



"Globalization Ending or Transforming" 125 Marks

Introduction:

You can start the introduction through following ways:

- **Context:** you can give the context of Russia Ukraine War, how it has negative consequences upon globalization.
- **Define:** You can give the definition of globalization and link it with contemporary issues related with globalization like China-USA trade war.
- **Anecdote:** You can start with relevant story which shows both the aspects of the topic.

Thesis Statement:

- It is a transition statement between introduction and body of the essay.
- In thesis statement, you should write outline of the body with your own arguments. You should prove these arguments in body of the essay with relevant examples.

Body of the essay:

You can write following dimensions:

- WHAT ARE MAJOR EVENTS CREATING APPREHENSIONS OF ENDING GLOBALISATION?
- IS GLOBALISATION REALLY ENDING?
- WHAT ARE THE FEATURES OF THE NEW WAVE OF GLOBALISATION?
- WHAT ARE THE CHALLENGES AND OPPORTUNITIES FOR INDIA IN THIS TRANSFORMED PHASE OF GLOBALISATION?

Way Forward:

- In way forward, you should mention how these challenges can be addressed.

Conclusion:

- Give your opinion

Content:

- Globalisation, as a concept, is basically concerned with flows. Ideas travelling from one part of the world to another, capital moving between two or more areas, commodities being exchanged across borders, and people migrating to other regions of the world in quest of better livelihoods are all examples of these movements. The 'global connection' that is established and maintained as a result of these ongoing flows is vital. Over the last 20-30 years, life has been redefined by access to global products, the change of consumer and commercial technologies, and the reduction of trade and travel obstacles.



However, there is a growing consensus around the world that globalisation is coming to an end and a new order is on the way. The slowing of financial and investment flows, the rise of nationalism and protectionist policies, trade wars, disputes over control of foreign investment, anti-immigration policies, and the most recent disruption in supply chains and focus on self-reliance by various countries as a result of global lockdown as a result of the COVID pandemic are all being referred to as manifestations of globalisation coming to an end. Other issues include people's dissatisfaction with the globalisation age, which is based on increased unemployment and inequality.

- While nationalism and protectionism are on the rise, globalisation isn't coming to an end; rather, it's evolving. To comprehend this transformation, we must delve into the specifics of questions such as: What has defined globalisation thus far, how is globalisation evolving from the past, and what problems and opportunities does India face in this current phase of globalisation?

SO FAR, WHAT HAS DEFINED THE GLOBALIZATION?

- People have been exchanging products for nearly as long as they have existed. People and things have been migrating to new regions since the Indus Valley civilisation, from the Silk Route trade to the current age of exploration and discovery.
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Although each phase of globalisation until the beginning of the twenty-first century, i.e. Globalisation 3.0, differed from the one before it, they were all founded on the same globalisation paradigm. There were five forces in this model:

1. A new technology that a country or a group of countries used to increase production and output.
 2. One or more countries serving as an economic "pole" (Western Europe, the United States, and China in each of the three phases) that became the global growth engine—driving 20% to 25% of GDP growth and around 15% of global trade growth—and that, in turn, fueled growth in other countries, particularly trading partners.
 3. A favourable global governance framework (Multilateralism) that supported cross-border finance and trade-led GDP growth by establishing stable game rules.
 4. Predominance of products flow over services since it was more difficult to move services over the border than finished items.
 5. Globalisation is primarily a western phenomena, with the majority of ideas, goods, and wealth flowing from the West to the East. On the political front, the West has spearheaded global multilateral infrastructure such as the Bretton Woods Institutions, UNSC, G20, and others.
- However, the introduction of the internet during Globalisation 3.0 brought individuals from all over the world even closer together. The internet also allows for more global value chain integration, resulting in rapid globalisation. The latest phase of globalisation, dubbed Globalisation 4.0, is being driven by fundamental structural upheavals in the global economy, which have been triggered by the internet and digitalization. On the other hand, some occurrences around the world have contributed to a global perception that globalisation is coming to an end and that a new order is on the way. The picture below depicts a brief overview of globalisation's progress since the 19th century:



WHAT ARE THE MAJOR EVENTS CAUSING ENDING GLOBALISATION PERCEPTIONS?

