

1-1-2012

Redefining Globalization

Aqueil Ahmad
Walden University

Follow this and additional works at: <https://scholarworks.waldenu.edu/facpubs>



Part of the [Business Administration, Management, and Operations Commons](#), [Corporate Finance Commons](#), and the [International Business Commons](#)

Recommended Citation

Ahmad, Aqueil, "Redefining Globalization" (2012). *Walden Faculty and Staff Publications*. 451.
<https://scholarworks.waldenu.edu/facpubs/451>

This Article is brought to you for free and open access by ScholarWorks. It has been accepted for inclusion in Walden Faculty and Staff Publications by an authorized administrator of ScholarWorks. For more information, please contact ScholarWorks@waldenu.edu.

2012

Redefining Globalization

Aqueil Ahmad
Walden University

Follow this and additional works at: http://scholarworks.waldenu.edu/sm_pubs

 Part of the [Business Administration, Management, and Operations Commons](#), [Corporate Finance Commons](#), and the [International Business Commons](#)

This Article is brought to you for free and open access by the College of Management and Technology at ScholarWorks. It has been accepted for inclusion in School of Management Publications by an authorized administrator of ScholarWorks. For more information, please contact ScholarWorks@waldenu.edu.

REDEFINING GLOBALIZATION

Aqueil Ahmad

This article highlights some facts and fallacies about globalization, with a particular reference to the global economy. To explain what is globalization and what it is not is critical both theoretically and practically for nations, corporations, and communities to benefit from it and avoid its negative consequences. Some historical antecedents of globalization and the interactive nature of its structures and processes are highlighted in this article. The analysis is expected to benefit scholars, practitioners, and agents of social change interested and involved directly or indirectly in the impacts and processes of globalization.

Keywords: globalization, Bretton Woods conference, global economy, global culture, culture of consumerism, digital divide, the Internet, economic and political hegemony.

Four Common Fallacies about Globalization

The literature on globalization is loaded with some erroneous assumptions and misconceptions that mislead the reader about its true nature and implications for nations and groups affected by it. The following discussion focusing on four ‘common fallacies of globalization’ is intended to correct these assumptions and misconceptions.

Fallacy one (F1): Globalization started in 1944 at the Bretton Woods Conference (in Bretton Woods, New Hampshire, USA) and with the establishment of the so-called Bretton Woods institutions – the World Bank and the International Monetary Fund (IMF).

Fallacy two (F2): Globalization is a unilinear process commandeered largely by American and European political and corporate leaders who are masters of the situation while the rest of the world plays to their tune.

Fallacy three (F3): Globalization means global economy *per se*.

Fallacy four (F4): Globalization is either an unmitigated boon or a bane for humanity and society.

Contradicting the Above-mentioned Fallacies

CF1: The following quotation is a strong contradiction of Fallacy 1 that globalization started with the establishment of the Bretton Woods institutions in 1944.

For thousands of years before Bretton Woods, before the birth of telecommunications, even before the birth of Jesus Christ, individuals, groups, and na-

Journal of Globalization Studies, Vol. 3 No. 2, November 2012 10–18

tions had been interacting with each other in war and peace, as warriors, ambassadors, travelers, and traders. Chinese and Indian merchants sold silk, pearls and spices in South and Central Asia and Europe and brought with them Eastern knowledge to the West. Many centuries later, Western technology, along with foreign opium and opium smoking habits, were introduced into China by the Dutch and the English (adapted from Ahmad 2004).

This refers to ancient history. In more recent times, the colonial period preceding the Second World War witnessed massive movements of knowledge, technology, goods and services from the West to the East and from the North to the South. In a reverse movement, natural resources flowed from the East to the West and from the South to the North to start the engines of industrialization and support warfare in Europe and America. Cultural interactions accompanied these two-way transfers. Politically and economically exploitative as these exchanges might have been, they were the precursors of the more recent currents of globalization (see, *e.g.*, MacGillivray 2006; Chanda 2007).

