IMPACT OF GLOBALIZATION: PROSPECT AND CHALLENGES

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ABSTRACT

Confusion that remains regarding the concept, time path, and impacts of globalization are addressed in the paper. Globalization involving cross-border exchanges of goods, capital, technology, and ideas has existed since the Old Ages. The pace of the process surged in the post-World War II era and got a further fillip in the 1980s when many countries in Africa and Asia, including Bangladesh and its neighboring countries like India and China, took it up more seriously. Globalization is changing the mix of international exchanges: services, manufactures, and intra-industry trade are assuming ever-increasing importance. Globalization is a win-win game for countries going for it with commensurate reforms with a check and balance approach.

Key Words: Financial Globalization, Indicators of Globalization, Cross-border exchange, Intra-industry trade, Commensurate reforms.

1. INTRODUCTION

Since the mid-1980s and particularly the advent of the 21st Century, Globalization has been one of the most frequently uttered and used concepts in-class lectures, newspapers, journals, public discourses, development reports, and national and international policy agendas. The term has been used to mean many things by many people, and each may be correct. Thus, when Walmart, the Retail Corporate, orders garments from Bangladesh, it results from globalization. When a person uses American Express Bank or Hongkong and Shanghai Banking Corporation (HSBC) in Dhaka to do transactions, she is said to be using the advantage of globalization. When a hit album by a Korean singer is sold to a boy in Thailand, it is due to globalization. Again globalization is at work once more as a Bangladeshi citizen is being questioned by Harvard University, USA in response to an application for admission submitted by computer or mobile device. These examples refer to cross-border trade of goods, finance, culture, and education. Examples of cross-border political, social, technical, and advisory interactions can be cited. Viewing globalization as a single process, such as any of the above examples, would be erroneous. It is a multidimensional phenomenon and should be viewed from

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this perspective. There have been some attempts, however appreciating of these efforts is a deemed necessity Bordo & Michael D. (1999).

Most people consider globalization as a post-World War II phenomenon. Some ascribe it to be a phenomenon that started in the mid-1980s. Others see it as an occurrence that originated at the beginning of the 21st century. Some think of it as a process that was at work earlier than World War II and much earlier than the Age of Discovery of the 15th century. In this context, it is important to quote Robert Zevin when he says, "While financial markets certainly tended toward greater openness since the end of the Second World War, they have reached a degree of integration that is neither dramatic nor unprecedented in the larger historical context of several centuries." These claims are not unfounded. Globalization indeed differed from period to period in terms of its extensity and intensity. It is important to bring into focus these elements of Globalization (Hoekman, Bernard & Michel Kostecki 2012).

The effects of globalization are both optimistic and pessimistic. The beneficial aspects of cross-border trade in goods and services are well documented. However, opening markets to foreign capital flows, called financial globalization, remains a hotly debated issue. George Bush's First Treasury Secretary, Paul O'Neill, remarked, "The people who benefit from roiling the world currency markets are speculators, and they provide little useful value" (Feenstra & Robert C.1998). Besides, many nations feel helpless to control their economic, cultural, and religious destinies in the face of harsh global forces. Thus a critical look into the advantages and disadvantages of globalization is called for (Jeffrey and Andrew Warner 2017).

2. OBJECTIVES OF THE STUDY

In the light of the preceding, the study aims at providing a consistent definition of globalization to eliminate conceptual disagreements, a chronological development of the phenomena, and a more well-informed assessment of its effects. Although globalization is a multidimensional phenomenon, research projects, discussions, and articles have often been directed to a single aspect for brevity. Likewise, this paper focuses on economic globalization, the dominant component of the phenomenon when the discussion relates to the Modern Age. This concentration seems useful if the discussion is not to be bogged down in a welter of generalities. Second, the discussion of the development of globalization has been mainly descriptive of the Old Ages, and the latter part is analytical.

3. REVIEW OF LITERATURE

Fernando, Jason (2022) had a study on “globalization in business with history and pros and cons”. He asserts that globalization is the distribution of products, technology, information, and job facility among different nations. It helps the exchange of ideas, values, and cultures.

Franc (2020) states that globalization is a process through which every business enjoys international influence and operates on within national scale.
With technological advancement, trade barriers are replaced by free trade, digital globalization, financial globalization, geography globalization, political and economic globalization, etc. helped us to tackle climate change through COP26.

