

- Globalization is integration of trade and investment among countries, facilitated by free movement of capital and with reliance on market forces as well as transport, telecommunication and other technologies.
- Economic growth and cost effectiveness are related to nation state political systems and spheres of influence

I. Globalization development to 1948

-3000 BC Dawn of Civilization

- -7,000 grains harvested annually, Animals domesticated
- -5000 irrigation and flood control, fixed construction, rural productivity, urban services, public works
- -4000 economic culture: language, writing, accounting, laws

-1500 to -400 BC Phoenician city states of Eastern Mediterranean

- Rise of sea technologies, Mediterranean application: lateen sail, rudder, keel, oars, star and sun navigation
- Diversity of needed resources: Cyprus copper, Anatolia iron, Cornwall tin, resource source and market diversity
- Similar advances in Indus, China Yellow, but Mediterranean more continuity and familiarity

-400 BC to 1250 Greeks, Romans, Arab Empires contribute to advance to globalization

- Greeks advanced science, math, philosophy, arts, politics and spread them like US pop culture today
- Rome perfected span of control through legions and infrastructure of roads, ships, aqueducts like US Interstates, IT now
- Arab preserved learning during medieval Europe and were bridge to China and Indies like global trade today

1250 to 1914 Rise and dominance of Europe: Renaissance, Discovery, Industrial Revolution

- Consistency of China vs volatility of Europe, ME, S Asia
- 1267 Hanseatic League city states dominate Baltic and North Sea trade until 1600's decline
- 1300-1600 England wool, Belgian cloth, Italian banks parallels artistic renaissance
- 1450-1550 Sea discoveries East to India, West to America and around the world
- 1500-1848 Portugal, Spain, Italians, UK, France, Dutch colonial discovery and mercantilism
- 1750-1800 Industrial Revolution, Capitalism, Social Progress, Enlightenment, Liberty in US, French turmoil
- 1800-1914 Transport, communications, synthetics: telegraph, telephone, electricity, oil, petrochem, wireless
- 1850-1914 Empires of UK, France, industrial power of Germany, US

1848-1948 Europe Empires to World Wars, US Manifest Destiny, Asia Stirrings

- Post Napoleon Metternich Europe, US Manifest Destiny, Civil War Perry in Tokyo, Pacific Latin America interests
- Destructive European Civil War tests limits of monarchies after industrial revolution, capitalism, fascism, communism
- Asia tests limits of Japan co prosperity, resists Western colonial control, China Civil War
- WWII End with UN, Bretton Woods, and Iron Curtain

1948-1975 Explosive growth of globalization in US economic golden age

- Capitalism/Communism, Democracy/Dictatorship face-offs around world, non-alignment, rebuilding Europe
- Little US economic competition as Europe and Japan recover, US-USSR compete in 3rd world
- Trade and manufacturing parity among developed world, resource emphasis, protectionism in 3rd world
- Rising trade, economic competition, integration, space race, technology rise, Vietnam end, deregulation start

II. Acceleration of Globalization after 1975

1945-1985 Rise of Globalization Enabling Technologies

- 1945+ GI Bill and suburbs to avoid recession, union power decline as coal and rail drop, labor benefits to limit inflation
- 1907+ New synthetic materials like plastics and petrochemicals, vast new foreign oil finds
- 1947 Bell labs transistor, ENIAC at Univ PA, signal shift to services and knowledge, underlie logistics
- 1956 Containers introduced on ships by McLean-Sealand, Ike signs Interstate bill
- 1960's Integration of transistors and computers in IBM 360
- 1975+ IBM main frame computer dominance decline as mini computer and PC network costs plummet, capacity soars
- 1970+ MCI microwave OK, no gold conversion '71, airline deregulation '78, IBM antitrust dropped, AT&T split '84

1945-1995 Emergence of Asia into Developed World: Japan – Rim Tigers – China – Soviet Collapse

- 1945-49 Japan MacArthur, Zaibutsu, 1947 India free, 1949 China Communist
- 1950-80 Confrontation: Taiwan, Korea, Viet Nam, 1960 Sino Soviet split
- 1950-80 Economy: 1956 Great Leap, 1966 Cultural Revolution, Chinese on Rim, Japan toys to auto exports
- 1972 Nixon to China, 1976 Mao dies, 1979 Deng economic opening, Overseas Chinese ties revived
- 1970's Japan auto exports, Rim of Asia consumer electronics dominance
- 1980's Japan heavy mfg dominance, attempt to transfer to high tech but long term approach fails
- 1980's Rim of Asia proves speed of tech transfer, lack of protection, like US PC's, Japan 1991 crash and malaise
- 1980's China and Soviet changes: 1985 Gorbachev perestroika, glasnost; China coast factories to 1989 Tiananmen Square
- 1989 East Europe Communists fall, 1991 USSR coup and yr end collapse, floodgates open to Yeltsin democracy, chaos
- 1991 India financial crisis, Singh end of license Raj, India opens to world

