

UNIT I

UNDERSTANDING GLOBALIZATION

Lesson 1

Defining Globalization

LESSON OBJECTIVES

At the end of this lesson, you should be able to:

1. identify the extent of globalization;
2. define globalization;
3. differentiate the competing conceptions of globalization; and
4. identify the underlying philosophies of the varying definitions of globalization.

Definition of Terms

- **Globalization** is a process of expanding various sociocultural and socio-ecological processes from national to international and transcultural level (Al-Rodhan, 2006).
- **Global Connected Index (GCI)** is a measurement of flows and interconnections of a country to other global players through exchanges in trade, capital, people, and information (Altman, et al., 2018).

INTRODUCTION

Globalization has been a critical discourse in the international development policy arena. There is an increasing number of books written about globalization since the end of the 1980s (See Figure 1 below from Google Books Ngram Viewer, search using the keyword: globalization). There are numerous definitions of globalization, and one definition tends to focus on the economic side of globalization.

Nevertheless, it is a highly contested concept (Stiglitz and Pike, 2004). People commonly debate about the economic aspect of globalization, but it is only one aspect of the globalization agenda. Some authors argue against the hegemony and power imbalance that comes with globalization. While other authors highlight its positive impact on trade, commerce, and information flow.

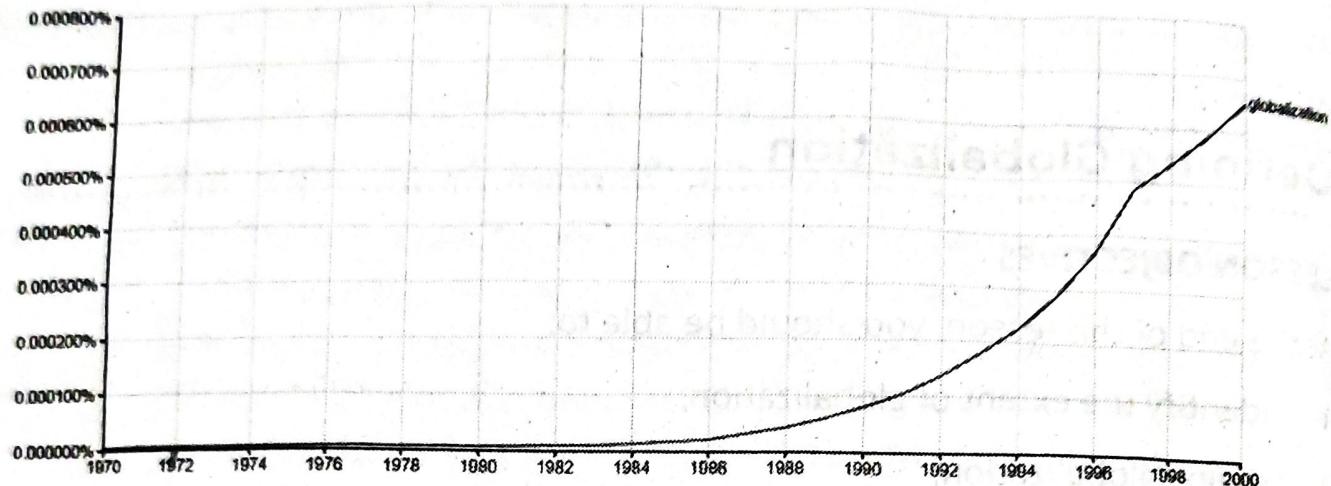


Figure 1. Trends on the books written about globalization.

(Source: Google Books Ngram Viewer)

In this section, we will unpack the concept of globalization by looking at the current state of globalization, assessing the different views and definitions of globalization and understanding the sociocultural and socioeconomic changes that come with it.

EXTENT OF GLOBALIZATION

How connected are we with the world? We start with an activity that asks "How are you connected with the world?" Most of us might answer that we have family, friends, or relatives living in other countries. Modern technologies and cheaper air travel made possible this connection and flow of people and information. But how do we measure global connectivity?

CONTEMPLATE.

"How are you connected with the world?"

Think of how you are connected with the other parts of the world. The following questions could guide you in your thinking:

Do you have any family, friends, or relatives living in other countries? How do you communicate with them? Have you been to other countries (for leisure, work, or studies, among others)?

