

Globalization literature



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Globalization is an undeniable phenomenon, which is rather hard to put into words and as a result can be explained in various ways. Globalization which encompasses variant aspects of the modern world, bringing nations of the world closer into a single society through culture, economic transactions, politics, technology and social interactions; is making an ever changing world. GPF (online) [n. d]

According to Beck (2000) [online] Globalization regardless of how it is individually interpreted gives the implication of the deterioration of a state's sovereign power and the structures that guide the territory.

“ The world-wide interconnectedness between nation-states becomes supplemented by globalization as a process in which basic social arrangements (like power, culture, markets, politics, rights, values, norms, ideology, identity, citizenship, solidarity) become disembedded from their spatial context (mainly the nation-state) due to the acceleration, massification, flexibilisation, diffusion and expansion of transnational flows of people, products, finance, images and information” this states that due to the increased flexibility and ease of mobility of many factors in an economy that social arrangements have become disembedded from their nation states, all of which is known as globalisation. beerkens (2004) [online]

“ The characteristics of the globalization trend include the internationalizing of production, the new international division of labor, new migratory movements from South to North, the new competitive environment that generates these processes, and the internationalizing of the state ... making

states into agencies of the globalizing world.” This quote is informing about the concepts and characteristics that make up globalization focusing on the internationalization of many aspects of economies. Cox (1994) [online]

Nations tend to come together in form of global unions, these unions are economic to some extent, and such exist within trade blocs.

Trade bloc is an agreement which is formed between states, regions or countries in order to reduce the trade barriers which make trading inconvenient, amongst the regions involved. A well know example of this form is NAFTA, which is a trade agreement between the United States, Canada, and Mexico. Opponents to trade blocs view such agreements are harmful to free trade on a global level Investorwords (online) [n. d]. Trade blocs have rules that guide their interaction with nations within the economic union as well as those that are not members of the union. Manish (2012) [online]

Trade blocs are of different varieties, requiring different levels of commitment and arrangements from the members of the union. To be of the view that globalization is purely an economic union would be false and incorrect as just trade blocs show globalization as six different forms of unions. Manish (2012) [online]

Trade blocs have certain objectives goal which they aim to achieve, one of which is to remove the restrictions to trade among the members of the union, there by promoting free trade and faster movement of resources between members. BMS (2013) [online]

Trade blocs aim to improve the social, economical, cultural and political relationship between its members through the integration of economies, social programs could encourage this promoting peace in the region. BMS (2013) [online]

Trade blocs have the objective of achieving an increase in economic growth amongst its members. As a result in the reduction in trade barriers, it puts firms in a position to produce at lower prices, which would in turn increase demand and lead to a large scale of production. This can result in economic growth and attract investment. BMS (2013) [online]

A Preferential Trade Areas is also a type of trade bloc, interconnecting the nations of the world on an economic level, this is the least committed to trade barrier reductions. In this union members lower but do not eliminate trade barriers amongst themselves and no set arrangement is agreed about their interactions with non- members. Manish (2012) [online]

Free Trade Area is the next stage after, the Preferential Trade areas, all trade barriers are eliminated for members when relating with each other, so all the members are able to import and export goods and services amongst themselves. An example is the ‘ North American free trade agreement’ of 1994 between the Canadians, Mexicans and the US; these members establish independent trade policies when relating with non members. Manish (2012) [online] another free trade area example is the European Free Trade Area. Shahid (2010) [online]

Customs Union is the third trade bloc. The member states remove internal trade barriers as well as also agree to implement the same set of common

policies when dealing with non member states. Customs union of Russia, Belarus and Kazakhstan, which was initially created in 2010, is a custom union; other custom unions include European Union Custom Council, East African Community. Manish (2012) [online]

The Common Market is a trade union where member's internal trade barriers are removed, common policies/ barriers are implemented for dealing with trade involving outside parties and free movement of resources such as 'labor' exist. Examples of common market include " Mercosur (Southern Cone Market)", East " African Common Market", European Economic Area and " West African Common market". Manish (2012) [online]

An economic union is one of the trade blocs that exist between nations that further make the nations of the world more integrated and connected. It requires members to remove internal barriers and agree to use common barriers for externally, allowing free movement of resources and adopt a unified set of economic policies. The European Union is an example of such; with one currency they have adopted one monetary policy. Manish (2012) [online]

An economic union such as the European Union speeds up the process of globalization, increasing trade amongst the members of the EU as well as increased labor and capital mobility such as migration of Poland citizens to the United Kingdom and Ireland. The EU has expanded its sphere of influence to over 20 countries, making for over 356 million in population. Pettinger (2008) [online] Other economic unions include CEMC (economic and monetary community of central America), OECS (organization of eastern

Caribbean states), UEMAO (west African economic and monetary union).

shahid (2010) [online]

In addition to the integration of the nations belonging to the trade blocs it is also seen that globalization is further aided by trade blocs which make negotiations easier on a global level. An case relating to trading negotiations is, the European Union bargains as one singular bloc making it easier and faster to push through practices which increase free trade. Pettinger (2008) [online]

Full Integration is the final stage, coming after economic union. The members become fully integrated; an example is the United States. Manish (2012) [online]

When viewing the definition, principles and aims of both globalization and trade blocs, they complement each other, both resulting in interdependence and increase in trade; Wang (2010) [online]. As a result it is easy to assume that globalization is purely an economic union formed by trade blocs.

