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**Globalization**

**ECO 410**

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**1(a) Globalization** [or](https://en.wikipedia.org/wiki/-ise_vs_-ize) **globalisation** is the process of [interaction](https://en.wikipedia.org/wiki/Foreign_relations) and integration among people, companies, and governments [worldwide](https://en.wikipedia.org/wiki/World). As a complex and multifaceted phenomenon, globalization is considered by some as a form of capitalist expansion which entails the integration of local and national economies into a global, unregulated market economy.[[1]](https://en.wikipedia.org/wiki/Globalization#cite_note-1) Globalization has grown due to advances in [transportation](https://en.wikipedia.org/wiki/Transportation) and [communication](https://en.wikipedia.org/wiki/Communication) technology. With the increased global interactions comes the growth of international [trade](https://en.wikipedia.org/wiki/Trade), [ideas](https://en.wikipedia.org/wiki/Idea), and [culture](https://en.wikipedia.org/wiki/Culture). Globalization is primarily an economic process of interaction and integration that's associated with social and cultural aspects. However, conflicts and [diplomacy](https://en.wikipedia.org/wiki/Diplomacy) are also large parts of the [history of globalization](https://en.wikipedia.org/wiki/History_of_globalization), and modern globalization.

It is the world economy which we think of as being globalized. We mean that the whole of the world is increasingly behaving as though it were a part of a single market, with interdependent production, consuming similar goods, and responding to the same impulses. Globalization is manifested in the growth of world trade as a proportion of output (the ratio of world imports to gross world product, GWP, has grown from some 7% in 1938 to about 10% in 1970 to over 18% in 1996). It is reflected in the explosion of foreign direct investment (FDI): FDI in developing countries has increased from $2.2 billion in 1970 to $154 billion in 1997. It has resulted also in national capital markets becoming increasingly integrated, to the point where some $1.3 trillion per day crosses the foreign exchange markets of the world, of which less than 2% is directly attributable to trade transactions.

While they cannot be measured with the same ease, some other features of globalization are perhaps even more interesting. An increasing share of consumption consists of goods that are available from the same companies almost anywhere in the world. The technology that is used to produce these goods is increasingly standardized and invariant to the location of production. Above all, ideas have increasingly become the common property of the whole of humanity.

This was brought home to me vividly by a conference that I attended four years ago, where we discussed the evolution of economic thought around the world during the half-century since World War Two (Coats 1997). We debated whether the increasing degree of convergence in economic thinking and technique, and the disappearance of national schools of economic thought, could more aptly be described as the internationalization, the homogenization, or the Americanization of economics. My own bottom line was that economics had indeed been largely internationalized, that it had been substantially homogenized, but only to a limited extent Americanized, for non-American economists continue to make central contributions to economic thought, as the Nobel Committee recognized by its award to Amartya Sen a few weeks before this conference took place. Incidentally, the nicest summary of the change in economic thinking over the period was offered by the Indian participant in that conference, who remarked that his graduate students used to return from Cambridge, England focusing on the inadequacies of the Invisible Hand, while now they return from Cambridge Mass. focusing on the inadequacies of the Visible Hand! In the same vein, one of the more telling criticisms of my phrase "the Washington Consensus" was that the (substantial though certainly incomplete) consensus on economic policy extends far beyond Washington.

However, there are areas where globalization is incomplete, even in the economic sphere. In particular, migration is very far from being free. Highly skilled professionals have a relatively high degree of mobility, but those without skills often face obstacles in migrating to higher-wage countries. Despite the difficulties, substantial proportions of the labour forces of some countries are in fact working abroad: for example, around 10% of the Sri Lankan labour force is now abroad.

Moreover, globalization is much less of a reality in other fields than it is in the economic one. Culture still displays strong national, and even regional and local, variations. While English is clearly in the process of emerging to be a common world language, at least as a second language, minority languages are making something of a comeback, at least in developed countries. Sport is still very different around the world: the Americans have still not learnt to play cricket, and most of the rest of us have still not learned to understand what they see in baseball. Although the nation state is far less dominant than it used to be, with significant powers being devolved both downwards to regional and local authorities and upwards to international and in Europe to supranational institutions (and although "interfering in the internal affairs of another state" is less frowned on than formerly), politics is still organized primarily on the basis of nation-states.

The indicators of globalization are as follows:

**Export Ratio**

In national accounts ([**comparison of the NA/foreign trade concepts**](https://www.destatis.de/EN/Themes/Economy/Globalisation-Indicators/Indicators/_ConceptsVGRAH.html)), the export ratio shows the relation between the exports of goods and services and the gross domestic product (GDP). It measures the importance of the exports of goods and services in relation to the whole German economic performance.



As exports also contain imported goods, the export ratio must not be misinterpreted as the share of exports in the GDP. The share of the GDP that is generated by foreign demand is shown by the export dependence rate of the GDP, which is much lower than the export ratio.

**Import Ratio**

In national accounts ([**comparison of the NA/foreign trade concepts**](https://www.destatis.de/EN/Themes/Economy/Globalisation-Indicators/Indicators/_ConceptsVGRAH.html)), the import ratio shows the relation between the imports of goods and services and the gross domestic product (GDP). It measures the importance of the imports of goods and services in relation to the whole German economic performance.



**Balance of exports and imports to GDP ratio**

In national accounts ([**comparison of the NA/foreign trade concepts**](https://www.destatis.de/EN/Themes/Economy/Globalisation-Indicators/Indicators/_ConceptsVGRAH.html)), the balance of exports and imports–to-GDP ratio shows the relation between the balance of exports and imports (difference between exports and imports of goods and services) and the gross domestic product. It corresponds to the share of national savings in GDP (positive sign) or is the relation between national dissaving and GDP (negative sign).