How do you feel about being connected or disconnected with other people in the world? Why?

One of the recent indicators of global connections is the Global Connectedness Index (GCI)—a measurement of flows and interconnections of a country to other global players through exchanges in trade, capital, people, and information (Altman et al., 2018).

Based on the Global Connectedness Index 2018 report (Altman et al., 2018), the world's level of connectedness in terms of international trade, capital, information, and people is at its peak in 2017. The report indicates that the Netherlands is the world's most globally connected country, while Europe is the most highly globally connected continent. Also, economies in Southeast Asia like Cambodia, Malaysia, Singapore, and Vietnam have exceeded expectations for global connectivity, particularly in trade flow. However, based on this report, only 20 percent of the global economic output of the countries is exported from the home countries and only 3 percent of people are living outside the countries they were born in. This shows that the material and social flows are more within and between countries rather than on a global level (Altman et al., 2018).

DEFINING GLOBALIZATION

COLLABORATE AND CREATE.

Form groups. Collect old magazines or newspapers. Cut out pictures or headlines which you think reflect your ideas and experience of globalization. Create a collage by mounting these cutouts in the space provided.

Write down your group's definition of globalization. The group may research on different definitions of globalization.

Based on the definitions shared by the different groups, what are the common characteristics of globalization?

What do the groups' definition highlight in globalization (i.e., economic aspect, cultural aspect, etc.)?

What is globalization? There are numerous definitions of globalization in the development literature. You may refer to articles like that Mir, et al. (2014) for a literature review on the globalization discourse. Some definitions focus on the world's interconnectivity in terms of processes, events, and decisions (Albrow & O'Bryne, 2017; Friedman, 2006). While others focused more on economic and financial integration (Rodrik, 2008; Cline, 2010). Other authors criticized the singular focus on the economic aspect of globalization, and they contend that globalization's impact transcends to the social fabric of communities (Cerny, 1995; Jones & Kierzkowski, 2004; and Bairoch & Kozul-Wright, 2005). Also, Pieterse (2019) highlights the cultural processes involved in the process of globalization.

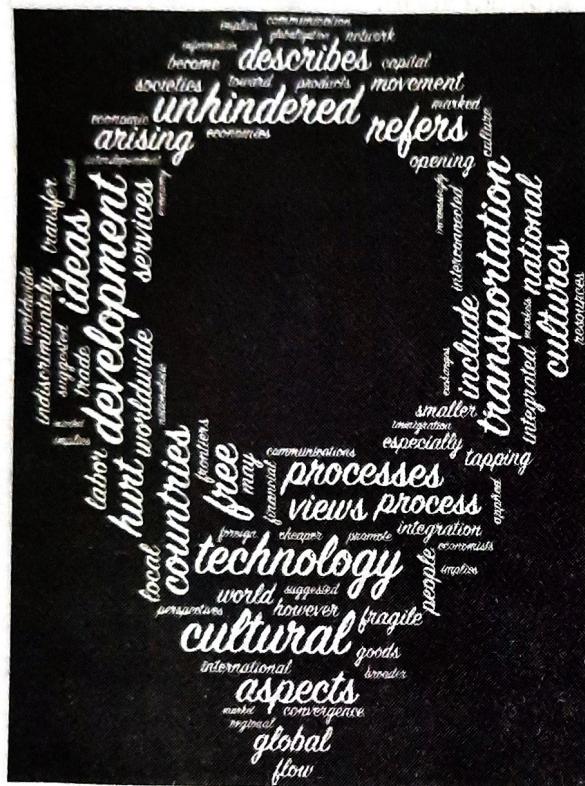


Figure 2.

Word cloud of definitions of globalization

(Created in www.wordclouds.com)

A word cloud of the different definitions found in the literature was generated. Keywords in these definitions include "movement," "integration," "free trade," "capital," and "world" (Figure 2). Other keywords include "economies," "culture," "products," "process," and "ideas." The definitions stated above and the figure shows the different dimensions of globalization. Hebron and Stack (2016) noted that most of the definitions of globalization focus on the economic and trade dimensions of the concept. However, one needs to look at the sociopolitical and sociocultural aspects of globalization (Steger, 2003; Hebron and Stack, 2016; Vadlamannati, 2015).

