

# Globalization

I. Globalization Defined

II. Sources of Globalization

III. Levels of Globalization

IV. Implications



# WTO Protest, Seattle 1999



(CNN)

# I. Globalization Defined

- “A set of processes that are widening, deepening, and accelerating the interconnectedness among societies ” (Kegley & Raymond)
- “...processes whereby social relations acquire relatively distanceless or borderless qualities, so that human lives are increasingly played out in the world as a single place.” (Jan Aart Scholte)
- “...technological, political, economic, and cultural dimensions that connect individuals, governments, and firms across national borders.” (Rosa Gomez Dierks)
- Globalization as ‘Deterritorialization’
  - Breakdown of borders of Space and Time

## II. Sources of Globalization

- Internationalization of Economic Activity
  - Trade & Finance
- Global Liberalization
  - Domestic and International
- Technological Changes
  - IT Revolution (Speed and Cost)
- Improvements in Transportation
  - EX: Containerized Shipping
- Globalized Production Structures
  - ‘Stateless Corporations’ (DaimlerChrysler)

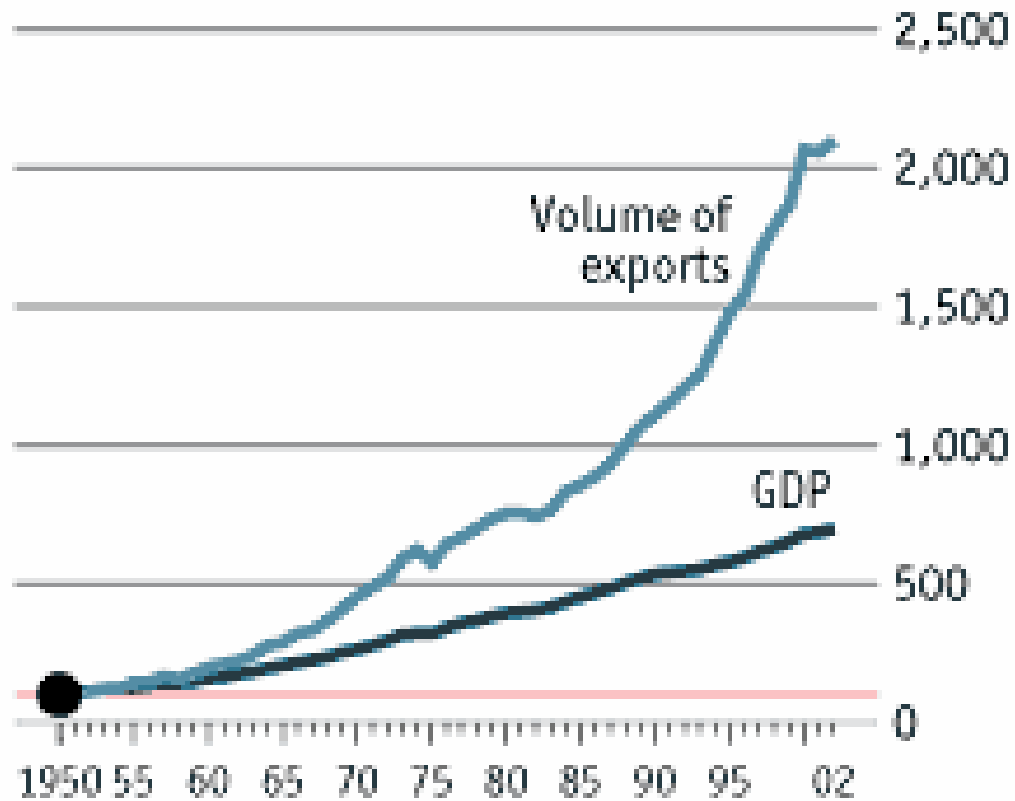


# Growth in World Trade

## A trader's era

1

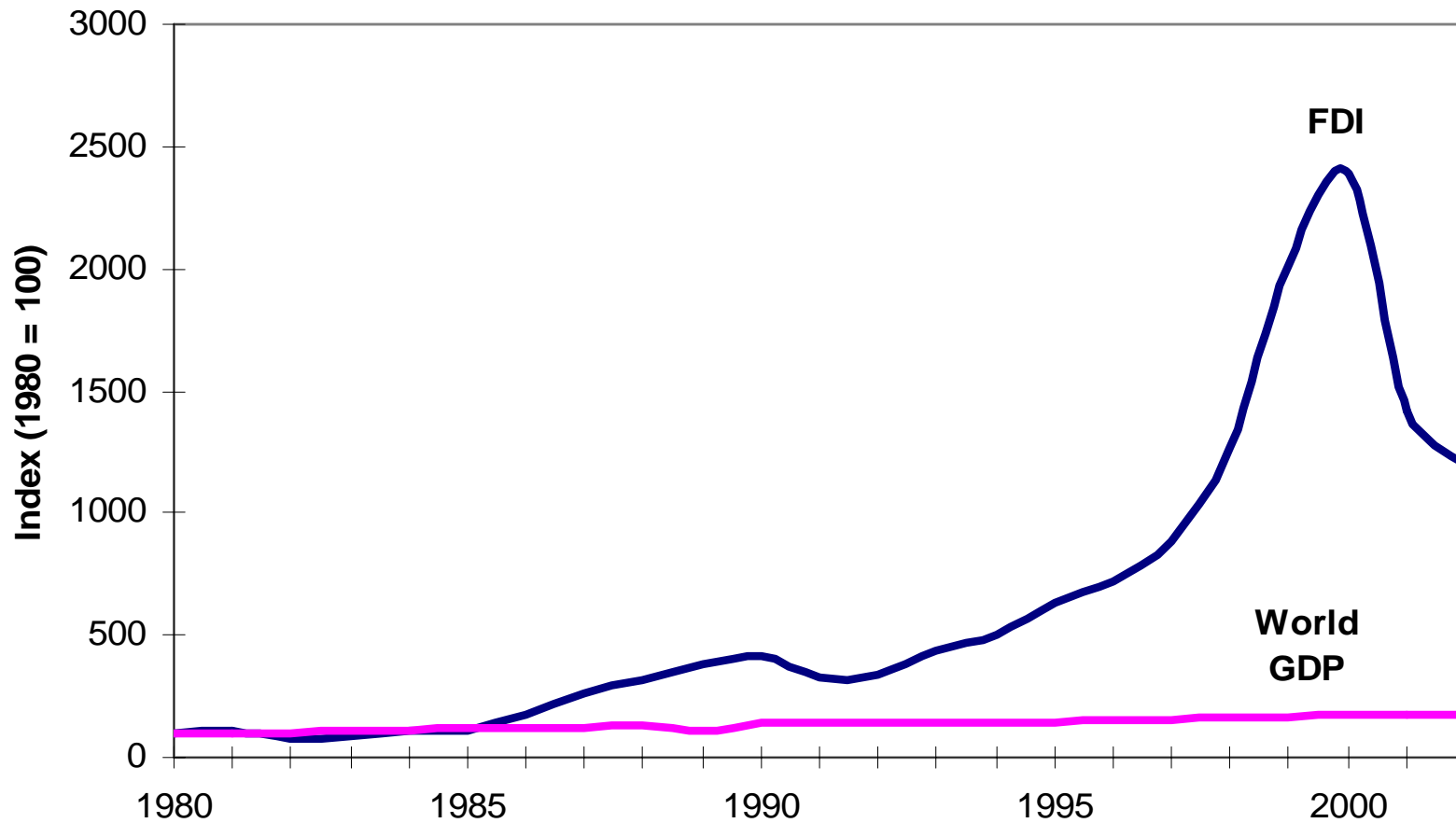
World GDP and trade, 1950–100



Source: World Trade Organisation

# Growth in Global Investment

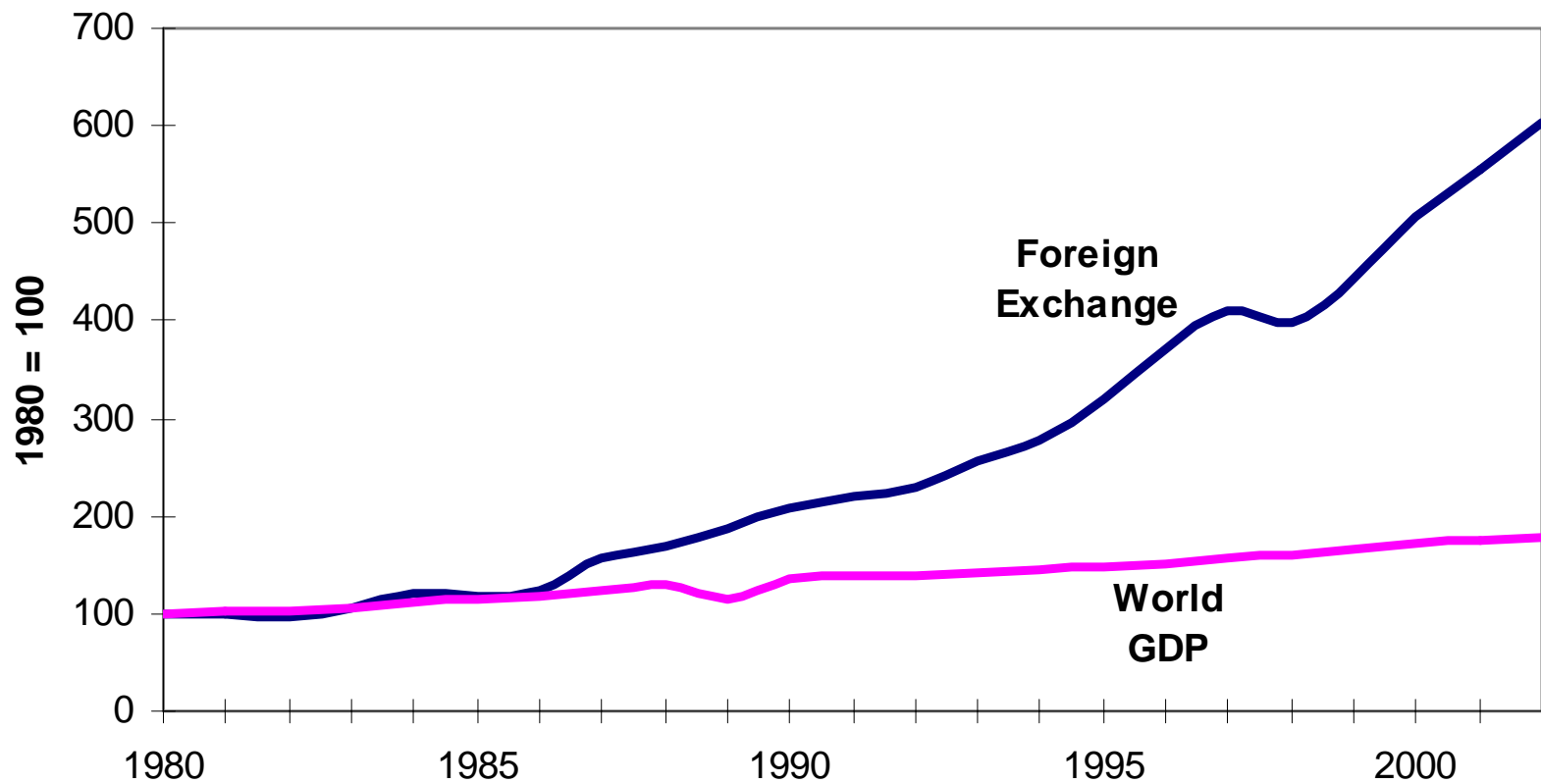
**Figure 3: World Gross FDI and World GDP Growth, 1980-2002**