As the new wave of globalisation spreads, many people around the world are becoming resentful of it. Many middle-class workers in the West, in particular, are fed up with a political and economic system that has resulted in economic disparity, social instability, and – in certain countries – mass immigration, despite the fact that it has also resulted in economic growth and lower prices.

Five key geopolitical events have raised concerns about the demise of globalisation.

To begin with, protectionism is on the rise. Since mid-2018, a variety of trade barriers have been erected, the most notable of which being higher tariffs on bilateral trade between the United States and China.

1. Global exports have halted as a percentage of GDP, and have even begun to reverse slightly. Protectionism has slowed global growth, both through direct effects on trade flows, supply chains, and import costs, and through broader indirect effects on business sentiment, uncertainty, and investment around the world.
2. Second, global institutions' ability to formulate and enforce common rules appears to be deteriorating. "Globalism," or the belief that one should view the world from a global viewpoint, is fading as a political ideology. Multilateralism is being pushed aside in favour of bilateral accords based on national interests.

This is particularly visible in the current COVID pandemic, which has prompted calls for reform of many multinational organisations such as the World Trade Organization (WTO), the World Health Organization (WHO), and others.

3. Third, as new financial organisations develop, such as the China-backed Asian Infrastructure Investment Bank and the New Development Bank, the leading position of Western countries in multilateral financial institutions that have provided global finance appears to be waning.
4. Fourth, state capitalism is gaining traction: State-owned firms and sovereign wealth funds (such as India's NIIF) are playing an increasingly important role in the economy, as well as more direct government backing for domestic sectors.
5. Fifth, as a result of the current COVID pandemic, global value chains have been disrupted. As a result, countries such as India are focusing on self-sufficiency and reducing their dependency on imports.

IS GLOBALIZATION REALLY COMING TO AN END?

- We may be experiencing an interruption if we assess economic integration and interdependence among countries—the main aspects of globalization—against trade flows of goods and services, as well as financial and investment flows.

However, if we adopt criteria that are more in keeping with 21st-century economic dynamics, we



can see indicators that globalisation is speeding up rather than slowing down. The indicators of 21st-century economic integration and interdependence among countries, which go beyond trade and financial flows, are listed below.

- Technical and regulatory standards: We've witnessed actual globalisation of standards, protocols, certifications, processes, and monitoring in areas like communications, phytosanitary, safety, and quality challenges, among others, in recent decades.
- Standardization saves time, improves predictability, allows for the identification of risks and mitigators, and streamlines value chains, allowing for faster processes, increased investment and factor flows, and the integration of production and markets.
- There is an unparalleled expansion of access to digital services and e-commerce platforms. This link is made possible by standardised operating systems and internet protocols, which enable billions of users to interact at near-zero cost, access digital material in real time, and do business from nearly anywhere on the planet.
- As routines, processes, and standards of financial, risk management, and payment systems regulations become more standardised, financial and capital markets are becoming increasingly unified by products and services.

To properly accept this new wave of globalisation, it is necessary to first comprehend the changing nature of globalisation today.

WHAT ARE THE CHARACTERS OF THE NEW GLOBALISATION WAVE?

