Globalisation: dimensions, patterns and factors
3.2.1.1 Global systems and global governance

What you need to know
Definitions and dimensions of globalisation
Patterns of globalised and less globalised places
Factors responsible for the acceleration of globalisation over time

Introduction

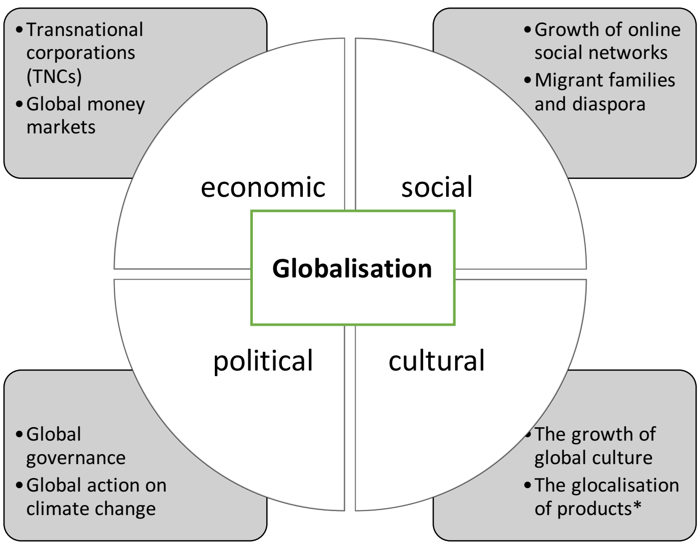
Globalisation has many interpretations, which can be defined in various ways:

- The IMF (International Monetary Fund) defines globalisation as: *"the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders. It refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity—village markets, urban industries, or financial centres."* This definition emphasises that globalisation is driven primarily by money and markets.

- The Trade Union Congress (TUC) sees globalisation as: *"A rapid and huge increase in the amount of economic activity taking place across national boundaries (which) has had an enormous impact on the lives of workers and their communities everywhere. The current form of globalisation, with the international rules and policies that underpin it, has brought poverty and hardship to millions of workers, particularly those in developing and transition countries."* This definition emphasises the way globalisation can have negative as well as positive impacts on societies.

- In its material for schools, the World Bank sums up globalisation as follows: *"It might mean sitting in your living room in Estonia while communicating with a friend in Zimbabwe. It might mean taking a Bollywood dance class in London. Or it might be symbolized in eating Ecuadorian bananas in the European Union."* This account emphasises that there are non-economic dimensions to globalisation too, including social, cultural and political interactions on a global scale.

The illustration below helps illustrate the complexity of globalisation.



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*Glocalisation: the customization of global products to local markets and cultures

Dimensions of globalisation

Another way of thinking about globalisation is to explore how connections between people and places have:

- **lengthened in distance** over time (products and services are sourced routinely from distant places and faraway continents)
- **deepened** over time (a sense of feeling "globally connected" now extends into many different areas of modern life, ranging from the imported food and TV programs we consume to our use of global social media)
- **become faster** over time (in recent years, people have begun to talk to one another in real-time using technologies such as Skype)

Globalisation also involves people and places becoming interconnected with one another by different kinds of global flow. These include:

- **capital flows:** Every day, enormous flows of money pass through the world's stock markets. Investment banks, pension funds and private citizens buy and sell shares and money in different currencies in order to make profits. In 2013, the daily volume of foreign exchange transactions reached US$5 trillion.
- **labour flows:** Despite the restrictions imposed by many governments, record migrations have been recorded in recent years. Soon there will be a quarter of a billion economic migrants in the world. Some states have a special need for migrant labour. For example, Qatar is reliant on Indian construction workers.
- **product flows:** Flows of manufactured goods have multiplied in size in recent years, stimulated by low production costs in China and even lower-waged economies, such as Bangladesh and Vietnam. In 2015, global GDP (Gross Domestic Product) fell just short of US$80 trillion in value. Of this, around one-quarter was generated by trade flows in agricultural and industrial commodities.
- **service flows:** By 2040, India is expected to be the second largest economy in the world and some of its economic success is attributable to the call centre services which Indian workers provide for large US and EU companies.
- **information flows:** The internet has brought real-time communication between distant places, allowing goods and services to be bought at the click of a button. Facebook had 1.5 billion users by 2015, each generating countless numbers of "likes" daily. On-demand TV has increased the size of information flows greatly in recent years.

Patterns of globalised and less globalised places

One way of studying patterns of globalisation is to use the KOF Index which is produced annually by The Swiss Institute for Business Cycle Research. In 2014, Ireland and Belgium were the world's most globalised states, according to KOF's measurements. A complex methodology informs each report. Scores are derived from the analysis of a diverse range of data which includes ranking countries according to three core sets of indicators:

- political involvement globally
- economic involvement globally
- social involvement globally

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An alternative approach to studying geographies of globalisation is to analyse world maps showing the distribution of particular kinds of globalised activity. Key findings include:

- the concentration of **skilled professional** occupations, including quaternary sector research and research & development work (R&D), in high-income developed countries. However, increasingly there are large numbers of skilled scientists and researchers working in emerging economies like China and India too.

