

BUSINESS TRENDS

Week 01:Globalization and its impact on global business

GLOBAL TURNIGN POINTS

for Business and Society

Introduction

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Learning Outcome

At the end of the session, each participant prepares a written analysis of at least 200 words identifying the positive and negative impacts of globalization in his or her community.

Some Initial Discussion Questions

- As of today, do more people in the world live in cities or in the countryside?
- Are there more people suffering from hunger or from obesity?
- Are there more people with a mobile phone than with access to a toilet?
- Are the largest consumer markets, in the U.S. and Europe, or in China and India?
- Is the number of failed states greater or smaller than the number of dictatorships?

Some answers...

- More people live in cities than in the countryside since 2009.
- There are more people suffering from obesity than from hunger since about 2010.
- 6 billion people have access to a mobile phone, but only 4.5 billion have access to a toilet.
- The largest consumer markets are in Europe and the U.S. today, but within 20 years they will be in India and China.
- There are more failed states than dictatorships since the late 1980s.

What is Globalization?

- A process of change.
- There is no discernible destination, i.e. it is not teleological.
- It is bitterly contested.
- It has economic, social, political, and cultural aspects.
- It is not the same as industrialization, Americanization, or technological change.

Definitions of Globalization

- How do the readings define globalization?
- What is your own definition of globalization?
- Is there a single definition that applies everywhere and at all times?

What is the Global Economy?

- Increasing flows of money, goods, services, and information.
- It is *not* just a discrete linking of nation-states.
- It's "an economy with the capacity to work as a unit in real time on a planetary scale."
- It is very different from the "world economy" of the 14th, 16th, and 19th centuries.

Why so Fascinating?

- Because it puts two kinds of liberalism on a collision course:
 - Liberalism of the market, which is boundary-transgressing.
 - Liberalism of citizenship, which seeks to establish and maintain boundaries.

Globalization? No Thank You.



Seattle, November 1999.



Naples, March 2001.

Faces of the Anti-Globalization Movement



José Bové



Subcomandante
Marcos (Zapatistas)



Ralph Nader



“Join the international anti-globalization movement.”

International Trade

- Cross-border flows of goods & services.
- Why does it take place? Theory of comparative advantage:
 - Smith, Ricardo, and Krugman.
- The trade triangle: East Asia—North America—Western Europe.
- The new kid on the bloc: China.
- Free trade may be good overall, but it does generate winners & losers.

Example: The iPhone

2009 US trade balance in iPhones (million dollars)



<i>iPhone-related U.S. Trade Deficit with:</i>	Final value	Value added
China	-1901.2	-73.5
Japan	0	-685.0
South Korea	0	-259.0
Germany	0	-341.0
Rest of the world	0	-543.0

Note: mn USD. Source: http://www.wto.org/english/res_e/statis_e/miwi_e/background_paper_e.htm

How Fast is 'Fast'?

Variable	2010 (1980=100)
Exports plus imports	146
Foreign direct investment stock	457
Daily currency exchange turnover	900
Nongovernmental international organizations	192
International migration stock	141
International tourism	391
Books in print on globalization	6662

Winners & Losers (?)

- Capital.
- Educated workers.
- Strong states.
- Economy ministry.
- Rich countries.
- Labor.
- Unskilled workers.
- Weak states.
- Labor & social ministry.
- Poor countries.

Global Financial Markets

- Foreign portfolio investment.
- Currency markets:
 - Only 10% are commercial transactions.
 - Central banks have lost credibility.
- Financial G > Economic G.

Conclusions of Globalization as a Topic

- Ill-defined and complex.
- Rapidly evolving.
- Has attracted many types of scholars.
- Myths, trivia, truisms.
- Highly contested.