4. METHODOLOGY OF THE STUDY

The paper draws on website materials, national and international statistical publications, articles, and books for various information and statistics. The paper is organized as follows. Firstly the conceptual issues of globalization are discussed. Then it explains how globalization existed before the beginning of the Modern Age. The next chapter is devoted to analyzing globalization in the Modern Age. Bangladesh's globalization is also discussed in this section in a comparative framework concerning some countries in its neighborhood. Changes in the composition of international interactions have been linked to globalization. Some of these changes are covered in this context. Globalization is not an unmixed blessing. The merits and demerits of the phenomenon are contained. Some empirical evidence is also demonstrated to have a good effect. Finally, a conclusion has been provided.

5. CONCEPTUAL ISSUES

Globalization shows how the trade of technology has shaped the whole world into a widely connected and interdependent efforts. Virtually it is the integration of global economics, industries, markets, cultures, and policies leading to the functioning of a global network of trade communication, immigration, and commercialization.

Economic globalization follows the integration of international financial markets, i.e. financial exchange activities. Political globalization confines different countries politically, economically, and culturally like NATO and UNO. Cultural globalization develops good use of communication, social media, and better transportation.

The few instances of cross-border business listed at the start of the previous section highlight a few aspects of globalization. For the sake of brevity, other examples representing other aspects of cross-border exchanges are skipped. Takis Fotopoulos (2001), an economist, has various usages of globalization: economic, cultural, ideological, technological, and social. These facets, when considered singly, compare well with the ancient Buddist parable of blind scholars seeking to know what an elephant looked like. They did this by touching the elephant in their first encounter with the animal.

Feeling its trunk, one blind man argued that the elephant was like a lively snake. Another man, rubbing along its enormous leg, likened the animal to a rough column of massive proportions. The third person took hold of its tail and insisted that the elephant resembled a large, flexible brush. The fourth man felt its sharp tusks and declared it like a great spear (Krugman & Paul 2018).

This ancient Buddist parable signifies that it is erroneous to consider a phenomenon such as globalization as a singular process when it is not. It is a multidimensional phenomenon involving many processes and many countries. Taking this point, Manfred Steger (2017), professor of Global Studies and Research Leader Institute at RMIT University, considers globalization a phenomenon of five dimensions: economic, political, cultural, technological, and ideological.

Economic Globalization consists of the internationalization of trade and finance, changing power of transnational corporations, and more engagement of Bretton Woods and other international economic institutions. Political globalization implies a network of relationships between different political forces worldwide. It entails the escalating influence of global governance over certain global development-related challenges. The movement of cultural products from one nation to another is referred to as cultural globalization. Language, music, customs, and other cultural works are examples. Ecological globalization concerns global environmental issues such as man-inducing climate change, environmental degradation, reduction in biodiversity, population growth, food security, and income inequality between the rich and the poor and between the rich and low-income countries. Ideological globalization implies the interaction of values, norms, beliefs, and narratives about a phenomenon. Ideological globalism's subjects include economic systems, justice visions, and religious beliefs.

The revolutionary development of transportation and communication systems has compressed time and space for increasingly rapid rates of global engagements on various aspects and of human need and curiosity. Because of this, the term "globalization" can be understood to refer to the spatial-temporal processes that highlight change and shift in how human activities are organized across national boundaries. It is the contact between individuals from one country-state and those from another nation-state for the advantage of both. Globalization is associated with liberalization, internationalization, and openness.

6. GLOBALIZATION IN THE OLD AGE

People have moved goods and interacted over long distances for thousands of years. Trade links were established between summer and the Indus Valley civilization in the 3rd millennium and existed during the Hellenistic Age. Commercial urban centers developed from India to Spain. Also, trade links were between the Roman and Parthian empires and Han Dynasty via the overland Silk Road connecting Asia, Africa, and Europe.

India had trade links with Burma, Siam, Cambodia, and Vietnam in the 1st century. Through trade, links to urbanized coastal settlements were established in these countries. In the 7th and 8th centuries, Muslim and Jewish traders were engaged in the globalization of business, agriculture, and ideas. The third Caliph Ummar (RA) emissaries visited China in 651. Shahabas of the Prophet (sm) and other Muslim saints visited China and this part of the world to preach the message of Islam. People travel far and wide to visit the shrines in Chittagong, Sylhet, Delhi, and Azmer. A cosmopolitan culture was developing while the Arabic language was developing, and Muslims worldwide were converging for the hajj. The story of the first international postal service of the Pax Mongolica in the 13th century is a point of cross-border service. The introduction of the Europeans to Central Asia and China by the Venetian merchant traveler Marco Polo and the discovery of the New World by Christopher Columbus in the 15th century opened the scope of wider exchanges. These discoveries initiated an exchange of foods, animals, plants, human populations (including enslaves), and culture between the Eastern and Western hemispheres. World trade advanced with the rise of European maritime empires – Portuguese and Spanish and Dutch and British. With the foundation of the British East India Company in 1600 and the Dutch East India Company in 1602, world trade developed further (Fisher & Staneley 2017).