CF2: The following brief reasoning contradicts Fallacy 2 that globalization in the contemporary world society is a one-way street.

This discussion dovetails into the one preceding it in that contemporary globalization is also a multidirectional phenomenon like its predecessor although in far greater measures and manners. No single country or corporation is in the driver's seat anymore. The exclusive club of G7 or G8 has now been expanded to include 20 newly industrialized or industrializing economies (NIEs), the group of G20. More than a quarter of the world's largest economies are non-western. China has already overtaken Germany as the second largest industrial nation posing a threat to the economic hegemony of the United States although the gap between the two is still very large (Engardio 2007). Industrial and business transactions between China and the rest of the world are increasing rapidly, particularly with the United States, Australia, and in the African and Latin regions.

The combined GDP of the BRIC countries – Brazil, Russia, India, and China – is larger than the entire European GDP. The American economy suffered a major setback during 2008 and 2009 and continued to struggle through 2011. Major European economies, including Iceland, Britain, Germany, Greece, Spain and others went through similar ordeals of huge budget deficits, belt tightening, cost cutting, investment slashing, job losses, reduced public services, and popular unrest and mistrust of private and public institutions – unmistakable indicators of their declining economic, and consequently, political power. The old masters of the world suffered the 2008–2009 recessions with much pain and anxiety (Zakaria 2008; Lorca-Susino 2010). The NIEs, most of them with relative degrees of centralization, came out of it rather unscathed. Of all the European countries, Germany alone remarkably turned around its economy through manufacturing and export of high quality small and big machines like their Stihl chainsaws, BMWs, and Mercedes. More automobiles are now sold in China than in the United States.

The controlled economies learned through trial and error that too many restrictions on private initiative and ownership are counter-productive. China is the best example of communism turned on its head. It is often called, somewhat euphemistically though,

the most capitalist communist country in the world. India offers a similar example of turnaround from what used to be called the 'License Raj' for restrictive business policies to a relatively open-door policy for private initiatives and investment from within and outside the country.

On the contrary, the freer market economies are adopting some ways and means used by the command economies to bolster economic well-being, such as better management of the money supply, publicly funded infrastructural developments, and bail out of failing private banks and companies like the GM and Chrysler in America. The universal trend seems to be moving in the mixed-economy direction taking a queue from the likes of Sweden and Denmark in Europe and Brazil, India, and China outside the western hemisphere. Dollar, the gold standard of currencies for the past one hundred years, is competing with euro and the British pound. It may not be long before the Chinese and other developing countries' currencies join the ranks of the existing 'hard' currencies.

Declining economic imperialism is accompanied by declining political and cultural imperialism as well. The superpower hegemony of the United States and the (then) Soviet Union has been replaced by the rising political clout of the NIEs. Islam and Hinduism are today the world's second and third largest religions according to the number of their followers. Together with Buddhism, they surpass Christianity by close to half a billion followers. These competing belief systems are profoundly affecting the cultural landscape in the globalizing world. Christians eat almost everything that walks, crawls, swims, or flies barring a few exceptions. Chinese eat everything and anything living regardless. Muslims and Jews do not eat pork, about the only thing they share with each other in addition to the ritual of kosher meat and circumcision. Hindus are largely vegetarians; but some Hindus eat eggs, chicken, maybe even mutton. Buddhists and Jains do not touch any living thing for food. Through migration and the Internet the cuisine, dress, demeanor, arts and artifacts influenced by these diverse religious and ethnic traditions have found expression in lands far beyond their origins. An increasing number of people, particularly the younger generations everywhere, are learning to taste the cuisines and styles from cultures other than their own. While American lifestyles are very popular in many parts of the world, the Americans also begin to increasingly experience and appreciate the cuisines and cultures from other countries (Berger and Huntington 2002; Watson 2006).

