

# Globalisation and Social Change

## Chapter at Glance

- With the opening up of the market and removal of restrictions to the import of many products we have many more products from different corners of the world in our neighbourhood shops.
- Since April 1, 2001, all types of quantitative restrictions (QR) on imports were withdrawn. It is no surprise now to find a Chinese pear, an Australian apple vying for attention in the local fruit stall.
- The neighbourhood store also has Australian orange juice and ready to fry chips in frozen packets.
- What we eat and drink at home with our family and friends slowly changes. The same set of policy changes affects consumers and producers differently.
- These changes are personal because they affect individuals' lives and lifestyles.
- They are obviously also linked to public policies adopted by the government and its agreement with the World Trade Organisation (WTO).
- The dramatic changes in the media are perhaps the most visible effect of globalization.

## Effects

- The effect of globalisation is far reaching. It affects us all but affects us differently.
- Thus, while for some it may mean new opportunities, for others the loss of livelihood.
- Women silk spinners and twistors of Bihar lost their jobs once the Chinese and Korean silk yarn entered the market.
- Weavers and consumers prefer this yarn as it is somewhat cheaper and has a shine. Similar displacements have come with the entry of large fishing vessels into Indian waters.
- These vessels take away the fish that used to be earlier collected by Indian fishing vessels. The

livelihood of women fish sorters, dryers, vendors and net makers thereby get affected.

- In Gujarat, women gum collectors, who were picking from the 'julifera' (Baval trees), lost their employment due to the import of cheaper gum from Sudan.
- In almost all cities of India, the rag pickers lost some of their employment due to import of waste paper from developed countries.

## Are Global Interconnections New To World And To India

**The early years:** India was not isolated from the world even two thousand years ago. Centuries ago, the famous Silk route connected India to the great civilisations, which existed in China, Persia, Egypt and Rome.

- Since India's long past, people from different parts came here, sometimes as traders, sometimes as conquerors, sometimes as migrants in search of new lands and settled down here.
- Global interactions or even a global outlook are thus not novel developments unique to the modern period or unique to modern India.

**Colonialism And The Global Connection:** Colonialism was part of the system that required new sources of capital, raw materials, energy, markets and a global network that sustained it.

- Often globalisation today identifies large-scale movement of people or migration as a defining feature.

**Independent India And The World:** Independent India retained a global outlook. In many senses this was inherited from the Indian nationalist movement.

- Commitment to liberation struggles throughout the world, solidarity with people from different parts of the world was very much part of this vision.
- Many Indians travelled overseas for education and work.

- Migration was an ongoing process.
- Export and import of raw material, goods and technology was very much part of development since independence. Foreign firms did operate in India.

### **Understanding Globalisation**

- Globalisation refers to the growing interdependence between different people, regions and countries in the world as social and economic relationships come to stretch world-wide.
- Although economic forces are an integral part of globalisation, it would be wrong to suggest that they alone produce it.
- It has been driven forward above all by the development of information and communication technologies that have intensified the speed and scope of interaction between people all over the world.

### **The Different Dimensions Of Globalisation**

#### **• Economic Dimension**

##### **a. The Economic Policy of Liberalisation**

- Globalisation involves a stretching of social and economic relationships throughout the world.
- Very broadly this process in India is termed liberalisation. The term liberalisation refers to a range of policy decisions that the Indian state took since 1991 to open up the Indian economy to the world market.
- This marked a break with an earlier stated policy of the government to have a greater control over the economy.
- The state after independence had put in place a large number of laws that ensured that the Indian market and Indian indigenous business were protected from competition of the wider world.
- The underlying assumption of such a policy was that an erstwhile colonial country would be at a disadvantage in a free market situation.
- The state also believed that the market alone would not be able to look after all the welfare of the people, particularly its disadvantaged sections.
- It felt that the state had an important role to play for the welfare of the people.
- Liberalisation of the economy meant the steady removal of the rules that regulated Indian trade and finance regulations. These measures are also described as economic reforms.
- Since July 1991, the Indian economy has witnessed a series of reforms in all major

sectors of the economy (agriculture, industry, trade, foreign investment and technology, public sector, financial institutions etc).

- The basic assumption was that greater integration into the global market would be beneficial to Indian economy.

#### **• Economic reforms and IMF**

- The process of liberalisation also involved the taking of loans from international institutions such as the International Monetary Fund (IMF).
- These loans are given on certain conditions. The government makes commitments to pursue certain kind of economic measures that involve a policy of structural adjustments.
- These adjustments usually mean cuts in state expenditure on the social sector such as health, education and social security.
- There is also a greater say by international institutions such as the World Trade Organisation (WTO).

