

# Conceptualising Globalisation: The Content and the Discontent

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**Summary:** [*“Globalisation” is a complex phenomenon that has had far-reaching effects. Not surprisingly, therefore, the term “Globalisation” has acquired many emotive connotations and has become a hotly contested issue in current political and economic discourses. At one extreme, Globalisation is seen as an irresistible and benign force for delivering economic prosperity to people throughout the world. On the other, it is blamed as the source of all contemporary ills. Globalisation has certain positive aspects. But its negative aspects heavily outweigh the positive ones. Globalisation has rendered our world more discriminatory, inhuman and imbalanced. With the progress of Globalisation, these negative aspects would become more and more prominent. At this moment it is necessary to evaluate and rethink the claims of Globalisation. This chapter aims at exploring the origin, development and consequences of globalisation by focusing on its manifold dimensions—contents and discontents.*]

The term Globalisation is a household conundrum in the present-day world. Most people entertain a well-wishing perception about globalisation. They think Globalisation is a spontaneous process of ever-increasing interaction and interdependence in different spheres among various nations and regions all over the globe. But this outlook about globalisation is rather simplistic and even naive. In fact, globalisation is a socio-economic-political process initiated by the advanced capitalist countries of the West in order to establish their exploitative hegemony worldwide, particularly over the Third World countries. Thus, Globalisation is not a manna from heaven, but it is an imperialist imposition. The history of this capitalist globalisation may be traced back to the period of the 1970s. Huge deposits of the dollar with the multinational Western banks, overproduction of commodities and services by the rich industrialised countries, unprecedented technological advancement particularly in the form of computers and the internet, economic crises of the developing and underdeveloped countries of Asia, Africa and Latin America were some of the key factors that necessitated

the process of Globalisation. Globalisation is characterised by the privatisation of government and public sector industries, liberalisation of trade rules, reduction in government subsidies, casualisation of employment, the abdication of the Planning Commission, a free hand to market forces, etc. Almost half a century has elapsed since the introduction of globalisation policy during the 1970s. India adopted this policy formally in 1991. Since then, India has been walking along the path of globalisation for the last three decades despite changes in the political scenario.

Thus, Globalisation is a historical process, the result of capitalistic and technological development that refers to the increasing integration of economies around the world, particularly through the movement of goods, services and capital across borders. The term also refers to the movement of labour and knowledge at the global level. There are also broader cultural, political, and environmental dimensions of Globalisation. Globalisation is a term used to describe how trade and technology have made the world a more connected and interdependent place. In the words of Kofi Annan, the former Secretary General of UNO:

*“Globalisation is a false God foisted on the weaker states by the capitalist centres of the West. Globalisation is seen, not as a term describing objective reality, but as an ideology of predatory capitalism.”*<sup>2</sup>

The IMF, in its report of 2000, has identified four basic aspects of Globalisation: *trade and exchange, circulation of capital and investment, immigration and mobility of people, and transmission of knowledge.*<sup>3</sup>

Samir Amin, the eminent Egyptian-French Marxist economist, observes that Globalisation is based on the dominance of advanced capitalist countries on monopoly control over five fields: *monopoly on technology, monopoly control on the worldwide economic market, a monopoly on natural resources of the world, a monopoly on media and communication means, and monopoly on weapons of mass destruction.*<sup>4</sup>

Nevertheless, it is widely accepted that the key characteristics of Globalisation have been the liberalization of international trade, the expansion of FDI, and the emergence of massive cross-border financial flows.

Since ancient times, humans have sought distant places to settle, produce, and exchange goods enabled by improvements in technology and transportation. But not until the 19<sup>th</sup> century did global integration take off. Although no consensus exists, social scientists and historians have proposed many different starting points for the history of Globalisation. Most historians propose the starting points for Globalisation that centre on one of three historical events: the Industrial Revolution in about 1800, Western maritime expansion around 1500, or the integration of Asia around 1000 or earlier. Many scholars say that it started with Columbus's voyage to the New World in 1492. People travelled to nearby and faraway places well before Columbus's voyage, however, exchanging their ideas, products, and customs along the way. The Silk Road, an ancient network of trade routes across China, Central Asia, and the Mediterranean used between 50 B.C.E. and 250 C.E. is perhaps the most well-known early example

of Globalisation. Advances in metallurgy led to the creation of coins; advances in transportation led to the building of roads connecting the major empires of the day; and increased agricultural production meant more food could be trafficked between locales. Along with Chinese silk, Roman glass, and Arabian spices, ideas such as Buddhist beliefs and the secrets of paper-making also spread via these tendrils of trade.

