**GLOBALIZATION**

We live in a time of worldwide change. What happens in one part of the world impacts people on the other side of the world. People around the world are influenced by common developments.

The term “globalization” is used to describe this phenomenon. According to Harris, the term is being used in a variety of contexts. However, most often the term is used to describe the growing integration of economies and societies around the world.

The business world uses this term in a narrower context to refer to the production, distribution, and marketing of goods and services at an international level. Everyone is impacted by the continued increase of globalization in a variety of ways. The types of food we eats, the kinds of clothes we wear, the variety of technologies that we utilize, the modes of transportation that are available to us, and the types of jobs we pursue are directly linked to “globalization.” Globalization is changing the world we live in.

**Causes of Globalization**

Harris indicates that there are three main factors contributing to globalization. These factors include:

* The reduction in trade and investment barriers in the post-world war II period.
* The rapid growth and increase in the size of developing countries’ economies.
* Changes in technologies.

**Trade Agreements**

Originally each nation established its rules governing trade. Regulations and tariffs were often the outcome, leading to the tariff wars of the 1930s. However,

During the 1950s a concerted effort was made to reduce these artificial barriers to trade, and as a result the quotas and other controls limiting foreign trade were gradually dismantled.

Many trade agreements exist in the world today. There of those agreement (General Agreement on Tariffs and Trade [GATT], the European Community, and the North America Free Trade Agreement[NAFTA]) have had a significant impact on the UnitedStates.

**GATT**

The first trade agree ment of significance was the General Agreement on Tariffs and Trade. The purpose of the GATT was to lower tariff barriers among its members. The success of the organization is evidenced by its members. Originally signed by 22 countrys in 1947, the number of participats countries continues to grow.

The Uruguay Round of GATT is the most ambitious trade agreement ever attempted. Some 108 nations would lower tariff and other barriers on textiles and agriculture goods; protect one another’s intellectual property; and open their borders to banks, insurance companies, and purveyors of other services.

**The European Community**

The European Community is another example of how trade agreements impact the production, distribution, and marketing of goods and services. The 12 member nations of the European Community have dismantled the internal border of its members to enhance trade relations.

Dismantling the borders was only the first step toward an even greater purpose—the peaceful union of European countries. The first step was done by the Paris and Rom treaties, which established the European community and consequently removed the economic barriers. The treaties called for members to establish a market; a customs tariff; and economic, agricultural, transport, and nuclear policies.

**NAFTA**

A trade agreement that will have an impact on the way business is conducted in the United States is the North American Trade Agreement. This trade agreement involves Canada, the United States and Mexico. Proponents of NAFTA claim that the accord will not only increase trade throughout the Americas, but it will also moderate product prices and create jobs in all the countries.

Over the years a number of trade agreements have been enacted that promote trade. The result of these agreements has been a better quality of life because of the increased access to goods and services produced in other countries.

The growth in developing countries’ economies is another major reason for globalization. According to Jacob, the surge means more consumers who need goods and services. These needs appear because of the increase in percapita incomes of the developing countries.

According to the U.S. Department of Commerce, the world’s ten biggest emerging markets include:

* Argentina
* Brazil
* China
* India
* Indonesia
* Mexico
* Poland
* South Africa
* South Korea
* Turkey

Of these emerging markets, the most dramatic increase is in the East Asian countries. India, for example, has been able to achieve higher growth in incomes, longer life expectancy, and better schooling through increased integration into the world economy.

Recent technological developments have also contributed to globalization. Because of these developments, the world is a smaller place; communication is almost instant to many parts of the world. The extent of the technological developments can be sensed in Engardio’s comments:

Places that until recently were incommunicado are rapidly acquiring state-of-the-art telecommunications that will let them foster both internal and foreign investment. It may take a decade for many c countries in Asia, Latin America, and Eastern Europe to unclog bottlenecks in transportation and power supplies. But by installing optical fiber, digital switches, and the latest wireless transmission systems, urban centers and industrial zones from Beijing to Budapest are stepping into the Information Age. Videoconferencing, electronic data interchange, and digital mobile-phone services already are reaching most of Asia and parts of Eastern Europe.

All of these developing regions see advanced communications as a way to leapfrog stages of economic development.

**Summary**

The world continues to become more globalized. The trend will continue because of three main factors: new and improved trade agreements, rapid growth rates of developing countries’ economies, and technological advances, All of these factors foster globalization.