- concentrations of **poorly paid and dangerous manufacturing occupations** in less developed countries and some of the poorer emerging economies such as Bangladesh. Some emerging economies - notably China - are developing so rapidly that poor working conditions and exploitative employment are becoming less common there already.

- pockets of **poorly-paid unskilled agricultural work** in rural regions of the developing world where trade terms make it difficult to obtain increasing wealth.

Key point: Some places and people can be highly globalised in certain ways yet not others. For instance, while China appears highly globalised in terms of its trade and employment patterns, its citizens do not participate freely in global social media and often experience only a "shallow" form of social and cultural globalisation. Similarly, cocoa farmers in Ivory Coast are participating in a global supply chain but may have little outside knowledge of the countries and markets where the chocolate they help create is ultimately sold.

Factors responsible for the acceleration of globalisation

Technology is a key factor responsible for the acceleration of globalisation and global flows. There are two important sets of development to consider:

- **transport systems:** In the 1800s, steam ships and trains were moving goods and people in large numbers along global trade routes spanning Asia and Africa. By the late 1960s, the arrival of the intercontinental Boeing 747 (Jumbo Jet) had made international air travel less expensive, resulting in increased global flows of tourists. In recent decades, food and merchandise have been transported efficiently across enormous distances using intermodal containers in developments in containerisation. The enormous Chinese shipping vessels of COSCO (Chinese Ocean Shipping Company) can transport 13,000 containers globally per shipment.

- **information and communications technologies and systems:** The internet originally began life as part of a scheme funded by the US Defence Department during the Cold War in the 1960s. Early computer networks were designed to link together important research machines in different locations. Since then, connectivity between people and place has rocketed. Now, five billion Facebook 'likes' are registered globally every day. Broadband internet has helped deliver this connectivity. Gigantic amounts of data flow across the Earth's ocean floors through fibre-optic cables owned by national governments or internet TNCs such as Google.

Together, these changes are responsible for the **shrinking world** effect. Thanks to technology, distant places feel closer together than ever before and take less time to reach when travelling. This phenomenon is also termed **time-space convergence**.

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In addition to technology, other important factors drive globalisation. These are shown in the table below.

Factor	*How it influences globalisation*
Trade agreements and trade blocs	• For many decades, three international organisations have acted as 'brokers' of globalisation through the promotion of free trade policies. The International Money Fund (IMF), World Bank and World Trade Organisation (WTO) have collectively worked towards a 'free trade consensus'. The 'Bretton Woods institutions' (as they are also known) have persuaded many developing countries to embrace free market economics and globalisation and adopt a 'western model' of trade. • National governments have also promoted the growth of trade blocs. To trade freely with neighbours or more distant allies, trade agreements have been drawn up allowing state boundaries to be crossed freely by flows of goods and money. Mexico and the USA are both part of NAFTA (North America Free Trade Association). The EU has evolved over time from being a simple trade bloc into a multi-governmental organisation with its own currency (the Euro) and some shared political legislation.
Security relationships	• The 'Bretton Woods institutions' were established after WW II in the hope they would make the world more politically secure by stabilising the world economy, and avoid replicating the shocks of the 1920-30s. • The United Nations, the EU and NATO also have roots in the post-war era when governments sought to promote world security and lessen chances of future conflict through greater co-operation of similar economies.
Management systems	• Large corporations ranging from Lidl to Samsung have built complicated global production networks (GPNs) as part of their global businesses. These consist of extensive outsourcing and business partnership arrangements. Food giant Kraft has 30,000 suppliers providing the ingredients it needs. A TNC manages its GPN in the same way the captain of a team manages the assemblage of players - each with a key role. • Over time, more national governments have begun to manage their economies in ways which are compatible with globalisation and allow them to integrate better with global systems. In 1978, Deng Xiaoping – the new Chinese leader after Mao - began the radical 'Open Door' reforms which allowed China to embrace globalisation while remaining under non-democratic rule. Globalisation began in 1991 for India, when its democratic government introduced sweeping financial reforms.
Financial systems	• During the 1980s, financial systems worldwide began to be transformed in line with policies favoured by US President Ronald Reagan and Margaret Thatcher's UK government. They believed that government intervention in markets impedes economic development. Restrictions were therefore lifted on the way companies and banks operated. The deregulation of the City of London in 1986 removed large amounts of 'red tape' and paved the way for London to become the world's leading global hub for financial services. • Over time, a global financial system has developed whereby the International Monetary Fund (IMF) channels large loans from rich nations to countries that apply for assistance. In return, the recipients must agree

	to run free market economies that are open to outside investment. As a result, TNCs are able to enter these countries to establish more easily.