Unquestionably, these types of exchanges were accelerated in the Age of Exploration, when European explorers seeking new sea routes to the spices and silks of Asia bumped into the Americas instead. Again, technology played an important role in the maritime trade routes that flourished between old and newly discovered continents. New ship designs and the creation of the magnetic compass were key to the explorers' successes. Trade and idea exchange now extended to a previously unconnected part of the world, where ships carrying plants, animals, and Spanish silver between the Old World and the New also carried Christian missionaries. The web of Globalisation continued to spin out through the Age of Revolution when ideas about liberty, equality, and fraternity spread like fire from America to France to Latin America and beyond. It rode the waves of industrialisation, colonisation, and war through the eighteenth, nineteenth, and twentieth centuries, powered by the invention of factories, railways, steamboats, cars and planes.

Following centuries of European colonisation and trade activity, that first "wave" of Globalisation was propelled by steamships, railroads, the telegraph, and other breakthroughs, and also by increasing

economic cooperation among countries. The Globalisation trend eventually waned and crashed in the catastrophe of World War I, followed by postwar protectionism, the Great Depression, and World War II.

After World War II in the mid-1940s, the United States led efforts to revive international trade and investment under negotiated ground rules, starting a second wave of Globalisation, which remains ongoing, though buffeted by periodic downturns and mounting political scrutiny.

With the Age of Information, Globalisation went into overdrive. Advances in computer and communications technology launched a new global era and redefined what it meant to be "connected." Modern communications satellites meant the 1964 Summer Olympics in Tokyo could be watched in the United States for the first time. The World Wide Web and the Internet allowed someone in Germany to read about a breaking news story in Bolivia in real time. Someone wishing to travel from Boston, Massachusetts, to London, England, could do so in hours rather than the week or more it would have taken a hundred years ago. This digital revolution massively impacted economies across the world as well. They became more information-based and more interdependent. In the modern era, economic success or failure at one focal point of the global web can be felt in every major world economy.

The ongoing process of present-day Globalisation may be traced back to the 1970s. At that time, the OPEC countries suddenly increased the prices of their petroleum products and thereby earned staggering amounts of Petrodollars. The

American and European banks became overflowed with Petrodollar deposited by the petroleum exporting countries of the Middle East. The banks in turn lent their deposits to the countries of Latin America, Sub-Saharan Africa, and East Asia. But most of the borrowers failed to repay their debts for various reasons. Taking advantage of this situation, the financial institutions, particularly the IMF and World Bank, controlled by the advanced capitalist-imperialist countries, imposed the agenda of the Structural Development Programme (SAP) upon the Third World countries. Another factor that contributed immensely to the project of Globalisation was a never before advancement in information technology in the form of computers and the internet. This enabled investors to invest and withdraw huge sum of money instantly in any economy of the world simply by pressing the buttons of the computer. But the most important factor was the collapse of the USSR and the East European socialist countries at the very beginning of the 1990s. With this, the Cold War came to an end. The USA now became the single superpower in the world. It openly came out on a wild spree to establish its hegemony over the globe in the name of unipolarity and new world order.

However, the project of Globalisation was not implemented all over the world at the same time. Different countries embraced it at different points in time. While Globalisation was implemented in the countries of Latin America, sub-Saharan Africa and East Asia during the 1970s, in India the process was formally initiated in 1991. The Bretton-Woods institutions, while imposing the agenda of Globalisation on the

Third World countries, painted a rosy picture of it. They promised that Globalisation would bring unprecedented economic development, peace and stability to poor countries. But after four decades of Globalisation in place, the project has badly failed to deliver any good to these countries. The Human Development Report 1997 frankly admitted: *“Globalisation has its winners and losers.”* Having witnessed the tragic consequences of Globalisation, Joseph Stiglitz, the former economic adviser to the Clinton administration and the former chief economist of the World Bank, confesses:

*“ Globalisation today is not working for many of the world’s poor. It is not working much for the environment. It is not working for the stability of the global economy. The transition from communism to a market economy has been so badly managed that, with the exception of China, Vietnam and a few Eastern European countries, poverty has soared as incomes have plummeted.”*<sup>5</sup>

Globalisation is a complex phenomenon that has had far-reaching effects. Not surprisingly, therefore, the term “Globalisation” has acquired many emotive connotations and become a hotly contested issue in current political and economic discourses. At one extreme, Globalisation is seen as an irresistible and benign force for delivering economic prosperity to people throughout the world. On the other, it is blamed as a source of all contemporary ills.

The one issue which came to the fore time and again was employment and livelihoods. While people largely favour more openness and interconnection between societies, they are much less positive when asked about the impact on their jobs and

incomes. A participant in the Philippines dialogue said, “There is no point to a Globalisation that reduces the price of a child’s shoes, but costs the father his job”.<sup>6</sup>

There was frequent reference to the difficulties faced by small enterprises in taking advantage of Globalisation— and yet that is where most employment is created. The rural and informal economies remain on the margins, and the result is persistent poverty. Others were concerned with the loss of jobs as a result of industrial restructuring in the face of competitive global markets, and the downward pressures on conditions of work and workers’ rights – in Europe and North America as well as in middle-income and transition countries.