1992+ Technology and construction bubbles mask US manufacturing drop, IT productivity, 2001+ Security cost

- 1992 NAFTA and giant job sucking sound south, erroneous as China becomes lowest cost producer
- 1992- Japan stagnates while China rises, advances 50 mi inland/yr.
- 1995-2000 Dotcom, telecom, biotech hype, Wal-Mart supply chains, e-commerce emerges via Amazon
- 2000-1 Dotcom, telecom bust, 9/11 shift to fear, govt dependence, revenge, war in Afghanistan, Iraq
- 2000+ Importance of BRIC's – Russia and Brazil resource based, India & China people based.
- 2002-2010 Return to \$200+B deficits, energy-food-water-climate crises, 2008 financial meltdown

Non aligned nations, import substitution, central planning attempts, state owned businesses

Economic reform 1978 China, 1985 USSR, 1991 India. Political opening 1947 India, 1985 USSR, 1989 Tiananmen Sq

1971 End of US gold standard, 1989 Berlin Wall E Europe free, 1991 Collapse of USSR

III. US Wealth, Jobs, Productivity Rises, Values, Social and Economic Systems Evolve

US Wealth – Creation from productivity, innovation and financial shuffling

Progression from basic resources to inventions to big business organization, processes, automation

Automation today as boon to big organization or revival of small entrepreneurial new businesses

Troubling legacy of financial service contributions and rewards, capital investment and tax based wealth distribution

- 1600's+ From land in US with hard labor, some investment: Food, minerals, factories, homes
- 1793+ Inventions and innovation added for wealth creation – Whitney, Morse, Howe, Bell, Edison, Shoales
- 1865+ Business titans: McCormick, Rockefeller, Carnegie, Vanderbilt, Harriman, Vail, Young
- 1890+ JP Morgan and Mellon financial dominance, anti-trust, FDA, Federal Reserve, New Deal
- Financial swings: 1777+ Articles, 1791+ Hamilton, 1832+ National Bank, 20 yr boom-bust cycles
- 1890+ Morgan consolidates cos. into trusts for efficiency, saves US in 1907 panic
- 1913 Federal Reserve, 1930 Smoot Hawley tariff, 1932 Glass Steagall, 1934 SEC Kennedy 1st head
- 1982+ Financial deregulation, 1986 Fixed NYSE commission end, 1998 Glass Steagall repeal

1600+ US Jobs – Challenges from vast job creation and changes dating to Industrial Revolution

1600+ Individual crafts, shops, farms

1865+ Rise of big factories, industries, large capital investment, no worker rights

1900+ TR trust-busting, worker right progress, unions,

1919+ Roaring 20's, Depression, Arsenal Democracy, Boom to 1970, 1970's+ World recovery, Globalization

- 1700-1865 Home, village, farm societies start of factories, cities, railroads, industrial textiles, metals
- 1865+ Gains from scale, productivity, efficiency. Losses of craftsmanship, independence
- 1865+ Complexity of balancing capital returns, social safety nets, profits, wages, working conditions and opportunities

1865-1945 US expansion of industrial north, land resource west and south, new technologies, worker skills

- Monopoly efficiencies, inequities of distribution of returns to owners and workers
- Progressive politics, trust breaking, emergence of social safety nets in 1900's
- Union rise and struggles through depression 1930's, Arsenal of Democracy for economic recovery
- Women as war workforce, strikes and union wage demands after war, benefit wage tradeoffs

1945-1975 US Near Full Employment, Strong Economic Growth

- Value of GI Bill and US power after WWII to ease transition from war, extend productivity to peace economy
- Little international competition as rest of world recovers from war or colonialism
- Inflated expectations, inflation, shortages, strikes until Ike 50's end of Korea and normalcy except for Cold War

1975+ Return of international competition offset by tech: union decline, new business, shift to service from mfg

