

# Assessing the third era of globalization



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Globalization can be clarified as a set of political, economic, social, cultural structures and also technological. These globalization bring changing in character of the production, trade of goods that based on international political economy. (Source: unesco)

Technology actually bring this third era of globalization to another level or category. The first era of globalization its from 1492 to 1800 with the discovery of America and trade between the Old World and New World, decreasing the world from large to medium. The second era its from 1800 to 2000 where multinational companies changed the landscape and decreased the world from medium to small despite the Great Depression, World Wars I & II and the Cold War. In 2000, Humans entered a world that has gone from small to tiny and for the first time, shaped by individuals instead of corporations. While the previous two eras were driven by Europe and America, this era is being driven by non-Western, non-white countries such as China and India. ( Source: Thomas L. Friedman, 2006)

In general human sense, globalization also should be understood as creating a situation where people & nations all over the globe come closer and closer with lesser & lesser conflict and greater & greater prosperity.(Source: Umesh Upadhyaya )

The purpose of this paper is generally discuss about the causes and consequences of globalization. There are few causes or impacts on globalization. These are the following causes on globalization of this paper is international trade, globalization of production, rise of regional currency and regulatory mechanisms, global divisions of labour, gender and the global

public policy, environmental governance, the information revolution and information society and lastly challenges to business practises in the 21st century.

## **International Trade**

The excellence development of international trade for the past several years has been both a importance cause and effect of globalization. The amount of world trade since 1950 has increased twenty-fold from \$320 billion to \$6. 8 trillion. (Source: WTO) This rise in the trade of manufactured goods exceeds the increase in the rate of the production of these goods by three times. .

From this reaction, consumers around the world now enjoy a wider selection of products than ever before. Furthermore, an entire host of U. S.

government agencies and international institutions has been started to help manage the expansion flow of capital, goods, and services.

Even though there is increased international trade has a excellence or huge economic growth across the globe in creating jobs, reducing prices, raising incomes, and increasing workers' earning power but trade can be also bring about the certain kinds of social interrupt, economic, and political.

The main reason was global economy is interconnected, when the large economies suffer recessions, the effects are felt around the world. The consequences is domestic jobs and businesses are lost and the trade will be continuously decreasing. (Source: The Levin Institute )

## **Globalization of Production**

The globalization of production can be define as ' from local markets to global markets'. There is a consequence of structural change in the global

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economy in globalization of production. (Source: Robert O'Brien and Williams 2007 p. 184 )

For an example, table 1 on next page explain the globalization of production in Asia. It shows that China's output of major industrial products increased dramatically from 1978 (beginning of reform by Deng Xiaoping) to 2005.

However, that the magnitudes of increase are much higher for differentiated goods, such as refrigerators, room air conditioners, colour TVs, microcomputers, and also mobile phones. This will considers the globalization of production of differentiated goods. Peoples who living in the North and the South is very interested in the impacts of such globalization of production on global growth and living standards in the North and the South in China. (Source : Edwin Lai – staff papers)

Furthermore, globalization of production is a continuous of structural change in the global economy. These paper shows some of the examples of structural changes in Technology, transport and communication. Firstly, technological change in the global production. It is actually control by fast developments in the technological environment. The increasing of technological change has improved the capacity of successful producers to supply the market with new products or comes with new materials or new processes. For an example, the video tape a improvement which came into universal usage less than twenty years ago but now it is very fast being replaced by the DVD. Secondly, fast growth of trans-national production becomes the accelerated reduction international transport and communications costs. Information and transport technologies actually lower the real cost. For an example, televisions, radio, magazines, newspaper and <https://assignbuster.com/assessing-the-third-era-of-globalization/>

also internet becomes main sources for firms' advertising to reach millions of people around the world. Then, transport systems are also the faster and more reliable. So, It makes resources and products can be moved around very cheaply and easily to the markets.

**(Source : Robert O' Brien and Marc Williams, 2007 p. 184-186)**

NOTE: mn = million; bn = billion.

