

Chapter 2 – Globalization

- After WWII, the US emerged as the dominant global superpower and the Soviet Union and China, opted for different paths of development of their countries
 - The US became the core for the “first world”; The USSR and China became the core for the “second world”, away from the capitalist world economy
- By the 1950s, European colonies were seeking political independence
 - Resulted in a neo-colonialism pattern of international development
- **Neo-Colonialism** – economic and political strategies by which powerful states in core economies indirectly maintain or extend their influence over other areas or people
- Controls are exerted through such strategies as international financial regulations, commercial relations, and covert intelligence operations
- Human geographies of peripheral countries continued to be heavily shaped by the linguistic, cultural, political and institutional influences of the former colonial powers and by the investments and trading activities of their firms
- Corporations were an emerging power; they have grown within the core countries through merging and buying out small firms; some have become so big that they were transnational in scope
- **Transnational Corporations** – companies with investments and activities that span international boundaries and with subsidiary companies, factories, offices or facilities in several countries
- By the mid-1990s, nearly 40000 transnational corporations were operating, 90 percent of which had headquarters in core states
- Distinctive feature of globalization over the past 30 years is a definitive increase in the proportion of the world's economic and cultural activities that are international in scope
- Increase is linked to a significant shift in the nature of international economic activity
- Flows of goods, capital, and information are becoming more important than imports and exports between countries
- Foreign affiliates of transnational corporations achieved more than US\$10 trillion sales in 1998, accounting for more than one-third of total world exports
- **Commodity chains** – networks of labour and production processes beginning with the extraction or production of raw materials and ending with the delivery of a finished commodity
- Networks often span countries and continents, linking into vast global assembly lines the production and supply of raw materials, processing of raw materials and components, assembly of finished products
- **Factors Contributing to Globalization**
 - **Globalization has been contributed by four important and interrelated factors**
 - A new international division of labour
 - An internationalization of finance
 - A new technology system
 - A homogenization of international consumer markets
 - The US have declined as an industrial producer, relative to the accelerated growth of Japan and the reemergence of Europe as industrial producers

- Manufacturing production has been decentralized from all core regions to some semiperipheral and peripheral countries
 - For example, auto manufacturing is now moving south and towards other countries
 - Products are now being commonly being made in China and other East Asian regions
 - Due to the prospect of keeping production costs low by exploiting the huge differential in wage rates around the world
- New specializations have been created within the core regions of the world system, specifically high-tech manufacturing and producer services
- **Producer Services** – services that enhance the productivity or efficiency of other firms' activities or that enable them to maintain specialized roles
- Global trade has grown much more rapidly over the last 30 years than global production
 - Indication of the increased economic integration of the world-system
- Internationalization of finance has led to the growth of global banking and globally integrated financial markets
- Changes are linked to the new international division of labour
- Between 1988 and 1998, the flow of investment capital from core to semiperipheral and peripheral countries increased more than 20x
- About US\$100 billion worth in currencies are traded every day
- Volume of international investment and financial trading has created a need for banks and financial institutions that can handle investments on a large scale, across great distances, quickly and efficiently
- Sanford Fleming was instrumental in creating the international standard time
 - World was divided into 24 zones, each 15 degrees longitude wide starting at 0 degrees on the Greenwich meridian
- A new technological system has required the geographical reorganization of the core economies
- Has also extended the global reach of finance and industry and permitted a more flexible approach to investment and trade
- New and improved technologies in transport and communications – the integration of shipping, railroad and highway systems through containerization; introduction of wide bodied cargo jets; the development of fax machines, fibre-optic networks, communications satellites and e-mail
- Consumer markets have fueled globalization; similar trends in consumer taste have been created by similar social processes
- Global market for popular cultural products is becoming concentrated
- Hollywood obtains more than 50 percent of its revenues from overseas, up from just 30 percent in 1980
- Movies made in the US account for about 50 percent of the market share in Japan, 70 percent in Europe and 85 percent in Latin America
- Canadian content has become scarce, with American content being dominant on Canadian networks
 - Though Canadian content is promoted by the government in the form of various

subsidies, the Canadian film and TV industries are simply too small to compete effectively against the US

