Globalization. From a presentation on September 30, 2001 at a meeting organized

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TheNollView · 2001
Original: http://noll.uscannenberg.org/TheNollViewfiles/Globalization.htm
Archived copy, Internet Archive snapshot 2008-11-21

GLOBALIZATION

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December 3, 2001

[This piece is based on a talk presented on November 30, 2001 at a conference at the Annenberg School for Communication at the University of Southern California, held jointly with the London School of Economics.]

Preface

These thoughts are critical reflections on globalization: critical in the sense that they reflect skepticism, are a critique, and attempt to expose hyperbole; reflections in the sense of generating ideas and stimulating discussion. My thesis is that globalization is nothing new and is simply an over hyped version of the international commerce of the past.

In honor of globalization, perhaps the very term needs a more global spelling that combines the English “globalisation” with the American “globalization” to produce globaliszation!

Introduction

The September 21, 2001 issue of the Economist states that “John Gray [of the London School of Economics] ... declared that the era of globalisation is over.” At its web site, the BBC states that “Some would say the world was as globalised 100 years ago as it is today, with international trade and migration.” These critical views of globalization should cause us to reflect on the true meaning of the term and also to be cautious of unwarranted hyperbole.

A Critical View

Certainly, the mass demonstrations against the World trade Organization show that some people feel very threatened by world trade and the globalization that it implies. Does this mean that globalization is just a politically correct (PC) term for the trade and international development of yesteryear’s colonialism?

Indeed, trade and international commerce are a large component of globalization. In the past, Chinese tea, Arabian oil, Californian raisins, and South African diamonds were (and are still today)

shipped around the globe. The British pound and the American dollar are global currencies. The New York Stock Exchange has become global exchange for finance. corporate mergers and acquisitions are routinely occurring internationally, thereby creating global conglomerates—perhaps little more than the global combines of the past days of colonialism.

Yet these forces are global corporate consolidation are not without their problems. The Japanese acquisitions of U. S. media companies were deplored at the time as a threat to American culture and values. Yet, these acquisitions later became financial disasters for the new foreign owners. The joint global telecommunication venture between British Telecom and AT&T (Concert) is now dead as a dismal failure. Daimler's outright acquisition of Chrysler has left the combined global company is a heap of financial problems. Deutsche Telekom has so overpaid to acquire VoiceStream that the financial problems will surely doom the future of the global combination.

Globalization surely encompasses the international trade and commerce of the past, coupled with the global acquisitions and mergers that are creating new corporate giants with the capability of spreading their corporate DNA globally.

Globalization Today

Indeed, the concept of globalization clearly is quite old and has been a growing trend over centuries of trade and international commerce. But are there any new trends that make globalization today different?

In the distant past, the export of physical goods was a major component of global commerce, with physical transportation as the critical component. The fast clipper ships sped global commerce in the past; today jet aircraft accomplish an even more impressive increase in the speed of physical delivery.

The world wanted raisins, tea, and diamonds—and still wants—these and other items. Today, the world wants to be entertained and informed, which has added a new dimension to globalization.

The new dimension in globalization today seems to be the role of entertainment and media on a global scale. Entertainment produced in the United States—mostly in the media studios of Southern California—is exported around the globe, exposing all to U. S. values, culture, and influence. World financial markets (such as the sale of securities) are likewise dominated by the United States. The key technology in today's world of global media and finance is information technology, consisting of telecommunication and computers, with the need for global standards and access to technology.

If globalization has become different today, it is because the physical global commerce of the past has expended to include the virtual commerce of media and finance. Time has been collapsed through instant communication around the globe over optical fiber and telecommunication satellites. Access to media and information of all forms is instantaneous, over telephone lines, direct

broadcast television, and the Internet. Indeed, the globe has shrunk becoming Marshall McLuhan's "global village."

But in the midst of all this impressive communication technology, there is still a role for physical goods and transportation. Goods purchased instantaneously over telecommunication must still be delivered physically, even though overnight air transport has greatly reduced delivery time. People need to transport themselves to attend meetings and to visit places around the globe for global tourism. Cheap, mass air travel is essential to such global travel. Thus, the transport of the physical is still essential to the globalization of today, which does not seem to appear that different from the globalization of the past.

Although entertainment and media seem to be major components of today's globalization, they were also present in past globalization. For example, decades ago, London with its film studios was a major source of movie entertainment. Even today, London is still a major center for news and recorded audio entertainment.

Concluding Thoughts

There is one aspect of globalization today that does seem different. World governments seem to be coming together, perhaps moving toward a new world order in which nationalism and national sovereignty become extinct with the creation of a global government.

Antitrust policy in the United States is now being strongly influenced and shaped by the reactions of the European Union to mergers and acquisitions. The World Trade Organization (WTO), though somewhat nebulous and lacking in concrete written agreements, is a new world order affecting global trade and commerce. These global forces are huge on a grand scale, seem little understood, and thus appear very threatening to some people.

Telecommunication acquisitions are occurring on a global basis as countries open their markets to competition—some more than others. In the past, telecommunication was owned and provided by a government agency in most countries, other than the United States and Canada. Some countries—such as New Zealand and Great Britain—have completely privatized telecommunication by reducing government ownership to zero. However, a sizable portion of telecommunication in many other countries is still owned by the government. Such partial privatization does not, in my opinion, represent open markets to telecommunication. But the WTO has not acted to force total privatization on these countries in a timely schedule.

Many questions and issues arise from globalization. Is cultural adhesion occurring from world travel and the central role of U. S. media? If it is occurring, is such adhesion good or bad? Will a single, common culture evolve? Is the consolidation of media that seems to be occurring on a global scale a dangerous trend? How and why do some people and groups feel so threatened by globalization that they resort to demonstrations and even terrorism?

Lastly, is globalization leading to a new world order and some new form of super global government, with potential threats to national sovereignty? Will this then result in a future increase in nationalism and isolationalism around the globe?

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