Source: UNCTAD, FDI Database

# Growth in Foreign Exchange

**Figure 2: Growth of World Foreign Exchange and World GDP, 1980-02**

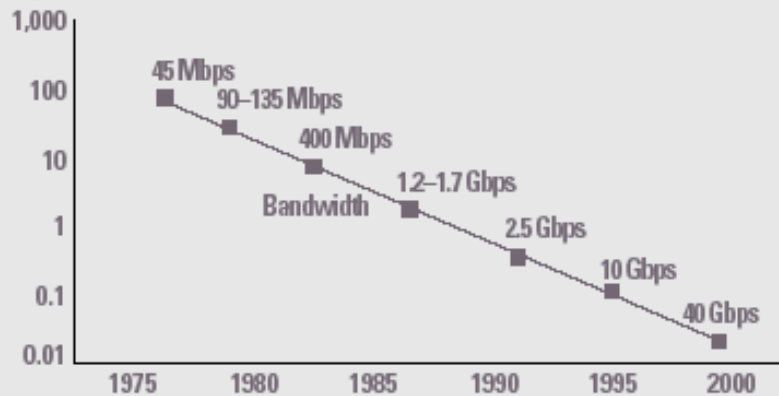


Source: IMF, International Financial Statistics

# Costs of Information Technology

**FIGURE 1 COST TRENDS IN OPTICAL FIBER TRANSMISSION**

Index of transmission cost  
per bits per second per kilometer  
(log scale)

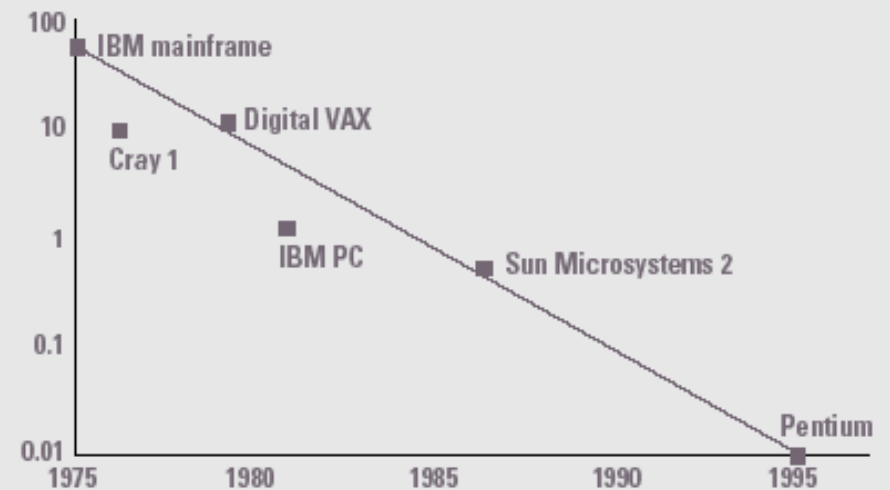


Note: Mbps is megabits per second; Gbps is gigabits per second.  
Source: AT&T data.



**FIGURE 2 PRICE TRENDS IN INFORMATION PROCESSING**

Index of investment cost  
per instruction per second  
(log scale)



Source: World Bank compilation based on industry data.





