

TCW REVIEWER!

Lesson 1 - Module 1: Definitions of Globalization

Definition of Globalization:

- a. Manfred Steger defines globalization as the expansion and intensification of social relations and consciousness across world-time and world-space.
- b. Another view describes globalization as the process of increased flows of ideas, people, goods, services, technology, and capital leading to the integration of economies and societies at an unprecedented speed.
- c. Anthropologist Arjun Appadurai suggests that there are multiple globalizations depending on what is being globalized, such as ideas, materials, and culture.
- d. In economic terms, globalization involves recognizing the need for a global, rather than local, focus and the complex network of international business relationships.

Interrelated Factors of Globalization:

Proximity: Organizations are now closer to a wider range of customers, competitors, suppliers, and regulators due to advances in telecommunications.

Location: Organizations operate across international boundaries, integrating their operations as part of globalization.

Attitude: Globalization involves adopting an open attitude towards international management and participating in the global economy.

How Governments Influence Competitiveness:

- Governments and businesses should prioritize international competitiveness.
- Unified responsibility for international trade policy and export promotion is recommended.
- Government actions, institutions, and policies can significantly influence global competitiveness.

Globalization and Competitiveness:

- Competitiveness refers to a competitor's relative standing compared to others, akin to a game of musical chairs.
- Some national governments are more successful in stimulating progress and competitiveness.

Measuring Globalization:

- We live in a global marketplace where products and services are available worldwide.

- The sense of identity with a particular country for many brands and companies is becoming blurred.
- The KOF Swiss Economic Institute provides a ranking of globalization into economic, social, and political dimensions.
- Higher-ranking countries are typically economically well-off.

Key Takeaways:

Globalization involves the expansion and intensification of social relations and consciousness across the world.

It encompasses increased flows of ideas, people, goods, services, technology, and capital.

Governments can influence competitiveness through policies and actions.

Competitiveness is the relative standing of one competitor compared to others.

Globalization is measured across economic, social, and political dimensions, with higher-ranking countries often being economically well-off.

MODULE 2:

Lesson 1 Module 2: The World Economy

Introduction/Overview:

This module explores the significant transformations in the world economy since World War II, with a focus on Drucker's insights from 1986. Key changes include the rise of global markets, where global competitors have overtaken or integrated with local businesses, and the substantial growth in the integration of the world economy, marking a pivotal shift.

Lesson 2: Economic Systems

Three Economic Systems:

Market Allocation: Resources allocated by households and firms. It emphasizes consumer choice and competition. Examples include North America, Western Europe, and Japan.

Command Allocation: Government controls what is produced and how. Consumers have limited choice. Examples include China, the former Soviet Union, and India.

Mixed Allocation: A mix of market and command systems. Government involvement varies. Examples include Sweden and China's Guangdong province.

Economic Freedom Ranking: The Heritage Foundation ranks countries based on economic freedom, considering factors like trade policy, taxation, and property rights.

Lesson 3 Module 2: World Bank Four-Category System

Four Categories Based on GNP Per Capita:

Low-Income Countries: GNP per capita less than \$766, often reliant on agriculture, with high birth rates and political instability.

Low-Middle-Income Countries: GNP per capita between \$766 and \$3,035, typically at early industrialization stages.

Upper-Middle-Income Countries: GNP per capita between \$3,036 and \$9,385, experiencing industrialization and urbanization.

High-Income Countries: GNP per capita above \$9,386, characterized by advanced economies.

Notable Example: South Korea stands out among emerging markets, achieving high-income status.

Lesson 4: The Six Core Claims of Market Globalism

Market Globalism Claims:

Globalization as Market Triumph: Free market capitalism is the driving force of globalization, minimizing government intervention.

Inevitability and Irreversibility: Globalization reflects unstoppable market forces, making global integration inevitable.

No Central Control: Globalization operates without centralized control, driven by market dynamics.

