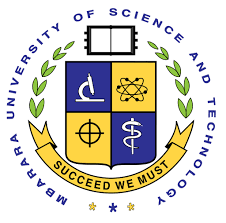
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DVS 2210

MBARARA UNIVERSITY OF SCIENCE AND TECHNOLOGY



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## **Introduction**

**Globalization**: The process of increased interconnectedness and interdependence among countries, economies, and peoples across the world through growing cross-border movement of goods, services, capital, technology, ideas, and people. **Contemporary**: Referring to the current period, particularly from the mid-1990s to the present, characterized by rapid technological advancement and economic liberalization. **Critical Analysis**: A detailed examination and evaluation that considers both positive and negative aspects, strengths and weaknesses, and underlying assumptions. **Fear**: In this context, concerns about negative consequences or harmful impacts of globalization on economies, societies, cultures, and environments. The following examines the characteristics of contemporary globalization since the mid-1990s and evaluates whether there is a legitimate need to fear its impacts, drawing on examples from different countries around the world.

## **(a) Critical Analysis of Contemporary Globalization Process (10 Marks)**

### **Growth in International Trade and Economic Integration**

### Countries are buying and selling more goods and services from each other than ever before. E.g. **Uganda**: Coffee exports increased from about $1 million in 1990 to over about $5 million recently, showing greater integration into global markets, **Vietnam**: Transformed from a closed economy to a major exporter, with exports growing from 36% of GDP in 1995 to over 100% today, becoming a leading exporter of electronics, textiles, and rice.

### **Increased Financial Integration and Capital Mobility**

Money and investments flow more easily across borders, with companies investing in different countries and people trading stocks internationally. E.g. In **Uganda**: Mobile money services like MTN Mobile Money now process transactions worth over 50% of GDP, **Poland**: After joining the EU, received over €100 billion in Foreign Direct Investment (FDI), modernizing its manufacturing sector and creating hundreds of thousands of jobs.

### **Technological Revolution and Digital Connectivity**

New technologies, especially the internet and mobile phones, have connected people worldwide, changing how we communicate, work, and do business. E.g. **Kenya**: M-Pesa mobile money system serves over 30 million users, enabling financial transactions without bank accounts, **South Korea**: Achieved 99% broadband penetration, becoming a global leader in 5G technology and digital exports.

### **Rise of Global Value Chains**

Products are no longer made entirely in one country; different parts are made in different countries before being assembled into final products. E.g. **Thailand**: From producing simple components, now manufactures complex auto parts and electronics, supplying global brands like Toyota and Samsung.

### **Standardization of Policies and Institutions**

Countries are adopting similar economic policies and establishing similar institutions to facilitate global business. E.g. **Georgia**: Simplified business regulations, reducing corruption and improving its World Bank "Ease of Doing Business" ranking from 112th in 2005 to 7th in recent years.

### **Cultural Exchange and Hybridization**

Ideas, trends, and cultural practices spread more easily across borders, creating both similarities and new mixed cultural forms. E.g. **Nigeria**: Nollywood films now reach audiences across Africa and beyond, blending local storytelling with global production techniques, **South Korea**: K-pop and Korean dramas have achieved global popularity, demonstrating cultural influence beyond traditional Western dominance, **Jamaica**: Reggae music has influenced global music while evolving through contact with international genres.

## **(b) Is There a Need to Fear Globalization? (15 Marks)**

The rapid pace and far-reaching impact of globalization have generated both enthusiasm and apprehension worldwide. As borders have become more permeable to goods, services, capital, and ideas, many have questioned whether these developments present more threats than opportunities. This section examines whether these fears are justified by analyzing both the documented negative consequences of globalization and its potential benefits across different countries and contexts. The analysis recognizes that the impacts of globalization are neither uniform nor predetermined but depend significantly on how countries choose to engage with and manage global forces. By examining concrete examples from diverse economies, we can better understand whether fear is an appropriate response to globalization or whether more nuanced approaches are warranted.

### **Concerns About Globalization**

#### **Economic Vulnerability to External Shocks:** When economies are closely connected, problems in one country can quickly affect others. E.g. **Malaysia**: During the 1997 Asian Financial Crisis, suffered currency collapse and economic contraction despite relatively sound domestic policies, **Ecuador**: When oil prices fell in 2014-2016, its economy contracted by 3.4% due to dependence on oil exports.

#### **Increasing Inequality:** The benefits of globalization often go to those who already have advantages (education, capital, connections), while others may be left behind. E.g. **United States**: Manufacturing job losses in regions like the Rust Belt while coastal urban areas with knowledge economies prospered, **Brazil**: Export-oriented agriculture has enriched large landowners while many rural workers remain in poverty.

#### **Environmental Degradation:** Increased production and transportation for global markets can harm the environment through pollution, deforestation, and climate change. E.g. **Indonesia**: Lost over 24 million hectares of forest since 1990, partly due to palm oil production for global markets, **Chile**: Salmon farming for export has caused water pollution and harmful algal blooms.

#### **Cultural Homogenization:** Local cultures and traditions may be overwhelmed by global (often Western) cultural influences. E.g. **France**: Implemented cultural protection policies like quotas for French-language content on radio and TV to preserve cultural identity.

#### **Reduced National Sovereignty:** Countries may lose some control over their economic policies due to international agreements and powerful global institutions. E.g. **African countries**: Trade agreements often prevent industrial policies that were used by today's developed nations during their development.

### **Benefits of Globalization**

#### **Economic Growth and Poverty Reduction:** Access to global markets can help countries grow their economies and reduce poverty through job creation and higher incomes. E.g. **China**: Lifted over 800 million people out of poverty since 1990 through integration into global markets.

#### **Knowledge and Technology Transfer:** Countries can learn new skills and technologies from international companies and partners. E.g. **Israel**: Transformed into a "startup nation" through international tech partnerships and knowledge networks.

#### **Greater Consumer Choice and Lower Prices:** People can buy a wider variety of products, often at lower prices, due to international trade. E.g. **Kenya**: Second-hand clothing markets provide affordable options for low-income consumers.

#### **Improved International Cooperation:** Countries that trade together often work together better on other issues like security and environmental protection. E.g. **African Continental Free Trade Area**: Aims to boost intra-African trade while reducing regional conflicts.

## **Conclusion**

Contemporary globalization since the mid-1990s has been characterized by increased trade, financial integration, technological connectivity, global value chains, policy standardization, and cultural exchange. These processes have created both opportunities and challenges for countries around the world. While there are legitimate concerns about economic vulnerability, inequality, environmental degradation, cultural homogenization, and reduced sovereignty, globalization has also contributed to poverty reduction, knowledge transfer, consumer benefits, and international cooperation. Rather than fearing globalization, a more productive approach is to manage it strategically through investments in education, social safety nets, environmental protection, and selective integration policies. Countries that have adopted such balanced approaches have generally been more successful at harnessing the benefits of globalization while minimizing its costs. The challenge for policymakers is not to retreat from global engagement but to shape it in ways that advance sustainable and inclusive development. This requires strong domestic institutions, strategic policies, and international cooperation to ensure that globalization serves the broader public interest rather than narrow private interests.