

# Stands on Globalization

*Opinion Paper*

By

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In Jason Inch's TED talk on Future Globalization is advising that companies need to understand their consumer base in a rapidly changing global business environment. It is clear for everybody that globalization plays one role in this change; however, there are a few variables that are forming the term of globalization, such as mass migration, geopolitical orientation, the Internet and its way of easing communication. Knowledge about cultural differences is a crucial thing and even more important than it was ever before. Therefore corporations are obliged to also take economic and political variables into account if they want to target their respective audience. Moreover, Inch says that companies should be ensured that cultural understanding needs to be trained as well as languages, knowledge about religion, values and "most importantly" about the culinary delights in a given country. Nowadays, it is about transcending and not about translating when it comes to doing business on an international basis. "Transcending" is important because of the fact that we are now living in an interconnected world where only translating would not be effective, you have to make things understandable for everybody. Inch also stipulates that cultural awareness is determining success or failure in today's world. People should build bridges by having that kind of knowledge and not being afraid and run away because they have a lack in intercultural communication. In my opinion, Inch is right in what he is saying; everybody nowadays needs to have intercultural knowledge to drive business forward. It is not only a good asset to have intercultural knowledge; it is a necessity to have it.

## **I. The evolution of globalization**

In this talk, Inch used a simple model which he divided into three stages, Globalization 1.0 which happened hundreds of years ago, Globalization 2.0 which is relatively new because this stage happened in the last 60 years and Globalization 3.0. The last stage of globalization is yet to come and according to Inch it will happen in China. The stages of globalization that happened so far were coming from the west. However, if we pay attention to the imminent trends, China will be the number one in the world this year according to some predictions. Being the number one will not last forever, there have never been countries that stayed in the pole position for an extraordinary amount of time. China may lose its pole position after 30 to 40 years of time and may be replaced by India. It is a matter of fact that the Asian countries are going to be the "winners" of the next stage of globalization for many reasons, one among those reasons are the sheer amount of people that can be found in the national economies in that particular region. The waves of globalization are a repeating phenomenon and they come over and over again and they come to change the world in a constant manner of time. Is it bad to have globalization? Some nations fear globalization because they are afraid that the people are losing their connections to their own culture. This is certainly true and it happened but in this case it is everyone's duty to uphold the cultures and traditions that make a country unique. People cannot blame it on globalization why others are becoming lazier to practice traditions. Nowadays, the world still offers place to practice traditions and preserve cultural heritage. The second wave of globalization came from the west, or more specifically from the U.S., as almost everybody in the world can enjoy a cup of coffee from Starbucks or a burger from McDonalds. If we turn the table and imagine that globalization 3.0 takes place, would it be a funny picture to imagine a German in leather trousers to eat fried rice while sipping some *teh tarik*? As a German I am not afraid of the next stage of globalization because I cannot imagine that a lot of the German habits will change. Germany has a strict working culture and it cannot be eroded in a short period of time. Globalization is not just something that happens in the modern world, it happened all the time since people started trading and was part of everybody's lives. No one can say that the countries nowadays are not ready for global trade because they were ever since the first traders were sailing from one continent to another. Not only were they trading by sailing on the seas but there was also the Silk Road that was a major trade way especially for Asian countries back then. China had an enormous importance at that point of time, reflecting its potential to be a major player in global business.