Globalization is seen as the process that focuses on the movement of trade, capital, and ideas. These definitions emphasize "what is being moved or traded across borders?" and "how it could integrate diverse economic processes, cultures and worldviews?" One critical characteristic of these flows of goods, services, and information is the integration of different markets and culture. In these definitions, the breaking down of territorial boundaries is eminent.

However, some authors argue against just the focus on the linear and spatial dimensions of globalization. These authors distinguish globalization from deterritorialization and westernization. Scholte (2005) argues that globalization

is not just about going beyond territorial boundaries, but is also about changes in the temporal connections of people. For instance, news from other parts of the world could be readily accessible in real-time through mainstream as well as online media. Elden (2005) contends that globalization is not merely about westernization. Naval voyages and early trade have not been always from the West. An example is the China and Philippines connections, which could be dated back as far as the Neolithic period and grew in the 10th century AD (Fox, 1967).

Socioeconomic Changes in Globalization

Scholte (2005) identifies macro-structural changes in a globalized society such as product and services integration through commodity value chains, emerging institutional arrangements, pluralistic identity, and growth of supra-territorial relations. Also, he identifies four key shifts in society:

- growth of trans- and supra-territorial connectivity
- the shift from capitalism to hyper-capitalism focused on production
- a move from nationalism toward identifying pluralism and hybridity
more of cultural
critical
reality
- from rationalism toward knowledge reflexivity
on going process
or change

Factors Driving Globalization

Different sources and factors drove globalization. One of the factors that drive globalization is the reduction of trade barriers. In 1947, richer countries banded together to reduce taxes on imports or tariffs under the General Agreement on Tariffs and Trade (GATT), which was later transformed to the World Trade Organization (WTO) in 1994 (Koopman & Hancock, 2019). Husain (2011) also identified modern technology developments as a key driver of globalization that facilitated faster communication and access to data or information. This further promoted the development of an information society (Castells, 2000).

Views about Globalization

If you look at how globalization is defined in the literature and based on your activity above, there are diverging views about globalization (Stiglitz and Pike, 2004). Some authors highlight the positive economic impacts of globalization such as on the level of employment and balance of trade (Kriesler and Nevile, 2016). On the other hand, some highlight the negative impacts of globalization, specifically the inequity among countries and between the rich and the poor.

Vandermoortle (2002), for instance, argues that though globalization and exponential growth, theoretically, could reduce poverty, it does not benefit all nations. Sub-Saharan Africa, where almost half of the world's extremely poor population lives (living below US\$1.90/day), has been especially marginalized by globalization (World Bank, 2019). Nevertheless, Beck (2018) contends the multi-dimensionality of globalization. These include the economic, political, cultural, ecological dimensions (Steger, 2017; Beck, 2018). Note that these dimensions will be extensively discussed in the next section.

COMMUNICATE.

You and your friends/classmates could form two teams. One group will discuss the advantages and benefits of globalization, while the other group will focus on the disadvantages and negative impacts of globalization. Note the main points of the pros and cons of globalization discussed during the debate.

SUMMARY

In this lesson, we first identified the extent of globalization. Several indexes measure the extent of globalization, one of which is the Global Connectedness Index (GCI). This index measures the flow of trade, capital, information, and people across countries. Based on the 2018 Global Competitiveness Report (Altman et al., 2018), the level of connectedness is lesser compared to what is perceived by the public. This report also shows that most of the globally connected countries are developed countries based in Europe, but countries from Southeast Asia have exceeded expectations for global connectivity.

Second, we discussed the diverse, often disparate, and mostly contested definition of globalization. The disparate conceptualization of globalization is based on the dimensions highlighted. There are different focuses on globalization such as economic, financial or industrial, political, informational, and cultural. These differences in definition also extend to the globalization debate. One views globalization as a positive driver of economic growth, while the other spectrum highlights the criticism against cultural integration disregarding the diversity and uniqueness of each culture.

Third, we also identified some factors that drove globalization. These include enabling policy environment that lessens restrictions and flows in trades and goods, infrastructural investments such as on modernization of transportation systems, and modern telecommunications.

Lesson 2

Interrogating Globalization

LESSON OBJECTIVES

After this lesson, you should be able to:

1. discuss economic globalization as a complex process responsible for enormous global and local changes;
2. explain economic globalization's accompanying cultural and political globalization;
3. articulate the assumptions behind globalization; and
4. critically evaluate the impacts of globalization especially for poor countries.

