Economic globalization, like environmental degradation, has been one of the most defining issues of the twenty-first century, a veritable mega-trend of our time. It is a structural theme that is shaping our time. Its impact – direct and indirect – is universal. Few substantive policy areas come close to it in terms of significance. One idiosyncratic feature of the twenty-first century so far is that globalization has picked up pace and has been widening in scope on an unprecedented scale, which has made the study of contemporary economic globalization progressively more pertinent, applicable and essential than ever in the past. Paul Krugman (2008a) regards it as “the second great age of globalization”, comparable to John Maynard Keynes’ much-quoted description of globalization on the eve of World War I. In terms of depth, spread and range, the contemporary phase of globalization has unquestionably surpassed the previous one. Fast-accelerating trade and capital flows during the contemporary phase of globalization ushered in rapid economic growth in many countries. A group of developing and transition economies as well as the advanced industrial economies have succeeded in enhancing employment, reducing poverty levels and increasing their real income. However, there is no gainsaying the fact that these positive and constructive outcomes of global economic integration have remained far from universal. Welfare gains from globalization have been unevenly and disproportionately divided, causing a great deal of disaffection, even hostility, among many considerate observers.

The essential objective of this book is to dispassionately examine the contemporary phase of economic globalization; other important dimensions of this process have been left out. Beyond this self-imposed limitation, it attempts to provide a comprehensive, timely and germane discourse on the contemporary phase of globalization. Economic globalization has proved to be both boon and bane for individual economies and societies as well as the global economy. Casual empiricism rapidly reveals that, like the ancient Roman god Janus, globalization has two faces, one benign and the other malign. The contemporary phase of globalization cannot be impartially, meticulously and methodically studied without focusing on both of its facets. My purpose is to do precisely that in this book. Therefore, I have not undersold the position of the detractors of globalization.
Owing to the fact that contemporary globalism has had both welfare-enhancing propitious consequences as well as detrimental and negative ones, it has become an acutely contentious subject. Both scholarly and public policy-making communities have been pondering and debating over the two contrary facets of globalization. Viewpoints and opinions vary widely. There have been interminable erudite deliberations, even disputes, over the “good and bad” dimensions of globalization. Numerous scholars of irreproachable standing have participated in this debate. Consequently, the existing theoretical literature on globalization is substantive, enough to fill a small library. In focusing on both good and bad concurrently and contrasting them in an objective manner, this book fills a gap in the literature.

These debates were, and continue to be, starkly polarized. Fervent opinions supporting and opposing globalism have coexisted. Therefore, to be able to comprehensively and gainfully examine the contemporary wave of globalization, a focus on both facets is crucial. Analyzing one side of it, while ignoring the other, will logically provide a partial, incomplete and unbalanced perspective. It will necessarily be a biased and worthless viewpoint, having little value for academic readerships or policy mandarins. An unprejudiced and level-headed scholarly analysis cannot afford to ignore either of the two dimensions of globalization. In this book, I make an attempt to take an equable and level-headed view of the two facets of the ongoing globalization, which are constructive and advantageous on the one side and damaging and harmful on the other.

This book delves into escalating economic globalization by way of trans-border trade and financial flows. Economic forces have been the principal driver of contemporary global integration, albeit politics played an important role in shaping it. In the process of presenting a complete picture of the contemporary phase of globalization, throughout this book we try to examine which facet of globalization is dominating. A wealth of evidence exists that demonstrates that globalization leads to vast economic benefits on the one hand and debilitating costs on the other. Although globalization offers opportunities for higher rates of sustainable growth, these benefits must be weighed against its adverse effects. Some highly useful and valuable questions would be whether globalization is more welfare-enhancing or more hurtful, whether its positive impact overwheels its negative ramifications, and whether its tangible benefits outweigh the costs.

To be sure, globalization has enormous potential for engendering welfare gains. Recent experiences of different subsets of economies, namely, in the advanced industrial economies and emerging economies of the dynamic South testify to this fact. However, there are many in the
profession who are convinced that for many economies and societies, globalism has failed to live up to its potential. In addition, unevenness in its economic outcomes has been widely analyzed by academic researchers and ruminated over by the policy mandarins. Even in the high-income industrial countries it has been argued that buoyed by globalization, corporate income has surged, while average households have gained little. In the US, over the last ten years, the proportion of households making less than $35,000 a year in constant dollars increased, while those making more than $75,000 shrank. Furthermore, that globalization has contributed to increasing income inequality has been increasingly observed and analyzed. However, globalization and the inevitability of income inequality cannot be taken for granted. Also, there is a dubious if rampant belief that governments are growing weaker, while transnational corporations, the agents of globalization, are becoming stronger. While some economies and households have benefited, others have not. The East Asian economies, most remarkably China, have emerged as the triumphant winners of globalization. Conversely, the Latin American economies and the Russian Federation have exemplified its failures. These are some of the contradictory features of the present phase of globalization.