##### **b. The transnational corporations**

- Among the many economic factors driving globalisation, the role of transnational corporations (TNCs) is particularly important.
- TNCs are companies that produce goods or market services in more than one country.
- These may be relatively small firms with one or two factories outside the country in which they are based.
- They could also be gigantic international ones whose operations crisscross the globe.
- Some of the biggest MNCs are companies known all around the world: Coca Cola, General Motors, Colgate-Palmolive, Kodak, Mitsubishi and many others.
- They are oriented to the global markets and global profits even if they have a clear national base. Some Indian corporations are also becoming transnational.

##### **c. The electronic economy**

- The 'electronic economy' is another factor that underpins economic globalisation.
- Banks, corporations, fund managers and individual investors are able to shift funds internationally with the click of a mouse.
- This new ability to move 'electronic money' instantaneously carries it with great risks however.
- In India often this is discussed with reference to rising stock markets and also sudden dips because of foreign investors buying stocks, making a profit and then selling them off.

**d. The Weightless economy or knowledge economy**

- The weightless economy is one in which products have their base in information, as in the case with computer software, media and entertainment products and internetbased services.
- A knowledge economy is one in which much of the workforce is involved not in the physical production or distribution of material goods, but in their design, development, technology, marketing, sale and servicing.
- It can range from the neighbourhood catering service to large organisations involved in providing a host of services for both professional meets like conferences to family events like weddings.

**e. Globalisation of finance**

- For the first time, mainly due to the information technology revolution, there has been a globalisation of finance.
- Globally integrated financial markets undertake billions of dollars worth transactions within seconds in the electronic circuits.
- There is a 24-hour trading in capital and security markets. Cities such as New York, Tokyo and London are the key centers for financial trading. Within India, Mumbai is known as the financial capital of the country.

**• Global Communications**

- Important advances in technology and the world's telecommunications infrastructure has led to revolutionary changes in global communication.
- Some homes and many offices now have multiple links to the outside world, including telephones (land lines and mobiles), fax machines, digital and cable television, electronic mail and the internet.
- Despite this digital divide these forms of technology do facilitate the 'compression' of time and space.
- The process of globalisation is giving rise to network and media society.
- To create global interconnectedness more efficiently, the Government of India has initiated an ambitious programme in the form of 'Digital India', in which every exchange will incorporate digitisation.
- It will transform India into a 'digitally empowered society and a 'knowledge economy'.

- Cellular telephony has also grown enormously and cell phones are a part of the self for most urban-based middle class youth. There has been a tremendous growth in the usage of cell phones and a marked change in how its use is seen.

**• Globalisation And Labour**

- A new international division of labour has emerged in which more and more routine manufacturing production and employment is done in the Third World cities.

Nike grew enormously from its inception in the 1960s. Nike grew as an importer of shoes. The founder Phil Knight imported shoes from Japan and sold them at athletics meetings. The company grew to a multinational enterprise, a transnational corporation. Its headquarters are in Beaverton, just outside Portland, Oregon. Only two US factories ever made shoes for Nike. In the 1960s they were made in Japan. As costs increased production shifted to South Korea in mid-1970s. **Labour costs grew in South Korea, so in the 1980s production widened to Thailand and Indonesia.** Since the 1990s we in India produce Nike. **However, if labour is cheaper elsewhere production centres will move somewhere else. This entire process makes the labouring population very vulnerable and insecure.** This flexibility of labour often works in favour of the producers. Instead of mass production of goods at a centralised location (Fordism), we have moved to a system of flexible production at dispersed locations (post-Fordism).

**• Globalisation And Employment**

- Another key issue regarding globalisation and labour is the relationship between employment and globalisation.
- For the middle class youth from urban centers, globalisation and the IT revolution has opened up new career opportunities.
- Instead of routinely picking up BSc/BA/BCom degree from colleges, many young persons are learning computer languages at computer institutes, taking up jobs at call centers or Business Process Outsourcing (BPO) companies, working as sales persons in shopping malls or picking up jobs at the various restaurants that have opened up.