Definition of Term

- **Development paradigms** – an idea of prescribed path to attain development through certain set of activities, according to a defined vision (Bellù, 2011)

INTRODUCTION

Globalization has been responsible for remarkable changes in the 20th century. In understanding it as a subject, one must examine what kind of changes are created and the underlying processes behind these changes. Furthermore, the pursuit of globalization operates on several assumptions that need to be evaluated. As a complex change, it permeates people's daily realities as well as the lives of communities and countries. A deeper analysis is needed to assess whether the process and impacts of globalization are consistent with development that is sustainable, just, and equitable for the people and the planet.

Economic Globalization, Cultural Globalization, and Political Globalization

Globalization is mainly conceptualized as intensified transference or exchange of things across existing boundaries (Bartelson, 2000). However, globalization is primarily an economic process, the drive toward integration of economies throughout the world. This is achieved through trading and financial flows across countries' borders (IMF, 2000).

Globalization and its accompanying processes point to a paradigm about development (Pongsapich, 2003). Globalization is built on the belief that development can be achieved through rapid economic growth, made possible because of economic integration (Cavanagh, Mander & IFG, 2004). As a growth-oriented model of development, it looks into GDP as indicator of success.

CONTEMPLATE.

Competing Development Paradigms. A development paradigm is an idea of prescribed path to attain development through certain set of activities, according to a defined vision (Bellù, 2011). Below is a quote from Datu Kaylo Bontulan, a Manobo leader. He talks about a proposed business investment in their ancestral land that will displace indigenous communities.

"If this (investment) happens, we cannot cultivate our lands anymore. We cannot grow local crops on our ancestral domain. They will only force us to evacuate and use the military who will not think to kill us twice if we stop their project."

- *Salugongan Ta Tanu Igkanugon, Datu Kaylo Bontulan, Talaingod (Velez, 2018)*

What are your thoughts regarding two competing paradigms of development—development by building business in the ancestral land and development from the point of view of indigenous people?

Economic globalization is a complex global process of expanding the market economic system all throughout the world. The market economy, the economic system that gives freedom to entrepreneurs to control productive process to pursue profit, is just one kind of economic system designed by human societies. It is a corporate-driven process of enhanced transnational exchange of products, services, technologies, and capital, creating an increased interdependence of world economies (Shangquan, 2000).

Flows in the Age of Globalization

Important aspects of globalization include global trading, capital flows, and movement of people (IMF, 2000).

Trading

International trading, or the economic exchanges and deals between countries, is enabled by international fiscal payments where private banks and the central banks of particular nations play important roles (Encyclopedia Britannica, n.d.).

Global trading concerns importation and exportation. The world saw an increase in world trade from 1971 to 1999, and the biggest increase was seen in the export of manufactured goods. On the other hand, export of primary commodities such as food and raw materials often produced by poor countries declined (IMF, 2000).

Capital Movement

There was an increase in the capital flows to poor countries during the 1990s (IMF, 2000). One manifestation of capital movement is foreign investment. Foreign investment can be categorized as commercial loans, official flows, or foreign direct investment. Commercial loans are money lent to foreign businesses or governments, while official flows refer to development aid or money granted by rich countries to developing nations. Foreign direct investment refers to buying or putting up a firm in a foreign country or contributing to the enhancement of an existing firm (Levin Institute, n.d.). Transnational corporations, businesses that operate in more than one country, primarily undertake foreign direct investment.

Movement of People

People can migrate to other countries in search of better employment opportunities. In the Philippines, the number of Overseas Filipino Workers during the period April to September 2018 was estimated at 2.3 million (Philippine Statistics Authority, April 2019).

Cultural Globalization and Political Globalization

Increased interdependence of economies in the world also combines with globalization of culture and politics.

Cultural Globalization

"The current era of globalization, with its unprecedented acceleration and intensification in the global flows of capital, labour, and information, is having a homogenizing influence on local culture. While this phenomenon promotes the integration of societies and has provided millions of people with new opportunities, it may also bring with it a loss of uniqueness of local culture, which in turn can lead to loss of identity, exclusion and even conflict."