- Canadian acting talent have been common in Hollywood
- The outcomes of globalization have created similar results
 - Commerical: the commodity chains of transnational corporations, the spread of US-style consumerism and popular culture, and the extension of English as the language of business
 - Global Issues: Depletion of the ozone layer, threats to biodiversity and marine life
 - Cosmopolitan: Growth of internationally and globally oriented groups, organizations and alliances, hundreds of international professional organizations, international conferences and web based international virtual communities
 - Local Outcomes: resource depletion, environmental despoliation in some regions, ecotourism, industrialization, the clashing of cultures, the mingling of cultures, social and economic development
- **The Fast World and the Slow World**
 - The core countries is a mix of the geographical centres of North America, the European Union and Japan
 - Connected through three main flows of investment, trade and communication:
 - Between Europe and North America
 - Between Europe and Asia
 - Regions of the Pacific Rim
 - Within the core regions, a new hierarchy of regional economic specialization has been imposed by the locational strategies of transnational corporations and international financial institutions
 - Globalization, though incorporating more of the world more into the capitalist world system, has intensified the differences between the core and the periphery
 - According to the United Nations Development Programme (UNDP), the gap between the poorest fifth of the world's population and the wealthiest fifth increased more than three fold between 1960 and 1999
 - Some parts of the periphery have almost slid off the economic map
 - Some countries (55 of them) have per capita incomes have fallen since the 1990s.
 - Sub-Saharan Africa saw economic output fall by one-third during the 1980s and stayed low during the 1990s
 - People's standard of living there is now lower than it was in the early 1960's
 - The UNDP observed that the poorest 20 percent of the world's population accounted for only 1.5 percent of world income.
 - 9 out of 10 people in those countries that make the Organization for Economic Co-operation and Development are in the top 20 percent of the global income distribution
 - **Spatial Justice** – the fairness of the distribution of society's burdens and benefits, taking into account spatial variations in people's needs and in their contributions to the production of wealth and social well-being
 - Differences between the core and the periphery are now less easily captured in terms of the framework of states

- Economic and cultural globalisation has not been matched by political globalisation, or a system of governance that can cope with its powerful forces
- Politicians everywhere cannot cope with the consequences of globalisation
- Globalisation has fuelled global economic expansion but it has widened the gap between rich and poor and made places and regions everywhere vulnerable to rapid and devastating change
- Ted Turner - "It is as if globalisation is in fast forward, and the world's ability to react to it is in slow motion"
- **Fast world** – people, places and regions directly involved as producers and consumers in transnational industry, modern telecommunications, materialistic consumption, and international news and entertainment
 - Prime example: North America
- **Slow world** – people, places and regions whose participation in transnational industry, modern telecommunications, materialistic consumption and international news and entertainment is limited
 - Accounts for 85 percent of the world's population
 - Consists of the impoverished periphery, includes many rural backwaters, declining manufacturing regions, and disadvantaged slums in core countries
- The US with less than 5% of the world population accounts for more than 40% of the world's telephone stock
- Fast world extends to the more affluent regions, neighbourhoods and households that are "plugged in" to the contemporary world economy, whether as producers or consumers of its products and culture
- The fast world is fueled by the internet, originally a communication system created by the US in the 1970s
- Most internet users are in the core regions; at 2000, about 55 percent were in North America and another 23 percent were in Europe
 - Rest were in Japan, Australia and New Zealand
- More than 80 percent of all internet traffic originates in or is destined for North America
- Particular inequalities between the fast world are part of a digital divide
- **Digital divide** – inequality of access to telecommunications and information technology, particularly the internet
- The fast world encompasses almost everywhere but not everybody
- Human geography has to contend with the apparent paradox of people whose everyday lives are lived partly in one world and partly in another
- Manuel Castells – identified spaces of social exclusion created by the uneven spatial development of "informational capitalism"
 - He argues that to be denied access to networks and people is to be excluded from the "powerhouse of global capitalism" and instead become part of the "Fourth World", a space defined as "made up of multiple blackholes of social exclusion throughout the planet.
 - The term "Fourth World" is used because he suggests that the Third World no

longer has geopolitical relevance, the Second World of Communism has disintegrated and the First World of Capitalism does not encompass everyone

- It includes the poor, the homeless, the sick and the illiterate. It would only get bigger if capitalism continues to rise
- Though the fast world has brought much of the modern world into reality, it has also brought a sense of placelessness and dislocation, a loss of territorial identity and an erosion of the distinctive sense of place associated with certain localities
- **In the process of change, places and regions are reconstructed rather than effaced (wiped out)**

Conclusion

- The evolution of world geography can be traced from the prehistoric beginnings of human settlement, all through time to present day
- Foundations of human geography were cast through industrialization, the colonization of the world and the spread of an international market economy
- The world is very integrated; Places and regions have become increasingly interdependent, linked together through complex and rapidly changing commodity chains that are led by transnational corporations
 - This linkage between the world's countries and nations have made our economy united as any major changes in one core nation can affect many other nations, whether it be another core region or semi-peripheral
- New innovations in technology have allowed the rapid merger between the world's countries and corporations, intertwining both seamlessly
- The integration tends to ignore regional and national differences as the global marketplace brings a dispersion of people, tastes, and ideas
- Many local cultures continue to be resilient or adaptive, in a bid to preserve what is left of their culture before it becomes assimilated by foreign cultures.