

The world is becoming more and more interconnected. Never in the history of mankind, has there existed such an intense relationship among international trade, communication and politics.

The term „Globalization“ is all around us, sometimes as an opportunity, sometimes as a threat.

But what exactly does globalization mean?

And what are its ramifications?

Even though the term globalization is frequently used, it is not that easy to define.

One thing is clear: In today's world, economic, ecologic, social and political issues and problems are not longer limited to a national level because the world has become strongly interdependent. Reasonable governance can only be realized within broader groups of stakeholders.

For example, state confederations such as the European Union, common economic spaces like the OECD

Or the whole World.

Today, modern communication technology and mass media, like radio, TV, phones or internet are a global standard . Thus information can be distributed worldwide in real-time at affordable prices.

For instance: The average price of a telephone call from New York to London has decreased by 90% since 1930.

Global TV Broadcasters deliver information, opinions and cultural products to the most remote areas.

The costs for transportation of products and persons dropped by 65% since 1930, due to low fuel prices and the development of new means of transportation, in particular container shipping.

The freight charges for a ton of coffee, delivered from Asia to Europe only accounts for 1% of it's price.

Such developments are the result of technological advancements. But there are some aspects which were induced purposefully, as well. Since the 80's the richer, more industrialized countries worked towards removing trade barriers, such as tariffs, import quotas and bans worldwide.

Thus new technologies, decreasing transportation costs and the liberalization of international trade has made it possible and profitable for major companies to produce and sell worldwide.

Let's take a glance at the three main areas of globalization.

### Economic Globalization

The economic sphere is of particular importance for globalization. It is a major catalyst for globalization and is, at the same time, the most affected area.

The foreign direct investments of companies and governments have increased heavily.

They've risen from \$13bn in 1970 per year to more than \$1,800bn today.

Many companies are searching for new markets and opportunities for cheap production in countries with low wages and soft, ecologic law frameworks. The number of such multinational corporations rose from 7,000 to 65,000 since the 90t's

### Political Globalization

Similar to world economy, international politics is highly interdependent today. Most of the important policy issues do not care about borders, like: climate change, the financial crisis or terrorism. Such problems can not be solved alone, by a single state alone.

Politics tries to react by attempting to make decisions in broader groups of countries, like the EU, the G20 or even the United Nations.

At the same time there are more and more global pressure groups which do not belong to a particular state. These so called non government organisations (NGOs) are able to influence politics deeply in their field of work from time to time. Examples include Greenpeace, Amnesty International or Attac.

A global public forum evolves through the previously mentioned new possibilities of communication. The NGOs use this in order to influence politics.

The international problems and the emergence of new global actors like NGOs and MNCs lead to a decrease of the political latitude of single states, especially of small states.

### Cultural Globalization

In culture, the influence of globalisation can be observed, as well. One aspect is often referred to as "McWorld". The term describes, that western culture –especially popular

culture- becomes dominant and destroys cultural diversity. The global distribution of western music, news, products and even English language promotes this effect. In the meantime certain backlashes do exist. For example an increasing return to local and regional cultural customs.

Who wins?

Globalization is a very complex development. Some countries benefit more, some benefit less.

Newly industrialized countries like Taiwan and South Korea, as well as the newcomers India, Brazil and China, draw considerable advantages within their integration into the world economy. They can build up their factories with foreign direct investment and infrastructure and sell their products on the world market. Due to the low wages in these countries, these products are very competitive on the world market.

China represents a perfect example of how the broader population can benefit too. Its enormous prosperity enabled 500 Mln Chinese to leave extreme poverty.

On the other hand, there are whole regions who are suffering more than they are benefiting from globalization. This is particularly true for most of the sub Sahara African countries.

Such countries are not prepared sufficiently for the tightened international competition. The cheap products produced by the industrial and newly industrialized countries flood the local markets and destroy local productive facilities. Moreover, these countries are not attractive for foreign investors. Thus, they cannot walk down the same road as the newly industrialized countries.

Globalization is a threat and an opportunity at the same time for industrialized countries.

On the one hand, they can acquire new markets for their industrial goods. On the other hand, they are facing the competition of newly industrialized countries, that can produce at lower costs. Specifically, the production of simple goods is not longer profitable and very few products like textiles, toys or white goods are still produced in industrialized countries.

It becomes clear that globalization takes place in many areas such as politics, culture and economy. Declining costs of transport and communication and the global liberalization of markets have fuelled this trend. While some countries benefit from globalization, it has exacerbated the problems of others. Thus, globalization has both good and bad sides.