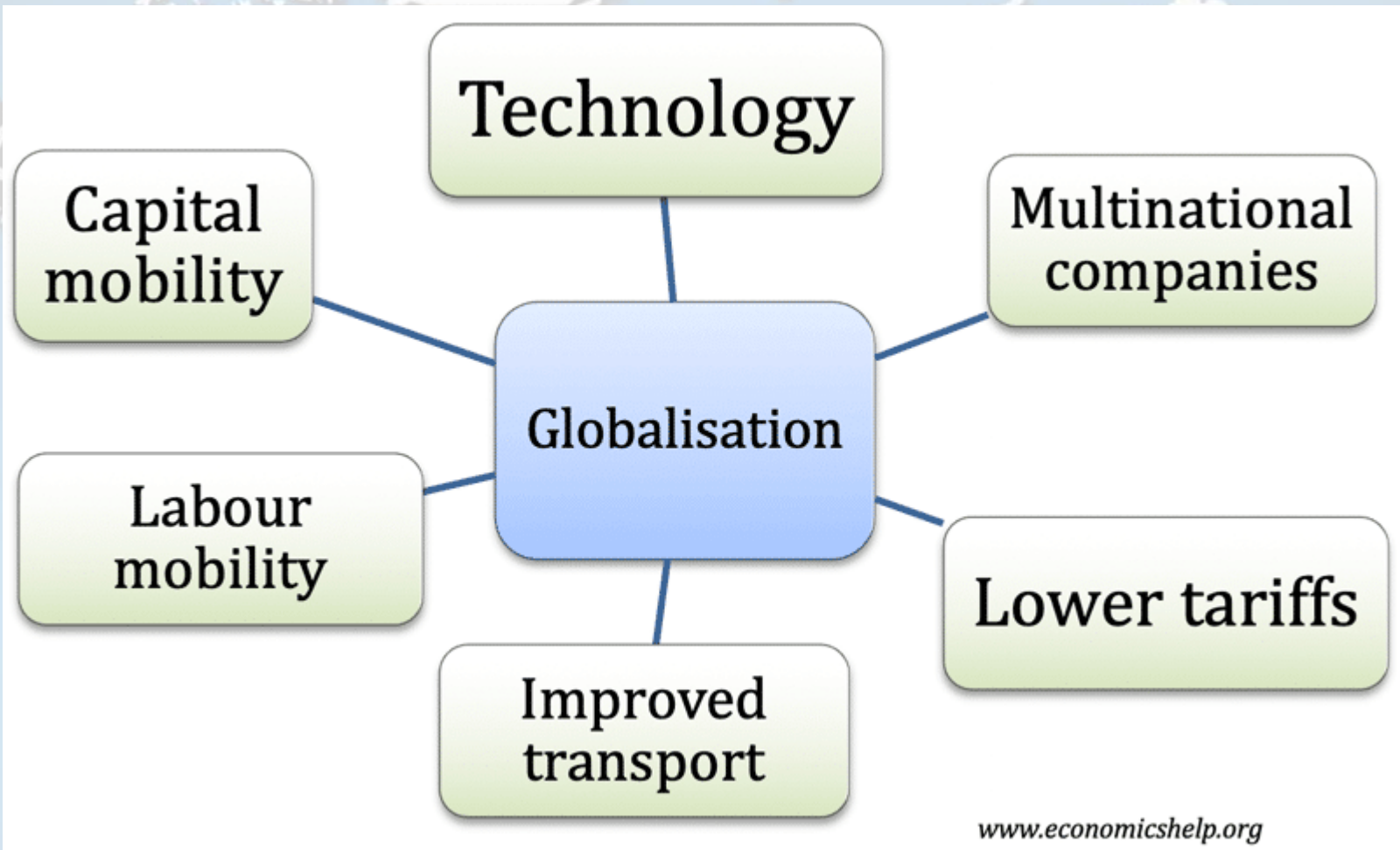
What is Globalization?

- Globalization is the process of interaction and integration among people, companies, and governments worldwide.
- Globalization has accelerated since the 18th century due to advances in transportation and communication technology.
- This increase in global interactions has caused a growth in international trade and the exchange of ideas and culture.

Types Of Globalization

- 1 Economic: Countries that trade with many others and have few trade barriers are economically globalized.
- 2 Social: A measure of how easily information and ideas pass between people in their own country and between different countries.
- 3 Political: The amount of political co-operation there is between countries.

Causes of Globalization



Effects of Globalization

1-Division of Labour:

- Because MNCs search for the cheapest locations to manufacture and assemble components, production processes may be moved from developed to developing countries where costs are lower.

2-Less Job Security:

- In the global economy jobs are becoming more temporary and insecure.
- It is become difficult to hold their jobs for people and unemployment increased.



3-Damage to the Environment:

- More trade means more transport which uses more fossil fuels.
- Climate change.

