



CHAPTER 3

CONCEPT OF GLOBALISATION: TRADE WITHOUT BARRIERS

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CHAPTER 3

CONCEPT OF GLOBALISATION: TRADE WITHOUT BARRIERS

3.1 Introduction

Globalisation is a word which everyone today uses very normally and associates it with any and every thing, but the vastness of the word is not the way it appears to us normally. The Oxford English Dictionary (OED) says globalisation is “the act of globalising”; from the noun “global” meaning “pertaining to or involving the whole world.”¹ The OED’s definition is broad and emphasizes the process or “act” of globalization as impacting on the world. It encompasses within itself any relationship or process which crosses the boundaries of one State to the other.

Globalization is a broad term and encompasses varied perspectives. It refers to the global outlook of different nations of the world coming closer and joining hands in terms of economy, education, society and politics. Globalization empowers a view for the entire world as a whole irrespective of the national identity and thus globalization has narrowed the world by bringing people of all nations closer. **The focus, as the term suggests, is not on nations but on the entire globe. We can say that Globalization refers to the growing interdependence of countries resulting from the increasing integration of trade, finance, people, and ideas in one global marketplace.**

Globalization has been the in thing in the world since the 20th century, people the world over have given a new look and has

¹ Oxford English Dictionary - 2nd edition [electronic edition]. Oxford: Oxford University Press; c2000 [cited 2006 June 1].

brought in a change in the mindsets of the people at large and started to make people think of the larger picture, not only in trade but towards life as a whole.

The presence of Globalisation is there throughout the world, albeit in different proportions. If we take the example of our routine life itself we can see the golden touch of globalisation all around ourselves. We just need to sit and look around us and see the difference of our living standards as compared to some years ago. The changes can be attributed to globalisation and its spread. For example there was a time when people had to queue up to buy scooters or to get a telephone and still wait for months on end for your turn to get the delivery. Whereas now the scenario is totally different, rather it is totally the opposite. Now there are companies literally queuing up at your doorstep to sell you the same items and which are far better in quality. There was a time when one had to request someone coming from the western world to bring some electronic equipments or chocolates of certain types, whereas now all these things are available here at far cheaper rates. Even at one point of time affluent people used to go to the US or UK to get medical treatment, now it is exactly the opposite. Thus globalisation affects us in our day to day life, whether we see it or not.

The spread of Globalisation was fully evident in the financial debacle during the sub-prime mortgage crisis in the US in the year 2008. It is interesting to note that due to certain banks and financial institutions in the US incurring heavy losses, not only the US but the world felt the tremors of this financial earthquake. Other than US the worst affected was Europe. The reason for this is the interconnectivity of companies and banks in the two continents. This financial meltdown also affected all countries far

and wide, some more and some lesser extent. The magnitude of the problem being too big every country was affected. This proved to one and all about the inter connectivity of nations through either banks or otherwise, the extent visible via the economy of countries all over the world going haywire. This connectivity has its roots in Globalisation.

A country like India which is not truly and fully an open economy faced far lesser consequences of this meltdown as compared to the fully open economies. India though is globalised but still has kept its roots intact and has not fully gone global, got saved from these international problems, which showed to the world the economic strength of India's base and its age old systems.

Thus globalisation too has its own shortcomings, no doubt, but the fact is that there are a great number of advantages also which cannot be sidelined.

3.2 Meaning

Globalization is the system of interaction among the countries of the world in order to develop the global economy. Globalization refers to the integration of economics and societies all over the world. Globalization involves technological, economic, political, and cultural exchanges made possible largely by advances in communication, transportation, and infrastructure. The term has been used in this context since the 1980s, when computer technology first began making it easier and faster to conduct business internationally.

International trade and cross-border investment flows are the main elements of this integration. The process of globalization is therefore, an amalgamation of interaction and integration among different groups of people, various organizations and governments of different nations.

When we talk about integration there are two types of integration—negative and positive. **Negative integration** is the breaking down of trade barriers or protective barriers such as tariffs and quotas. **Positive integration** on the other hand aims at standardizing international economic laws and policies.

3.3 Varied definitions of globalisation

As the term has attracted attention worldwide we find varied definition of globalization. The definitions focus on the various changes the world is presently encountering, it also emphasises on the purpose of the new world where the wealth of domineering countries can increase and the interest of the privileged minority is prioritized. Indeed, there have been a number of definitions used to understand the concept of globalization out of which some are given below. Despite these descriptions, the term in general, pertains to major implications that are directed towards world's economy and society.

An early description of globalization was penned by the American entrepreneur-turned-minister Charles Taze Russell coined the term 'corporate giants' in 1897² However, it was not until the 1960s that the term began to be widely used by economists and other social scientists. It had achieved widespread use in the mainstream press by the later half of the 1980s. Since its inception, the concept of Globalisation has inspired numerous competing definitions and interpretations.

As per the UN "Globalisation is a widely-used term that can be defined in a number of different ways. When used in an economic context, it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour, although considerable barriers remain to the flow of labour... although considerable barriers remain to the flow

2 The Battle of Armageddon, October, 1897 pages 365-370

of labor...”³

International Forum on Globalization (IFG) defines “Globalization is the present worldwide drive toward a globalized economic system dominated by supranational corporate trade and banking institutions that are not accountable to democratic processes or national governments.”⁴ The IFG emphasizes the worldwide encompassing nature of globalization. However, the IFG defines the process as one that is predominantly economic. The process is also playing out in an area which is beyond the level of the nation-state.

World Trade Organization (WTO) Director-General, Pascal Lamy defines “Globalization can be defined as a historical stage of accelerated expansion of market capitalism, like the one experienced in the 19th century with the industrial revolution. It is a fundamental transformation in societies because of the recent technological revolution which has led to a recombining of the economic and social forces on a new territorial dimension.”⁵

The World Bank defines “Globalization - the growing integration of economies and societies around the world.”⁶

The definitions from the WTO and World Bank, not surprisingly, emphasize the economic aspects of globalization. However, both

3 Summary of the Annual Review of Developments in Globalization and Regional Integration in the Countries of the ESCWA Region by the United Nations Economic and Social Commission for Western Asia

4 International Forum on Globalization [homepage on the Internet]. San Francisco: The IFG; [cited 2006 June 1].

5 Lamy, Pascal. Humanising globalization. Geneva, Switzerland: The WTO; [updated 2006 Jan 30; cited 2006 June 1].

6. World Bank [homepage on the Internet]. Washington, DC: The World Bank Group; c2001 [cited 2006 June 1].

also bring in the social, or human aspect of the process, although this is not defined further.