However, it should be noted that trade blocs can be seen as a hindrance to globalization because it promotes regionalization and not global elimination of trade barriers, causing conflicting parties to fight for regional interest; thereby building trade barriers for the rest of the world and preventing the importation of goods from other countries; Wang (2010) [online]. This contradicts with globalizations purpose of one world and interlinking of all nations and “ free trade” amongst all; Wang (2010) [online]. For example, the EU’s CAP placed high tariffs on importation of food and the dumping of surplus food items onto world markets. Pettinger (2008) [online]

Trade blocs especially at its most integrated economic level when a common currency is established and a common fiscal policy within the union exists among the members- economic union- it leads to reduction of the power and sovereignty of a national government over its own territory. Although the states can take independent decisions to influence the total demand, income allocation and the level of production of their economies through the use of simple fiscal policies unless common fiscal policy is implemented in the economic union. As a result monetary and fiscal policy integration is the basis for an economic union and the application deepens the integration of its members, making it a single economic union and removes all kinds of economic borders. Hashimov (2013) [online]

Trade blocs provide a larger market for exportation of goods, this creates a forum for the global products which can be linked between nations of the world, and this creates the possibility for more revenue for nation states. Admin (2012) [online]

Trade blocs due to the integration of markets leads to increase in competition and productivity on the part of the nations belonging to the same trade bloc, ensuring to produce quality goods while the consumers had increased choice and lower prices due to the size of the market and number of competitors. Admin (2012) [online]

Trade blocs make for a higher and increased rate of investment due to the larger market available as market is expanded. Admin (2012) [online]

Trade blocs however have the negative effect, for example they undermine the efforts of WTO (world trade organization) because there is a possibility

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that the whole world would become regionalized and that would prevent trade liberalizations due to the rules and norms associated with trade blocs. Trade blocs would deter the WTO goals and undermine international trade laws. Admin (2012) [online]

Trade blocs have the negative effect to globalization of creating unfriendly political tension and “ hindering diplomatic relations” between members of a trade bloc and non member through discriminatory policies. Admin (2012) [online]

Other factors unrelated to the trade blocs are important and significant to globalization. The main contributing factors to globalization could be argued but these are some factors that are contributing:

Improvement in technology which enable global transport and communication to be carried out much easier, which also helps reduce the barriers of distance. Pettinger (2008) [online] the level of improvement in technology of transport and communications has led to a reduction in the prices for transferring goods, service and factors of production as well as making it easier and cheaper to communicate economically useful knowledge and technology. Mussa(2000) [online]

Information technology is a main contributor in the process of globalization in form of a catalyst, it increases the accessibility of information and economic potential. Enabling for efficiency in the economies of nations as political and commercial information can be transferred easily and at a fast rate. Information technology encourages the creative use of resources to promote and advertise new products and ideas across borders and cultures

regardless of its geographical location. Technology is now the leading factor of the modern world creating employment, new ideas, and networking sites which enables global connection and communication. globalisation101 (n. d) [online]

- The growth of multinational companies. Pettinger (2008) [online]

Globalization is also a political union of nations around the world, there are military-political blocs existing which is a union among states that have agreed to unite, cooperate and have unified actions and responses to address common political, economic and military tasks. Encyclopedia(1979) [online] an example of a political union is NATO.

G. Bertucci and A. Alberti , wrote an article “ Globalization and

The Role of the State: Challenges and Perspectives”, in which it was stressed that economic globalization is in actuality as a result of political decisions made by nation. Stating that the expansion of international trade as well as finance and investment Transactions do not radically influence the role of nations while the high level of collaboration and joint active show states exercising their sovereign authority over their territories. Thus the authors are of the view that collaborative action instead of weakening their authority over their state reinforces their authority by creating a more secure global environment and greater possibility for exchanges in different areas.

Hashimov (2013) [online]

Globalization is also an economic union, it impacts employment, working conditions, income and social protection. Beyond the world of work, the social dimension encompasses security, culture and identity, inclusion or

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exclusion and the cohesiveness of families and communities. Todayszaman (2010) [online]

In conclusion, globalization is an economic union of nations after all globalization is generally referred to as “ economic globalization” as it brings nations of the world together and forms a more integrated and interdependent world. Economic union has led to increased flow of information and ideas, and had led to a change in the way nations interact amongst themselves.

However it should be noted that economic unions can be seen as a hindrance to globalization itself which contradicts the view that globalization is an economic union and in addition globalization is also a political and social phenomenon not solely economical.

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