The United States, Canada, India, and much of Europe today are melting pots of these diverse cultures. Cultural diversity in Europe is nowhere more visible than in England and France. Some of the best and the worst Chinese, Indian, and Mexican restaurants are found in these countries. Some of the best Indian food is served in the 'English' and 'Australian' restaurants. Cricket has replaced football (soccer) as the most popular sport in India. Hollywood films are universally popular. Bollywood music is appreciated throughout the Middle East and Africa. Nine out of ten taxi drivers in New York City, Minneapolis or Toronto is an Indian, Iranian, Pakistani, Somali, or somewhere from outside the United States or Canada. Dozens of languages and dialects are spoken in the streets of major American, Canadian, and English cities. English is the most common cross-cultural medium of communication within and across nations (Ahmad 2010: ch. 7).

The forces of globalization – spread of science and technology, non-monopolistic nature of economic power, cross-cultural dissemination of lifestyles, arts and artifacts, including music, movies, and the media – are responsible for the dissipation of political hegemonies and oligarchic regimes. The dissolution of the Soviet Union was a welcome jolt to the superpower rivalry leaving the United States as the only superpower. That was some twenty or so years ago. With the rising military power of Russia, China, India, and other nuclearising nations, it is doubtful if there will be any one ‘super power’ in the near future. Along with their economies and cultures, global political and military systems would also get closely intertwined and interdependent on each other for their own survival as well as for world peace. Current uprisings in many parts of Africa and the Middle East testify to this unfolding reality unforeseen by the spies and the futurists of the world alike. These uprisings, bloody and messy as they are, are also aided and abetted by free flow of information all across the world. In the longer run, they are likely to herald a new era of people power to replace authoritarianism and diminish tribal and religious bigotry and rivalries.

The most powerful tool for globalization is the spread of knowledge, science, and technology (The Economist 2010: 92, 94). There was time when scientific ideas and inventions flowed unidirectionally from the North to the South and from the West to the East for hundreds of years since the industrial revolution. The knowledge flows are now truly multidirectional. Europe and America remain highly creative knowledge centers but they are no longer the monopolistic powerhouses of creativity and innovation. Ideas come out of human minds in nurturing social and political environments. There used to be the so-called brain drain in the 1960s and 70s. The global brain trust of today is highly diverse and dispersed. India and China together produce more qualified scientists and engineers per years than the United States, Europe, and the rest of the world combined. And lo and behold, they are staying in ever larger numbers in their home countries rather than migrating out in search of intellectual and professional fulfillment. Like the economic and political hegemonies, the hegemony of knowledge of older times is now on its last leg. Cultural and geographic diversification of knowledge creation and dissemination is a liberalizing force for otherwise subjugated peoples all over the world.

Production of qualified scientists and engineers, particularly those employed in R&D, directly impacts a country's scientific and technological capacities. Per capita production of scientists and engineers in the West (particularly the USA) is still well ahead of the world average. But the total annual production in China and India surpasses the USA in about 4 to 1 ratio: USA = 84,898; India = 103,000; China = 292,569 (India-China combined total = 395,569). These ratios are changing the nature and extent of global technological capacities. The United States and the EU countries still have the largest share of global IT/R&D capacity. But their share is declining. Others like South Korea, Taiwan, Singapore, Hong Kong, and of late, India and China are catching up fast.

South Korea, Taiwan, and Singapore spend as much of their GDP percentage on R&D as the USA and more than most EU nations. Japan's R&D expenditure is running at 3+ per cent of GDP vs. the USA's 2+ per cent. Its industry R&D intensity is the second after Sweden in the OECD region. Chinese R&D expenditure of 1.5 per cent of GDP surpasses most of the EU countries'; more than that of Japan for the first time,

\$154 billion vs. \$144 billion. China spends 6 per cent of GDP on information technology (IT) development alone (next to India's 4 per cent) and employs 1.4 million qualified scientists and engineers. It is the world's second highest R&D investor behind the United States. These science and technology indicators amply demonstrate globalization, utilization, and transfer of knowledge on a scale unforeseen in world history (NSF 2010). Along with the preceding information, they demolish the myth of hegemonic and unidirectional nature of globalization.