7. GLOBALIZATION IN THE MODERN AGES

The Modern Age is defined generally as a period that starts after the middle ages. Since the time of the middle ages differs according to the subject matter at hand, so is the modern Age. The present purpose of the period beginning from the 19th century is considered the beginning of the modern Age of Globalization. The 19th century, from 1820 to 1850, witnessed dramatic advancements in communications, such as steamships and railroads. These significantly reduced the time and cost of exchange, and globalization took a big step forward (Baskin & Jonathan 1988).

7.1 First Great Globalization

It is considerable 1870 – 1914 as the first period of remarkable globalization. Before the transatlantic cable came into operation in 1866; generally, about three weeks were required for information to travel from New York to London. After the installation of the cable, this time, they dropped to one day. Then by 1914, the time required for cable transmission dropped to less than a minute. Then came the radiotelephone as another breakthrough. These innovations enabled business people, currency traders, and others worldwide to interact easily and with great speed. John Maynard Keynes captured the feel of this era with mindboggling technologies and their fruits in the following excerpt from his The Economic Consequences of the Peace, published in 1919.

A remarkable period in human history's economic advancement of the age ended in August 1914. A resident of London may order numerous goods from all over the world over the phone while enjoying his morning tea in bed and reasonably anticipate receiving them at his door. He could invest his fortune in each region of the world's natural resources and new ventures simultaneously and in the same ways and partake in their potential benefits and rewards without any effort or even trouble. He could secure his fortune while gaining the populace's support in any significant city on any continent, as his knowledge would imply.

Before 1870, it took weeks for information to travel from one continent to another. Consequently, globalization before 1870 was not widespread and intensive. It was after 1870 that globalization got a new dimension in terms of extensity and intensity. Regarding these elements, 1870 – 1914 has been characterized as the First Great Globalization. During this period global trade flow of goods & services as a percentage of global GDP and the flow of capital as a percentage of GDP, the two most important measures of globalization, rose sharply. The former went up from 10% in 1870 to over 20% in 1914, from 7% in 1870 to about 20% in 1914. Daudin (2010). Along with the growth of trade and capital flows, world growth of GDP was dramatic: GDP per person grew at an annual rate of 1.3% during 1870 – 1914 against a much smaller growth rate of only 0.53% during 1820 – 1870. World War I disrupted capital flows and trade between nations and ended the First Great Globalization. During the catastrophic eras of the Great Depression in the 1930s and World War II in the first half of the 1940s, globalization took a backseat.

7.2 Second Great Globalization, 1960 to Date

The post-World War II era marks yet another phase-of internalization. World War II left a devastated Europe and Japan and considerable damage to the infrastructures of the colonial countries. There was an immediate need to reconstruct and rehabilitate the war-term economies. Furthermore, the colonial countries of Asia and Africa, which became independent in the wake of the Wars, needed development assistance from external sources. To Cater to the need of worn-torn Europe and Japan, and the newly independent countries of Asia and Africa, Bretton Woods institutions like the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD), which came to be known as the World Bank (WB) were created after the end of the World War II with their Head Offices in Washington D.C. The World Bank was to provide development loans to these countries for their economic development, while IMF's was to facilitate international trade by providing loans and advisory services. Another institution – the General Agreement on Tariffs and Trade (GATT) that evolved into the World Trade Organization (WTO) was created to regulate trade between nations.

The later part of the 20th century made other revolutionary innovations in transport and communication. Aviation has become increasingly affordable for business and other purposes. Internet and mobile phone facilities have reached the poor households of a developing country like Bangladesh. People on one end of the globe can interact and exchange with people at the other end almost instantaneously. The Bretton Woods Institutions and the improved transport and communication systems offered immense opportunities to the globalizing countries to reap the advantages of globalization. The world economy recovered to normalcy by the end of the 1950s, and afterward, there was a second wave of globalization called the Second Great Globalization. World trade grew from about 22% of GDP in 1973 to 42% in 2015.

