GLOBALIZATION

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Globalization

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Globalisation

- There was a time when most regions were economically self-sufficient. Locally produced foods, fuels and raw materials were generally processed for local consumption. Trade between different regions was quite limited.

- Today, the economies of most countries are so interconnected that they form part of a single, interdependent global economy.

Types of Globalisation

1. *Economic*

- Countries that trade with many others and have few trade barriers are economically globalised.

2. *Social*

- A measure of how easily information and ideas pass between people in their own country and between different countries (includes access to internet and social media networks).

3.*Political*

- The amount of political co-operation there is between countries.

CAUSES OF GLOBALISATION

Causes of Globalisation:
1. Improved Communications

- The development of communication technologies such as internet, email and mobile phones have been vital to the growth of globalisation because they help MNCs to operate throughout the world.

- The development of satellite TV channels such as Sky and CNN have also provided worldwide marketing avenues for the concept and products of globalisation.

Causes of Globalisation
2. Improved Transport

- The development of refrigerated and container transport, bulk shipping and improved air transport has allowed the easy mass movement of goods throughout the world. This assists globalisation.

Causes of Globalisation:
3. Free Trade Agreements

- MNCs and rich capitalist countries have always promoted global free trade as a way of increasing their own wealth and influence.

- International organisations such as the World Trade Organisation and the IMF also promote free trade.

Causes of Globalisation:
4. Global Banking

- Modern communication technologies allow vast amounts of capital to flow freely and instantly throughout the world.

- The equivalent of up to $US1.3 trillion is traded each day through international stock exchanges in cities such as New York, London and Tokyo.

Causes of Globalisation:
5. The Growth of MNCs

- The rapid growth of big MNCs such as Microsoft, McDonalds and Nike is a cause as well as a consequence of globalisation.

- The investment of MNCs in farms, mines and factories across the world is a major part of globalisation.

- Globalisation allows MNCs to produce goods and services and to sell products on a massive scale throughout the world.

EFFECTS OF GLOBALISATION

The Effects of Globalisation:
1. Changed Food Supply

- Food supply is no longer tied to the seasons. We can buy food anywhere in the world at any time of the year.

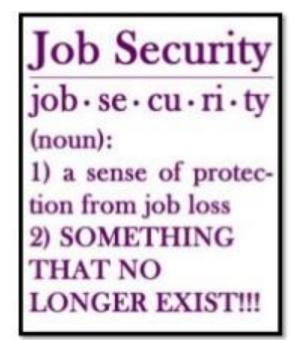# The Effects of Globalisation: 2. Division of Labour

- Because MNCs search for the cheapest locations to manufacture and assemble components, production processes may be moved from developed to developing countries where costs are lower.

The Effects of Globalisation:
3. Less Job Security

- In the global economy jobs are becoming more temporary and insecure.

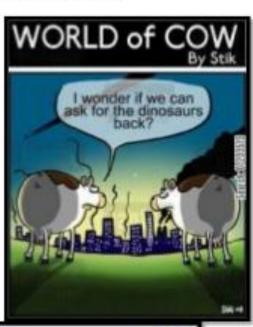- A survey of American workers showed that people now hold 7 to 10 jobs over their working life.

Job Security
job·se·cu·ri·ty
(noun):
1) a sense of protec-
tion from job loss
2) SOMETHING
THAT NO
LONGER EXIST!!!

The Effects of Globalisation:
4. Damage to the Environment

- More trade means more transport which uses more fossil fuels and causes pollution.

- Climate change is a serious threat to our future.

The Effects of Globalisation: 5. Cultural Impact

- Websites such as YouTube connect people across the planet. As the world becomes more unified, diverse cultures are being ignored. MNCs can create a monoculture as they remove local competition and thereby force local firms to close.

Replacing

The Effects of Globalisation
6. Increase in anti-Globalisation Protests

- There is a growing awareness of the negative impacts of globalisation. People have begun to realise that globalisation can be challenged by communities supporting each other in business and society and through public protest and political lobbying.