

## FAQ's

### 1. What is globalization?

**Globalization** (or globalisation) is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Advances in transportation, such as the steam locomotive, steamship, jet engine, container ships, and in telecommunications infrastructure, including the rise of the telegraph and its modern offspring, the Internet, and mobile phones, have been major factors in globalization, generating further interdependence of economic and cultural activities.

### 2. What are the four aspects of globalization as identified by the IMF?

In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people, and the dissemination of knowledge. Further, environmental challenges such as global warming, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization.<sup>[10]</sup> Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment.

### 3. Discuss the history of globalization.

Though scholars place the origins of globalization in modern times, others trace its history long before the European Age of Discovery and voyages to the New World. Some even trace the origins to the third millennium BCE. Large-scale globalization began in the 19th century. In the late 19th century and early 20th century, the connectivity of the world's economies and cultures grew very quickly.

In this schema, three main prerequisites are posited for globalization to occur. The first is the idea of Eastern Origins, which shows how Western states have adapted and implemented learned principals from the East. Without the traditional ideas from the East, Western globalization would not have emerged the way it did. The second is distance. The interactions amongst states were not on a global scale and most often were confined to Asia, North Africa, the Middle East and certain parts of Europe. This archaic globalization existed during the Hellenistic Age, when commercialized urban centers enveloped the axis of Greek culture that reached from India to Spain, including Alexandria and the other Alexandrine cities. Early on, the geographic position of Greece and the necessity of importing wheat forced the Greeks to engage in maritime trade. Trade in ancient Greece was largely unrestricted: the state controlled only the supply of grain. Trade on the Silk Road was a significant factor in the development of the civilizations of China, the Indian subcontinent, Persia, Europe, and Arabia, opening long-distance, political and economic interactions between the civilizations. Though silk was certainly the major trade item from China, many other goods were traded, and religions, syncretic philosophies, and various technologies, as well as diseases, also travelled along the Silk Routes. In addition to economic trade, the Silk Road served as a means of carrying out cultural trade among the civilizations along its network.<sup>[37]</sup> The movement of people, such as refugees, artists, craftsmen, missionaries, robbers and envoys, resulted in the exchange of religions, art, languages and new technologies.

#### **4. What are the positive impacts of globalization?**

Some of the **positive impacts** are:

- Inward investment by TNCs helps countries by providing new **jobs** and skills for local people.
- TNCs bring **wealth** and **foreign currency** to local economies when they buy local resources, products and services. The extra money created by this investment can be spent on education, health and infrastructure.
- The sharing of ideas, experiences and lifestyles of people and cultures. People can experience foods and other products not previously available in their countries.
- Globalisation increases awareness of events in far-away parts of the world. For example, the UK was quickly made aware of the 2004 tsunami tidal wave and sent help rapidly in response.
- Globalisation may help to make people more aware of global issues such as deforestation and global warming - and alert them to the need for sustainable development

## **5. What are the negative impacts of globalization?**

Some of the **negative impacts** include:

Globalisation operates mostly in the interests of the richest countries, which continue to dominate world trade at the expense of developing countries. The role of LEDCs in the world market is mostly to provide the North and West with cheap labour and raw materials.

There are no guarantees that the wealth from inward investment will benefit the local community. Often, profits are sent back to the MEDC where the TNC is based. Transnational companies, with their massive economies of scale, may drive local companies out of business. If it becomes cheaper to operate in another country, the TNC might close down the factory and make local people redundant.

An absence of strictly enforced international laws means that TNCs may operate in LEDCs in a way that would not be allowed in an MEDC. They may pollute the environment, run risks with safety or impose poor working conditions and low wages on local workers.

Globalisation is viewed by many as a threat to the world's cultural diversity. It is feared it might drown out local economies, traditions and languages and simply re-cast the whole world in the mould of the capitalist North and West. An example of this is that a Hollywood film is far more likely to be successful worldwide than one made in India or China, which also have thriving film industries.

Industry may begin to thrive in LEDCs at the expense of jobs in manufacturing in the UK and other MEDCs, especially in textiles.

Anti-globalisation campaigners sometimes try to draw people's attention to these points by demonstrating against the **World Trade Organisation**. The World Trade Organisation is an inter-government organisation that promotes the free flow of trade around the world.