7.3 Globalization in Bangladesh

It is of interest to see the extent of Bangladesh's Globalization. A cross-country analysis is provided for a more insightful comprehension. Information on some important indicators and instruments of globalization is presented for Bangladesh, India, China, and Thailand in Table 1. Thus, Bangladesh, a low-income country, is compared with India, a lower-middle-income country, and the group of China and Thailand are both benign upper-middle-income countries. These countries are at various levels of globalization and economic development.

Table 1: Globalization: Bangladesh and Some Neighboring Countries, 2020

Country	Trade (% GDP)		FDI (% GDP)	Migration (unskilled people) as (% population)	International Internet Bandwidth Bits per second per capita	Weighted Mean Tariff		
	Merchandise	Service				All products	Primary products	Manufacturers
Bangladesh	45.4	6.6	1.0	0.7	4	11.0	7.3	13.0
India	30.8	15.2	3.1	0.5	32	13.4	14.3	12.3
China	67.8	7.9	4.8	-	280	5.1	3.0	6.3
Thailand	119.8	28.0	4.8	1.7	346	4.6	2.1	5.8
South Asia	33	14	3.0	0.8	31	5.2	8.2	7.8

Source: World Development Indicators

Bangladesh is more open than India concerning merchandise trade and the movement of people, mostly unskilled labor. It is also more open than South Asia as a whole in terms of merchandise trade but not in respect of other indicators. India's service sector's performance in globalization is noteworthy. It is far deeper than the cases of Bangladesh and China. India is also more open than Bangladesh regarding the flow of FDI, inflow and outflow, and internet use. Excepting in service, China is more open than

India by other indicators. Thailand is more open than China, India, and Bangladesh in all measures of openness considered in Table 1. Tariff barriers constitute an important instrument of openness. Bangladesh's tariff barrier is lower than India's in primary goods. One of the reasons for Bangladesh's greater trade openness compared to India's. China and Thailand are more globalized than Bangladesh and India in terms of all indicators of openness and this has been partly due to dramatically lowering the tariff barriers.

7.4 Some Outgrowths of Globalization

A change in the mix of traded goods has characterized globalization over time. First, although the land now constituting Bangladesh, India, China, and Thailand was engaged in cross-border movement and transshipment in the colonial period, the spread and extent of the engagements were limited. For these countries and many others, globalization, as it stands out today, is a post-World War II phenomenon. Bangladesh, India, and China embraced globalization more seriously in the 1980s, Hasan (2016).

More nations have joined the process of globalization with time. Second, the scope and extent of globalization by nations have increased: more varieties of activities are being exchanged, and their significance is also on the rise. A casual look at the trade statistics of Bangladesh and other nations will bear it out. Third, the commodity composition of trade in broad terms has changed as globalization has advanced: the service sector of the goods sector is gaining importance. China and Thailand demonstrate higher exchange of service sectors than Bangladesh and India. Fourth, globalization has enabled countries to engage in more intra-industry trade. Bangladesh nowadays exports electrical goods to India and at the same time imports electrical goods from India.

Similarly, the USA exports private cars to Japan and also imports private cars from Japan. These types of intra-industry trade were either non-existent or had little consequence in the earlier stages of globalization. Fifth, formerly mostly raw materials and agricultural products were exported from low-wage to high-wage countries. The export earnings of Bangladesh, then the East Pakistan before 1971, came mostly from raw jute exports. Today, garment exports constitute the main foreign exchange earner of Bangladesh. The inflow of remittances was insignificant in the early days of independent Bangladesh. Now it is a source of foreign exchange earnings to reckon with.

8. BOONS AND BANES OF GLOBALIZATION

The development of multinational companies is a glaring example of the impact of globalization. McDonald had 39,198 fast-food restaurants in 119 countries by the end of 2020, providing employment for 2.20 million people worldwide. Ford Motor Company works with a lot of 1200 suppliers around the globe. Amazon has 10,000 suppliers providing 1.3 million employees.

The practical impacts of globalization are:
(i) Solving economic crisis
(ii) Enhancing free trade
(iii) Develop economic growth
(iv) Human rights and developments
(v) Cultural adjustment.

The major challenges of globalization are as follows:
(i) Destabilizing market opportunities
(ii) Environmental damage
(iii) Affets standard of living
(iv) Createseats global recessions
(v) Cultural anomalies
(vi) Probability of pandemics.

With technological advancements, global business faces increasing threats like climate change, shortage of infrastructure, cyber attacks, and abuse of human rights.

In the post-pandemic world, we are to promote globalization minimizing global challenges through market research, strategic leadership, the and exchange of information technology.