—UNESCO (n. d)

Cultural globalization refers to the increasing "contact between people and their cultures—their ideas, their values, their ways of life" (Kumaravadivelu, 2008, p.33). This significant change is getting deeply entrenched in contemporary societies. It is also linked to globalization of lifestyles such as music, media, fashion, food, as well as globalization of knowledge, science, and technology.

Political Globalization

Political globalization is the enlargement of the international political system and its establishments, where inter-regional dealings, including trade, are managed (Modelski, Devezas and Thomson, 2007:59).

Conventional politics usually happens within national political spheres. In political globalization on the other hand, political decision-making can transcend the boundaries of nations. When talking of managing economic and trading matters, security, environment, and other transnational issues, some institutions come into play such as the World Bank, International Monetary Fund, United Nations, among others.

COMMUNICATE.

Globalized lifestyles.

Form groups of three. Each group will discuss the following:

Describe young people's lifestyle—food, media, fashion, art, movies, and music.

Find your groups' similarities in lifestyle. Which among these are influenced by foreign culture?

What or who influenced you to adopt those kinds of lifestyle?

Features of the economic, cultural, and political globalization, particularly the distinct characteristics of the economic integration, restructuring of the world, globalized ideas, movement of people, as well as the challenges for a sustainable world, will be further discussed in the succeeding lessons.

Assumptions Behind the Pursuit of Globalization

As a paradigm of development, globalization operates on certain assumptions about a desirable economy and development. However, these assumptions must be tested in the real world. Some critiques regarding the unreliability of these assumptions are summarized below:

Assumptions Behind Globalization	Critiques to the Assumptions
Rapid economic growth will lead to development.	Economic growth is only one aspect of development, other aspirations are: <ul style="list-style-type: none">achieving both material needs and broader social objectives;social and economic justice and equity;self-reliance;welfare, adequate provision of basic services; andequitable distribution of opportunities, income, and wealth.
Trading will bring prosperity.	Trading benefits some more than others.

Poor countries will benefit from borrowed funds.	Borrowing of poor countries are coupled with conditions (SAPs), which make countries compromise spending for social services and welfare.
Poor countries need to catch up with rich countries by implementing economic policies toward economic integration.	It will be difficult for poor countries to catch up because they are caught in unequal exchanges and underdevelopment. Underdevelopment cannot be understood just by analyzing one country but by examining it within the historical and worldwide political-economic system (Valenzuela, Valenzuela, 1978: 544).
Removal of tariffs, quota can ease global trading and will lead to economic integration (toward prosperity).	Reduction of tariffs in the Philippines since the 1980s led to unfair competition of local industries with imports. Industries directly affected by tariff cuts were paper products, textiles, ceramics, rubber products, furniture, wood, shoes, and leather goods. One of the industry worst hit was the textile industry, down to less than 10 firms from 200 firms in 1970s. Reduction of tariffs led to the death of several domestic industries (Bello, 2009). The loss of these local industries also resulted in massive unemployment.

Institutions and Actors Shaping Economic Globalization

The pursuit of fast-paced international economic transactions as well as movement of people and knowledge is driven by certain actors, in engagement with many sectors. Globalization is not a random phenomenon. It is devised by humans, guided by several assumptions about development.

International businesses called transnational corporations are important players in globalization.

COMMUNICATE. What are TNCs?

Form two groups. Research on Philippine BPOs and the origin of Starbucks. Explain transnational corporations by dramatizing the BPOs and the story of Starbucks.

Group 1: What are Business Process Outsourcing (BPO) companies?

Group 2: What coffee did our parents drink before Starbucks?