Benefits for Everyone: Globalization leads to economic growth and prosperity, despite short-term disruptions.

Spread of Democracy: Globalization promotes democracy, particularly in economically developed regions.

Globalization Requires War on Terror: The U.S. combines globalization with the War on Terror, asserting American values and interests.

Lesson 5 Module 2: The International Economic Environment

Asia's Economic Growth: Asia is poised to surpass North America as the world's most powerful region due to rapid economic growth, driven by factors like exports, a growing consumer market, and foreign investment.

Asian Consumer Power: A billion Asians with spending power are emerging as a significant market, attracting investments in infrastructure and industries.

Marketer's Perspective: Companies have shifted from viewing Asia as a source of cheap labor to a vibrant market with immense potential.

Economic Variables: Evaluating foreign-based market environments should include factors like market size and nature, as shown in a table.

Key Points for Review:

- Post-World War II, global markets have risen, integrating local businesses.
- The world economy has significantly integrated.
- Economic systems include market, command, and mixed.
- The World Bank classifies countries based on GNP per capita.
- Market globalism claims include the triumph of free markets, inevitability of globalization, lack of central control, and benefits for all.
- Asia's economic growth and emerging consumer market are reshaping the international economic landscape.
- Marketers now see Asia as a promising market.
- Economic variables are crucial for evaluating foreign markets.

MODULE 3:

What Is a State?

- A state is a community of people living in a specific territory.
- It possesses an organized government.
- It enjoys independence from external control.
- It has the capacity to make war, peace, and engage in international relations.

Nation vs. State:

- Nation refers to a group of people with common characteristics, culture, and often living under the same government.
- State is a political concept focused on governance.
- These terms are often used interchangeably, but they have distinct meanings.

Four Essential Elements of the State:

People:

- Citizens of a state with political power.
- Necessary for the state's existence.
- Should be sufficient to govern effectively.

Territory:

- A fixed geographical area occupied by inhabitants.
- Nomadic tribes do not constitute a state.
- Territory can be acquired through various means (discovery, prescription, secession, subjugation, annexation, and accretion).

Government:

- The authority that establishes and enforces fundamental rules in a society.
- Composed of executive, legislative, judicial, and administrative branches.
- Two types of government: de jure (legitimate) and de facto (illegitimate).

Sovereignty:

- Supreme, absolute, and uncontrollable power governing an independent state.
- Includes internal sovereignty (control over internal affairs) and external sovereignty (control over external affairs).

Types of Governments:

- De jure government: Established according to the constitution and lawfully recognized but currently not in power.
- De facto government: Maintains power through force and temporarily replaces the legitimate government.
- Three types of de facto governments: by revolution, by secession, and by occupation.

Types of Sovereignty:

- Internal sovereignty: Control over internal affairs, not relevant under international law.
- External sovereignty: Control over external affairs, including treaties, war, and diplomacy.

MODULE 4:

Economic Globalization

- Economic globalization is the increasing integration of economies worldwide through the movement of goods, services, capital, and information.
- It includes the globalization of production, finance, markets, technology, institutions, corporations, and labor.

Globalization of Trade of Goods and Services

- Trade surplus occurs when a country exports more than it imports, while a trade deficit is the opposite.
- The theory of comparative advantage supports free and open trade.
- Trade barriers include tariffs (tax on imports), export subsidies, and quotas (limits on imports).

Globalization of Financial and Capital Markets

- Absolute advantage in production occurs when one country uses fewer resources than another.
- Trade barriers include tariffs, export subsidies, and quotas.

Globalization of Technology and Communication

- Technology transfer and communication are essential for economic development.

- Human resources are crucial for economic advancement.

Globalization of Production

- Production involves combining inputs to create output.
- Firms choose production methods that minimize costs.
- Labor-intensive techniques are suitable for labor-abundant economies.