4-Cultural Impact

- As the world becomes more unified, diverse cultures are being ignored. MCNs can create a monoculture as they remove local competition and thereby force local firms to close



Consequences of Globalization

Globalisation

Winners

- Economies with low-labour cost and infrastructure to export.
- New middle class in developing and emerging economies.
- Exporters with competitive advantage.
- Workers who gain jobs in export industries.
- Educated and skilled workers who have power to gain higher wages
- Multinationals who benefit from tax avoidance and outsourcing.
- Workers who are able to move to higher-income economies

Losers

- Manufacturing sector in high labour cost countries
- Regions e.g. 'rust belt' which have seen a decline in employment.
- Structural unemployment amongst former manual workers.
- Poorest 5% who have seen stagnant incomes
- Environmental costs of increased output, trade and growth.
- Land-locked countries unable to develop exporting industries.
- Economic and social pressures from migration.

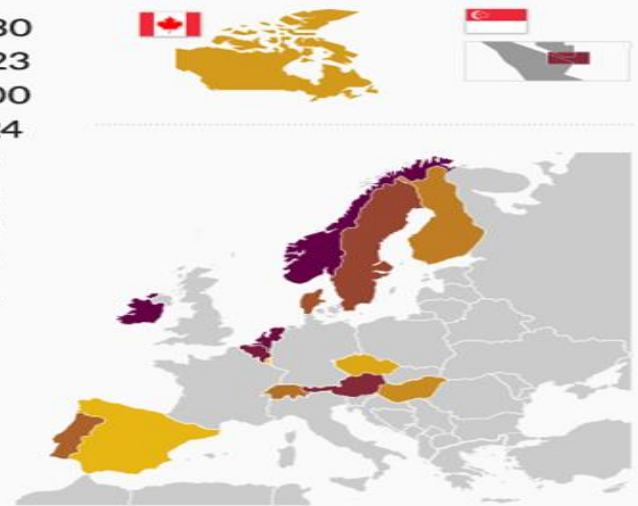
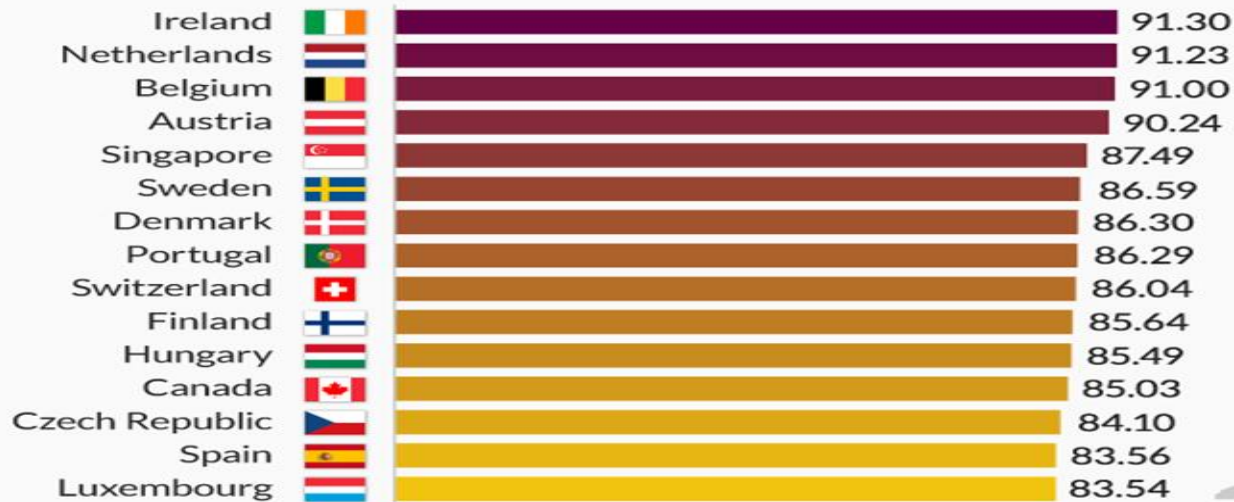
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Measurement

- Measurements of economic globalization typically focus on variables such as trade, Foreign Direct Investment (FDI), Gross Domestic Product (GDP), portfolio investment, and income. However, newer indices attempt to measure globalization in more general terms, including variables related to political, social, cultural, and even environmental aspects of globalization.

The world's most globalised countries are in the EU

Index rankings of the world's top 15 most globalised nations



*KOF index measures three dimensions of globalisation: economic, social and political

Anti-globalization movement

- Anti-globalization movement is a social movement critical of economic globalization. The movement is also commonly referred to as the global justice movement, alter-globalization movement, anti-globalist movement, anti-corporate globalization movement or movement against neoliberal globalization.
- Anti-globalization consists of a number of criticisms of globalization but, in general, is critical of the globalization of corporate capitalism.
- Opponents of globalization argue that there is unequal power and respect in terms of international trade between the developed and underdeveloped countries of the world.



References

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