United Nations Poverty and Development Division lays that “While the definition of globalization varies with the context of analysis, it generally refers to an increasing interaction across national boundaries that affects many aspects of life: economic, social, cultural and political. In the context of this study, in order to keep the analysis within reasonable bounds, the focus is only on the economic aspects, with particular emphasis on the role of ICT [Information and Communications Technologies]. As such, globalization narrowly refers to the growing economic interdependence of countries worldwide. This includes increases in the international division of labour caused by swelling international flows of FDI [Foreign-based Investment], accompanied by an increasing volume and variety of cross-border transactions in goods and services, international capital flows, international migration and the more rapid and widespread diffusion of technology. This should not be construed to imply that social, cultural and other forms of globalization are unimportant, only that they are less germane to discussions of economic security and development”⁷ Hence this definition elucidates aspects of globalization that go beyond the economic.

According to the World Health Organization - “Globalization, or the increased interconnectedness and interdependence of people and countries, is generally understood to include two interrelated elements: the opening of borders to increasingly fast flows of goods, services, finance, people and ideas across international

⁷ United Nations Poverty and Development Division. Economic and social survey of Asia and the Pacific, 1999. New York: The United Nations; c1999 [updated 1999 Dec 20; cited 2006 June 1].

borders; and the changes in institutional and policy regimes at the international and national levels that facilitate or promote such flows. It is recognized that globalization has both positive and negative impacts on development"⁸

The definition provided by the WHO is holistic than many of the other definitions. It acknowledges the importance of economic, social, technological, and political processes of globalization.

Thomas L Friedman has examined the impact of the "flattening" of the world, and argues that globalised trade, outsourcing, supply-chaining and political forces have changed the world permanently, for both better and worse. He also argues that the pace of Globalisation is quickening and will continue to have a growing impact on business organization and practice.⁹

Saskia Sassen writes that "a good part of Globalisation consists of an enormous variety of micro-processes that begin to denationalize what had been constructed as national - whether policies, capital, political subjectivities, urban spaces, temporal frames, or any other of a variety of dynamics and domains." ¹⁰

Hence the above definitions' shows that Globalisation is an immensely inclusive word, it includes a host of things, situations and relationships and it also includes international trade.

⁸ World Health Organization [homepage]. Geneva, Switzerland: c2006 [cited 2006 June 1].

⁹ Friedman, Thomas L. "The Dell Theory of Conflict Prevention". *Emergin: A Reader*. Ed. Barclay Barrios. Boston: Bedford, St. Martins, 2008. 49

¹⁰ (2006). *Territory, Authority, Rights: From Medieval to Global Assemblages*.

Therefore we can say that Globalization is usually understood as a process in which barriers (physical, political, economic, cultural) separating different regions of the world are reduced or removed, thereby stimulating exchanges in knowledge and goods. It allows freedom of movement (liberalization) and it promotes mutual reliance, and to most people this seems positive. As the number of exchanges of goods and of information increase, the result is a growing interdependence between countries as they come to rely on various imported products, services, and cultural input.

3.3.1 Four Levels of Globalization

Globalization most often refers to the increasing degree of connection between various countries and their economies. But another definition involves the efforts of businesses to expand their operations into foreign markets. This definition has gained importance with the advent of the Internet, which gives all companies the potential to achieve global reach in their operations.

According to Jennifer Derryberry, businesses generally operate at one of four basic levels of globalization.

The first level is a multi-domestic company. At this level, the business consists of several independent units that operate in different countries, with little communication between them.

The second level, an international company, maintains a headquarters in one country and operates branches in other countries. At this level, the company is likely to impose its home country bias on other markets rather than making a true effort to integrate into the global economy.

The third level of globalization, a transnational company, consists of loosely integrated business units in several countries. At this level, the company makes a greater effort to address the local needs of operations in each country.

The fourth level of globalization is a truly global company. This type of business views the world as a single market, develops an overall strategy for its various operations around the world, and applies the lessons of each country to ensure its global success. Derryberry noted that this is the ideal level for a globalizing organization, but that it is not easy to achieve¹¹.

¹¹ Derryberry, Jennifer. "What It Really Means to Go Global." Sales and Marketing Management. December 1999.

3.4 Historical Evolution of Globalisation

Globalisation is not a new phenomenon. It began in the late nineteenth century, but its spread slowed during the period from the start of the First World War until the third quarter of the twentieth century. This slowdown can be attributed to the inward looking policies pursued by a number of countries in order to protect their respective industries. However, the pace of Globalisation picked up rapidly during the fourth quarter of the twentieth century..."

RAWOO (2000), a research council in Netherlands, noted that globalization is the product of communication, technology, development and market capitalism. During the 70s, capital expansion used to be based on territorial and historical origins. However, this eventually increased as globalization took capital expansion away from national geographies. Aside from this, globalization was also introduced initially as the concept that allowed transition of primary capital accumulation to the global level. This transition began as a large number of Transnational Companies (TNCs) which became the dominant group over sectors such as production and distribution, foreign direct investment and cross-border operations. Furthermore, the formation of several joint-ventures, mergers, takeovers and oligopolies also supported this change brought about by globalization.¹²

The historical origins of globalization are the subject of on-going debate. Though some scholars situate the origins of

¹² RAWOO 2000, *Coping with globalization: the need for research concerning the local response to globalization in developing countries*, Rawoo, The Hague.

globalization in the modern times, others regard it as a phenomenon with a long history. If we associate a very liberal interpretation to the word Globalisation we find that when any relationship crosses the borders of one country and enters into another and creates some kind of impact on the life of the people, we can term it as a part of Globalisation. So considering this as a base we can say that the history of the word goes back to the ancient times when trade was conducted between two different civilizations. But nothing in the past was ever as extensive, as truly 'global', as the latest wave of globalization.