Globalization vs. Internationalization

- Globalization involves functional integration across borders.
- Internationalization is about extending economic activities across borders.
- The role of nation-states may diminish due to globalization.

World Trade Organization (WTO) and GATT

- GATT promoted trade among member nations and reduced tariffs.
- The WTO succeeded GATT and expanded market access commitments.
- These agreements lowered prices for consumers and businesses.

Preferential Trade Agreements

- Free Trade Areas (FTA) eliminate internal trade barriers.
- Customs Unions have common external barriers.
- Common Markets allow free movement of production factors.
- Examples include NAFTA and the European Economic Area.

Regional Trade Agreements

- ASEAN promotes cooperation among Southeast Asian nations.
- The European Union is a supranational organization with 27 member countries.
- The Middle East includes countries around the Mediterranean, the Arabian Peninsula, Iran, and North Africa.
- ECOWAS and SADC promote economic cooperation in West and Southern Africa, respectively.
- OPEC controls a significant portion of global oil production.

The Bretton Woods System

- The Bretton Woods system established monetary rules among Western countries.
- It tied currencies to gold and allowed the IMF to provide financial assistance.
- It aimed to prevent competitive currency devaluation.

Developing Countries and International Trade

- UNCTAD promotes development through trade and investment.
- The Generalized System of Preferences (GSP) offers tariff concessions to developing countries.
- The Uruguay Round led to the creation of the WTO.
- Trade can help reduce poverty in least developed countries.

The McDonaldization of Society

- McDonaldization refers to the spread of fast food business models in society.
- It involves efficiency, predictability, calculability, and control.
- While it enhances efficiency and consistency, it can lead to uniformity and reduced product variety.

6 Important Facts About International Trade

- Lower tariffs quadrupled global trade over 20 years.
- Trade disputes can be resolved through organizations like the WTO.
- Trade can lower prices, increase choices, and drive innovation.
- Trade has reduced poverty in developing countries.
- International trade promotes economic growth and development.
- Many international trade organizations operate in Geneva, Switzerland.

MODULE 5:

Global Corporations:

- Global corporations are companies that do business in multiple countries, not just their country of origin.
- Expanding to even one additional country is a significant achievement for a company.

Competitive Strategies:

- Cost Leadership: Selling products at a low price and producing them at a low cost.
- Differentiation Strategy: Making products or services unique to stand out from competitors.
- Cost Focus Strategy: Targeting a specific market segment with the lowest prices.
- Differentiation Focus Strategy: Offering something unique to a narrow market segment.

Globalization Drivers:

- Market Drivers: Convergence of customer needs, leading to standardized offerings.
- Cost Globalization Drivers: Opportunities for scale and standardization, affecting industry economics.
- Competitive Drivers: Industry characteristics, trade volume, and competitive diversity impact globalization potential.
- Government Drivers: Government policies, regulations, and standards affect global strategy.

Functions of Global Corporations:

- Financing in the Internal Capital Market: Use of internal financing to optimize tax benefits and support subsidiaries.
- Managing Risk Globally: Leveraging internal operations to offset risks, such as currency exposure.

- Global Capital Budgeting: Adjusting valuation and budgeting methods for international operations.

Challenges of Globalization:

Ensuring that globalization benefits all countries.

Addressing instability concerns, especially in the developing world.

Preventing a "race to the bottom" in wages, labor rights, and environmental practices.

Encouraging international cooperation for the overall benefit of countries and people.

MODULE 6:

Lesson 1: The Global North-South Divide

In Lesson 1, we learn how globalization affects people differently based on where they live. In cities like Manila and New Delhi, there are stark contrasts between wealthy areas with big buildings and impoverished neighborhoods with makeshift shantytowns. Many people here live in poor conditions, with inadequate facilities and job opportunities. They often face threats of eviction to make way for commercial development, and their lives are filled with challenges.

This situation is quite different from cities like New York, where poverty exists but is not as extreme as in the global South. Child labor is less common, and there is generally more security for the poor. Lesson 1 highlights the significant inequality created by globalization.