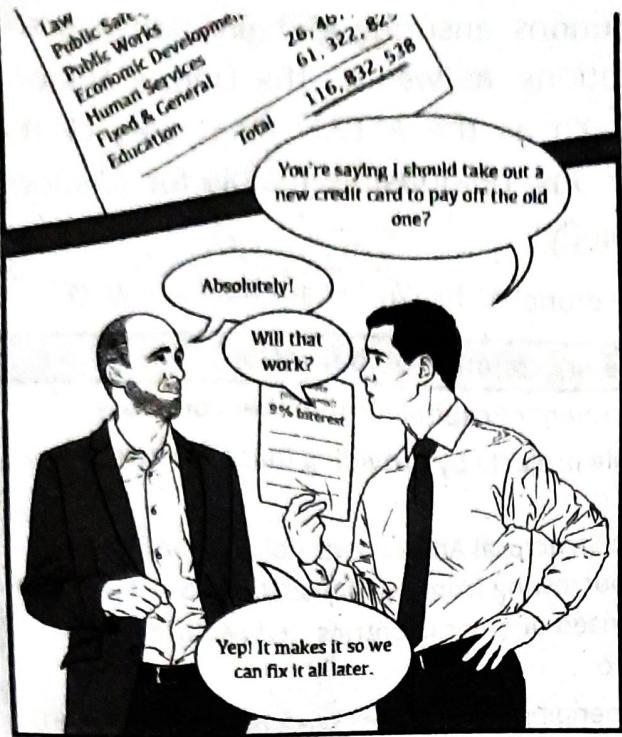
Other important actors and institutions ensuring globalization are the international financial and trade institutions, as well as the United Nations agencies and regional organizations, such as the ASEAN. The roles of the international financial and trade institutions, responsible mainly for ensuring economic globalization, are discussed briefly:

Table 1. International financial and trade institutions, the World Bank, IMF, and WTO.

Organization	Role In Economic Globalization
World Bank	<ul style="list-style-type: none"> • Facilitate investment of capital for member countries • Fund large-scale projects by providing loans for member countries • Implement the Structural Adjustment Policies (SAPs) for countries borrowing from the World Bank. SAPs are programs imposed on poor countries that require their governments to: <ul style="list-style-type: none"> - reduce spending for social services such as education, health, and price subsidies; - prioritize repaying debts; - increase exports, provide subsidies for foreign export-oriented firms; and - remove tariffs for imports.
International Monetary Fund (IMF)	<ul style="list-style-type: none"> • Provide short-term emergency loans • Help bring enormous flow of foreign money through loans and speculative investment
World Trade Organization (WTO)	<ul style="list-style-type: none"> • Create rules for global trade and investment • Aim to reduce tariffs • Create agreements for member countries regarding multilateral policies that push governments to relax regulations on environment, food safety, and product quality • Encourage countries to deregulate economies

Summarized from: Cavanagh, J., Mander, J., & Globalization, I. F. (2004). *Alternatives to Economic Globalization: A Better World Is Possible* Ed. 2. Berrett-Koehler.

The World Bank, IMF, and the WTO aim to make sure that quicker and easier movement of products, capital, and trading between countries is achieved by implementing international policies, reforms, and agreements. One objective of global financial and trading institutions is to enforce common trading and financial flow standards and policies to all countries. Another common goal is to "deregulate" firms (deregulation). To deregulate businesses is to reduce the control of government over businesses, making them more powerful in implementing their visions, goals, and operations.



The Impacts of Globalization

Economic deregulation is met with disapproval from different groups such as labor organizations, environmental groups, indigenous peoples, and even consumer groups. Lessening government's control over businesses led to outcomes such as neglect of environment, low wages and unstable employment, under servicing of consumers, and privatizing common resources.

World Bank, IMF, and Debts

Supporters of globalization carry several assumptions about it. Assumptions need to be scrutinized against real-life conditions.

Proponents and guardians of globalization, such as the IMF, acknowledge poverty and inequality existing alongside globalized economies. However, globalization trend must not be halted, but must be continued by embracing policy changes.

International production is conceived to increase jobs created across countries.

Poor countries need to catch up. But countries in the world are divided according to its role and power in the global system. A country's poverty or development conditions are heavily influenced by its position in the world system.

Contrasting Evidence of Positive Effects

- Increased income



More employment



Less poverty



Globalization Have Losers and Gainers

Increased trading may result to wider choices of consumer goods in the market. However, international trading produces varying results. Restructuring of economy through fast-paced flux of capital across different countries has impacts on places and social relations. These restructuring in places and social relations can have disintegrating effects for the development of communities (Katz, 2004). These kinds of global interactions produce uneven development.

Unequal playing field for local producers and foreign producers from developed countries lead to losses for local producers.

The Effects of Global Trading on the Philippine Local Economy

Because of enhanced global trading, cheap imported vegetables flood the local market. Local consumers and businesses find it cheaper to buy imported agricultural products than locally produced goods. Local producers are unable to compete with the modern and highly-supported vegetable production from developed countries such as China, Australia, New Zealand, and the Netherlands.