CF3: The following discussion is meant to correct the impression that globalization means global economy *per se*.

Globalization and global economy are quite often theoretically and analytically indistinguishable from each other in the extant literature on globalization (see, *e.g.*, Head 2003; Bhagwati 2004; Wolf 2005; Rivoli 2006; Meredith 2007). Global economy may indeed be the most pervasive and influential aspect of globalization but it is neither the beginning, nor the end, nor the all of it. To reduce globalization to global economy would tantamount to reductionism. The overall processes of globalization are indeed buffeted by a variety of economic trends, including national economic priorities, market fluctuations, and production systems; along with international trade, treaties, movement of money and natural resources. But globalization is a lot more than the global economy. It is shaped and reshaped by forces of an increasingly interdependent world in terms of political systems and governments, a globalizing culture of consumerism that feeds it and is fed by it, and the attitudes of mind which have come to accept, though sometimes reluctantly, the interconnections between the local and the global.

We are living in a world where the political and social destinies of nations, as well as their economic destinies, are closely interlinked. No one could have foreseen two or so decades ago the dissolution of the Soviet Union, fall of the Berlin Wall, unification of Germany, the loosening grip of Communism on the Russian, Chinese, Vietnamese, and Cuban economies; opening of markets to international technology, trade, and capital in erstwhile publicly controlled economies of India, China, Russia, and Brazil; and the rising tide of revolutions in Tunisia, Egypt, Libya, Syria and other absolute monarchies and dictatorships in the Middle East and Africa. These developments would not be possible without significant change in political attitudes and yearnings in these regions aided and abetted by rapid dissemination of global cultures and information through the cyber space.

In the systemic reality of our contemporary world, it is generally quite difficult if not entirely impossible to separate the cause from its effect, and *vice versa*. And so is the case with the various subsystems of global society and the processes of change within them. The European Union is perhaps the best example of the interactive nature of socio-cultural, economic, and political forces among the EU's 27 member states (McCormick 2007; Pinder and Usherwood 2007). The impending economic bailout of Greece in the Euro zone is a prime example of the complex interplay of these forces. So is Turkey's exclusion from the EU. Here is an otherwise economically robust democratic country in the region being kept out of the EU because of cultural differences between an Islamic society and the Christian Europe although the staunchest among the opponents deny any such motives.

CF4: The following discussion argues that globalization (particularly the global economy) is neither an unmitigated boon nor a bane for all.

A culture of consumerism has taken hold of the lifestyles of an increasing number of people throughout the world. This does not mean that there is no poverty or inequality among large sections of people in many countries. Global economy may be an instrument to increase the purchasing power of many within nations as well as to decrease economic disparity among nations. But it has also left many others behind, particularly those relatively unqualified to benefit from its largess – those without the endowments of education, inheritance, communicability or mobility (Head 2003). Multinational corporations have set up shops in the developing countries that provide training and jobs to millions of people who would otherwise remain untrained and unemployed. These are often low wage ‘sweat shop’ jobs with no security, benefits, or decent working environments. Chinese factories using rural migrants to support their export bonanza are notorious for such conditions.

Still classified at large as a poor country, India has many millionaires, even billionaires of the Ambanis, Tatas, Birlas, and Mahindras fame aided and abetted by the global economy juggernaut. But vast numbers of Indians survive on a dollar a day without running water, power, toilets or telephones – services taken for granted almost everyone in the rich world. This can be said of millions of Chinese as well in the world’s manufacturing powerhouse and its second largest economy.

