

# 1) Interpret on the drivers of globalisation

Ans: Two major factors seem to underlie the trend toward greater globalization. The first is the decline in barriers to the free flow of goods, services and capital that has occurred since the end of WWII. The second factor is technological change, particularly the dramatic developments in recent years in communication, information processing, and transportation technologies.

## 1) Decline Trade and Investment Barriers:

International trade occurs when a firm exports goods or services to consumers in another country. Foreign direct investment occurs when a firm invests resources in business activities outside its home country.

## 2) The Role of Technological Change:

The lowering of trade barriers made globalization of markets and production a theoretical possibility. Technological change has made it a tangible reality.

## 3) Microprocessors and Telecommunications:

Perhaps the single most important innovation has been development of the microprocessor, which enabled the explosive growth of high power, low-cost computing, vastly increasing the amount of information that can be processed by individuals and firms.

## 4) The Internet and World Wide Web:

The phenomenal recent growth of the Internet and the associated world wide web is the latest expression



of this development,

Viewed globally, the web is emerging as an equalizer, it dolls back some of the constraints of location, scale, and time zones. The web allows business both small and large to expand their global presence at a lower cost than ever before.

#### 5. Transportation Technology:

In addition to developments in communication technology several major innovations in transportation technology have occurred since WWII.

The advent of commercial jet travel, by reducing the time needed to get from one location to another has efficiently shrunk the globe.

2) Analyse the arguments for and against globalisation.

Ans. Globalization Debate

Pro factors:

- 1) Lower Price for goods
- 2) Economic growth stimulation
- 3) Increase in consumer income
- 4) Creation of Jobs
- 5) Countries specialize in production of goods and services that are produced most efficiently.

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Name: Vignesh G  
USN: 10A184184

## Con factors

- 1) Deteriorating manufacturing jobs in wealthy advanced countries
- 2) Wage rates of unskilled workers in advanced countries declines
- 3) Companies move to countries with fewer <sup>labour</sup> ~~labor~~ and environment regulation
- 4) loss of sovereignty.

Name: Vignesh G  
USN: IDA18CS184