

## 10. THE CULTURAL CHANGES AND THEIR IMPACT ON HUMAN DEVELOPMENT III

**10.1 Globalization of the economy: Economic globalization** is the increasing economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, service, technology, and capital. Whereas globalization is centered on the rapid development of science and technology and increasing cross-border division of labor, economic globalization is propelled by the rapid growing significance of information in all types of productive activities and marketization, and the advance of science and technologies.<sup>[3]</sup> Depending on the paradigm, economic globalization can be viewed as either a positive or a negative phenomenon.

Economic globalization comprises the globalization of production, markets, competition, technology, and corporations and industries. While economic globalization has been occurring for the last several hundred years (since the emergence of trans-national trade), it has begun to occur at an increased rate over the last 20–30 years under the framework of General Agreement on Tariffs and Trade and World Trade Organization which made countries to gradually cut down trade barriers and open up their current accounts and capital accounts. This recent boom has been largely accounted by developed economies integrating with less developed economies, by means of foreign direct investment, the reduction of trade barriers, and in many cases cross border immigration.

It can be argued that economic globalization may or may not be an irreversible trend. There are several significant effects of economic globalization. There is statistical evidence for positive financial effects as well as proposals that there is a power imbalance between developing and developed countries in the global economy. Furthermore, economic globalization has an impact on world cultures.

### Effects

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#### **Positive effects: economic growth and reduction of poverty**

There are at least three positive financial effects of economic globalization. "Per capita GDP growth in the post-1980 globalizers accelerated from 1.4 percent a year in the 1960s and 2.9 percent a year in the 1970s to 3.5 percent in the 1980s and 5.0 percent in the 1990s. This acceleration in growth is even more remarkable given that the rich countries saw steady declines in growth from a high of 4.7 percent in the 1960s to 2.2 percent in the 1990s.

Also, the non-globalizing developing countries did much worse than the globalizers, with the former's annual growth rates falling from highs of 3.3 percent during the 1970s to only 1.4 percent during the 1990s. This rapid growth among

the globalizers is not simply due to the strong performances of China and India in the 1980s and 1990s—18 out of the 24 globalizers experienced increases in growth, many of them quite substantial."

### Growth Rate of Real GDP per capita

Despite concerns about the inequality gap between developed and developing nations, there is no evidence to suggest that inequality increases as international trade increases. Rather, growth benefits of economic globalization are widely shared. While several globalizers have seen an increase in inequality, most notably China, this increase in inequality is a result of domestic liberalization, restrictions on internal migration, and agricultural policies, rather than a result of international trade.

Economic globalization also has helped to decrease poverty around the world. Poverty has been reduced as evidenced by a 5.4 percent annual growth in income for the poorest fifth of the population of Malaysia. Even in China, where inequality continues to be a problem, the poorest fifth of the population saw a 3.8 percent annual growth in income. In several countries, those living below the dollar-per-day poverty threshold declined. In China, the rate declined from 20 to 15 percent and in Bangladesh the rate dropped from 43 to 36 percent.

The final positive effect to be mentioned is the narrowing gap between the rich and the poor. Evidence suggests that the growth of globalizers, in relation to rich countries, suggests that globalizers are narrowing the per capita income gap between the rich and the globalizing nations. China, India, and Bangladesh, who were among the poorest countries in the world twenty years ago, have greatly influenced the narrowing of worldwide inequality due to their economic expansion.<sup>[19]</sup>

### Negative effects

The Economic Commission for Latin America and the Caribbean (ECLAC) has proposed an agenda to support conditions for developing countries to improve their standing in the global economy. Economists have theories on how to combat the disadvantages faced by developing countries. However, the advantaged countries continue to control the economic agenda. In order to rectify the social injustice dilemma, international economic institutions (such as the World Bank and the International Monetary Fund) must give voice to developing countries. A solution is to issue global rules that protect developing countries. It is still difficult for leaders of developing nations to influence these global rules.

In his article, Gao Shangquan elaborates this point saying that economic globalization has in fact expanded rather than reduced the gap between the North and South. He is referring to some UN report in 1999, in order to show that the number of developing countries that have benefited from economic globalization is smaller than 20, that the average trade deficit of developing countries in 1990's increased by 3% as compared with that in 1970s, and that over 80% of the capital is flowing among US, Western European and East Asian countries.

The influx of international corporations not only brings positive advantages regarding global financial transactions. Some may emphasize that the multinational corporations may raise education levels as well as the financial health in developing countries, but that only applies to the long term effects of economic globalization. In the short term, poor countries will become poorer and unemployment rates may soar. Automation in the manufacturing and agricultural sectors always follows the appearance of multinational corporations. This lessens the need for unskilled and uneducated workers thus raising unemployment levels. Also, in the developing countries where this phenomenon occurs, infrastructure to re-educate these unskilled workers are not properly established which means a redirection of the government's focus from social services to education.

In order to create better economic relations globally, international lending agencies must work with developing countries to change how and where credit is concentrated as well as work towards accelerating financial development in developing countries. There is a need for social respect for all persons worldwide. The Economic Commission of Latin America and the Caribbean suggests that in order to ensure such social respect, the United Nations should expand its agenda to work more rigorously with international lending agencies. Despite their title, international lending agencies tend to be nation-based. The ECLAC suggests that international lending agencies should expand to be more inclusive of all nations and they propose that there is a need for universal competitiveness.