Proponents of globalism hail it as a blessing, while opponents consider it a curse. The pragmatists, however, view it as a mixed blessing. According to the first view, globalization provides a wider market for domestic producers who can thus reap the advantages of economies of scale by going for large-scale business activities. International competition forces domestic producers to be more efficient—the international capital market funds capital-scarce developing countries to fill the capital gap.

Access to modern technologies and state-of-the-art management helps domestic production and other organizations become increasingly productive and efficient. All these factors propel the economy to catch up with the richer countries. According to the opposing view, globalization hurts many domestic producers who go out of business due to cut-throat competition. Globalization of the financial market helps drain out capital during bad days. Also, opponents consider foreign technologies to be most inappropriate. On top of these, in an internationally integrated market, a severe recession in one country finds its way into other countries with adverse effects on production, employment, inflation. Recognizing globalization's merits and possible dangers, pragmatists call for prudent globalization, which means launching an open-door policy with safeguards to protect the domestic economy from the undesirable effects of openness. Major safeguard measures include providing special incentives to domestic producers and reforming the financial, legal and other relevant institutions to help businesses cope with the international environment. Finally, the gradual opening up of the economy with checks and balances provides the winning card of globalization.

Japan, a natural resource-poor country, adopted liberalization as an avowed development strategy after World War II. Western capital and technology, combined with Japanese ethos, led the country to the club of rich nations quickly. Japan's economy grew at an astonishing rate of about 10% percent per annum for two to three decades since the mid-1950s. Such sustained rapid growth is unique in the history of the economic growth of nations. Then the newly industrialized Countries (NICS), known as the gang of four in East Asia – South Korea, Taiwan, Hong Kong, and Singapore rode to richness on open door policy. These are a few of the countries of successful globalization.

The nations have advanced to high-income countries by strengthening their economies' participation in global markets. South Korea, for example, was a Low-income country in 1960. It was minimally engaged in trade with the world markets, with 15.3% of GDP in 1960, which grew to about 90% in 2017. South Korea is now a member of the Organization for Economic Co-operation and Development (OECD), a club of rich countries. Presently China, India, and Bangladesh, to a lesser extent, have demonstrated good examples of successful globalizers. China and India have expanded roughly 10% annually since the turn of the 21st century until the recent financial crisis. Bangladesh has grown over 6.0 percent per annum for over a decade. While China and India have graduated respectively to upper-middle and lower-middle-income country groups, Bangladesh is on the verge of getting a berth in the lower-middle-income country group. It is very unlikely that these countries would have attained these levels of development if they remained cut off from the world markets.

It is very unlikely that these countries would have attained these levels of development if they remained cut off from the world markets. On the other hand, Sub-Saharan Africa, which failed to globalize, experienced economic regression: poverty increased from 73% of the population to over 76%, and life expectancy decreased from 50 years to about 45 years during the period from the beginning of the 1990s to the recent years. Latin American countries like Argentina, Bolivia, and Venezuela have had disappointing experiences with globalization. Such as, Argentina accepted financial globalization in the 1990s. It suffered from financial and economic crises in 2001 and 2002. It led to a 20% unemployment rate and a per capita income of 18% lower than in 1998. Pragmatists of Globalization ascribe these crises not to globalization per se but to the wrong improper or inadequate policies that did not help create conditions to provide adequate property rights, legal protection, and information necessary for successful globalization.

9. CONCLUSION

The paper addresses some issues regarding globalization's concept, origin, and scale and its impacts. It is a multidimensional phenomenon involving the cross-border exchange of many processes, such as goods, services, and technology, by many countries all over the globe. It existed in the old ages when the exchanges and exchanging countries were limited—the late nineteenth century witnessed a surge in globalization due to a rapid decline in transportation costs and time of exchange. Late-twentieth Century, and particularly the advent of the twenty-first century, saw a further leap forward in the integration process, again due to further innovations in transport and communication systems and the availability of superior cargo ships, affordable air transport, internet, and mobile phones as a result. Bangladesh and its neighboring countries like India and China have undertaken an open-economy policy more seriously since the 1990s. Globalization has been instrumental in changing the mix of merchandise trade and services: a rising share of services relative to goods, a rising share of manufactures compared to primary goods, and a rising share of intra-industry trade concerning inter-industry trade. It helped the industrialized, East Asian, and Southeast Asian countries to get richer, and presently China, India, and Bangladesh, among others, are taking advantage of the world markets. Liberalization, however, impacted some Latin American countries badly, mostly due to improper domestic policies.

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