

Unit 24

Globalization and Economics

Section 1

Unit Materials

Questions To Consider

Question 1.

How did technological changes in the twentieth century aid the process of globalization?

Question 2.

What are some of the economic, political and environmental effects globalization can have on individuals and local communities?

Question 3.

In what ways have political, social, and economic inequities been both reduced and reinforced by the forces of globalization?

Question 4.

What is the relationship between the economic and cultural effects of globalization?

The Big Picture

How is this topic related to Increasing Integration?

The process of globalization has accelerated the process of human integration through the movement of people, technological innovation, the spread of ideas, and economic connections. In many cases, this integration occurs without reference to national borders or boundaries.

How is this topic related to Proliferating Difference?

Globalization has also reinforced inequities in some places, and it has led to the creation of new inequities in others. For example, the forces of globalization can reinforce existing perceptions of gender differences; it can also create new inequalities in the global balance of power because of differential access to markets and resources.

Unit Purpose

- Twentieth-century globalization has resulted in massive economic and social changes all over the world.
- Although globalization has integrated the world's peoples, it has also sharpened differences and inequities between them.
- The social effects of globalization can be negative, positive, or ambivalent.

- The ecological effects of globalization have been dramatic, including deforestation, pollution, and global warming.

Unit Content Overview

When we speak of globalization, we are referring to that relatively new and rapidly growing awareness of global economic, cultural, and political integration. The term “globalization” first appeared in English around the middle of the twentieth century, although it is important to note that this new term describes processes that began long ago. It might be most productive to think of globalization as the ultimate expression of the human urge to maintain contact with other humans. In the last five centuries, the communities of the world became increasingly interconnected. The results of these connections included the spread of technology, science, religion, and philosophy as well as the destruction of cultures, peoples, and environments. In recent centuries, increased awareness of distant societies also caused people to become acutely aware of their own cultural distinctions. Some theorists argue, however, that the vastly enhanced communications and intricate economic ties of the late twentieth century are leading inevitably toward a homogenous worldwide culture.

This unit explores the economic forces of twentieth-century globalization, which have combined in the last fifty years to create a relentless force affecting all of humanity. Globalization now affects all aspects of life. Its consequences can be negative or positive, as well as completely unexpected. One of its most constant elements, however, is its ability to transcend space and place. Thus, in a globalized economic world, instant electronic communications render distance irrelevant, and national boundaries lose their significance as barriers. Visa credit cards and world service radio broadcasts have little to do with territorial distances. The internal economic affairs of one nation, such as the United States, have international implications. While it would be foolhardy to predict how globalization will change life on earth even in the relatively short term, we can be sure that more change beyond any nation’s control will sweep the globe with increasing rapidity, and no society or institutions will be immune.

Unit References

John Robert McNeill and William Hardy McNeill, *The Human Web: A Bird's-Eye View of World History* (New York: W.W. Norton & Company, 2003).

Tyler Cowen, *Creative Destruction: How Globalization is Changing the World's Cultures* (Princeton, NJ: Princeton University Press, 2002).

Greg Palast, “Sell the Lexus, Burn the Olive Tree: Globalization and Its Discontents,” in *The Best Democracy Money Can Buy: An Investigative Reporter Exposes the Truth About Globalization, Corporate Cons, and High Finance Fraudsters* (London: Pluto Press, 2002).

Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: St. Martin’s Press, 2000).

Ken Wilcox, *Chile’s Native Forests: A Conservation Legacy* (Bellingham, WA: NW Wild Books, 1996).

Global Historical Context

- Time Period: 1900-present
- The past century has been a period of rapid social, political, and economic change all over the world. In the first half of the twentieth century, European, Japanese, and American empires expanded to their greatest magnitudes; the Qing Empire in China fell

(1911); the Russian Revolution (1917) established the first communist nation; the Ottoman Empire was dissolved (1918); and two World Wars devastated populations and environments on a global scale. In the second half of the century, the European empires crumbled as colonized peoples of the world fought for independence, the Cold War connected far distant peoples through ideology as well as conflict, and the Soviet Union collapsed (1989). Through all of these changes, global interconnections have continued to accelerate via travel, war, the media, and market pressures.

AP Themes

- Examines interactions in economics and politics by exploring the ways that trade and market demands have led to both social change and environmental destruction around the world.
- Explores technology, demography, and environment by focusing on the ways that globalization — itself accelerated by modern technologies — has affected the health of the world's natural environments as well as demographics around the world.
- Discusses changing functions of states by looking at the ways the forces of globalization have led to the demise of some nation-states, especially the Soviet Union.

