A brief modern history of globalization assignment

Sociology

A BRIEF MODERN HISTORY OF GLOBALISATION International business has existed in some sense since prehistory when ceramics and other goods were traded across great distances. Even during the Roman Empire, traders carried goods to consumers around the world. However, multinational enterprises as we know them today were great rarities until the 19th century. By then, US companies like General Electric and Singer Sewing Machine Co. had started to invest in overseas manufacturing facilities, as had West European companies such as Nestle, Siemens and Unilever. The Aftermath of World War 2

When World War 2 ended the US was the only major country that had not been devastated by the war. The size of the US economy had almost doubled during the war, and the US dominated the world economically, politically and militarily. In this climate, many US firms started making substantial direct investments in foreign primary industries such as oil production and mining. Technological development and product design remained focused on the US market at home. American multinationals generally viewed the rest of the world as a source of raw materials, cheap labour and supplemental markets.

In the mid 1950’s US companies started to make substantial direct investments in foreign manufacturing facilities. In the 1960’s it was American service firm, such as banks, insurance companies and marketing consultants that expanded overseas. In time, however, as purchasing power increased abroad, especially in Europe and Japan, their domestic production prospered. Eventually overseas producers expanded beyond their national boundaries, entering the international marketplace. Although foreign competitors initially relied on US technology, lower costs eventually gave them a competitive advantage.

Today they have taken the initiative in developing and improving technology, and this has furthered their competitiveness. Western Europe’s firms, particularly in industries such as chemicals, pharmaceuticals and tires ??? started to respond in the late 1960’s by setting up and acquiring US affiliates. So did the gigantic Japanese trading companies, particularly in the 1980’s when they were trying to circumvent protectionist US legislation that would cut their access to the American market.

To lower their manufacturing costs, Japanese and US companies also started to invest in facilities in newly developing nations. As a result international trade and competition both have intensified in recent years. More than a quarter of all the goods produced in the world now cross national boundaries, while nearly three-quarters of the goods produced in the US face foreign competition. In this global market, organisations must fight to capture overseas markets while defending their home markets from foreign competition.