**(Source: National Bureau of Statistics of China, 2007 China Statistical Yearbook, China Statistics Press, Table 14-22)**

### **Rise of Regional Currency & Regulatory Mechanisms**

Under regional currency, for the last few years that the euro has been appreciating steadily against the U. S. dollar. Then, its given the Chinese renminbi and other East Asian currencies are actually fixed to the dollar that means that euro has been appreciating stable against all. This actually spells trouble for the Euroland, and it was suggests that European policymakers need to join with the U. S to address the global difficulties of under-valued currencies.

The euro has currently appreciated approximately seventy percent related to its historical low against the dollar, it was actually set on October 26, 2000. This appreciation have been economically was justified and given Europe's large trade excess with the United States. That excess was peaked actually in year 2005 and now gradually coming down as the Euro appreciates when a market based global economy is international financial imbalances.

(Source : Thomas Palley)

Furthermore, under regulatory mechanisms, even though the 1980s debt crisis was managed in such a way that financial collapse was prevented, many people are still worried about the stability of the financial system. Then, two financial collapses of the 1990s illustrate that the proliferation of financial instruments is difficult to regulate through market mechanisms and also risky to employ even for the most brilliant financial and mathematical minds. (Source: Robert O'Brien and Marc Williams 2007 p. 231 )

## **Global Division of Labour**

According to The Post-Crisis Global Division of Labour 2009, there is a current changes in how different stages of the production chain are separately across the globe have led to the notion of a new global division of labour. There will have far-reaching consequences for the skills required from the workforce, their jobs, and the economy as whole that both in developed and developing countries. In the 80s and 90s, the global division of labour understood that unskilled jobs was done in low-wage countries, while skilled jobs has done in the developed economies. At the same time, the environment of unskilled workers in many developed countries go downhill drastically and inequalities started to increased.

Recent technological improvements, for instance, the internet have made it possible to efficiently relocate more and more tasks of the production chain abroad, including high skilled jobs. The whole new and unpredictable patterns of inequalities as a result of this emerge, possibly along with dwindling support for economic globalisation. Furthermore, for both the developed and the developing world, the new global division of labour may entail a lot of potential to be reached or explored.

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The expectable nature of the new global division of labour may entail that job contents change fully and that people are likely to work in more than one occupation throughout their working life. It has been argued that workers need strong challenging in problem-solving skills, social skills, and versatility to maintain with such challenges.

**(Source : Global Economic Symposium – Post-Crisis Global Division of Labour 2009 )**

**Gender & the Global Public Policy**

Gender issues have moved from the margins to a more central position in the policy statements issued by governments, regional organizations and multilateral agencies. Specific human agency was behind the project designed to move women from a position of invisibility to one where their presence nationally and internationally was recognized. (Source: Robert O'Brien and Marc Williams 2007 p. 276 )

Globalization actually has fast improved the economic and social status of women in the developing world. The role of women becomes ever more valuable. Cultures that prevent from being a part as women from full participation. For an example, Saudi Arabia fall ever further behind.

Then, Societies that hold education for women enjoy dramatic social progress. Normally, Educated women tend to have a less children. When they all enter the workforce and their contributions exciting improve their countries' economic prospects. Currently, economic independence increases their importance both at home and in the community. Actually, women spend their income very differently than men, They are more focusing on

various aspects. For an example, social progress, the education, health, and nutrition of their families. (Source: Bozeman Daily Chronicle, 2004 )

Furthermore, women who work in sectors that producing goods or services for international trade, they may benefit from economic globalization. On the other hand, many women is working or running a small businesses in agriculture are forced out of business by the cheaper imports that trade liberalization brings. Then, many production (electronics, clothing, shoes, toys, and sporting goods) and provision of services (reservations, data entry, or business services) has moved widely. Actually, Many multinational corporations (MNCs) prefer lower cost women workers who they believe are unlikely to against unfavourable conditions. For an example of many multinational corporation (MNCs) using the social construction of gender to their advantage. (Source: Jean L. Pyle. 2002)