Andre Gunder Frank, an economist associated with the dependency theory, was an extreme proponent of the deep historical origin for globalisation. Frank argued that a form of globalization has been in existence since the rise of trade links between Sumer and the Indus Valley Civilization in the third millenium B.C.¹³

In the past, various waves of 'globalization' occurred, usually within an imperialist framework. The Macedonians under Alexander the Great, for example, expanded their trade to many countries in the far and Middle East. The Macedonian empire was short-lived, however; not long after Alexander's death, the empire collapsed. The expansion of the Roman Empire fueled a longer wave of globalization. For almost 500 years, the Romans traded throughout Europe and much of North Africa. The Parthian empire and the Han Dynasty also

¹³ Andre Gunder Frank, "Reorient: Global economy in the Asian age" U.C. Berkeley Press, 1998.

continued this process as the increasing articulation of commercial links between these powers inspired the development of the Silk Road, which started in western China, reached the boundaries of the Parthian empire, and continued onwards towards Rome.¹⁴

The Islamic Golden Age was also an important early stage of globalization, when Muslim traders and explorers established a sustained economy across the Old World resulting in a globalization of crops, trade, knowledge and technology. Globally significant crops such as sugar and cotton became widely cultivated across the Muslim world in this period, while the necessity of learning Arabic and completing the Hajj created a cosmopolitan culture.¹⁵

The advent of the Mongol Empire, though destabilizing to the commercial centers of the Middle East and China, greatly facilitated travel along the Silk Road. This permitted travelers and missionaries such as Marco Polo to journey successfully (and profitably) from one end of Eurasia to the other. The so-called Pax Mongolica of the twelfth century had several other notable globalizing effects. It witnessed the creation of the first international postal service, as well as the rapid transmission of epidemic diseases such as bubonic plague across the newly-unified regions of Central Asia.¹⁶ These pre-modern phases of global or hemispheric exchange are sometimes known as “archaic globalization”.

14 Ancient Silk Road Travellers

15 John M. Hobson (2004), *The Eastern Origins of Western Civilisation*, p. 29-30, Cambridge University Press.

16 Jack Weatherford, *Genghis Khan and the Making of the Modern World*, Crown, 2004

Up to the time of the voyages of discovery, however, even the largest systems of international exchange were limited to the Old World. The sixteenth century represented a qualitative change in the patterns of globalization because it was the first period in which the New World began to engage in substantial cultural, material and biologic exchange with Africa and Eurasia.¹⁷ This phase is sometimes known as proto-globalization. It was characterized by the rise of maritime European empires, particularly the Portuguese Empire, the Spanish Empire, and later the British Empire and Dutch Empire. It can be said to have begun shortly before the turn of the 16th century, when the two Kingdoms of the Iberian Peninsula - the Kingdom of Portugal and the Kingdom of Castile, began to send exploratory voyages to the Americas and around the Horn of Africa. These new sea routes permitted sustained contact and trade between all of the world's inhabited regions for the first time.

Global integration continued through the expansion of European trade in the 16th and 17th centuries, when the Portuguese and Spanish Empires colonized the Americas, followed eventually by France and England. Globalization has had a tremendous impact on cultures, particularly indigenous cultures, around the world. In the 15th century, Portugal's Company of Guinea was one of the first chartered commercial companies established by Europeans in other continent during the Age of Discovery, whose task was to deal with the spices and to fix the prices of the goods.

¹⁷ "The Age of Exploration", Microsoft Encarta Online Encyclopedia 09. Archived 2009-10-31

In the 17th century, globalization became a business phenomenon when the British East India Company (founded in 1600), which is often described as the first multinational corporation, was established, as well as the Dutch East India Company (founded in 1602) and the Portuguese East India Company (founded in 1628). Because of the large investment and financing needs and the high risks involved with international trade, the British East India Company became the first company in the world to share risk and enable joint ownership of companies through the issuance of shares of stock: an important driver for globalization.

During the Pre-World War I period of 1870 to 1914, there was rapid integration of the economies in terms of trade flows, movement of capital and migration of people¹⁸. The growth of globalization was mainly led by the technological forces in the fields of transport and communication. There were less barriers to flow of trade and people across the geographical boundaries. Indeed there were no passports and visa requirements and very few non-tariff barriers and restrictions on fund flows. The pace of globalization, however, decelerated between the First and the Second World War.

The 19th century witnessed the advent of globalization in something approaching its modern form. Industrialization permitted the cheap production of household items using economies of scale, while rapid population growth created sustained demand for commodities and manufactures. Globalization in this period was decisively shaped by

18 Dr. C. Rangarajan: Responding to Globalisation: India's Answer: 4th Ramanbhai Patel Memorial Lecture on Excellence in Education, 25th February, 2006.

nineteenth-century imperialism. The inter-war period witnessed the erection of various barriers to restrict free movement of goods and services. Most economies thought that they could thrive better under high protective walls.

After the Opium Wars and the completion of the British conquest of India, the vast populations of these regions became ready consumers of European exports. Meanwhile, the conquest of new parts of the globe, notably sub-Saharan Africa, by the European powers yielded valuable natural resources such as rubber, diamonds and coal and helped fuel trade and investment between the European imperial powers, their colonies, and the United States. It was in this period that areas of sub-saharan Africa and the Island Pacific were incorporated into the world system.

After World War II, all the leading countries resolved not to repeat the mistakes they had committed previously by opting for isolation. Although after 1945, there was a drive to increased integration, it took a long time to reach the Pre-World War I level. In terms of percentage of exports and imports to total output, the US could reach the pre-World War level of 11 per cent only around 1970. Most of the developing countries which gained Independence from the colonial rule in the immediate Post-World War II period followed an import substitution industrialization regime. The Soviet bloc countries were also shielded from the process of global economic integration. However, times have changed. In the last two decades, the process of globalization has proceeded with greater vigour. The former Soviet bloc countries are getting

integrated with the global economy. More and more developing countries are turning towards outward oriented policy of growth. Yet, studies point out that trade and capital markets are no more globalized today than they were at the end of the 19th century. Nevertheless, there are more concerns about globalization now than before because of the nature and speed of transformation. What is striking in the current episode is not only the rapid pace but also the enormous impact of new information technologies on market integration, efficiency and industrial organization. Globalization of financial markets has far outpaced the integration of product markets.

The first phase of "modern globalization" began to break down at the beginning of the 20th century with the First World War. John Maynard Keynes said¹⁹

"The inhabitant of London could order by telephone, sipping his morning tea, the various products of the whole earth, and reasonably expect their early delivery upon his doorstep. Militarism and imperialism of racial and cultural rivalries were little more than the amusements of his daily newspaper. What an extraordinary episode in the economic progress of man was that age which came to an end in August 1914."