One significant measure of disparity is the so-called digital divide within and across nations. According to the International Telecommunications Union, 60 per cent inhabitants in the rich world had access to the Internet in 2007 compared to only 17 per cent in the less developed countries. Wide variations do indeed exist within nations as well. For example, China has 200+ million Internet users, the largest number in the world surpassing the Web surfers in the United States. But it is still a small percentage of the total population covering only about 13 per cent of the Chinese people next to 67 per cent in Japan, 66 per cent in South Korea, and 63 per cent in Taiwan. By and large, South Asian, Latin, and African populations have far less access to modern information technologies than the people in North America, Europe, Australia, New Zealand, and East Asia (Fairlie 2004).

Nonetheless, Internet use has become a tool for economic development and social networking everywhere. Computers are providing vital information about commodities, markets, weather, technological innovations, and knowledge in general to entrepreneurs, farmers, businessmen, housewives, students and scholars in communities across the world. Where computers are unavailable, cell/mobile phones and television are filling the gap to some extent by connecting people to sources of knowledge and information within or outside an organization or a country. But when none of these information sources is available to large sections of a society, economic development suffers and along with it suffer the individuals, their families, and freedoms (Sen 1999; James 2003).

Globalization by itself cannot narrow the digital divide and economic disparity. Neither can it accentuate them. National politics, prejudices, priorities, and ideologies determine the extent up to which nations, organizations, and communities may benefit the most or the least from the resources unleashed by the forces of globalization; like the opening of world markets to locally manufactured goods and services, access to international science, technology, education, capital, and employment in offshore facilities. The tide often

does not lift all boats. Unprotected by public policies, the poor are generally left out of the massive sweeps of what could otherwise be positive social change. Examples are legion to suggest that left to propel on their own momentum, technological innovations and markets end up helping the least those who need to be helped the most. Globalization in general can, therefore, be either a social and economic boon or a bane depending upon how it is managed locally (Stiglitz 2002).

Concluding Remarks

The purpose of this discourse is to help create a better explanation of globalization by discounting some of the reigning misconceptions about its nature and impacts on global communities. Four such assumptions, called the fallacies of globalization, were briefly discussed and discounted. Why do we need a discourse of this nature about globalization at this time? It is a good question that needs to be answered although most probably without satisfying either the proponents or opponents of globalizations.

First and foremost is the reason that we are living in an increasingly interdependent and interconnected world driven by the engine of globalization. This juggernaut is going to be with us for all its promises and pitfalls whether we like it or not. Understanding what globalization is and is not, what it does and does not do, or can or cannot do, is imperative for individuals, communities, corporations, and governments all across the globe, from Beijing to Bangalore, from Lhasa to Lahore. This discussion argues that globalization, possibly every aspect of it – from economy to politics, population, environment, and the culture – has been continuing and gaining momentum for thousands of years before the Industrial Revolution, colonialism, world wars, and the post-World War II Bretton Woods institutions. In our contemporary globalizing world system there are many players, some more vital than others. Considering it anyhow otherwise misconstrues globalization's true nature and tends to make it appear as an exclusively western creation and a unidirectional force driven by western corporations and their governments and vested interests. Such misconceptions can easily lead to the conclusion that globalization is another name for westernization of the nonwestern world in the garb of modernization, democracy, and economic liberalization and therefore must be rejected by those who could actually benefit the most from it.

The coming of the digital age is both a cause and consequence of globalization and its economic, cultural, political, technological, demographic, and environmental dimensions. Digital technologies are connecting together an ever-increasing number of people of all colors and creeds, regions and nationalities. These connections and interactions promise to herald new virtual communities far beyond their national, cultural, and geographic boundaries. Goods, services, and agricultural commodities available in one corner of the world are being shipped and consumed in other corners. Their pace and reach is expected to increase by tenfold in this and the coming decades. Yet seeing modern information technologies simply as instruments of power over the powerless could lead to serious social, cultural, and political consequences by way of their misuse in crime, violence, exploitation, extortion, corruption, and other forms of irresponsible behavior such as violating other peoples' privacy. Forces unleashed by globalization could therefore be equally beneficial or harmful, a boon or bane for human societies depending upon how wisely or unwisely they are used.