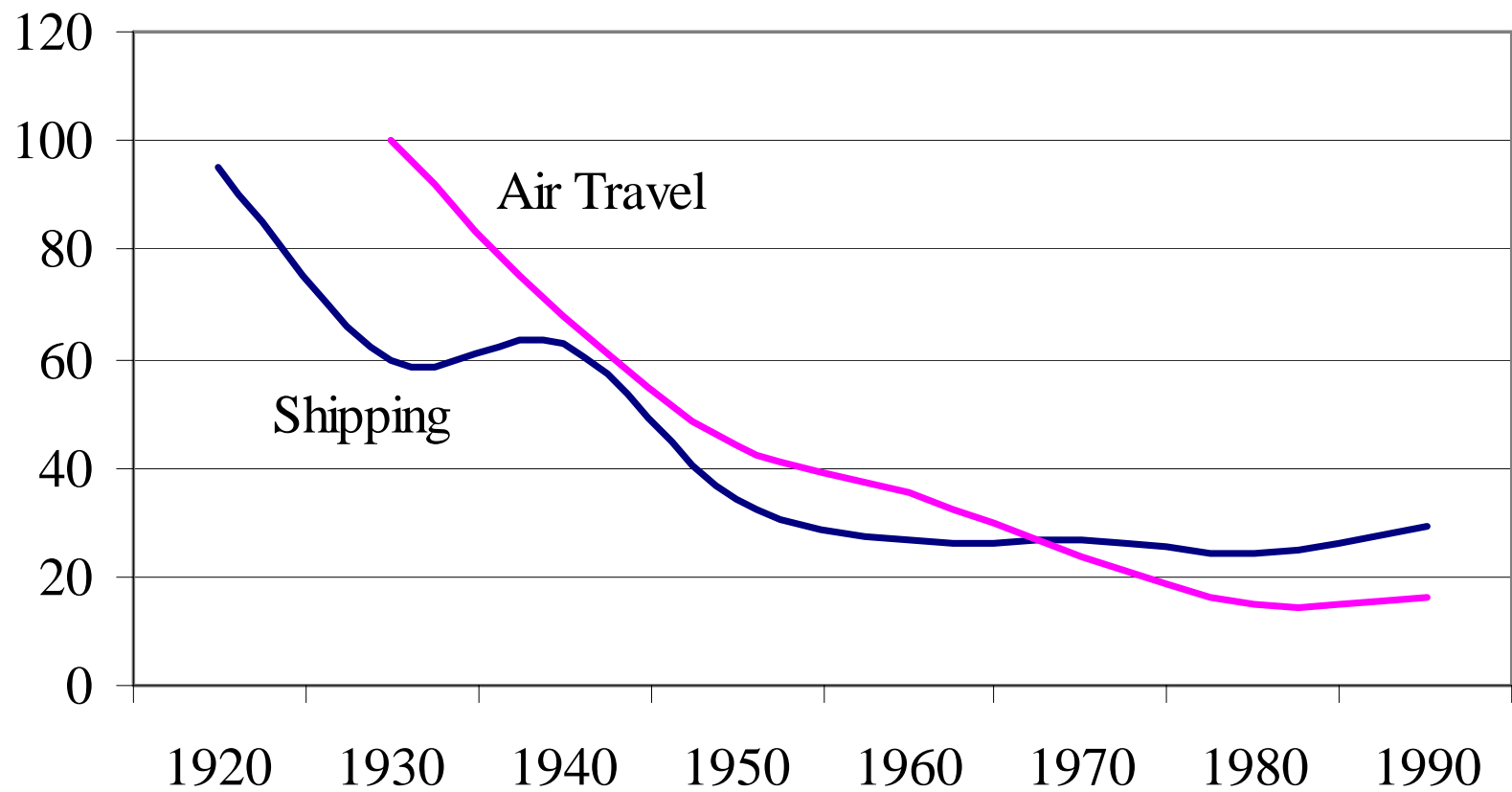
# Death of Distance

## Call Centers in India



# Transportation Costs

## Transportation Costs Index

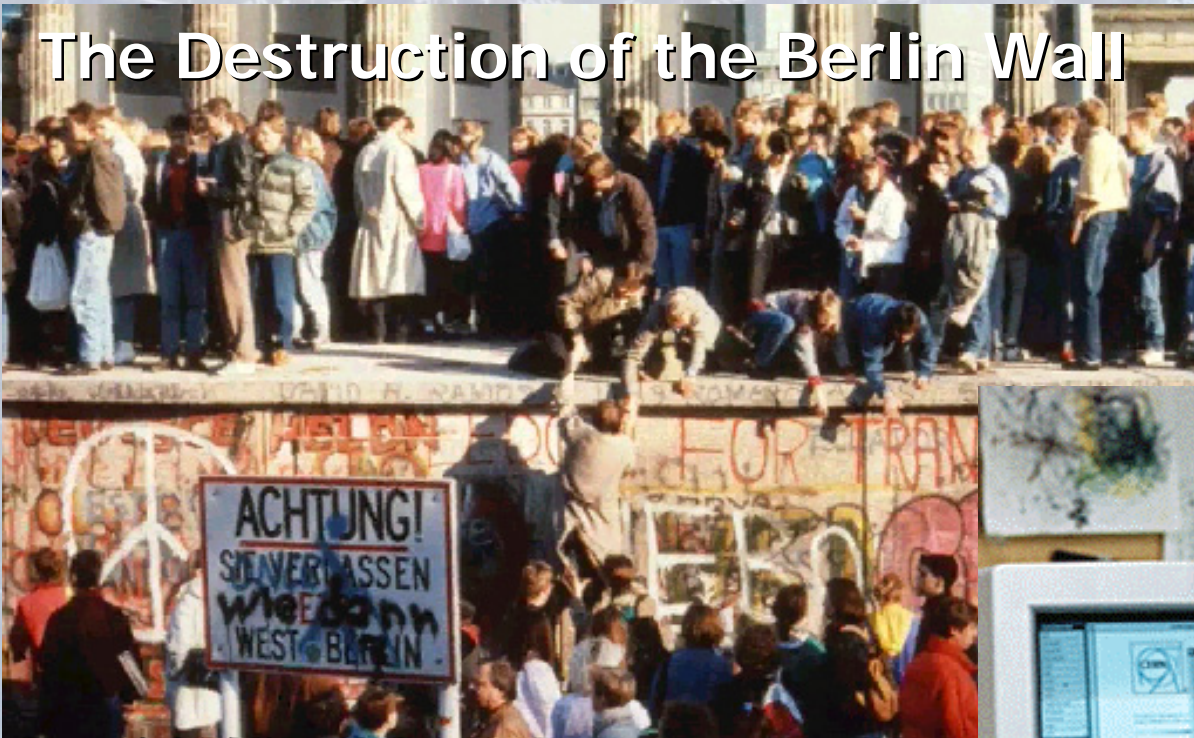


# III. Levels of Globalization

- A. Eras of Globalization
  - First Era of Globalization (about 1850-1914)
  - Interwar Period (1920-1939)