- Tech spurs rise of entrepreneur, new, fast growing, decline of old companies and industries
- 1970+ Two income incomes result of 1960's, women's lib, equal opportunity
- 1980+ Decline of unions due to type of new tech jobs, OSHA, worker rights, education, IT service basis of growth
- 2001+ Terror fear and focus on security without cost benefit analysis

IV. US Cost of Worker Benefits, Government Regulations and Public Policies

Milestones of equal opportunity: 1863 Emancipation, 1918 Women suffrage, 1941 gov contracts, 1945 GI Bill, 1948 milt deseg
1954 School deseg, 1963 EqualPayAct, 1964 CivilRightAct, 1965 EEOC, 1967 AgeDiscrim ADEA 40-65, 1986 ElimAgeCap
1986 Immig reform, control, 1990 ADA, Many court cases, legislative clarifications, immigration issues

Non Wage Benefits and Standards of Employment

Benefits for WWII labor shortages, post war inflation control, econ growth premise

Short term solution with long term implications and cost burdens, current health US vs OECD

Non US uses gov rather than companies as providers

- Health care supplied by employer, some paid by worker, but complexity in controlling costs
- Pension care legacy of early contracts to provider retiree benefits as offset to higher inflationary wage increases
- Some OSHA, disability, non-discrimination, harassment regulations raise costs, lower productivity

Wages, worker incentives, environment, other regulations

Complexity of comparability of tax rates and gov costs for country competitiveness

Varying costs and standards of quality of life regarding pollution, standard of living, worker protection

Benefits to US consumers from low priced, high quality, wide selection of imports

- Environment quality: Air; Water, Toxic, Solid disposal and emission levels
- Wage and benefit levels based on skills, supply, minimum pay
- Payroll taxes, permits, local and state taxes, corporate income tax rates
- Documentation fines and penalties, migrant worker living conditions
- Foreign visa limits for skilled and technology workers

Technologies facilitating and promoting globalization

Tech leadership in energy, climate, life science crises, opportunities? China, Europe incentives, priority

Tradeoffs between importance of environ, cleanup, warming, worker rights vs econ growth and job creation

Question of relation between capitalism, rapid econ growth, productivity and democracy vs political control

- Container shipping – reduce overseas delivery over 90-95%, can move manufacturing jobs worldwide
- 2001 telecom decline – near free data transfer, can move many service jobs abroad
- Computer tracking systems to support on line logistics supply lines
- Contracts to reduce foreign investment risk and exposure

Values and economic policies affecting globalization

- Open and relatively free markets to determine prices domestically and across borders
- Individual freedoms related to information flow, human rights, transaction and cost transparency
- Costs and benefits as well as effectiveness and commitment to representative political systems
- Government and other regulations related to production, employment, taxation, quality, patents, copyrights

Government policies determining rate of growth of globalization

- Import and export restrictions on capital, labor, equipment, inputs to production
- Floating, pegged, or other currency and foreign exchange limits and restrictions
- Compliance and enforcement of regulations and laws
- Objectives for economic and job growth, savings and consumer spending, infrastructure permits and costs

V. US Consumer, Investor, Worker Issues Determine Globalization Pace

Economic decisions of largest unified US consumer block demand benefits of globalization and imports
Manipulation and trading by countries and fin services add little compared to new products, services, business processes
Globalization requires free flows to create most value and benefits for all, but threatened by nationalism, vested interests

Consumer demand for widest selection and range of prices, qualities, features, styles

- Question of willingness to pay premium price for US price, quality, comparability
- Cost effectiveness of Wal- Mart and other globalized merchandisers and effect on local merchants
- Translation of buying patterns to reflect domestic production, worker benefit, local community, fairness beliefs
- Difference in buying decisions based on price range (disposables to autos), type (consumer goods to health care)

Worker decisions related to income distribution, disposable income, debt levels, future expectations

- Rich-poor gap increasing since 1968 after decades of narrowing
- Reagan Bush tax cuts and income distribution, worker-manager-CEO gap, limits of trickle down economics
- Practicality and acceptance of work sharing to reduce unemployment, telecommuting to reduce costs
- Correlation of debt levels and wage increase expectations in expenditure control
- Burden on younger workers to support parent entitlements, real estate values, expected life styles

Investor view of returns related to globalization, taxation, restrictions, risk

- Enhancing returns via lower costs and enormous US market to limit investment risks
- Capitalizing on US distribution efficiency and globalization technologies for high investment returns
- Desire for unrestricted investment flows and returns as well as tax havens
- Sanctity of production contracts to reduce investment capital and other foreign funds flow risks
- Importance of efficient and free capital flows and conversions to support globalized trade flows