## **II. De-Globalization**

Rapoza wrote that the recent U.S. elections, that led Mr. Trump to become the president of the United States, are directing to a de-globalized world. Setting up trade tariffs and other regulations that diminish global trade may be a good choice to repatriate work places but on the other hand it may cause product prices to rise. In my opinion, the repatriation of work places cannot be the solution because the knowledge of making a certain product is located in an exporting country (e.g. China) that can produce that product with the best knowledge and at a best price. Therefore, when jobs are repatriated to the U.S. the workforce may not be ready to do the same production at the same level like the country from where they are importing a certain good. Moreover, as a German coming from a middle class family, I can say that Germany might have done a better job in diversifying its manufacturing sector and with that also its whole national economy because especially in South Germany there is hardly anybody who is jobless. Also in rather provincial areas are jobs and people were educated in schools and universities. Another major asset of the German education sector is the apprenticeships that are offered; these apprenticeships have duration of usually three years and are aimed to train a person theoretically in the school as well as practically on the job. After those three years Germany has also well educated people that certainly work in rather operational-based positions but they know what they are doing and represent a strong foundation of the national economy. In contrast to this, there is no such thing in the U.S., it might be better to educate the own people first and not setting up trade restrictions that Mr. Trump is planning right now. Globalization offers everybody on the globe a better life because it is increasing the living standard in both the developed countries and developing countries. Another point that Rapoza also highlighted was the fact that China, India, and also the Philippines are countries that export a lot of goods to the U.S. but these countries can also be seen as comparably closed economies wherefore the economies implications of, e.g., higher import tariffs, will not cause that much trouble. Therefore, any threats against those countries in terms of setting up trade restriction are not very wise and can rather be understood as measuring of strength on a political scale.

The emotional balance of the societies is the main trigger why many people are asking for de-globalization. By having an emotional society, politics also become more nervous and with that the stock exchanges will also react to this. There might be trade or even military conflicts that endanger the welfare of the people. Those who succeed from a financial crisis are regarded as the wrongdoers and sometimes the media directs its anger towards another country or, more often, against ethnical minorities or other social groups. In the first half of the 20<sup>th</sup> century, the Jews were the ones that were blamed; during the Asian financial crisis in 1997 the Chinese people in the Philippines, Malaysia and Indonesia were treated as the ones that are responsible for the downturn in the economy. People cannot have such a mentality because in this modern and interconnected world it is harmful to have such a way to think. Problems are triggered by taking on too many loans and thereby financial bubbles are created. It is not the fault of minorities or other countries; it is the fault of a financial system. By asking for more De-Globalization the problem will not fade away, it will still be there and it is just a matter of time until it will repeat if nothing is changed in the system.

## **III. Is globalization exploiting the poor?**

It is more important to set up a competitive national economy, governments should do investments in education, infrastructure and enhance opportunities for foreign direct investments to offer place for growth from which everybody can benefit. Sometimes globalization is demonized because it can cause exploitation and the poorest of the poor are not getting any advantage out of it. Kis-Katos explained that data and statistical evidence are highlighting issues that raise strong emotions about the negative aspects of globalization when it comes to the exploitation of the poor. This is certainly right but when this part of the globalization is regarded that everybody should be obliged to also pay attention to the good part of it. How do the real effects of globalization effect on poor countries? At the example of Indonesia, Ms. Kis-Katos explained how poor people were also able to benefit from the international market. Welfare was increased because of the higher demand for cheap textiles and other exports from these countries. Basically, people are assuming that globalization offers more threats than benefits to poor people due to the lack of education and financial resources. Markets are going to put competitive pressure on smallholders and doing business will not be as benefitting as it was "before" globalization. This is not true in hindsight; the cheap prices on the world market are actually making those small businesses more efficient because they have to assess what they have to do in order to make their business more efficient and cost-effective. This means that there is productivity enhancing effects. This also offers enough evidence why globalization is good for both rich countries and poor countries.

#### **IV. Conclusion**

To sum this up, intercultural knowledge is needed in order to understand the needs of other nationalities and business cultures. This is very important for everybody because when we speak about Globalization 3.0 everybody has to be ready, especially in the west. We need to understand cultural differences and be ready for big, Asian, influences. De-globalization is not the answer to any problems found on the world market; countries should be prepared in order to become competitive. Also poor people are benefitting from globalization and welfare can be increased for the same reasons, they become more efficient due to economic pressure.

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The views expressed here are solely Manuel's perspectives of globalization based on his experience.