- **Globalisation And Political Changes**

- In many ways it was a major political change, namely, the collapse of the erstwhile socialist world that hastened globalisation.
- And also gave a specific economic and political approach to the economic policies that underpin globalisation. These changes are often termed as neo-liberal economic measures.
- Broadly these policies reflect a political vision of free enterprise which believes that a free reign to market forces will be both efficient and fair. It is, therefore, critical of both state regulation and state subsidies.
- The existing process of globalisation in this sense does have a political vision as much as an economic vision.
- We, have the concept of an inclusive globalisation, that is one, which includes all sections of society.
- Another significant political development which is accompanying globalisation is the growth of international and regional mechanisms for political collaboration.
- The European Union (EU), the Association of South East Asian Nations (ASEAN), South Asian Association for Regional Corporation (SAARC) are just some of the examples that indicate the greater role of regional associations.
- The other political dimension has been the rise of International Governmental Organisations. (IGOs) and International Non-Governmental Organisations (INGOs).
- An intergovernmental organisation is a body that is established by participating governments and given responsibility for regulating, or overseeing a particular domain of activity that is transnational in scope.
- The World Trade Organisation (WTO) for instance increasingly has a major say in the rules that govern trade practices.
- INGOs differ from intergovernmental organisations in that they are not affiliated with government institutions.
- Rather they are independent organisations, which make policy decisions and address international issues.
- Some of the best known INGOs are Greenpeace (see chapter 8), The Red Cross, Amnesty International and Medecins Sans Frontieres (Doctors Without Borders).

- **Globalisation And Culture**

- There are many ways that globalisation affects culture.
- Thus there are heated debates in our society not just about political and economic issues but also about changes in clothes, styles, music, films, languages, body language.
- A central contention is that all cultures will become similar, that is homogeneous.
- Globalisation refers to the mixing of the global with the local. It is not entirely spontaneous. Nor is it entirely delinked from the commercial interests of globalization.
- It is a strategy often adopted by foreign firms while dealing with local traditions in order to enhance their marketability.
- In India, we find that all the foreign television channels like Star, MTV, Channel V and Cartoon Network use Indian languages.
- Even McDonald's sells only vegetarian and chicken products in India and not its beef products, which are popular abroad. McDonald's goes vegetarian during the Navaratri festival. In the field of music, one can see the growth of popularity of 'Bhangra pop', 'Indi pop', fusion music and even remixes.

- **Gender And Culture**

- Globalisation can be taken as a bogey to defend unjust practices against women.
- Fortunately for us in India we have been able to retain and develop a democratic tradition and culture that allows us to define culture in a more inclusive and democratic fashion.

- **Culture Of Consumption**

- Till the 1970s the manufacturing industries used to play a major role in the growth of cities. Presently, cultural consumption (of art, food, fashion, music, tourism) shapes to a large extent the growth of cities.
- This is evident in the spurt in the growth of shopping malls, multiplex cinema halls, amusement parks and 'water world' in every major city in India.
- Most significantly advertisements and the media in general promote a culture where spending is important.

- **Corporate Culture**

- Corporate culture is a branch of management theory that seeks to increase productivity and competitiveness through the creation of a unique

organisational culture involving all members of a firm.

- A dynamic corporate culture - involving company events, rituals and traditions - is thought to enhance employee loyalty and promote group solidarity. It also refers to way of doing things, of promotion and packaging products.
- The spread of multinational companies and the opportunities opened up by the information

technology revolution has created in the metropolitan cities in India class of upwardly mobile professionals working in software companies, multinational banks, chartered accountancy firms, stock markets, travel, fashion designing, entertainment, media and other allied fields.

- These high-flying professionals have highly stressful work schedules, get exorbitant salaries and are the main clientele of the booming consumer industry.

