GLOBAL TURNIGN POINTS
for Business and Society

Introduction

Mauro F. Guillén
Emilio Ontiveros
Some Initial Discussion Questions

• As of today, do more people in the world live in cities or in the countryside?
• Are there more people suffering from hunger or from obesity?
• Are there more people with a mobile phone than with access to a toilet?
• Are the largest consumer markets, in the U.S. and Europe, or in China and India?
• Is the number of failed states greater or smaller than the number of dictatorships?
Some answers…

• More people live in cities than in the countryside since 2009.
• There are more people suffering from obesity than from hunger since about 2010.
• 6 billion people have access to a mobile phone, but only 4.5 billion have access to a toilet.
• The largest consumer markets are in Europe and the U.S. today, but within 20 years they will be in India and China.
• There are more failed states than dictatorships since the late 1980s.
What is Globalization?

• A process of change.
• There is no discernible destination, i.e. it is not teleological.
• It is bitterly contested.
• It has economic, social, political, and cultural aspects.
• It is not the same as industrialization, Americanization, or technological change.
Definitions of Globalization

• How do the readings define globalization?
• What is your own definition of globalization?
• Is there a single definition that applies everywhere and at all times?
What is the Global Economy?

- Increasing flows of money, goods, services, and information.
- It is not just a discrete linking of nation-states.
- It’s “an economy with the capacity to work as a unit in real time on a planetary scale.”
- It is very different from the “world economy” of the 14th, 16th, and 19th centuries.
Why so Fascinating?

• Because it puts two kinds of liberalism on a collision course:
  – Liberalism of the market, which is boundary-transgressing.
  – Liberalism of citizenship, which seeks to establish and maintain boundaries.
Globalization? No Thank You.

Faces of the Anti-Globalization Movement

José Bové

Subcomandante Marcos (Zapatistas)

Ralph Nader
“Join the international anti-globalization movement.”
International Trade

• Cross-border flows of goods & services.
• Why does it take place? Theory of comparative advantage:
  • Smith, Ricardo, and Krugman.
• The trade triangle: East Asia—North America—Western Europe.
• The new kid on the bloc: China.
• Free trade may be good overall, but it does generate winners & losers.
### Example: The iPhone

<table>
<thead>
<tr>
<th>iPhone-related U.S. Trade Deficit with:</th>
<th>Final value</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>-1901.2</td>
<td>-73.5</td>
</tr>
<tr>
<td>Japan</td>
<td>0</td>
<td>-685.0</td>
</tr>
<tr>
<td>South Korea</td>
<td>0</td>
<td>-259.0</td>
</tr>
<tr>
<td>Germany</td>
<td>0</td>
<td>-341.0</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>0</td>
<td>-543.0</td>
</tr>
</tbody>
</table>

Note: mn USD. Source: http://www.wto.org/english/res_e/statis_e/miwi_e/background_paper_e.htm
How Fast is ‘Fast’?

<table>
<thead>
<tr>
<th>Variable</th>
<th>2010 (1980=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports plus imports</td>
<td>146</td>
</tr>
<tr>
<td>Foreign direct investment stock</td>
<td>457</td>
</tr>
<tr>
<td>Daily currency exchange turnover</td>
<td>900</td>
</tr>
<tr>
<td>Nongovernmental international organizations</td>
<td>192</td>
</tr>
<tr>
<td>International migration stock</td>
<td>141</td>
</tr>
<tr>
<td>International tourism</td>
<td>391</td>
</tr>
<tr>
<td>Books in print on globalization</td>
<td>6662</td>
</tr>
</tbody>
</table>
Winners & Losers (?)

- Capital.
- Educated workers.
- Strong states.
- Economy ministry.
- Rich countries.

- Labor.
- Unskilled workers.
- Weak states.
- Labor & social ministry.
- Poor countries.
Global Financial Markets

- Foreign portfolio investment.
- Currency markets:
  - Only 10% are commercial transactions.
  - Central banks have lost credibility.
- Financial G > Economic G.
Globalization as a Topic

• Ill-defined and complex.
• Rapidly evolving.
• Has attracted many types of scholars.
• Myths, trivia, truisms.
• Highly contested.