Financial sector benefits and limits in globalization and wealth creation

- Role of risk from debt leverage, securitization, exotic instruments in 2008 financial crisis
- Barriers that lead to investment bank margins and returns and ways to increase competition and lower margins
- Tax policies to discourage oversized compensation
- Data on trickle down economics, consumption, savings rates, federal deficits threats, progressive tax rates
- Understanding of finance value added and shuffling related to technology, process, production improvements

VI. Country Abilities, Goals, Policies Determine Globalization Participation Level

Europe -1700's Industrial Rev birth in UK. 1990+ US ascent due to resources, system, empire end, wars
Effect of EU: new, old members; Germany, UK; economic, life values

Med vs N Sea countries, social safety nets, initiative, innovation, change from past

- East and South focused on EU and Euro market and developing competitiveness and stability
- Germany and few others in North are global competitive manufacturers, mainly high value added products
- Uniqueness of UK and Swiss in world financial markets, solar/wind of Spain, Germany. Denmark, Nokia wireless
- Social safety nets and worker benefits limit innovation, initiative, global cost competitiveness

Russia-MidEast-Africa

Little other than resources left in USSR to build economy, Cold War competition result in Central Planning in LDC's
Complexity of converting resource wealth to productive economy, social benefits, wealth creation

Chasm between resource rich and poor countries with little other econ progress or integration

Imperative of education, tech skills, ingenuity, time, infrastructure to build cohesive growth and progress

- Energy and mineral export reliance, skills to support exports bought, not indigenous
- Inability to create new wealth with resource payment inflows lead to financial instability, terror funding
- Challenge of providing education and job opportunities to cope in modern world
- Export threats of renewable, conservation, efficient energy policies and evolution from factory to technology abroad

Latin America -Preoccupation with Cuba, revolution in Cold War impedes progress, solutions

Power and potential of ABC south 3 different approaches

Narcotics cancer of Andes, Caribbean, Mexico fueled by US demand; Legalization, drug gangs, crackdown

- Growing dominance of Brazil, success of economic focus in Chile
- Challenges in Mexico of income fairness, drugs, violence, oil efficiency
- Maquiadora and low wage textile Caribbean surpassed by Asia and China
- Import substitution jettisoned along with central planning, but limited skills and resources hurt in global economy

Asia -Remarkable stability and continuity of enormous China, India despite 1947 Partition, 1949-76 Mao

Japanese 1854 opening to West, 1904 Russia defeat, WWII co prosperity, mfg recovery, 1970's exports, 1991 collapse

Chinese of Rim of Asia check Japanese, inspire mainland China, imperatives of growth to spread money economy

- Overseas Chinese in Rim of Asia curtail Japan economic rise in 1980's
- China globalization success questions necessity of democracy as important as free markets
- Other low cost Asian countries to replace China current advantage
- Value of family, community, education in China economic success, despite Cultural Revolution
- India rise after deregulation of license Raj in 1991 and large tech educated English speaking middle class
- Potential of science and tech education to lead world in innovation, improved systems, business efficiency

Summary - Enormous economic progress associated with serious social dislocations

- Vast productivity, wealth generation, innovation since Industrial Revolution
- Loss of traditional ways, slow adoption of social safety nets and worker protection
- Greater importance of both individual initiative and public policies for communities
- Market based economies may be more essential to globalization than freedom and human rights

Summary Discussion - Public policies to maintain values and standards as well as protect workers

- Values on worker condition, income distribution, environment, education, family vary by country
- Government policy importance and influence over other countries may decline and be limited
- Government regulations and restrictions can reduce benefits and lack broad popular support
- As in US, regulators like WTO move slower than business
- Much more difficult for countries to thwart globalization than find ways to secure benefits
- Success factors in globalization are similar to those associated with past US progress