A basic step in evaluating the impact of Globalisation is to look at what has happened to rates of economic growth both globally and across countries. Here it is striking that since 1990, global GDP growth has been slower than in previous decades, the period in which Globalisation has been most pronounced. At the very least this outcome is at variance with the more optimistic predictions on the growth-enhancing impact of Globalisation. Growth has also been unevenly distributed across countries, among both industrialised and developing countries. In terms of per capita income growth, only 16 developing countries grew at more than 3 per cent per annum between 1985 and 2000.<sup>7</sup> In contrast, 55 developing countries grew at less than 2 per cent per annum, and of these 23 suffered negative growth. At the same time, the income gap between the richest and poorest countries increased significantly.

The economic benefits and social costs of Globalisation are not evenly

distributed among social groups. In many countries, some groups of workers have been adversely affected by trade liberalisation and the relocation of production to lower-wage economies. While this has so far primarily affected unskilled workers, some skilled and professional workers have also been affected by developments such as the outsourcing of software development, the increasing trade in professional services and increased immigration of skilled professionals from developing countries. At the same time, organised labour in industrialised countries has argued that Globalisation has disproportionately benefited multinational corporations and financial interests.

The massive increase in global interconnectivity is affecting people’s lives in different ways, some of them predictable and others unforeseen. One important change is an increase in global awareness. People anywhere are now much more aware of events and issues everywhere. This has vastly expanded awareness of global disparities in living standards and life chances, and political and social rights and liberties. There are other far-reaching ways in which Globalisation has touched the lives of people. We will focus on two key aspects of these: increased global interconnectivity and the growth of illicit cross-border activities.

Living in less privileged parts of the world, people experience an elevation in their expectations along with a decrease in their acceptance of their current circumstances. This has likely played a significant role in the proliferation of democracy and the rise in demands for political freedoms, even though these aspirations remain unfulfilled. The increased access to information has also

given rise to more knowledgeable and critical advocacy groups and voting populations, which has greatly benefited the quality of democracy. In wealthier nations, the information revolution is contributing to the development of a stronger sense of global interconnectedness and international unity. This is evident in the rapid growth of global alliances among non-governmental entities focused on issues of worldwide importance, such as Globalization, the environment, human rights, humanitarian assistance, and labour exploitation. Additionally, this global information revolution has undeniably influenced cultures and societal norms. However, these transformations are challenging to precisely define and record. One debatable matter revolves around how the information revolution has impacted local cultures and values across the globe. There's widespread concern about the overwhelming prevalence of United States and Western cultural norms and values in the global media and entertainment sector. The concern is that continuous exposure to these Western lifestyles and role models might lead to tensions that could fracture societies both culturally and socially.

Another side-effect of Globalisation has been a sharp increase in the level of illicit cross-border activities. This has included increased tax evasion and the rise of multinational crime syndicates engaged in money laundering, trafficking in people, and the sex and drug trades.<sup>8</sup> The same factors that facilitated the growth of legitimate cross-border economic transactions have also provided the means for illicit cross-border transactions. The ICT revolution has made the cross-border coordination of illicit

activities easier, while global financial liberalisation has facilitated tax evasion and money laundering. Similarly, the sharp fall in transportation costs and the growth of mass tourism have made the smuggling of people and drugs less costly and more difficult to detect.

Globalisation is a historical process, that refers to the increasing integration of economies around the world, particularly through the movement of goods, services and capital across borders. It also refers to the movement of people (labour) and knowledge at the global level. There are also broader cultural, political, and environmental dimensions of Globalisation. Globalisation has its winners and losers. The winners in the process include the developed countries in particular and the richer section of the world in general. On the other hand, the losers in the process are the third-world countries and the working people of the world.

#### Footnotes

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<sup>2</sup> Kofi Annan: "The politics of Globalisation", a lecture delivered to Harvard University, USA, on 17 September 1998.

<sup>3</sup> <https://en.m.wikipedia.org> accessed on 12.3.2023

<sup>4</sup> Samir Amin : Capitalism in the Age of Globalisation, Zed Books, London and New York, third imprint, 2000, p.4

<sup>5</sup> Joseph Stiglitz : *Globalisation and Its Discontents*, Penguin Books, New Delhi, India, first published in India, 2003, p.24

<sup>6</sup> *Globalisation and Its Impact* accessed on the website of International Labour Organisation, <https://www.ilo.org> on 12.3.2023

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<sup>8</sup> *ibid.*

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