

# The Globalization Trend ... is the trend your friend?

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## What is Globalization?

The term “**globalization**” describes the increased movement of goods, services, ideas, technology, and people throughout the world. Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world.

## History of Globalization

Globalization is not new, though. It is a relatively new term used to describe a very old process. The exponential growth in the exchange of goods, ideas, and people that we see today is part of a long-term historical trend. Over the course of human history, the desire for something better and greater has motivated people to move themselves, their goods, and their ideas around the world. For thousands of years, people—and, later, corporations—have been buying from and selling to each other in lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries.

## Historical Motives for Globalization

Historically there were **three main motives** that drove people to leave the sanctuary of their family and village: **conquest** (the desire to ensure security and extend political power), **prosperity** (the search for a better life), and **curiosity** (the wanderlust that seems basic to human nature). Therefore, the principal agents of globalization were soldiers, traders, and adventurers. Thousands of years ago traders carried goods from one part of the globe to another across oceans. Adventurers have continued to find new frontiers and establish connections among far-flung societies, cultures and economies. Even though travel was slow and dangerous, ambitious and acquisitive leaders - from Alexander the Great to Genghis Khan - ventured far from home and brought new lands under their sway.

## Drivers of Globalization

Although globalization is not a new development, its pace has increased with the advent of technologies that make it easier for people to travel, communicate, and do business internationally. Driven by the desire to improve one's life and helped along by technology, both the **interconnectedness** (how we are all connected) and **interdependence** (how we all rely on one another) have grown. This increasing integration of the world, or globalization, has enriched life but also created new problems.

1. **Economic Forces.** This current wave of globalization has been driven by policies that have opened economies domestically and internationally. In the years since the Second World War, and especially during the past two decades, many governments have adopted free-market economic systems, vastly increasing their own productive potential and creating new opportunities for international trade and investment. Governments have also negotiated dramatic reductions in barriers to commerce and have established international agreements to promote trade in goods, services, and investment. Taking advantage of new opportunities in foreign markets, corporations have built foreign factories and established production and marketing arrangements with foreign partners.
2. **Technological Forces.** Technology has been the other principal driver of globalization. Advances in information technology, in particular, have dramatically transformed economic life. Information technologies have given all sorts of individual economic actors—consumers, investors, businesses—valuable new tools for identifying and pursuing economic opportunities, including faster and more informed analysis of economic trends around the world, easy transfers of assets, and collaboration with far-flung partners.

## The Globalization Controversy

Globalization is deeply controversial. Proponents of globalization argue that it allows poor countries and their citizens to develop economically and raise their standards of living, while opponents of globalization claim that the creation of an unfettered international free market has benefited multinational corporations in the Western world at the expense of local enterprises, local cultures, and common people. Resistance to globalization has therefore taken shape as people and governments try to manage the flow of capital, labor,

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goods, and ideas that constitute the current wave of globalization. With all its promises and pitfalls, our task is to understand and manage globalization, doing our best to encourage its favorable aspects and keep its negative consequences at bay.

## **Globalization Today**

The search for *prosperity* still drives businesses to expand beyond their borders and consumers to buy the best at an affordable price, irrespective of the country of origin. The same *curiosity* about others leads millions to travel, to watch foreign movies, eat different foods and enjoy international music and sports events. *The biggest difference between the globalization of the past and that of today lies in its visibility and speed.* The accelerated speed of global interaction has telescoped its impact and the global spread of the media has made it instantly visible – something that in the past happened in slow motion and often out of sight.

**What is globalization?**

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**What were the three main historical motives for globalization?**

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**What is the difference between “interconnectedness” and “interdependence”?**

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**What are some positive AND negative aspects of globalization?**

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**What is the difference between globalization in the past and globalization today?**

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