

# Globalization

**CC103: Perspectives on Contemporary Issues**

Credits: 2

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# What is Globalization?

**Globalization compresses the time and space aspects of social relations.**

**James Mittelman, Professor of International Relations  
at American University**

**Globalization as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole.**

**Roland Robertson, Professor of Sociology at the  
University of Pittsburgh**

**The concept of globalization reflects the sense of an immense enlargement of world communication, as well as of the horizon of a world market, both of which seem far more tangible and immediate than in earlier stages of modernity.**

**Fredric Jameson, Professor of Literature at Duke University**

**Globalization may be thought of as a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power.**

**David Held, Professor of Political Science at the  
London School of Economics**

**Globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.**

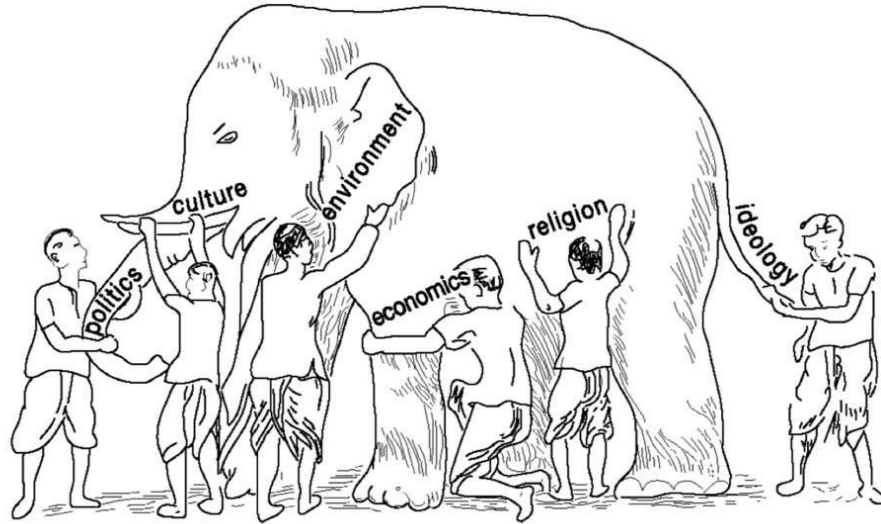
**Anthony Giddens, Director of the London School of Economics**

## Characteristics of Globalization

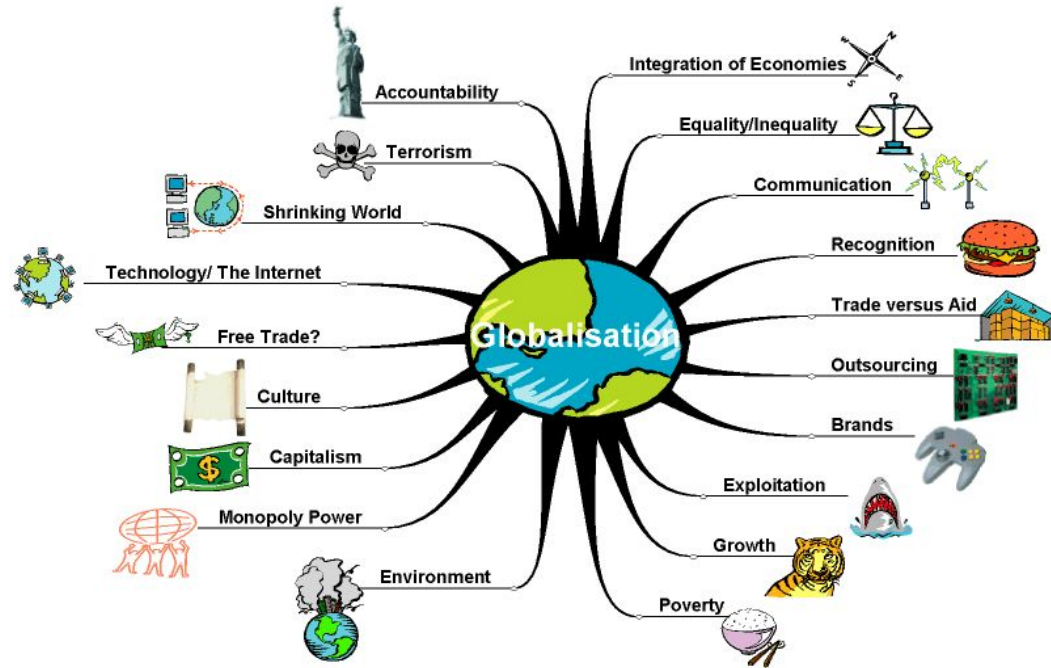
- Expansion of economic activities across the political boundaries of nation states.
- Increasing economic openness and growing economic interdependence between countries.
- Opening up of markets to foreign players and vice versa.

“Globalisation is a multidimensional set of social processes that create, multiply, stretch, and intensify worldwide social interdependencies and exchanges while at the same time fostering in people a growing awareness of deepening connections between the local and the distant” (Steger 2003, 13).