- Five structural transformations are occurring in global value chains:
- Value chains that produce goods have become less trade-intensive: In absolute terms, trade is still growing, but trade intensity (the ratio of gross exports to gross output) has decreased from 28.1 percent in 2007 to 22.5 percent in 2017, partly to rising domestic consumption in China and other emerging economies.
- Over the last decade, service trade has risen at a rate of more than 60% faster than goods trade, with some types of services, such as telecom and IT services, rising two to three times faster. However, because of their ethereal character, they frequently go unpriced and untracked.
- In labor-intensive goods production, the share of trade based on labor-cost arbitrage (i.e. corporations looking for low-cost labour) has been dropping (forming only 18 percent of goods trade). Other considerations, like as access to skilled labour or natural resources, closeness to customers, and infrastructural quality, are becoming increasingly significant.
- As organisations invest more in R&D and intangible assets such as brand, operational processes, and other intellectual property, global value chains are becoming more knowledge-intensive.
- Value chains are becoming more regional in nature rather than global in nature. Since 2013, the intraregional proportion of global goods trade has climbed by 2.7 percentage points, with Asia and the EU countries benefiting the most, as businesses emphasise proximity to customers and timely deliveries.
- Changes in global demand geography: Due to a growing middle class, developing countries such as India, Indonesia, and others are expected to account for more than half of all worldwide consumption by 2030. These countries are continuing to increase their involvement in global financial, human, and data exchanges.
- Technological Advancement: o Advances in digital platforms, logistics technology, and



data processing will continue to lower cross-border transaction costs, bring together far-flung players, improve service delivery, cut transit times, and accelerate payments. Together, these technologies have the potential to increase overall trade by 6 to 11% by 2030.

Automation, artificial intelligence, and additive manufacturing (3D printing), on the other hand, could lower global goods trade by up to 10% by 2030. This, however, only reflects the direct influence of new technologies on bringing manufacturing closer to end customers in advanced economies. In affluent economies, these technologies may also contribute to nearshoring and regionalization of commerce rather than reshoring.

o The introduction of ultra-fast 5G wireless networks opens up new service delivery options. As networks send sharp images without delay and robots respond more accurately to remote manipulation, remote surgery, for example, may become more viable.

- A fundamental shift in customer definition and behaviour: Previously, global clients were defined by local geographic coordinates; but, with the advent of digital connectivity, every customer is now a global customer. Customers don't simply want a product; they want a result, a solution to their problem, and a better experience. As a result, for businesses all over the world, it doesn't matter where the customer is; what matters is who the client is and what their needs are. www.visionias.in 8468022022 For example, Netflix divides its consumers into Taste Communities, where each community consumes content in a specific way and receives identical suggestions based on their consumption patterns, regardless of their geographical location.
- Digital Hegemony and New Profit Pools: In the future, global revenues will come from data and digital networking, which will be dominated by US and Chinese corporations. If these countries dominate these digital profit pools, there will be a significant public policy impact since not enough local value addition, assets, and jobs will be created in the countries from which data is coming. This is already taking place in industries like financial services and health care.
- Conflicting cultural narratives: The globalisation narrative is shifting from a win-win political-business narrative to one that is increasingly shaped by society. On the one hand, through economic nationalism, tribalism, and ethnocentricity, governments are focusing more on the growth of their own country and the creation of jobs for their own people. Individuals, on the other hand, are becoming more globally connected than ever before. These two seemingly opposing forces, one of economic nationalism and geopolitical competitiveness, which divides, and the other of digital technologies, which unites, are forming a radical new globalisation paradigm.
- Mutual learning among nations and societies: During the COVID pandemic, nations responded in a number of ways, using a variety of strategies to combat the pandemic and its economic consequences. Strong actions, for example, have been crucial in containing the pandemic in some Asian countries. Initially, some Western countries decried the measures as undemocratic and a violation of human rights. When the United States and Europe became new epicentres, however, they implemented even tougher measures.

As a result, in the future, a new wave of globalisation will need to be founded on more equal



exchanges and learning, with a greater emphasis on diversity rather than a single-minded pursuit of identity and homogenization.

IN THIS TRANSFORMED PHASE OF GLOBALISATION, WHAT ARE THE CHALLENGES AND OPPORTUNITIES FOR INDIA?

Since the late 2000s, India's exports as a percentage of GDP have been declining, and India's global value chain integration has been declining since 2013.

According to two recent studies (the Economic Survey of India, December 2019, and the World Development Report (World Bank), 2020), India has numerous chances to gain from increased engagement in the global economy and in global and regional supply chains.