## **Environmental Governance**

Good governance is actually central to improving the effective delivery of urban environmental services, management of natural protection and resources of necessary ecosystems in Asia. Strengthening the capacity of national and local governments and governance systems is a critical strategy for improving the environmental conditions, and also promoting accountability and respect for the rule of law in the region and also the overall transparency. (Source: Eco-Asia, 2007)

From a political economy perspective, a third crucial issue is the negotiation and implementation of international environmental agreements. The controversy over the ratification process of the Kyoto Protocol to the United



Nations Convention Climate Change provides an interesting example of the politics of global environmental governance. It was adopted in 1997 the main objective of the Kyoto Protocol is to reduce the greenhouse gas emissions through setting mandatory targets for reductions in emission levels by improved countries. Even though, it was adopted in 1997 the protocol could not enter into force until it was ratified by 55 countries accounting for 55 percent of carbon dioxide emissions in 1990. However, this meant that it did not actually enter into force until February 2005 following ratification by Russia in November 2004. Although treaty has been ratified by over 150 countries the refusal of the US to do so put the treaty in jeopardy. (Source: Robert O'Brien and William 2007 p. 360)

## **The Information Revolution & Information Society**

The information revolutions have completely change the way work is done everywhere on the planet in computing and telecommunications, specifically in the area of services. Tasks that were previously achieved at a centralized location like Tokyo or San Francisco can now be done virtually anywhere. Some of the duties that no longer need to be carried out on-site is actually include human resources, accounting, translation and transcription, customer service, and applications programming. Then, an unprecedented flexibility was created by the Worldwide Web in business arrangements is actually that is allowing companies to outsource such services. These was completely change mainly because of Internet and now multinational companies contract such IT enable work to locations scattered around the globe. (Source: apm forum, 2001)

Furthermore, many companies recognize that they can sell products anytime anyplace, and that money moves through the global economy hundreds of times faster than it did a century ago. (Source: James W. Cortada, 2001 p. 24 )

On the other hand, under information society, the improvement in telecommunications is now giving more and more people access to democratic ideas but not everybody in these world shares the current technologies advances . Millions of people still cannot read these words because they don't know or don't have access to a computer. At the same time, they don't even understand English either, the language that 80% of the information is actually written in English. They don't even have a communication device, for instance, telephone. They are actually more worried about how far they will need to walk today to get clean water or if they can feed themselves and their families. For most people on this planet, information is not a importance for them. But the United Nations is actually trying to create the information society to a reality for more of the developing or rising world. United Nations wants to see the rich countries transfer to new technology and knowledge to poorer nations. (Source: Richard Sidaway)

### **Challenges to Business Practices in the 21st Century**

The challenge of economic development became an international issues in the years immediately actually following after the Second World War and was organized by the leaders of newly independent states. (Source: Robert O'Brien and William 2007 p. 398)

Next, the most successful companies now understand the true value and application of best practices. The impact of the Globalization is actually leads to the strategic challenges of languages and mixed cultures in the business environment. Under management, the revolution of information technology is actually completely supported by the new world infrastructure of telecommunications and also data communications for instance, using of internet, e-commerce functions as part of management tools and also easing of technology and also using of wireless system. Then, there are some securities issues that with wide usage of internet in the business transactions. The management increasing demand for knowledge worker in the knowledge driven organizations.

On the other hand, Politic also can be say that challenges to business practices in the 21st century. Political considerations have always affected business and economic conditions. Unstable political conditions in Russia make European and American corporations nervous about investing in the country, but because of political stability in China, pour billions into that nation. Ineffective political policies that cause inflation to surge and subside. Political states have long been the most influential element in society in providing the kind of social and economic stability that bring up to business prosperity. (Source: James W. Cortada, 2001 p. 221)

## **Conclusion**

In conclusion, globalization is not only taking place in a vacuum. It is actually occurring everywhere across the world. Financial and economic globalization and the development of world trade have brings to the substantial benefits

to countries around the world. But the recent financial crisis have put globalization on hold, with capital flows reversing and global trade shrinking.