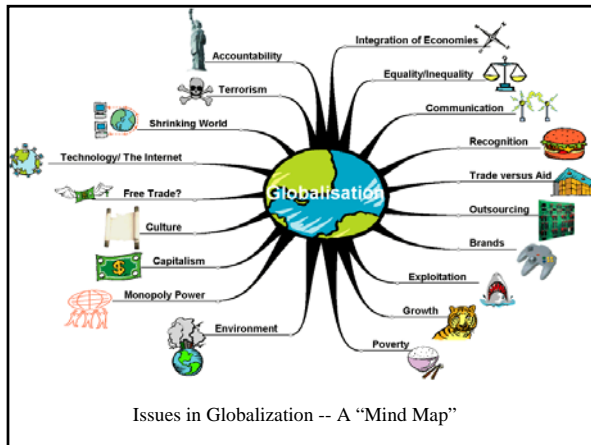


Understanding Globalization

March 7, 2005
Professor Lavender

How can we study globalization?

- The “Three P’s”
- Globalization is a **phenomenon**
- Globalization is a **philosophy**
- Globalization is a **process**



How to Understand Globalization

- The communication analogy....
- Before 1900, how did people communicate over long distances?
- After 1950?
- After 1990?



The process of globalization

- connections between people around the globe become closer
- quicker flow of information and money
- goods & services produced in one part of world are increasingly available in all places
- international travel is more frequent
- international communication is commonplace
- as a result, national borders become less significant
 - especially economically



Thomas Friedman, *The Lexus and the Olive Tree*



- “Globalization is not a phenomenon. It is not just some passing trend. Today it is an overarching international system shaping the domestic politics and foreign relations of virtually every country, and we need to understand it as such.”

Costs and Benefits....

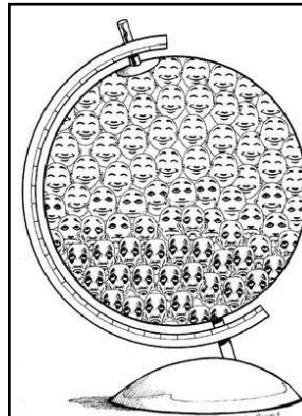
- What are the good and bad parts of globalization?
- Fire metaphor: fire is in itself neither good nor bad, but the use of fire can be either.
- Good uses:
 - make things, cook food, clear land of weeds
- Bad uses:
 - destroy homes, kill people, burn down forests

Thomas Friedman, *The Lexus and the Olive Tree*

- "[Globalization] can be incredibly empowering and incredibly coercive. It can democratize opportunity and democratize panic. It makes the whales bigger and the minnows stronger. It leaves you behind faster and faster, and it catches up to you faster and faster. While it is homogenizing cultures, it is also enabling people to share their unique individuality farther and wider."

Assessing Globalization

- Globalization has dangers and an ugly dark side.
- But it can also bring tremendous opportunities and benefits.
- Just as capitalism requires a network of governing systems to keep it from devouring societies, globalization requires vigilance and the rule of law.



Political cartoon warning about the uneven promise of globalization.



Political Cartoon critiquing "naïve" anti-globalization advocates

The U.S. as a society has established a system of vigilance to mitigate capitalism:

- Anti-trust laws
- Securities and Exchange Commission
- labor unions
- charities and voluntary agencies
- Federal Trade Commission
- The "welfare state"

What are the equivalent *international* systems which exist?

- The United Nations (UN)



Precursors to the UN

- Specific Issue Unions:
 - International Telegraph Union 1865
 - Universal Postal Union 1874
 - Both now UN agencies.
- More general unions:
 - 1899 International Peace Conference at The Hague
 - how to settle crises peacefully, prevent wars, fight cleanly?
 - Convention for the Pacific Settlement of International Disputes
 - Permanent Court of Arbitration (opened 1902).
 - League of Nations 1919



Precursors to the UN

- League of Nations 1919
 - Treaty of Versailles created it "to promote international cooperation and to achieve peace and security."
 - International Labor Organization (ILO)
 - failure to prevent WWII
 - Mussolini invades Ethiopia, Haile Selassie appeals to the League of Nations, which offers only moral support.



Founding the UN

- 1945 San Francisco – United Nations Conference on International Organization
- UN Charter
 - 51 original member states
 - charter ratified 24 October 1945 (China, France, USSR, UK, US, as members of UN Security Council)
 - 10 December 1948 -- General Assembly adopts Universal Declaration of Human Rights.



Eleanor Roosevelt with the Universal Declaration of Human Rights

World Trade Organization

- Recognition of disaster of post-WWI int'l economic policies
 - 1944 Bretton Woods conference
 - International Monetary Fund, 1944
 - World Bank, 1944
 - General Agreements on Tariffs and Trade (GATT), 1947
 - 1948 Havana Charter
 - International Trade Organization (ITO)
- But by 1990s, the ITO had failed and GATT seemed less efficient
- 1994 Marrakesh Protocol to the General Agreement on Tariffs and Trade
 - World Trade Organization (WTO)

NAFTA

- North American Free Trade Agreement
- Trade alliance for North America (Mexico, US, Canada)
- Established 1993

BUT....

- Where does globalization come from?
- Is it a brand new phenomenon?
- Has it any historical antecedents?
- Is it part of larger historical patterns?
- What might history help us to understand about the phenomenon, process, and philosophy of globalization?

The prehistory of globalization -- Sixth century BCE-1200s

- The Silk Road across Central Asia connected China and Europe during the Middle Ages.



The prehistory of globalization -- The 16th Century

- The first great expansion of European capitalism took place in the 16th century, following the first circumnavigation of the earth in 1519 to 1521.



The prehistory of globalization -- The 19th Century

- There was a major expansion in world trade and investment in the late nineteenth century.
 - Fueled by the profits of empire.
- This was brought to a halt by
 - the First World War and
 - anti-free trade protectionism that led to the Great Depression in 1930.
- A sense that the world was united was generated by the establishment of the International Date Line and world time zones, together with the near global adoption of the Gregorian calendar between 1875 and 1925.
 - During that period, international standards were also agreed for telegraphy and signalling.

The prehistory of globalization -- The Mid 20th Century

- The end of the Second World War brought another great expansion of capitalism with the development of multinational companies interested in producing and selling in the domestic markets of nations around the world.
- The emancipation of colonies created a new world order.
- Air travel and the development of international communications enhanced the progress of international business.

The prehistory of globalization -- The Late 20th Century

- The fall of the Berlin Wall and the collapse of the Soviet Union ended the cold war between the forces of capitalism and socialism with capitalism triumphant.
- The development of the internet made possible the organization of business on a global scale with greater facility than ever before.
- Since 1950, the volume of world trade has increased by twenty times.
- From just 1997 to 1999 flows of foreign investment nearly doubled, from \$468 billion to \$827 billion.