



## Encyclopedic Dictionary of Public Administration

The reference for understanding government action

# GLOBALIZATION<sup>1</sup>

*Emmanuel Nyahoho, Professor*  
*École nationale d'administration publique*  
[emmanuel.nyahoho@enap.ca](mailto:emmanuel.nyahoho@enap.ca)

Globalization is a term that is in wide use today, be it to describe the tight mesh of demanding relations that currently exist between states or the massive movements of capital and trade that now take place between them. However, such interconnected and intense trade between countries is not new. In fact, according to some authors, globalization began as early as 2000 years ago, when goods, ideas, customs, laws, religious beliefs and currencies were exchanged throughout the vast Roman empire (*L'Histoire*, 2008, p. 28). Needless to say, Rome benefited tremendously from this state of affairs. The goal of this article is to better define globalization so as to understand how it has developed over time and identify the novel features it has introduced.

Several anecdotal definitions of globalization have emerged here and there. MacGillivray (2006, pp. 4-7) reports that former president of the United States Bill Clinton defined the term as “world without walls,” while the former prime minister of the United Kingdom Tony Blair described it as an inevitable and irreversible phenomenon. Other observers, for their part, have defined it as “ties of trade and trust.” The above definitions take the political dimension of globalization into account, whereas others focus on its economic dimension. An example of the latter perspective is found in the following definition by economist Paul Krugman, quoted in MacGillivray: “*Globalization is a catchall phrase for growing world trade, the growing linkages between financial markets in different countries, and the many other ways in which the world is becoming a smaller place.*” In short, Krugman highlights the fact that the process involves an acceleration of trade in goods, services and capital on an increasingly global scale.

Another economist, Joseph Stiglitz (2003, p. 9), uses the same definition as Krugman, although, in his case, he underscores the widespread lowering of tariffs and the growing integration of economies that come with globalization. Bhagwati (2004, p. 3), for his part, has asserted that the process reflects the integration of national economies into an international economy through trade, foreign direct investment, the flow of capital and migration, and technology transfers. Alter-globalists, such as the International Forum on Globalization, have proposed both a definition and a critique of globalization, describing it as a global production and trade system dominated by multinationals that are not accountable to democratically elected national governments. Similarly,

---

<sup>1</sup> This text constitutes an authorized reproduction of a portion of chapter 2 of the textbook entitled *Le Commerce international; theories, politiques et perspectives industrielles*, which the author published at the Presses de l'Université du Québec, Ste-Foy, QC, in January 2011.

## GLOBALIZATION

essayist John Ralston Saul (2006, pp. 11-26) discusses the system's pitfalls and dysfunctional aspects, pointedly referring to the “collapse of globalism.” However, a more refined definition is provided perhaps by Lévy (1997), who analyzes globalization from what seems to be a more systemic perspective that better reflects the empirical evidence.

Lévy explains that globalization has developed gradually, in several stages. Her definition covers three aspects:

- the behaviour and origin of companies;
- the overall economic situation; and
- the role and place of the state in the economy.

Although countries have always exchanged goods, the Depression of the 1930s and World War II led to a marked slowdown in world trade. However, once the hostilities ended, countries expressed a clear desire for more open markets by adhering to the General Agreement on Tariffs and Trade (GATT), which was introduced in 1948. The period between 1945 and the mid-1960s was characterized by internationalization,<sup>2</sup> which may be defined as the production and sale of products abroad. At the time, almost all of the companies that moved their production facilities beyond domestic borders or mass-distributed their products in countries around the world, particularly in Western European nations and Japan, were based in the United States (GM, Ford, Gillette, etc.). Although the overall economic situation throughout the 1950s was favourable to international trade, thanks in part to the resumption of production of current consumption goods and infrastructure assets, the political climate was dominated by the Cold War and a high degree of protectionism among the principal allies of the United States. For example, several European nations, Japan and the developing countries introduced strict regulations on foreign direct investment in order to stimulate the development of their emerging industries and limit the economic power of the United States, deemed, rightly or wrongly, to be destabilizing.

The period between 1965 and 1980 witnessed the advent of a form of globalization that could be said to involve the development of world markets for standardized consumer goods and the growth of international companies. Multinationals that set up offices in Canada came not only from the United States, Western Europe and Japan (GM, GE, Ford, Bank of America, Bechtel, Toyota, Honda, Siemens, BASF, Electrolux, etc.), but also from South Korea (Hyundai, Daewoo), Australia (BHP) and Mexico (CEMEX). The overall economic situation was positive and marked in particular by an appreciable, Euromarket-driven increase in the flow of capital as well as a substantial reduction in customs tariffs. However, with the abrupt termination of Bretton Woods in 1971, the fixed exchange rate system was abandoned in favour of a flexible rate system, made official by the Jamaica Accord shortly afterwards (1976). Nonetheless, the advent of flexible rates revived fears of the protectionist attitude that had prevailed in the 1930s when countries manipulated the value of their currency in order to be more competitive internationally. In addition, the United States felt increasingly compelled to tackle the problem of its twin deficits (trade and budget) and was thus more reticent to play a leading role in promoting free trade. Countries in Western Europe, Africa and Latin America viewed regional trade blocs as a viable avenue for future commercial development. In several nations, particularly developing countries, relations between the state and

---

<sup>2</sup> According to the *Compact Edition of the Oxford English Dictionary* (1981). The root of this word, international, means “existing, constituted or carried on between different nations...”