  - Cold War Era (1945-1989)
  - Second Era of Globalization (1989-Present)
- Differences of Current Era of Globalization
  - Trade
  - Finance
  - Technology

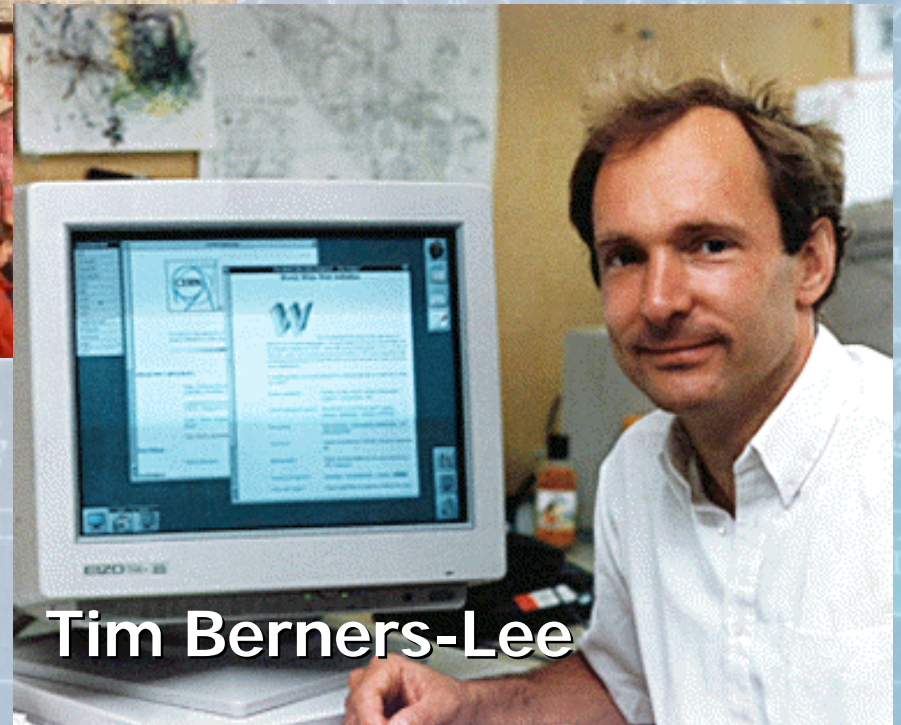
# The Start of Globalization

## The Destruction of the Berlin Wall



The walls  
come down...