The novelist VM Yeates criticised the financial forces of globalisation as a factor in creating WWI.²⁰

The final death knell for this phase of globalization came during the gold standard crisis and Great Depression in the late 1920s and early 1930s. Globalization in the middle

¹⁹ http://www.pbs.org/wgbh/commandingheights/shared/minitext/tr_show01.html

²⁰ VM Yeates. *Winged Victory*. Jonathan Cape. London. 1962 pp 54-55

decades of the twentieth century was largely driven by the global expansion of multinational corporations based in the United States and the worldwide export of American culture through the new media of film, television and recorded music.

In early 2000s much of the industrialized world entered into a deep recession²¹. Some analysts²² say the world is going through a period of deglobalization after years of increasing economic integration.²³ Up to 45% of global wealth had been destroyed by the global financial crisis in little less than a year and a half²⁴.

Globalization as a coined word started after World War II but has accelerated considerably since the mid-1980s, driven by two main factors. One involves technological advances that have lowered the costs of transportation, communication, and computation to the extent that it is often economically feasible for a firm to locate different phases of production in different countries. The other factor has to do with the increasing liberalization of trade and capital markets: more and more governments are refusing to protect their economies from foreign competition or influence through import tariffs and nontariff barriers such as import quotas, export restraints, and legal prohibitions. A number of international institutions established in the wake of World War II—including the World Bank, International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT), succeeded in 1995 by

²¹ Nouriel Roubini (January 15, 2009). "A Global Breakdown Of The Recession In 2009". http://www.forbes.com/2009/01/14/global-recession-2009-oped-cx_nr_0115roubini.html.

²² A Global Retreat As Economies Dry Up. The Washington Post. March 5, 2009.

²³ Economic Crisis Poses Threat To Global Stability. NPR. February 18, 2009.

²⁴ 45 percent of world's wealth destroyed: Blackstone CEO. Reuters. March 10, 2009.

the World Trade Organization (WTO)—have played an important role in promoting free trade in place of protectionism. Empirical evidence suggests that globalization has significantly boosted economic growth in East Asian economies such as Hong Kong (China), the Republic of Korea, and Singapore. But not all developing countries are equally engaged in globalization or in a position to benefit from it. In fact, except for most countries in East Asia and some in Latin America, developing countries have been rather slow to integrate with the world economy. The share of Sub-Saharan Africa in world trade has declined continuously since the late 1960s, and the share of major oil exporters fell sharply with the drop in oil prices in the early 1980s. Moreover, for countries that are actively engaged in globalization, the benefits come with new risks and challenges. The balance of globalization's costs and benefits for different groups of countries and the world economy is one of the hottest topics in development debates.

Globalization, since World War II, is largely the result of planning by politicians to break down borders hampering trade to increase prosperity and interdependence thereby decreasing the chance of future war. Their work led to the Bretton Woods conference, an agreement by the world's leading politicians to lay down the framework for international commerce and finance, and the founding of several international institutions intended to oversee the processes of globalization.

These institutions include the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund. Globalization has been facilitated

by advances in technology which have reduced the costs of trade, and trade negotiation rounds, originally under the auspices of the General Agreement on Tariffs and Trade (GATT), which led to a series of agreements to remove restrictions on free trade.

Since World War II, barriers to international trade have been considerably lowered through international agreements - GATT. Particular initiatives carried out as a result of GATT and the World Trade Organization (WTO), for which GATT is the foundation, have included:

- Promotion of free trade:
 - elimination of tariffs; creation of free trade zones with small or no tariffs
 - Reduced transportation costs, especially resulting from development of containerization for ocean shipping.
 - Reduction or elimination of capital controls
 - Reduction, elimination, or harmonization of subsidies for local businesses
 - Creation of subsidies for global corporations
 - Harmonization of intellectual property laws across the majority of states, with more restrictions
 - Supranational recognition of intellectual property restrictions (e.g. patents granted by China would be recognized in the United States)

Cultural globalization, driven by communication technology and the worldwide marketing of Western cultural industries,

was understood at first as a process of homogenization, as the global domination of American culture at the expense of traditional diversity. However, a contrasting trend soon became evident in the emergence of movements protesting against globalization and giving new momentum to the defense of local uniqueness, individuality, and identity, but largely without success.²⁵

The Uruguay Round (1986 to 1994)²⁶ led to a treaty to create the WTO to mediate trade disputes and set up a uniform platform of trading. Other bilateral and multilateral trade agreements, including sections of Europe's Maastricht Treaty and the North American Free Trade Agreement (NAFTA) have also been signed in pursuit of the goal of reducing tariffs and barriers to trade.

Looking specifically at economic globalization, demonstrates that it can be measured in different ways. This center around the four main economic flows that characterize globalization:

- Goods and services, e.g. exports plus imports as a proportion of national income or per capita of population
- Labor/people, e.g. net migration rates; inward or outward migration flows, weighted by population
- Capital, e.g. inward or outward direct investment as a proportion of national income or per head of population
- Technology, e.g. international research & development flows; proportion of populations (and rates of change thereof)

²⁵ Jurgen Osterhammel and Niels P.Petersson. Globalization: a short history. (2005) P.8

²⁶ WTO.org,(2009)

using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband)

As globalization is not only an economic phenomenon, a multivariate approach to measuring globalization is the recent index calculated by the Swiss think tank KOF. The index measures the three main dimensions of globalization: economic, social, and political. In addition to three indices measuring these dimensions, an overall index of globalization and sub-indices referring to actual economic flows, economic restrictions, data on personal contact, data on information flows, and data on cultural proximity is calculated. Data is available on a yearly basis for 122 countries, as detailed in Dreher, Gaston and Martens (2008).²⁷ According to the index, the world's most globalized country is Belgium, followed by Austria, Sweden, the United Kingdom and the Netherlands. The least globalized countries according to the KOF-index are Haiti, Myanmar, the Central African Republic and Burundi.²⁸

Thus it was after the World War II that the process of Globalisation really flew and has not stopped or even taken a pause after that period.

²⁷ Axel Dreher, Noel Gaston, Pim Martens, *Measuring Globalisation: Gauging Its Consequences*, Springer.