Economic globalization being the most pervasive aspect of globalization needs to be understood and handled well by all concerned. Left unchecked it could pose serious environmental and social hazards. But to blame global economy *per se* as the fountain-head of environmental degradation and socioeconomic disparity among people and communities of the world would be short-sighted. It is the unbridled and uncontrolled economic self-interest that is the source of our environmental quagmire and social inequalities. What is needed are global consciousness and responsibility to safeguard the future of our planet and the people living on it. The repeated failures by nations at numerous international forums and the United Nations to come to terms with the reality of a fast deteriorating environment and unfulfilled promise of meeting the 2000 Millennium Development Goals testify to the fact that the required global consciousness is yet to take root among the power brokers of the world (Ahmad 2003). This essay warns of these and other consequences of globalization through the mirrors of four facts and fallacies of globalization outlined at the outset.

REFERENCES

- Ahmad, A.
2003. Globalization without Global Consciousness. *Humanity & Society* 27(2): 125–142.
2004. Globalization: Boon or Bane? URL: <http://www.stwr.org/globalization/globalization-boon-or-bane.html>.
2010. *Exploring Globalization: Structures and Processes, Impacts and Implications*. New York – Bloomington: iUniverse, Inc.
- Bhagwati, J.
2004. *In Defense of Globalization*. New York: Oxford University Press.
- Berger, P., and Huntington, S. (eds.)
2002. *Many Globalizations: Cultural Diversity in the Contemporary World*. New York: Oxford University Press.
- Chanda, N.
2007. *Bound Together: How Traders, Preachers, and Warriors Shaped Civilization*. New Haven, CT: Yale University Press.
- The Economist
2010. *Pocket World in Figures 2011*. London: Profile Books.
- Engardio, P. (ed.)
2007. *Chindia: How China and India are Revolutionizing Global Business*. New York: McGraw-Hill.
- Fairlie, R. W.
2004. *The Determinants of the Global Digital Divide: A Cross-Country Analysis of Computer and Internet Penetration*. Cambridge, MA: National Bureau of Economic Research.
- Head, S.
2003. *The New Ruthless Economy: Work and Power in the Digital Age*. New York: Oxford University Press.
- James, J.
2003. *Bridging the Digital Divide*. Cheltenham: Edward Elgar.

- Lorca-Susino, M.
2010. *The Euro in the 21st Century: Economic Crisis and Financial Upheaval*. Burlington, VT: Ashgate Publishers.
- MacGillivray, A.
2006. *A Brief History of Globalization*. New York: Carroll & Graff Publishers.
- McCormick, J.
2007. *The European Union: Politics and Policies*. Boulder, CO: Westview Press.
- Meredith, R.
2007. *The Elephant and the Dragon: The Rise of India and China and What it Means for All of Us*. New York: W. W. Norton.
- NSF – National Science Foundation
2010. *Science and Engineering Indicators: 2010*. Arlington, VA: National Center for Science and Engineering Statistics (NCSES).
- Pinder, J., and Usherwood, S.
2007. *The European Union: A Very Short Introduction*. New York: Oxford University Press.
- Rivoli, R.
2006. *The Travels of a T-shirt in the Global Economy*. Hoboken, NJ: John Wiley.
- Sen, A.
1999. *Development as Freedom*. New York: Anchor Books.
- Stiglitz, J.
2002. *Globalization and Its Discontents*. New York: W. W. Norton.
- Watson, J. L.
2006. *Golden Arches East: McDonald's in East Asia*. Stanford, CA: Stanford University Press.
- Wolf, M.
2005. *Why Globalization Works*. New Haven, CT: Yale University Press.
- Zakaria, F.
2008. *The Post-American World*. New York: W. W. Norton.