## GLOBALIZATION

multinationals became so strained that foreign direct investment became subject to strict regulation and monitoring.

Globalization has considerably intensified since 1980. For one thing, multinationals' countries of origin have become more diversified, comprising the United States, European nations, Japan, newly industrialized countries and developing countries. Moreover, even small- and medium-sized enterprises (SMEs) have come to see globalization as an opportunity to expand their operations beyond the domestic market. Also of note is the fact that service globalization grew vigorously throughout the 1980s and 1990s. The world economy, for its part, underwent a series of crises, beginning with the oil shocks of the 1980s, followed by the massive indebtedness of developing countries non-inflationary growth in industrialized countries, and concluding with the subprime loan crisis in late 2008. The Washington Consensus advocated structural adjustment programs and called on heavily indebted developing countries to ease their limits on foreign direct investment and open up their markets. In industrialized countries, strategic alliances, between multinationals, on the one hand, and governments and national or foreign companies, on the other, were the order of the day.

In conclusion, globalization has entailed vigorous and sustained growth in the trade of goods and services, the movement of production facilities from one country to another by companies of various origins along with the massive transfer of capital from one place to another, driven by the deregulation of foreign direct investment. This has had a number of positive effects, including a decrease in protectionism and thus more open markets, the convergence of consumer tastes with its concomitant economies of scale and, lastly, the growth of economies in Asia and Western Pacific countries (Wachter and Foxen, 1989, p. 4). However, globalization has also had negative effects in the form of increased competitiveness, unstable exchange rate fluctuations, faster technology change and potentially short-lived “technological rents.”

According to the Webster's online dictionary, the term “globalization” means “growth to a global or worldwide scale.” It thus has a deeper meaning than internationalization. Containing the word “global” and the suffix “-ize.” it refers not only to the scope and intensity of the process (i.e., “the *how much* and *where*”) but also to the motive (the “*who* and *why*”) (MacGillivray, 2006, p. 7).

### Bibliography

- Bhagwati, J. (2004). *In Defense of Globalization*, New York, Oxford University Press.
- Lévy, B. (1997). “Multilatéralisme et Régionalisme: indépendance stratégique des États et des firmes” (Document de travail 97-09), Ottawa, University of Ottawa.
- Lévy, B. (1995). “Globalization and Regionalization: Main Issues in International Trade Patterns” (Working paper 0701-3086 95-8), Ottawa, University of Ottawa.
- L'Histoire (2008). 2000 ans de mondialisation, *Les Collections de l'Histoire*, no. 38.
- MacGillivray, A. (2006). *A Brief History of Globalization*, New York, Carroll & Publishers.
- Saul, J. R. (2006). *Mort de la globalisation*, Paris, Payot [originally published in English as *The Collapse of Globalism and the Reinvention of the World*, Toronto, Viking Canada, 2005].
- Stiglitz, J. E. (2002). *La grande illusion*, Paris, Fayard [originally published in English as *Globalization and its Discontents*, New York, W.W. Norton & Company, 2002].

## GLOBALIZATION

*The Compact Edition of the Oxford English Dictionary* (1981). Oxford, Oxford University Press.

Wachter, T. and R. Foxen (1989). *Going Global, Business Intelligence Program*, Report no. 782.

Webster's online dictionary, [www.websters-online-dictionary.org/definitions/](http://www.websters-online-dictionary.org/definitions/) (last retrieved in May 2011).

---

<b>REPRODUCTION</b>	Reproduction in whole or part of the definitions contained in the <i>Encyclopedic Dictionary of Public Administration</i> is authorized, provided the source is acknowledged.
<b>HOW TO CITE</b>	Nyahoho, E. (2012). "Globalization," in L. Côté and J.-F. Savard (eds.), <i>Encyclopedic Dictionary of Public Administration</i> , [online], <a href="http://www.dictionnaire.enap.ca">www.dictionnaire.enap.ca</a>
<b>INFORMATION</b>	For further information, please visit <a href="http://www.dictionnaire.enap.ca">www.dictionnaire.enap.ca</a>
<b>LEGAL DEPOSIT</b>	Library and Archives Canada, 2012   ISBN 978-2-923008-70-7 (Online)