Key factors in achieving universal competition is the spread of knowledge at the State level through education, training and technological advancements. Economist, Jagdish Bhagwati, also suggests that programs to help developing countries adjust to the global economy would be beneficial for international economic relations.

Several movements, such as the fair trade movement and the anti-sweatshop movement, have worked towards promoting a more socially just global economy. The fair trade movement has played a significant role in alleviating exploitation due to economic globalization. For example, fair trade sales account for 1.6 billion US dollars each year. The fair trade movement works towards

improving trade, development and production for disadvantages producers. Furthermore, the movement works to raise consumer awareness of exploitation of developing countries. Fair trade works under the motto of "trade, not aid", to improve the quality of life for farmers and merchants by participating in direct sales, providing better prices and supporting the community.

**10.2 demographic problems:** There is a widely held view among people who are well enough educated to know better that the United States and much of the rest of the world faces a huge demographic problem due to falling birth rates. This view displays an incredible ignorance of basic economics and requires ignoring the world that we see in front of our face.

In the United States, the projections of deficit horror stories 30 or 40 years in the future are usually presented as a demographic story. All the baby boomers will be collecting Social Security and Medicare and there will be a relative smaller number of workers. In fact, it is easy to show that this is a broken health care system story. If U.S. healthcare costs were controlled, then the projected deficits would be easily manageable.

More generally we have been repeatedly warned that in Europe, Japan, and even China, lower birth rates are projected to lead to a crisis due to a shortage of workers. Okay, it's econ 101 time.

In market economies we don't get shortages. Prices respond to market signals. In this case, the price of labor would be expected to rise. This means that ordinary workers will get more money as their wages are bid up. Higher wages will price workers out of the least productive lines of work. We might not have all-night convenience stores open all night or greeters at Wal-Mart. We might have more cafeterias and fewer sitdown restaurants. Valet parking would be less common. Hotels would not change sheets every night for their guests.

The demographic horror story sounds great to me. In a world that is plagued by disastrous levels of unemployment, the image of a world where ordinary workers have their choice of jobs would be a huge step forward.

And, has anyone heard of global warming? As a first approximation, if we have 20 percent more people, we have 20 percent more greenhouse gas emissions. Countries that contained their population have done an enormous service for the planet. If only we had a policy elite that understood the most basic points of logic it would be a huge step forward.

### **10.3 expansion of new information technologies: Information technology (IT)**

is the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise.<sup>[2]</sup> The term is commonly used as a synonym for computers and computer networks, but it also encompasses other information distribution technologies such as television and telephones. Several industries are associated with information technology, including computer hardware, software, electronics, semiconductors, internet, telecom equipment, e-commerce and computer services.

Humans have been storing, retrieving, manipulating and communicating information since the Sumerians in Mesopotamia developed writing in about 3000 BC, but the term *information technology* in its modern sense first appeared in a 1958 article published in the *Harvard Business Review*; authors Harold J. Leavitt and Thomas L. Whisler commented that "the new technology does not yet have a single established name. We shall call it information technology (IT)." Their definition consists of three categories: techniques for processing, the application of statistical and mathematical methods to decision-making and the simulation of higher-order thinking through computer programs.

Based on the storage and processing technologies employed, it is possible to distinguish four distinct phases of IT development: pre-mechanical (3000 BC – 1450 AD), mechanical (1450–1840), electromechanical (1840–1940) and electronic (1940–present).<sup>[5]</sup> This article focuses on the most recent period (electronic), which began in about 1940

Devices have been used to aid computation for thousands of years, probably initially in the form of a tally stick. The Antikythera mechanism, dating from about the beginning of the first century BC, is generally considered to be the earliest known mechanical analog computer, and the earliest known geared mechanism. Comparable geared devices did not emerge in Europe until the 16th century, and it was not until 1645 that the first mechanical calculator capable of performing the four basic arithmetical operations was developed.

Electronic computers, using either relays or valves, began to appear in the early 1940s. The electromechanical Zuse Z3, completed in 1941, was the world's first programmable computer, and by modern standards one of the first machines that could be considered a complete computing machine. Colossus, developed during the Second World War to decrypt German messages was the first electronic digital computer. Although it was programmable, it was not general-purpose, being designed to perform only a single task. It also lacked the ability to store its program in memory; programming was carried out using plugs

and switches to alter the internal wiring. The first recognisably modern electronic digital stored-program computer was the Manchester Small-Scale Experimental Machine (SSEM), which ran its first program on 21 June 1948.

The development of transistors in the late 1940s at Bell Laboratories allowed a new generation of computers to be designed with greatly reduced power consumption. The first commercially available stored-program computer, the Ferranti Mark I, contained 4050 valves and had a power consumption of 25 kilowatts. By comparison the first transistorised computer, developed at the University of Manchester and operational by November 1953, consumed only 150 watts in its final version

#### Commercial and employment perspective[edit]

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In a business context, the Information Technology Association of America has defined information technology as "the study, design, development, application, implementation, support or management of computer-based information systems". The responsibilities of those working in the field include network administration, software development and installation, and the planning and management of an organization's technology life cycle, by which hardware and software are maintained, upgraded and replaced.

The business value of information technology lies in the automation of business processes, provision of information for decision making, connecting businesses with their customers, and the provision of productivity tools to increase efficiency.

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