²⁸ KOF Index of Globalization

3.5 The Golden Touch of Globalisation

Globalization has various aspects which affect the world in several different ways such as:

3.5.1 Legal

Globalisation has impacted the world legal system to a great extent. It has in a way, changed the whole concept of regulating International Trade. The advent of Conventions, Nation to nation agreements, Treaties and finally UNCITRAL and International Commercial Arbitration are the finest examples of the impact of Globalisation on the legal field. With the growth of Globalisation it started to dawn upon the people that the legal system needs to be changed in order to accommodate International Trade and also have an internationally acceptable set of rules for regulation and governance of International Trade which with every passing day is becoming more and more complex. There are innumerable legal issues that concern such transactions as of today that the legal system of the world has to support the same.

Legal impacts of Globalisation are mainly seen in the

- The creation of the international criminal court and international justice movements.
- Crime importation and raising awareness of global crime-fighting efforts and cooperation.
- The emergence of Global administrative law.

3.5.2 Industrial - emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies. Particularly movement of material and goods between and within national boundaries.

3.5.3 Financial - emergence of worldwide financial markets and better access to external financing for borrowers. As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure dramatically increased, as evidenced by the financial crises of late 2008.

3.5.4 Economic - realization of a global common market, based on the freedom of exchange of goods and capital. The interconnectedness of these markets, however meant that an economic collapse in any one given country could not be contained.

3.5.5 Political - some use "globalization" to mean the creation of a world government which regulates the relationships among governments and guarantees the rights arising from social and economic globalization.²⁹ Politically, the United States has enjoyed a position of power among the world powers; in part because of its strong and wealthy economy. With the influence of globalization and with the help of The United States' own economy, the People's Republic of China has experienced some tremendous growth within the past decade. If China continues to grow at the rate projected by the trends, then it is very likely that in the next twenty years, there will be a major reallocation of power

²⁹ Francesco Stipo. World Federalist Manifesto. Guide to Political Globalization, ISBN 978-0-9794679-2-9, <http://www.worldfederalistmanifesto.com>

among the world leaders. China will have enough wealth, industry, and technology to rival the United States for the position of leading world power.³⁰

3.5.6 Informational - increase in information flows between geographically remote locations. Arguably this is a technological change with the advent of fiber optic communications, satellites, and increased availability of telephone and Internet.

3.5.7 Language - the most popular language is English.

- i. About 35% of the world's mail, telexes, and cables are in English.
- ii. Approximately 40% of the world's radio programs are in English.
- iii. About 50% of all Internet traffic uses English.³¹

This is also one of the important effect of Globalisation on the world.

3.5.8 Competition - Survival in the new global business market calls for improved productivity and increased competition. Due to the market becoming worldwide, companies in various industries have to upgrade their products and use technology skillfully in order to face increased competition.³²

3.5.9 Ecological - the advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary water and air pollution, over-fishing of the ocean, and the spread

³⁰ Hurst E. Charles. Social Inequality: Forms, Causes, and consequences, 6th ed. P.91

³¹ http://anthro.palomar.edu/language/language_1.htm

³² <http://workinfontet.bc.ca/lmisi/Making/CHAPTER2/TANDG1.HTM>

of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution. On the other hand, economic development historically required a "dirty" industrial stage, and it is argued that developing countries should not, via regulation, be prohibited from increasing their standard of living.

3.5.10 Cultural - Culture is defined as patterns of human activity and the symbols that give these activities significance. Culture is what people eat, how they dress, beliefs they hold, and activities they practice. Globalization has joined different cultures and made it into something different. As Erla Zwingle, from the National Geographic article titled "Globalization" states, "When cultures receive outside influences, they ignore some and adopt others, and then almost immediately start to transform them."³³

One classic culture aspect is food. Someone in America can be eating Japanese noodles for lunch while someone in Sydney, Australia is eating classic Italian meatballs. India is known for their curry and exotic spices. France is known for its cheeses. America is known for its burgers and fries. McDonalds is an American company which is now a global enterprise with 31,000 locations worldwide. Those locations include Kuwait, Egypt, and Malta. This company is just one example of food going big on the global scale.

Meditation has been a sacred practice for centuries in Indian culture. Before globalization, Americans did not meditate or practice yoga. After globalization, this is more

³³ Erla Zwingle: The National Geographic article titled "Globalization"



common. Some people are even traveling to India to get the full experience themselves.

Some other cultural benefits are as under:

- i. Greater international travel and tourism.
- ii. Greater immigration, including illegal immigration
- iii. Spread of local consumer products (e.g. food) to other countries (often adapted to their culture).
- iv. Worldwide fads and pop culture such as Pokémon, Sudoku, Numa Numa, Origami, Idol series, YouTube, Orkut, Facebook, and MySpace. Accessible to those who have Internet or Television, leaving out a substantial segment of the Earth's population.
- v. Worldwide sporting events such as FIFA World Cup and the Olympic Games.
- vi. Incorporation of multinational corporations in to new media. As the sponsors of the All-Blacks rugby team, Adidas had created a parallel website with a downloadable interactive rugby game for its fans to play and compete.

3.5.11 Social - Globalization has economic, political and cultural dimensions, all of which can have a social impact. Development of the system of non-governmental organisations as main agents of global public policy, including humanitarian aid and developmental efforts.

3.5.12 Technical

Development of a global telecommunications infrastructure and greater transborder data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones. Increase in the number of standards applied globally; e.g. copyright laws, patents and world trade agreements.

3.6 The Golden Touch of Globalisation: Is it Really Golden?

Globalization has been one of the most hotly-debated topics in international economics over the past few years. Rapid growth and poverty reduction in China, India, and other countries that were poor 20 years ago, has been a positive aspect of globalization.

However, there is another side to globalization that is less savory. In the absence of barriers, globalization invites the strong to invade the territory of the weak, opening the door to wholesale exploitation. In economic terms, what this amounts to is that the rich get richer and the poor get poorer; in environmental terms, it means the accelerated destruction of the planet's biosphere. Due to these there are people around the world who are against the process of globalisation and who call themselves the “anti-globalisationists”.