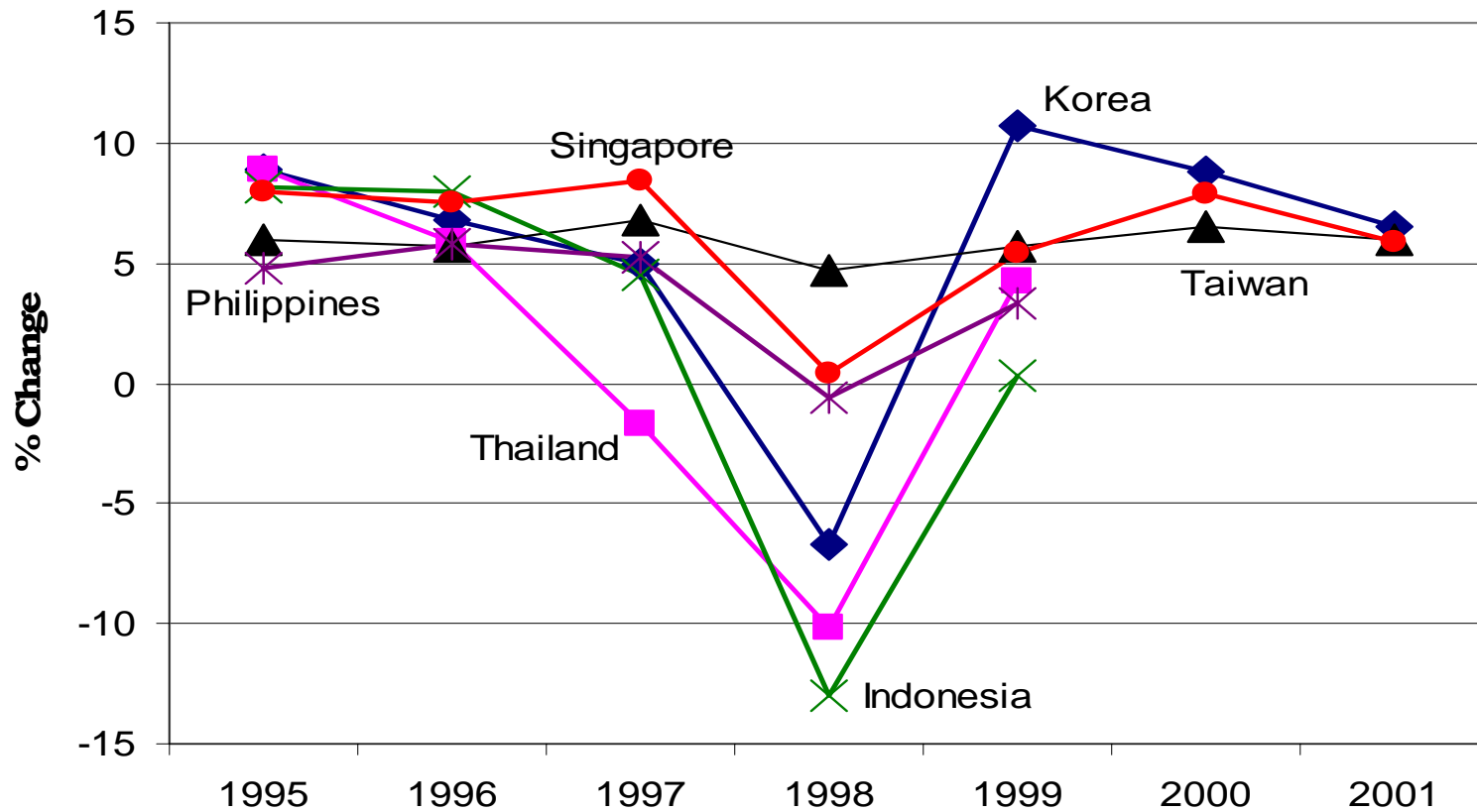
...and the (World Wide)  
Web goes out.



Tim Berners-Lee

# Volatility in the Global Economy

## Asian Tiger Economies (Real GDP Growth)



Source: World Bank

◆ Korea    ■ Thailand    ▲ Taiwan    × Indonesia    \* Philippines    ● Singapore

# IV. Implications of Globalization

- Inevitability?
  - Liberalization: Not inevitable
  - Technology: Tough to reverse
- Role of the State?
  - ‘Golden Straitjacket’  
(Thomas Friedman)
  - Multilevel Governance
  - Multidimensional Security
- Positive or Negative?