Even in this age of increasingly fragmented global economy, India's existing position in the global economy gives opportunity to strengthen itself:

- Job creation and skill development for future generations: o In this new era of globalisation, huge manufacturing businesses are not creating jobs since they are replacing people with robots, but the gig economy and SMEs are. Finally, as we have seen in India's telecom sector, a mix of digital technologies, competition, and excellent laws is driving down the cost of services by anywhere from 3x to 10x, producing millions of service-jobs. India's workers must be appropriately skilled and trained. More than half of Indian workers would need reskilling by 2022 to satisfy future talent demands, according to the World Economic Forum's "The Future of Jobs 2018" report.
- Servicification of Manufacturing: Services are becoming more important for manufacturing's competitiveness as product differentiation, speed to market, and response to changing consumer preferences become more important, especially for low-cost produced goods. Today, any product is considered as a 'service' in the form of a solution to a specific problem, rather than just a product. In the global market, India has a competitive advantage in services and has had a trade surplus in services since the early 2000s. Manufacturing's potential to develop and expand its position in global markets should be aided by the service sector.
- Expanding International Trade: India needs to rethink its tariff and non-tariff barriers, enhance its supply chains, improve export competitiveness, product and market diversification, and introduce innovation, particularly in agriculture and industry.
- Legal and Institutional Structure: • Personal Data Protection and Localization Regulatory Regime: India is one of the world's largest data providers, and data is the new oil. The Personal Data Protection Bill, 2019, must be passed quickly in order to create an enabling architecture for data localization rules to be implemented. Policy on cyber security: With the increasing complexity and frequency of cyber attacks around the world, it is necessary to examine India's cyber security infrastructure capability. To ensure that public and commercial institutions are properly equipped to confront the cybersecurity problems of a connected world, the government must effectively implement the National Cyber Security Policy in collaboration with state governments, Cert-In, and other entities.
- Leadership: o At the national level: Given the fundamental development and changes in industry and governance globally—the emergence of startups, sunrise technologies, upskilling talent, and millennial leadership—it is critical that political and corporate leadership evolve in tandem in order to safeguard and deepen India's democracy of



ideas, innovations, rights, and liberties.

o At the international level: India has positioned itself as an emerging destination for the manufacturing and supply of medical devices, arms, ammunition, and mobile phones in recent years. India needs to emerge as a leader in international data governance movements and maintain the rules-based global order in platforms such as the United Nations and the World Trade Organization.

India must strengthen its diplomatic presence in the South and Southeast Asian region, as well as its leading role in south-south cooperation, as fresh opportunities abound.

India is a natural leader in the Indian Ocean area in the evolving multipolar international order. It can strive to become a guiding pole for several countries in the region by shifting eastwards and focusing on constructing an Indian Ocean Bloc.

- **National Cohesion:**

o Poverty, inequality, and unemployment are only a few of the primary roadblocks to maximising the benefits of globalisation. India should develop robust local and regional institutions in front of the next wave of globalisation, ensuring that regions have the correct mix of education, employment, infrastructure, and culture.

o Initiatives such as Make in India, Atmanirbhar Bharat, GST, Aadhar, Ayushman Bharat, and Ek Bharat Shreshtha Bharat have the ability to unite citizens across the country in pursuit of a shared purpose. It strengthens our national integrity, transcending regional identities and reinvigorating India's aspirations to position itself among the world's premier nations.

Conclusion: Globalization has had a significant impact on the course of modern human history. Over the last few decades, the global economy has become increasingly interconnected and interdependent, and popular wisdom predicts that this trend will continue in the coming years. While it's easy to extrapolate previous globalisation effects into the future, doing so could be a mistake. That's because there's mounting evidence that globalisation is undergoing a gradual transformation.

The central thesis is that major changes in technology, geopolitics, the environment, and society are combining to create a new phase of globalisation, Globalization 4.0, whose trajectory will be determined in large part by how well governance at multiple levels – governmental, corporate, and international – adapts to these shifts. To ensure the efficiency of our governance architecture in this new period, all stakeholders will need to engage more deeply and imaginatively, starting with a robust and ongoing discourse.