Related Units

- Unit 15. Early Global Commodities: What is globalization and when did it begin? Before the sixteenth century, the world's four main monetary substances were silver, gold, copper, and shells. But it was China's demand for silver and Spain's newly discovered mines in the Americas that finally created an all-encompassing network of global trade. This unit is related to Unit 24 because it explores an earlier period of globalization, and the ways that globalization helped integrate the world's peoples.
- Unit 19. Global Industrialization: How was the story of the Industrial Revolution a global process? Industrialization was and is a global process, not just a European or American story. This unit links Cuba, Uruguay, Europe, and Japan, examining the impacts of industry on trade, environment, culture, technology, and lives around the world. It is related to Unit 24 because industrialization was a critical factor in shaping twentieth-century globalization — through the development of modern transport and technologies.
- Unit 25. Global Popular Culture: What are the sounds and sights of an emerging global culture? From World Cup soccer to Coca-Cola, modern icons reflect the intertwined cultural, political, and commercial dimensions of globalization. This unit listens to and looks at the music and images of global production and consumption — from reggae to the Olympics. It is related to Unit 24 because it explores the cultural impact of globalization, and it also looks at the ways that cultural and economic forces of globalization are related.
- Unit 26. World History and Identity: How have global forces redefined both individual and group identities in the modern world? This unit examines the transnational identity that emerged from the Chinese diaspora and compares it to a newly re-defined national Chechen identity forged through war with Russia. It is related to Unit 24 because it examines the dramatic effects of globalization on cultural and social identities in various parts of the world.

Section 2

Video-Related Materials

Video Segment 1: Global Economy and the Death of the Nation-State: The Soviet Union

This segment examines the rapid collapse of the Soviet Union after 1989, and the way its collapse was related to the forces of globalization. Although the events of 1989 surprised the world, it is now clear that the rigid political agenda that drove the Soviet Union since the 1920s disabled the nation-state from competing in the twentieth-century global market. Indeed, Soviet policies mandating the creation of heavy industry, agricultural collectivization, and strict trade controls resulted in an economy managed according to political rather than market principles. Because of this economic inflexibility, the Soviet Union found it increasingly difficult to restructure its economy during a Europe-wide recession in the 1960s and '70s. In addition, Cold War politics demanded that the Soviets keep up with the United States in terms of military force and weapons stockpiles. Soviet efforts to compete militarily further drained the economy and led to food shortages, poor-quality consumer goods, and impoverishment. In the end, the Soviet Union had to borrow money from foreign nations, but this resulted in massive debt and still more impoverishment. By 1985, the economy was in desperate shape. In an effort to fix the problem, the newly-elected Michael Gorbachev instituted a series of reforms designed to restructure both politics and the economy. Instead, these reforms provided the member states of the Soviet Union the opportunity to insist on their own independence. By 1989, the Soviet Union had disintegrated into 15 separate countries. Its collapse led to its demise as a superpower, which in turn has had consequences throughout the world.

Video Segment 2: Global Economy and Social Change: Sri Lanka

One of the hallmarks of globalization is the separation of production and consumption. This segment explores the social, cultural, and economic effects such separation can have through the example of women clothing manufacturers in Sri Lanka. Since the 1970s, efforts by the Sri Lankan government to encourage free trade have led to the rapid growth of Sri Lankan manufacturing plants geared to U.S. and European markets. These plants, most of which produce clothing, employ hundreds of thousands of unmarried women who aspire to make a decent living. However, cultural problems sometimes arise in situations where women work in plants that produce women's undergarments. In Sri Lanka, underwear has sexual connotations, and it is also considered to be unclean. As a result, female workers in such plants are perceived as tainted because of their association with undergarments. They are called "Juki girls" — a sexually suggestive and derogatory nickname — and are often subject to teasing and insults on their way to and from work. Many Sri Lankan women have become afraid of working in such plants or have learned to hide their occupations from their friends. Thus for the present, at least in Sri Lanka, globalization seems to have been the bearer of both economic benefits as well as new social and cultural tensions.

Video Segment 3: Global Economy and Environmental Change: Chile

While the social and economic effects of globalization can be ambiguous, the ecological effects of globalization are dramatic and obvious. This segment examines the ecological impact of globalization in one area — Chile's virgin temperate rainforest. During the twentieth century, worldwide demand for forest products — especially timber — resulted in unprecedented and widespread destruction of this unique environment. Some of the demand originated in Chile itself; the country's expanding population has needed more open land as well as wood for fuel and construction. Still more demand originated from multinational corporations who sought the cheapest international price for wood products. Because the cost of Chilean timber in the 1980s was internationally competitive, timber companies from many nations built paper mills and processing plants there in order to ensure access to cheap wood. They also continued an earlier

trend toward establishing forest plantations — the deliberate monoculture of fast-growing trees —in the spaces of cleared rainforest. By 1990, 80% of the Chilean timber industry was based on tree plantations. While these plantations generate billions of dollars in revenue each year and employ thousands of Chileans, they have also displaced many native, rural farmers and have contributed to a drastic decline in biodiversity in the region. Very recently, the Chilean government has sought to regulate the multinational timber industry, because it is clear that the global market does not regulate either the environmental or cultural destruction that results from the worldwide demand for natural resources.

Perspectives on the Past: Questioning the Impact of New Technologies

How do societies respond to new technologies? Scholar Michelle Kendrick argues that new technologies, such as the twentieth-century computer or the printing press in the fifteenth century, often inspire anxieties about their effects on social behavior and norms. However, while new technologies frequently do result in social changes, they usually do not do so in the ways most people originally imagined. The printing press, for example, did not cause people to become lazier as some had predicted. Instead, it allowed new knowledge to emerge and spread around the world.

Video Details

Who Is Interviewed

- Anand Yang
- Richard Bulliet
- Peter Winn
- Michelle Kendrick

Primary Source Materials Featured in the Video

- Interview with Soviet worker
- Sri Lankan female garment worker
- Jose Nayin, Mapuche Indian

Program Contents

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