Selected Recently Published Books on Globalized Economy

- New Industrial Revolution: Consumers, Globalization and End of Mass Production, Marsh, 2012
<http://www.foreignaffairs.com/articles/138282/peter-marsh/the-new-industrial-revolution-consumers-globalization-and-the-en>
- Why Nations Fail: Origins of Power, Prosperity and Poverty, Acemoglu, Robinson, 2012
http://books.google.com/books/about/Why_Nations_Fail.html?id=yIV_NMDDivYC
- Breakout Nations: In Pursuit of Next Economic Miracles, Sharma, 2012
http://books.google.com/books/about/Unusual_Suspects.html?id=V9kZOCEPqsgC
- Makers: New Industrial Revolution, Anderson, 2012
<http://www.businessweek.com/articles/2012-09-20/book-review-makers-by-chris-anderson>
- Innovation Economics: Race for Global Advantage, Atkinson, Ezell, 2012 <http://globalinnovationrace.com/>
- Obama and China's Rise: Insider's Account of America's Asia Strategy, Bader, 2012
<http://www.brookings.edu/events/2012/03/08-obama-china>
- Crisis of Capitalist Democracy, Posner, 2010.
http://books.google.com/books?id=Tyoc_UaIT5AC&printsec=frontcover&dq=Crisis+of+Capitalist+Democracy
- Post American World, Fareed Zakaria, 2009. http://en.wikipedia.org/wiki/The_Post-American_World
- Globalization, Bruce Greenwald, 2009. http://www.amazon.com/globalization-irrational-fear-someone-China/dp/0470632437/ref=sr_1_1?ie=UTF8&s=books&qid=1284050351&sr=8-1
- Sonic Boom, Gregg Easterbrook, 2009, <http://books.google.com/books?id=4-ps9aO9qjwC&printsec=frontcover&dq=Sonic+Boom>
- Splendid Exchange, William Bernstein, 2008. <http://books.google.com/books?id=cc0tUyvoYfkC&dq=Splendid+Exchange>
- Hot Flat and Crowded, Thomas L. Friedman, 2008. http://en.wikipedia.org/wiki/Hot_flat_crowded
- World is Flat, Thomas L. Friedman, 2007. http://en.wikipedia.org/wiki/The_World_Is_Flat
- Global Capitalism: Fall & Rise in 20th Century, Jeffrey Frieden, 2006, <http://www.amazon.com/dp/039332981X?tag=tw-germany-20>
- Moral Consequences of Growth, B. Friedman, 2006. <http://books.google.com/books?id=5uCDaJuONZIC&dq=Moral+Consequences+of+Growth>
- Revolutionary Wealth, Alvin Toffler, 2006. http://en.wikipedia.org/wiki/Revolutionary_Wealth
- Three Billion New Capitalists, Prestowitz, 2005. http://books.google.com/books?id=zEWocKZ2_J0C&dq=Three+Billion+New+Capitalists
- 2010 Meltdown: Solving Impending Jobs Crisis, Edward Gordon, 2005,
<http://books.google.com/books?id=HlayGrPxvWYC&dq=2010+meltdown>
- End of Poverty, Jeffrey D. Sachs, 2005. http://en.wikipedia.org/wiki/The_End_of_Poverty
- Making Globalization Work, Joseph Stiglitz, 2005. http://en.wikipedia.org/wiki/Making_Globalization_Work
- Globalization a short history, J. Osterhammel, 2005. <http://www.amazon.com/Globalization-Short-History-Jurgen-Osterhammel/dp/0691121656>
- Origins of Value: Financial Innovations to Capital, William Goetzmann, 2005.
<http://books.google.com/books?id=-oi7Osz2Ss0C&printsec=frontcover&dq=Origins+of+Value:+Financial+Innovations+to+Capital&source>
- In Defense of Globalization, Bhagwati, 2004.
<http://books.google.com/books?id=s0hFC5vMh4kC&dq=in+Defense+of+Globalization>
- In Praise of Empires: Globalization and Order, Lal, 2004. <http://www.amazon.com/Praise-Empires-Globalization-Order/product-reviews/1403936390>
- Globalization and Its Discontents, Joseph Stiglitz, 2002 http://en.wikipedia.org/wiki/Globalization_and_Its_Discontents
- End of Nation States, Ken Ohmae, 1995. <http://www.amazon.com/End-Nation-State-Regional-Economies/dp/0684825287>

McKinsey Global Institute Articles and Publications on Globalization and Offshoring

- McKinsey Quarterly Globalization Articles, <http://www.mckinseyquarterly.com/Strategy/Globalization>
- McKinsey What Matters Essays on Globalization, <http://whatmatters.mckinseydigital.com/globalization>
- McKinsey Quarterly Outsourcing and Offshoring, http://www.mckinseyquarterly.com/Business_Technology/Outsourcing_Offshoring

Above on line links and Recent Articles with on line links

<http://www.rodhandeland.com/Globalized%20Economy/Bibliography.htm>