As shown earlier the financial crisis in the US in the year 2008 did not practically spare any country of the world. The spread of Globalisation was fully evident in the financial debacle during this crisis in the US. The notable point in this whole crisis is how the tentacles of the problem spread so far and wide. How, due to certain banks and financial institutions in the US incurring heavy losses, not only the US but the world felt the tremors of this financial earthquake.

The root of the whole crisis was in sub-prime mortgages issued by the banks of US. People took and retook loans and kept on acquiring properties all over. This in turn led to escalation of

property prices to the proportion of forming a property bubble. Thereafter, at one point of time the bubble burst leading to a downward surge in the property market of the US. The fall was so fast that it was beyond anyone's comprehensions and this led to the sub-prime mortgages becoming valueless leading to heavy financial losses to banks and financial institutions throughout the US. Along with this and due to this the stock markets in the US plummeted leading to overall financial crisis and insecurity amongst investors of all types in the US. Thereafter the CEO of Citibank NA. was substituted and the incumbent CEO took over the charge of the bank and immediately declared huge losses that Citibank NA and incurred due to this vicious circle. This led to a further crisis like situation and insecurity. Behind the US markets the world stock markets also started falling as financial institutions of the US started selling their stocks all over the world wherein they had invested. Moreover the banks in US also had presence all over the world and such banks started showing vulnerability which led to insecurity amongst the people all over. This whole spill-over effect once got out of control led to a major financial crisis all over the world, which had to be controlled by taking extraneous measures.

This whole episode shows us the internal linkages of banks, institutions, investors and thereby people throughout the world. In one way this too is due to globalisation. If such a crisis had arisen say, some decades back, it could not and would not have had such world-wide effects, as the links might not have been there, but today due to the spread of globalisation this crisis really got out of hand.

Whereas a country like India which is not truly and fully an open economy faced far lesser consequences of this meltdown as compared to the fully open economies. India though is globalised but still has kept its roots intact and has not fully gone global, got saved from these international problems, which showed to the world the economic strength of India's base and its age old systems.

3.6.1 Anti-globalization

The Anti-globalization movement is a term used to describe the political group who oppose the neoliberal version of globalization, while criticisms of globalization are some of the reasons used to justify this group's stance. "Anti-globalization" may also involve the process or actions taken by a state in order to demonstrate its sovereignty and practice democratic decision-making. Anti-globalization may occur in order to maintain barriers to the international transfer of people, goods and beliefs, particularly free market deregulation, encouraged by organizations such as the IMF or the WTO. Moreover, as Naomi Klein argues in her book³⁴ No Logo anti-globalism can denote either a single social movement or an umbrella term that encompasses a number of separate social movements such as Nationalists and socialists. In either case, participants stand in opposition to the unregulated political power of large, multi-national corporations, as the corporations exercise power through leveraging trade agreements which in some instances damage the democratic rights of citizens, the environment particularly air quality index and rain forests, as well as

³⁴ No Logo: No Space, No Choice, No Jobs, Naomi Klein.

national government's sovereignty to determine labor rights, including the right to form a union, and health and safety legislation, or laws as they may otherwise infringe on cultural practices and traditions of developing countries.

3.6.2 WHY ANTI GLOBALISATION?

3.6.2.1 Problem of Developing Countries

- Although the general perception of globalization is that it is inevitable, it raises apprehension in developed and developing countries alike. For developed countries the main concern is about the competition of cheaper imported goods from developing countries. Developing countries fear that they may be unable to compete with developed countries in a liberalized environment and that they may become marginalized in the international economy. Moreover, developing countries generally view globalization as requiring economic reforms that cause considerable hardship that may not necessarily be of a temporary nature.
- Moreover since globalization emphasizes efficiency, gains will accrue to countries which are favourably endowed with natural and human resources and that mainly includes developed countries. The technological base of these countries is not only wide but highly sophisticated. While trade benefits all countries, greater gains accrue to the industrially advanced countries.
- Another disadvantage of globalization is the uneven distribution of international trade gains. Díaz-Bonilla and Robinson (1999) explained this globalization cost by citing a general example. The authors noted that international trade

allows the integration of foreign capital markets, leading to the expansion of foreign short and long term financial capital. While this was supposed to promote investment and growth, developing nations cannot participate in this aspect due to high risk premiums as well as their undeveloped capital markets. These inadequacies then limit the gains of international trade to wealthier countries.

- The developing countries also find globalization disadvantageous due to its universal policies and laws. These are advantageous in a sense that they develop standards for the participating nations to follow. However, the fact is most developing countries are finding it hard to follow these universal policies due to its high-level requirements.
- The concerns of developed and developing countries often overlap to create a complex web of problems for globalization. Some countries will inevitably be viewed as trying to impose their values on other countries.
- Though globalization can improve business opportunities, thereby raising output and government revenues but at the same time can also affect the tax base in various ways. First, implementing trade reforms, whereby significant tariff reductions take place, can impose severe revenue losses for certain countries, in particular developing ones. Secondly, partly reflecting capital liberalization and technological change, the mobility of financial capital and businesses, as well as high income groups, has increased substantially. As a result, governments face pressure to reduce taxation levels on these mobile production factors. Under these

circumstances, governments would have to either increase taxation on immobile production factors such as low-income labour or reduce expenditure, including that on social protection and education. Developed countries may be better armed to face this situation, as they can find other tax handles more easily than developing countries where governments have difficulties in providing even basic public services.

3.6.2.2 Increase in labour problems

- The potential problems with globalization are not limited to developing nations, however. Some workers in advanced economies—particularly those in unskilled jobs and belonging to labor unions—feel that they are being increasingly displaced by low-wage competition in developing countries. Some of these workers are unable to make the transition to skilled jobs and service-oriented industries.
- Exploitation of foreign impoverished workers: The deterioration of protections for weaker nations by stronger industrialized powers has resulted in the exploitation of the people in those nations to become cheap labor. Due to the lack of protections, companies from powerful industrialized nations are able to offer workers enough salary to entice them to endure extremely long hours and unsafe working conditions, though economists question if consenting workers in a competitive employers' market can be decried as "exploited". It is true that the workers are free to leave their jobs, but in many poorer countries, this would mean starvation for the worker, and possible even his/her family if

their previous jobs were unavailable.