Lesson 2: Global Inequality and the Future

Lesson 2 discusses social differentiation and how it leads to social inequality. It emphasizes that not only do people within a nation have varying access to wealth and power, but nations themselves are ranked globally in terms of their wealth, power, and prestige.

There are three main categories of nations:

Core Nations: These are like the wealthy upper class and include countries like the United States, Germany, and Japan. They hold most of the world's wealth and are home to major corporations.

Semi-Periphery Nations: These are comparable to the middle class, with countries like Saudi Arabia and Brazil. They are moving toward industrialization and have moderately strong governments.

Periphery Nations: These are like the lower and working classes and include countries like Haiti and Bangladesh. They are poor, lack power, and receive minimal benefits from the global economy.

Reasons for Analyzing State and Interstate Inequalities

Historical Background: After the process of decolonization, many countries in Asia, Africa, and the Middle East gained sovereignty but were still struggling with poverty. These nations often lack proper representation in global organizations and international banks.

State-Level Solutions: Solutions to global issues caused by globalization are usually discussed and implemented at the state level. States are crucial for social redistribution and are responsible for addressing issues like poverty, economic development, and environmental concerns.

Global Approaches: Challenges like global warming require cooperation on a global scale. States have the power to regulate companies operating within their borders, making them important players in addressing global environmental crises.

Transnational Effects of State Policies: Even transnational phenomena, such as labor migration, are influenced by state policies. For example, the remittances sent by overseas Filipino workers boost the domestic economy and rely on state policies.

Role of the State in the Global South: In economically disadvantaged regions like the global South, active state involvement is necessary to counter the influence of international financial institutions and foreign powers.

Responses to Colonialism in the Global South

Solidarity: Colonized states have historically shown solidarity in their fight against colonialism. This solidarity laid the foundation for modern conceptions of the global South, with ideas spreading across borders.

Socialist Internationalism: Socialist movements examined the exploitation between core and peripheral economies. Lenin's ideas were influential in understanding Third World underdevelopment.

Decolonization: The end of World War II led to decolonization, with over 80 former colonies gaining independence. International law recognized the principles of self-determination.

Third World Countries: Non-aligned countries emerged, aiming to find a middle ground between the first and second worlds. The Bandung Conference in 1955 united Asian and African countries against new forms of colonialism.

Shifts in Global Politics: Today, the concept of a distinct "Third World" is no longer applicable due to changes in global politics, including the end of the Cold War and successful capitalist development in some regions.

Conservative Anti-Western Nationalism: Some countries in the global South have adopted reactionary stances against neo-colonialism, indicating that Third Worldism is evolving in response to global modernization.

Lesson 3: The Asia-Pacific Region

The Asia-Pacific region is incredibly diverse, with significant variations in language, culture, economic development, and population. It includes economically advanced countries like Japan, South Korea, Singapore, and Taiwan, as well as impoverished nations like Cambodia, Laos, and Nepal. The region is home to both the world's most populous countries, such as China and India, and some of the smallest, like the Maldives and Bhutan. These countries differ in terms of geography, political systems, history, and demographics. The Asia-Pacific region covers almost one-third of the world's land area and contains two-thirds of the global population. Economically, it generates the largest share of global GDP at 35%.

Why Global Powers Focus on Asia-Pacific and South Asia

The Asia-Pacific and South Asia regions have gained significant political and economic influence over the past decade. This is primarily due to the rapid economic growth of China and India, which has strategic implications for the world. The United States has shifted its foreign policy toward these regions, a move referred to as the "Pacific Pivot," recognizing their increasing importance. This shift reflects the reality that the Asia-Pacific region is home to nearly half of the world's population and includes key global economic players like China and India.