## Exercise

1. Some years back, there were reports of large number of suicides by the traditional weavers in Sircilla village of Karimnagar district and in Dubakka village in Medak district, both in Andhra Pradesh. The reason of suicide attempts was -
    - (a) No money to invest in technology
    - (b) Boom in the powerloom sector
    - (c) Increase in the market competition
    - (d) All of the above
  2. Which of the following is true about corporate culture?
    - (a) It seeks to increase productivity and competitiveness
    - (b) Company events, rituals and traditions enhances its profit.
    - (c) It keep on engaging employees through periodical amusements.
    - (d) None of the above
  3. The examples of cultural consumption are -
    - (a) Street market      (b) Multiplex cinema
    - (c) Open theatres      (d) Cultural theatres
  4. McDonald's goes vegetarian during the Navaratri festival, is an example of -
    - (a) Globalization      (b) Marketization
    - (c) Glocalization      (d) Commoditification
  5. India is member of which of the following regional organizations?
    - I. European Union
    - II. ASEAN
    - III. SAARC
    - (a) I and II      (b) II and III
    - (c) I and III      (d) All of the above
  6. World Trade Organization is an example of the following -
    - (a) International governmental organization
    - (b) Inter-governmental organization
    - (c) International non-governmental organization
    - (d) Regional organization
  7. Which of the following changes hastened globalization?
    - I. Collapse of socialist world
    - II. Specific economic and political approach to the economic policies
    - (a) I only      (b) II only
    - (c) Both I and II      (d) Neither I nor II
- Read the following passage and answer the following questions 8, 9 and 10**
- The condition of our dombari community is very bad. Television and radio have snatched away our means of livelihood. We perform acrobatics but because of the circus and the television, which have reached even in remote corners and villages, nobody is interested in our performances. We do not get even a pittance, however hard we perform. People watch our shows but just for entertainment, they never pay us anything. They never bother about the fact that we are hungry. Our profession is dying.
8. Dombari community's condition is degrading due to -
    - (a) Loss of people's attention
    - (b) Radio and television presents the same performance easily
    - (c) Decline of circus culture
    - (d) None of the above

9. Acrobatics performance by Dombari community is no more interesting among the people. The reason is -  
 (a) Circus and television has made it reach to the remotest areas  
 (b) Easy availability of performance  
 (c) The culture of acrobatics is dying  
 (d) All of the above
10. The central problem among dombari community is -  
 (a) Decline of culture (b) Uninterested crowd  
 (c) Globalization (d) None of the above
11. Which of the following is true about the concept of an inclusive globalization?  
 (a) Representation of all the sections of society  
 (b) Inclusion of all the section of society  
 (c) Inclusion of downtrodden section  
 (d) Reaching to the rural areas
12. The largest number of poor people lives in South Asia. Particularly the poverty rate is high in which of the following South Asian countries?  
 I. India II. China  
 III. Nepal IV. Bangladesh  
 (a) I, II and III (b) II, III and IV  
 (c) I, III and IV (d) All of the above
13. In case of Nike shoe company, shift of production took place due to increase in the labor cost. This phenomenon leads to -  
 (a) Loss of revenue to the government  
 (b) Make labor population very vulnerable and insecure  
 (c) Reduction in the foreign exchange  
 (d) Increase in the poverty
14. Rural areas are still unconnected through internet. What are the possible reasons?  
 I. Illiteracy  
 II. Lack of infrastructure  
 III. Lack of government funding  
 IV. Erratic power supply  
 (a) I, II and IV (b) II, III and IV  
 (c) I, II and III (d) All of the above
15. **Assertion (A):** Globally integrated financial markets undertake billions of dollars worth transactions within seconds in the electronic circuits.  
**Reason (R):** For the first time, mainly due to the information technology revolution, there has been a globalisation of finance.
- (a) Both A and R are true and R is the correct explanation of A  
 (b) Both A and R are true and R is not the correct explanation of A  
 (c) A is true and R is false  
 (d) A is false and R is true
16. Which of the following cities are known as financial trading cities?  
 I. New York  
 II. Delhi  
 III. Mumbai  
 (a) I and II (b) I and III  
 (c) II and III (d) All of the above
17. An economy in which workforce is not involved in the physical production, is known as  
 (a) Organized sector  
 (b) Unorganized sector  
 (c) Knowledge economy  
 (d) Electronic economy
18. Banks, corporations, fund managers and individual investors are part of which type of economy?  
 (a) Physical economy  
 (b) Knowledge economy  
 (c) Virtual economy  
 (d) Electronic economy
19. Which of the following statements are correct regarding transnational companies?  
 I. They produce goods or market services in more than one country.  
 II. They are relatively big firms with their factories outside the country in which they are based.  
 III. They could also be gigantic international ones whose operations criss-cross the globe.  
 (a) I and II  
 (b) II and III  
 (c) I and III  
 (d) All of the above
20. Due to liberalization, India economy witnessed reforms in the following sectors -  
 I. Agriculture  
 II. Foreign investment  
 III. Financial investment  
 (a) I and II  
 (b) II and III  
 (c) III only  
 (d) All of the above

### ***Answer Keys***

1. (d)	2. (a)	3. (b)	4. (c)	5. (b)	6. (a)	7. (c)	8. (b)	9. (a)	10. (c)
11. (b)	12. (c)	13. (b)	14. (a)	15. (a)	16. (b)	17. (c)	18. (d)	19. (c)	20. (d)