- The shift to outsourcing: The low cost of offshore workers have enticed corporations to buy goods and services from foreign countries. The laid off manufacturing sector workers are forced into the service sector where wages and benefits are low, but turnover is high. This has contributed to the deterioration of the middle class which is a major factor in the increasing economic inequality. Families that were once part of the middle class are forced into lower positions by massive layoffs and outsourcing to another country. This also means that people in the lower class have a much harder time climbing out of poverty because of the absence of the middle class as a stepping stone.
- Weak labor unions: The surplus in cheap labor coupled with an ever growing number of companies in transition has caused a weakening of labor unions. Unions lose their effectiveness when their membership begins to decline. As a result unions hold less power over corporations that are able to easily replace workers, often for lower wages, and have the option to not offer unionized jobs anymore.
- Increase exploitation of child labor: for example, a country that experiencing increases in labor demand because of globalization and an increase the demand for goods produced by children, will experience greater a demand for child labor. This can be "hazardous" or "exploitive", e.g., quarrying, salvage, cash cropping but also includes the trafficking of children, children in bondage or forced labor, prostitution, pornography and other illicit activities.
- Sweatshops : One example used by anti-globalization

protestors is the use of sweatshops by manufacturers. According to Global Exchange these “Sweat Shops” are widely used by sports shoe manufacturers and mentions one company in particular – Nike. There are factories set up in the poor countries where employees agree to work for low wages. Then if labour laws alter in those countries and stricter rules govern the manufacturing process the factories are closed down and relocated to other nations with more conservative, laissez-faire economic policies.

- Europeans losing jobs: It is true that Europeans are losing jobs and that is posing a problem for them since the companies are outsourcing work to the Asian countries since the cost of labor is low and profits the company considerably. There is immense pressure on the employed Europeans who are always under the threat of the business being outsourced.

3.6.2.3 Environment degradation

- Critiques of the current wave of economic globalization typically look at the damage to the planet, in terms of the perceived unsustainable harm done to the biosphere with the growth of technology and industries. There has been a decrease in the environmental integrity as giant corporations take advantage of weak regulatory rules in developing countries.

3.6.2.4 Other disadvantages

- Globalization might lead to greater risks of violent behavior from people at the receiving end in an effort to conserve cultural inheritance

- Greater risk of diseases being transported unintentionally between nations
- Spread of a materialistic lifestyle and attitude that sees consumption as the path to prosperity
- International bodies like the World Trade Organization infringe on national and individual sovereignty. Contributions by consumer, human rights, labor and environmental organizations are deliberately and repeatedly overlooked.
- threat that control of world media by a handful of corporations will limit cultural expression
- There is also a threat of corporates ruling the world because there is a lot of power, which is invested in them due to globalization.
- For nations that are at the receiver's end are also giving up the reins in the ends of a foreign company which might again lead to a sophisticated form of colonization.
- Big companies with international businesses are more or less responsible for social inequality, poor working conditions, turning blind eye towards environmental issues, unprofessional handling of natural resources, and biological harm.
- Growth in chances of monetary commotions in one country effecting all other countries .

3.7 Globalisation: Trade without Barriers

The true meaning of Globalisation with respect to trade would be where trade is allowed to be carried on without any hindrances. These hindrances in legal language are called trade barriers. Imposition of various types of duties on import or export is a prime example of a trade barrier. Such barriers are generally imposed to give a thrust to or protect the domestic industry in one's own country, but it severely restricts the growth of International trade. There are numerous such barriers hindering the growth of trade.

Trade would flourish to no extent if and when there are no barriers attached to it, barriers like duty's, by whatsoever name it may be called in different nations of the world hinder the prospects of the growth of trade. Globalisation, if taken in its true sense would mean near extinction of boundaries and flow and exchange of money, goods, culture etc. between different countries without any hindrances. This would mean extinction of barriers which in turn would immensely benefit international trade. A truly globalised world would mean like a free market where one can buy or sell almost anything to any person anywhere in the world without any restrictions. This concept has already germinated and can be the next "in thing" in the years to come. It is known as 'Free Trade Zone'.

Globalisation has attracted many benefits world over. Some very simple examples can be given for products like cars, chocolates, restaurants etc. All the parts of a car coming from all over the world: Germany, Japan, Korea etc. are being assembled in the U.S. Another is the way businesses operate today with having many satellite locations or call centers in other parts of the world

to answer questions in another: example, someone in India answering a call from the U.S. about a product or service.

Supporters of free trade claim that it increases economic prosperity as well as opportunity, especially among developing nations, enhances civil liberties and leads to a more efficient allocation of resources. Economic theories of comparative advantage suggest that free trade leads to a more efficient allocation of resources, with all countries involved in the trade benefiting. In general, this leads to lower prices, more employment, higher output and a higher standard of living for those in developing countries. Proponents of laissez-faire capitalism, and some Libertarians, say that higher degrees of political and economic freedom in the form of democracy and capitalism in the developed world are ends in themselves and also produce higher levels of material wealth. They see globalization as the beneficial spread of liberty and capitalism.³⁵

3.7.1 Scenario of trade in absence barriers

It would be interesting to note the scenario if International Trade were to be allowed to be carried on without Trade Barriers. In such an instance Globalisation would be evident to its most blossomed state and the effect of this would be worth thinking of. Following are some instances of the same:

- 1. Improvement of Global Trade:** Total Globalisation would increase the trade in number of countries dramatically. This is because goods, services, labor, capital and technology would be able to move freely across national borders. International trade expansion would also lead to higher international capital flows,

35 Sachs, Jeffrey (2005). *The End of Poverty*. New York, New York: The Penguin Press.

labor and technology. With international trade, countries would be able to distribute their goods to a larger market. Aside from economic development, the ties shared by participating countries can also be a useful resource for less developed nations. The global common market has a freedom of exchange of goods and capital and there is a broad access to a range of goods for consumers and companies. Ultimately a worldwide production markets can emerge which can improve the global trade in developed as well as developing countries.

2. Technological Progress: The developed nations have the best of the technology to use but the problem is with the underdeveloped and developing countries. But due to globalisation the developing countries in order to compete and be competitive globally can upgrade their level of technology. In turn it can lead to technological progress all over.

3. Increasing Influence of Multinational Companies: A company that has subsidiaries in various countries is called a multinational. Often, the head office is found in the country where the company was established with its subsidiaries at other countries. With the removal of trade barriers this has become possible and corporations have greater flexibility to operate across borders. Big corporations have been established in developing countries too, which has ultimately increased employment opportunities.