The concept of the national accounts indicator "balance of exports and imports-to-gross domestic product ratio" is comparable with the concept of the foreign trade indicator "foreign trade balance-to-gross domestic product ratio".

**Terms of Trade**

The terms of trade indicate whether the increase in prices of total German exports as compared with the base year has been larger or smaller than the increase in prices of German imports. They are calculated as the relation of export price changes to import price changes.



**Foreign Trade Balance**

The foreign trade balance according to the foreign trade concept ([**comparison of the NA/foreign trade concepts**](https://www.destatis.de/EN/Themes/Economy/Globalisation-Indicators/Indicators/_ConceptsVGRAH.html)) is the difference between exports and imports:



b. Nigeria has been affected positively and negatively in many aspects, from internal affairs to external affairs. Globalization can have very drastic impacts on a country both positive and negative.

Globalization has Nigeria deal with the increasing economic developed in the rest of the world. This has solved the poverty problems in Nigeria. In the past this was impossible for less developed countries due to trade barriers. The World Bank and International Management encourage these less developed countries to go through market reform. Many countries began to move towards these changes by removing tariffs and free up their economies. Fariooz Hamdi “The Impact of Globalization in the Developing Countries” LinkedIn June 11th 2015. Developed nations invest in less developed nations which lead to creation of jobs for poor people in the less developed countries, this is a positive outcome of globalization. However, globalization has had its negative effects on these less developed nations. Globalization has increased inequality in developing nations between the rich and the poor. The benefit of globalization is not universal. Globalization is making the rich richer and the poor poorer.

The health and education system in developing countries has benefited in a positive way due to the contribution of globalization. Education has increased in the recent years because globalization has created jobs that require a higher education. “Health and education are basic objectives to improve any nations, and there are strong relationships between economic growth and health and education systems” Fariooz Hamdi “The Impact of Globalization in the Developing Countries” LinkedIn June 11th 2015. Globalization has helped improve developing countries rates of illiteracy living standards and life expectancy. According to the World Bank (2004) “ With globalization, more than 85 percent of the world’s population can expect to live for at least sixty years and this is actually twice as long as the average life expectancy 100 years ago”. An Increase trade and travel, diseases for example HIV/ADIS, Swine Flu and a verity of plant diseases, move easily across borders. Fairooz Mustafa Hamdi “The Impact of Globalization in the Developing Countries” November 11th 2013. Another drawback to globalization is the loss of highly educated and qualified professionals in developing countries due to migration to developed countries for a better life.

2. Globalization has had far-reaching effects on our lifestyle. It has led to faster access to technology, improved communication and innovation. Apart from playing an important role in bringing people of different cultures together, it has ushered a new era in the economic prosperity and has opened up vast channels of development. However, globalization has also created some areas of concern, and prominent among these is the impact that it has had on the environment. Globalization has featured extensively in the debates on environmentalism, and green activists have highlighted its far-reaching effects. Let us know about the impact of globalization on our environment.

Activists have pointed out that globalization has led to an increase in the consumption of products, which has impacted the ecological cycle. Increased consumption leads to an increase in the production of goods, which in turn puts stress on the environment. Globalization has also led to an increase in the transportation of raw materials and food from one place to another. Earlier, people used to consume locally-grown food, but with globalization, people consume products that have been developed in foreign countries. The amount of fuel that is consumed in transporting these products has led to an increase in the pollution levels in the environment. It has also led to several other environmental concerns such as noise pollution and landscape intrusion. Transportation has also put a strain on the non-renewable sources of energy, such as gasoline. The gases that are emitted from the aircraft have led to the depletion of the ozone layer apart from increasing the greenhouse effect. The industrial waste that is generated as a result of production has been laden on ships and dumped in oceans. This has killed many underwater organisms and has deposited many harmful chemicals in the ocean. The damage caused to ecosystem from the oil that spilled from one of the leaking containers of British Petroleum in 2010 is just one of the examples of the threat globalization poses to the environment.

Due to globalization and industrialization, various chemicals have been thrown into the soil which has resulted into the growth of many noxious weeds and plants. This toxic waste has caused a lot of damage to plants by interfering in their genetic makeup. It has put pressure on the available land resources. In various parts of the world, mountains are being cut to make way for a passing tunnel or a highway. Vast barren lands have been encroached upon to pave way for new buildings. While humans may rejoice on the glimmer with these innovations, these can have long-term effects on the environment. Various studies over the years, have found that plastic is one of the major toxic pollutants, as it is a non-biodegradable product. However, plastic is of immense use when it comes to packaging and preserving goods that are to be exported. This has led to increased use of plastic, causing widespread environmental pollution.

It has made so many changes in our lives that reversing it is not possible at all. The solution lies in developing effective mechanisms that can check the extent to which it can impact the environment. Researchers are of the view that the answer to this problem lies in the problem itself, that is, globalization itself can lend support to building a better structure which is economically feasible and environment-friendly. Globalization is about competition, and if certain privately owned companies can take the lead in being environment friendly, then it will encourage others to follow suit.

It is important that we put in some efforts to maintain harmony with the environment. The survival of human race on this planet is dependent on the environment to such a large extent that we cannot afford to ignore the consequences of our own actions. While there is a lot of debate and discussion on this issue, the need of the hour is to have effective policies in place, and implementation of those policies. The people that we have chosen to represent us have the responsibility of ensuring that the extent of damage on environment is curtailed, if not totally prevented. We hope this article helped you in understanding globalization and its impact on the environment and the importance of taking concrete actions against it.