Effects of Globalization in the Region

External Phenomenon: Globalization has transformed the Asia-Pacific and South Asia region. It has brought both positive aspects like economic development, political progress, and cultural diversity, as well as negative effects such as economic underdevelopment and the erosion of local traditions.

Historical Narratives: Western powers, with technological and industrial advantages, historically influenced the region, leading to their political and economic dominance. This influence has roots in various factors, including environmental advantages and cultural characteristics.

First Globalization: Colonialism in the 1500s marked the "first globalization," resulting in significant changes and disruptions in indigenous societies. Western powers like Portugal, Spain, the Netherlands, and Britain expanded their influence.

Nationalism and Independence: Movements for nationalism and independence emerged in the 19th and 20th centuries, influenced by globalized ideas. National identity often stemmed from the rise of Western industrialization and capitalism.

World War II and the Cold War: The Pacific region was deeply affected by World War II and later became a battleground during the Cold War. The United States played a role in promoting economic growth and integration in Japan and other nations.

Economic Globalization: Economic liberalization and globalization led to informal employment in developing countries, raising concerns about working conditions and safety in factories that manufacture goods for Western companies.

Political Transformation: Over the past three decades, authoritarian regimes in the region have declined, giving way to more democratic governments. Factors like a rising middle class and global connections contributed to this shift.

Cultural Impacts: Critics argue that globalization has led to cultural homogenization and the loss of cultural diversity. Western cultural trends, including fast food chains like McDonald's and Western entertainment, have spread globally, affecting local cultures.

Lesson 4: The Region as an Autonomous Agent in Globalization

This perspective looks at how the Asia-Pacific and South Asia regions have played a crucial role in shaping and influencing globalization, rather than just being passive participants.

Historical Influence: Some argue that Asia was a dominant force in the early global economy. It had important trade routes and was often more advanced than the West in areas like science and medicine. Europe's rise to global prominence in the 18th century came after extracting resources from Asian colonies.

Colonialism as a Two-way Influence: Colonies in the region influenced the West as much as the West influenced them. Innovations in politics, social concepts, and technologies often traveled from colonies to the core. For example, practices like counter-insurgency and surveillance were developed in the colonial Philippines and later used in the West.

Post-Colonial Development: Asian countries like Japan and China have shaped global economic practices. Japan, despite being resource-poor, became a manufacturing giant, setting global procurement patterns. China's sheer scale in development has a significant impact on globalization, especially in low-wage labor and supply chain management.

Lending and Migration: China has surpassed international institutions in lending to developing countries. India, too, has emphasized exports and services like software development, while both countries contribute a significant portion of international migrant labor. Remittances from migrants have become a vital income source for the region.

Regional Trade Arrangements: Regionalism is growing in the region, with trade arrangements promoting cooperation. Organizations like APEC aim to foster global cooperation through regional partnerships.

Cultural Impact: The region has contributed cultural phenomena to global markets, like Japanese anime, Korean pop, and martial arts movies. This cultural exchange is part of the globalization process.

Anti-Global Impulse: Regional Alternatives to Globalization

Some see the region as a source of resistance to globalization:

- **Japanese Colonialism:** Japan's imperial ambitions in the 1930s and 1940s were seen as a pushback against Western imperialism, though it ultimately replicated imperial relationships.
- **Asian Values:** Leaders in the region, like Mahathir of Malaysia, argued for Asian values as an alternative to Western liberal democracies. They advocated for consensus-building and tolerance over individual rights.

- **Regional Arrangements:** Some regional initiatives, such as the East Asia Economic Caucus (EABC), were proposed as alternatives to globalization, excluding Western states. ASEAN plus 3 (APT) is a more moderate successor to EABC.
- **Regional Terror Networks:** Groups like Jemaah Islamiyah (JI) have sought to create regional Islamic states, clashing with the globalization paradigm.
- **Local Movements:** Some local communities have sought disengagement from globalization, like the Thai village of Santi Suk creating its own currency following the Asian financial crisis.