4. Greater Mobility of Human Resources across Countries. Globalization allows countries to source their manpower in countries with cheap labor. For instance, the manpower shortages in Taiwan, South Korea, and Malaysia provide opportunities for labor exporting countries such as the Philippines to bring their

human resources to those countries for employment. Greater ease and speed of transportation for goods and people has also increased the mobility of human resources across countries.

5. Greater Outsourcing of Business Processes to Other Countries. China, India, and the Philippines are tremendously benefiting from this trend of global business outsourcing. Global companies in the US and Europe take advantage of the cheaper labor and highly-skilled workers that countries like India and the Philippines can offer.

6. Movement of capital and financial flows: with the decrease in trade barriers there has been an Increase liquidity of capital allowing investors in developed nations to invest in developing nations. It has also helped corporate, national and sub-national borrowers to have a better access to external finance options. As a result worldwide financial markets have emerged.

7. Information: with the technological inventions there has been an increase in the flow of communications that has allowed vital information to be shared between individuals and corporations around the world.

Some more advantages can be pointed out as under:

- Reduction of cultural barriers has increased the global village effect
- Spread of democratic ideals to developed nations
- Greater interdependence of nation-states
- Reduction of likelihood of war between developed nations
- global environmental problems like cross-boundary

pollution, over fishing on oceans, climate changes are solved by discussions

- More transborder data flow using communication satellites, the Internet, wireless telephones etc.
- international criminal courts and international justice movements are launched
- there is supranational recognition of intellectual property restrictions i.e. patents authorized by one country are recognized in another
- international travel and tourism has increased
- worldwide sporting events like the Olympic Games and the FIFA World Cup are held
- enhancement in worldwide fads and pop culture
- there is an increase in the desire to use foreign ideas and products, adopt new practices and technologies and be a part of world culture
- free trade zones are formed having less or no tariffs
- capital controls have reduce or vanquish
- Politics is merging and decisions that are being taken, are actually beneficial for people all over the world.
- Socially we have become more open and tolerant towards each other and they who live in the other part of the world are not aliens as we always thought. There are examples like now Indian girls work in call centers and work nights, which was a taboo even two years back. We are celebrating

Valentine's Day, scraping on Orkut, watching the Idol series, Fear factor, the Indian version Big Brother.

- There is a lot of technological development that we have undergone over the years. There are fewer brain drains since Asians are working in their own country though for a foreign company but are earning foreign exchange for their country.

3.7.2 Globalisation and its impact in India

Major measures were initiated as a part of the liberalisation and globalisation strategy in the early nineties and by this India opened up the new economy. This new policy regime radically pushed forward in favour of a more open and market oriented economy. Some major changes include scrapping of the industrial licensing regime, reduction in the number of areas reserved for the public sector, amendment of the monopolies and the restrictive trade practices act, start of the privatisation programme, reduction in tariff rates and change over to market determined exchange rates³⁶. Globalization in India has allowed companies to increase their base of operations, expand their workforce with minimal investments, and provide new services to a broad range of consumers.

Globalization has played a major role in export-led growth, leading to the enlargement of the job market in India.

One of the major forces of globalization in India has been in the growth of outsourced IT and business process outsourcing (BPO)

36 Globalisation Trend and Issues - T.K.Velayudham, Page 3, 66.

services. The last few years have seen an increase in the number of skilled professionals in India employed by both local and foreign companies to service customers in the US and Europe in particular. Taking advantage of India's lower cost but educated and English-speaking work force, and utilizing global communications technologies such as voice-over IP (VOIP), email and the internet, international enterprises have been able to lower their cost base by establishing outsourced knowledge-worker operations in India.

As a new Indian middle class has developed around the wealth that the IT and BPO industries have brought to the country, a new consumer base has developed. International companies are also expanding their operations in India to service this massive growth opportunity.

The other noteworthy thing about India post liberalization is that the private players operating from India have been able to create themselves into MNCs (Multi-National Companies) operating into countries world over. Not only that but now Indian companies have started acquiring big companies of the western world, a thing which no one would have even thought possible just a few years. Such has been the scorching pace of growth of Indian Corporates that today a number of Indian companies are among the Fortune 500 companies list which gives the names of the top business houses in the world.

In the pre 1990 era so far as technological appliances and gadgets were concerned, it was a well known fact that by the time an electronic equipment reaches India, it would have become obsolete in the western world whereas today, all new gadgets are launched in India immediately upon the launch internationally.

An interesting example is of the BMW car which was to be launched in India. That car did not pass the requirements of the Indian Motor Vehicles Act as it did not have any space for a spare wheel. So the car was launched in other countries, but the company decided to change its design to suit the Indian laws and re-launched the car in India as per the guidelines of the Indian laws. This shows the strength of India economically at present.

Notable examples of international companies that have done well in India in the recent years which include Pepsi, Coca-Cola, McDonald's, and Kentucky Fried Chicken, whose products have been well accepted by Indians at large³⁷.

Indian companies are rapidly gaining confidence and are themselves now major players in globalization through international expansion. From steel to Bollywood, from cars to IT, Indian companies are setting themselves up as powerhouses of tomorrow's global economy.³⁸ A Global comparison shows that India is now the fastest growing just after China.

37 Repositioning India in the Globalised World - Lecture : V.N.Rai.

38 Globalisation and India's Business perspectives - Lecture - Ravi Kastia.

3.8 Conclusion

Globalization is an indestructible trend that provides significant benefit to many nations. Among these advantages include the improvement of various economic aspects, enhancement of organizational processes and development of communication channels. However, globalization also causes a number of negative outcomes, particularly among developing nations. Inequality, discrimination and heightened poverty are some of the downsides of globalization. At the organizational level, globalization also provides dual effects; in general, it benefits the company operators and negatively affects the employees. While globalization may not be a perfect strategy for worldwide economic success, it is essential that efforts to uniformly distribute its benefits are employed. In conclusion, both developed and developing nations should work together to overcome the impacts of globalization.

Globalization has strengthened the nexus and has helped us to know each other's need in a better way. It has helped to demolish those walls that separated us and curbed our natural identity of being fellow human beings. Globalization has primarily become a fiscal term but its impact is not limited to the economy of the countries only, the term globalization actually refers to every aspect of life like cultural, social, psychological and of course, political.