# Multidimensionality of Globalization



From *Globalization: A Very Short Introduction* by Manfred B. Steger



### Globalization map

From *The Role of the International Organisms in the Globalization Process* by Dorina Tănăsescu, Felicia Dumitru and Georgiana Dincă

## A Short History of Globalization

# Economic Globalization

- The economic dimension of globalization is the one most often mentioned in the media.
- It is associated with massive amounts of financial capital traded daily on the different stock markets around the globe as well as with global trade, developments often captured under the label “**Neoliberalism**”.
- **Three International Economic Institutions:** the **International Monetary Fund (IMF)**, the **World Bank**, and the **World Trade Organization (WTO)**.
- The International Monetary Fund (IMF) would oversee the international monetary system.
- The World Bank would provide loans for European reconstruction but later expanded its activities to the developing world.
- The World Trade Organization (WTO) would oversee multilateral trade agreements. For about thirty years, this system remained in place and provided economic stability and prosperity to Western nations.
- **Economic Globalization:** the internationalization of trade and finance, the increasing power of transnational companies, and the enhanced role of international economic institutions.

## Neoliberalism

Neoliberalism is rooted in the classical liberal ideals of Adam Smith (1723–90) and David Ricardo (1772–1823), both of whom viewed the market as a self-regulating mechanism tending toward equilibrium of supply and demand, thus securing the most efficient allocation of resources. These British philosophers considered that any constraint on free competition would interfere with the natural efficiency of market mechanisms, inevitably leading to social stagnation, political corruption, and the creation of unresponsive state bureaucracies. They also advocated the elimination of tariffs on imports and other barriers to trade and capital flows between nations. British sociologist Herbert Spencer (1820–1903) added to this doctrine a twist of social Darwinism by arguing that free market economies constitute the most civilized form of human competition in which the ‘fittest’ would naturally rise to the top.

Concrete neoliberal measures include:

1. Privatization of public enterprises
2. Deregulation of the economy
3. Liberalization of trade and industry
4. Massive tax cuts
5. ‘Monetarist’ measures to keep inflation in check, even at the risk of increasing unemployment
6. Strict control on organized labour
7. The reduction of public expenditures, particularly social spending
8. The down-sizing of government
9. The expansion of international markets
10. The removal of controls on global financial flows

## The Washington Consensus: 'structural adjustment programmes'

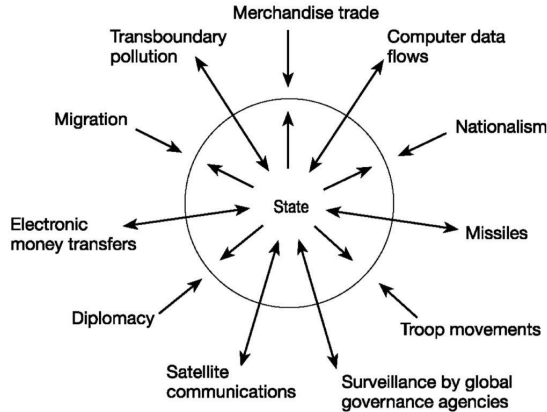
- In exchange for providing essential loans to developing countries, the **IMF** and the **World Bank** require these nations to implement what are known as 'structural adjustment programs'.
- In practice, however, the program's terms amounted to **a new form of colonialism**. The ten points of the Washington Consensus, as outlined by John Williamson, mandated that governments implement the following structural adjustments to qualify for loans (see right).
- Most critically, however, structural adjustment programs seldom achieve their intended goal of 'developing' debtor societies. The required cuts in public spending often lead to fewer social programs, reduced educational opportunities, increased environmental pollution, and greater poverty for the majority of the population.

1. A guarantee of fiscal discipline, and a curb to budget deficits;
2. A reduction of public expenditure, particularly in the military and public administration;
3. Tax reform, aiming at the creation of a system with a broad base and with effective enforcement;
4. Financial liberalization, with interest rates determined by the market;
5. Competitive exchange rates, to assist export-led growth;
6. Trade liberalization, coupled with the abolition of import licensing and a reduction of tariffs;
7. Promotion of foreign direct investment;
8. Privatization of state enterprises, leading to efficient management and improved performance;
9. Deregulation of the economy;
10. Protection of property rights.



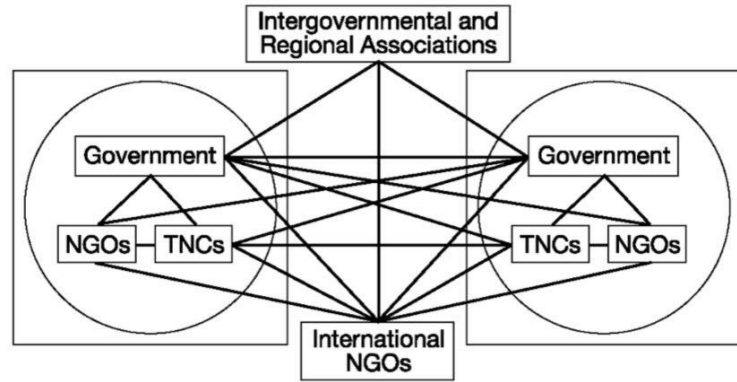
# Political Globalization

- Has the power of the nation-state been diminished by the substantial movements of capital, people, and technology across borders?
- Are the main drivers of these movements political or economic in nature?
- Are we observing the rise of global governance?



The nation-state in a globalizing world.

Source: Jan Aart Scholte, 'The globalization of world politics', in John Baylis and Steve Smith (eds.), *The Globalization of World Politics*, 2nd edn. (Oxford University Press, 2001), p. 22.



Incipient global governance: a network of interrelated power centres.

Source: adapted from Peter Willets, 'Transnational actors and international organizations in global politics', in Baylis and Smith, *The Globalization of World Politics*, p. 379.

1. A global parliament connected to regions, states, and localities;
2. A new charter of rights and duties locked into different domains of political, social, and economic power;
3. The formal separation of political and economic interests;
4. An interconnected global legal system with mechanisms of enforcement from the local to the global.