Over the years, a vigorous anti-globalization lobby was born. Although it has presently mellowed, it blamed globalization for a lot of economic and non-economic problems and irately demanded that it be stopped in its tracks. This lobby was strongly averse to the policies of the institutions of global economic governance and the transnational corporations. The former were accused of ignorance and maladroitness, while the latter were considered exploitative and excessively profit-driven. The popular views on globalization were gloomy and downbeat and a seemingly unbridgeable chasm was created between the available economic evidence and popular opinion. The principal reason for this difference in the two perspectives is that increased trans-border flows of goods and factors of production (including labor) can have adverse results when there are domestic market failures or regulatory weaknesses. Both of these need to be dealt with directly by public policy makers, with the help of appropriate domestic policy measures. They can indeed reduce the costs of globalization. If appropriate policy measures are not adopted and implemented without vacillation, the danger of a globalization backlash looms, which could stall, defer or reverse some forms of global economic integration. The ultimate effect would be the undermining or loss of the economic progress that has so far been achieved with the help of ongoing global integration.

The process of globalization does need the helping hand of policy. It should be guided to ensure that it is, first, more inclusive than it has so far been. Second, policy makers should consciously try and strike a balance
between risks and benefits. The guidance of the process should be such that benefits are maximized and costs remain controlled. For global economic integration to perform at its best, appropriate national and regional institutions are needed as much as efficacious supranational institutions ensuring global cooperation.

The above exposition justifies my attempt to provide a dispassionate analysis of the favorable and unfavorable impacts of globalization on economies. Globalization per se is neither good nor bad. While in the long run it can enhance systemic efficiency and decisively have a positive impact, it can create problems in the short run. Each economy will have to find its own \textit{sui generis} resolutions for those short-run problems. All things considered, globalization has benefited the global economy. While it has had a negative impact on some economies and certain segments of the population, on balance it has not hurt the poor sections. Empirical research has revealed that global per capita income has markedly risen and on an average the incidence of poverty in the world has declined over the last three decades. Furthermore, the contemporary phase of globalization is more likely to assist in achieving the first Millennium Development Goal (MDG) of halving global poverty by 2015. If so, the anti-globalization lobby needs to be thoughtful and restrain itself. An underlying implicit query that runs throughout this book is whether globalization can help improve living standards and alleviate poverty in the global economy.

Thoughtful people steer clear of extreme viewpoints on globalization. Remaining on the middle ground, they see in it something that is largely positive and can be harnessed in such a manner that it works for the benefit of the majority of economies and societies. Those who hold the middle ground tend to believe that while unbridled globalization can have pernicious micro- and macroeconomic impacts, when handled in a considerate manner, it can open doors of opportunities for many. A one-sided view of globalization will certainly lead to uncalled-for consequences. Considerate analysts and public policy makers need to dispassionately view the various nuanced facets of globalization and identify ways in which the global integration process can yield favorable and constructive results for national and global economies. While remaining realistic about its potential, they need to be cognizant of the potential risks involved.

Perpetuating the folklore about globalization is not the objective of this book. It takes an objective and dispassionate view and delves into the constructive and favorable side as well as the adverse and unfavorable side of the process of globalization. The deficiencies and imperfections have not been overlooked. An outstanding feature of this book is that after a brief historical perspective, it essentially focuses on the contemporary phase of globalization. Second, unlike most globalization-related books,
it is written in a comprehensive and authoritative manner. It covers large thematic areas of the global economy and globalization through the channels of multilateral trade and financial flows. It does not leave out newly emerging trends, like accelerating intra-south trade and investment, which has become a new dimension of the global economy, as well as the emerging economies of the dynamic South.

Another outstanding feature of this book is that in taking a contemporary view of the global economy and the phenomenon of globalization, it offers the newest knowledge related to relevant themes on globalization as well as the latest concepts. In a succinct manner, this book deals with the principal normative and positive strands with which one needs to be properly familiar in this subject area. As is essential for a book of this kind, parts of the chapters have been written in a “just-the-facts-jack” style. The picture of both static and dynamic aspects of important economic themes related to globalization has been painted with a broad brush. The selection and rejection of the thematic strands to be covered in this book have been done exceedingly carefully.

In a succinct manner, this tightly written volume covers a great deal of ground and imparts a great deal of knowledge on ongoing globalization-related themes to students, researchers and policy makers alike. It is a worthwhile exercise because a knowledge gap has existed among various stakeholders. In addition, it is neither overly technical nor highly model-oriented. The writing style is squarely based on solid analytical logic and arguments are supported by empirical evidence. Excessive emphasis on formal economic modeling, technicalities, equations and econometrics discourages many potential readers. These characteristics narrow the market to a small expert readership. This book strikes a balance between academic discipline and accessibility for a wide range of readers. In so doing, it stops short of mathematical formulations and econometric modeling. Its descriptive analysis style makes it easy for the target readership to access. Many students, decision makers in business and policy makers, who have good analytical minds and sound knowledge of economic principles, feel lost in mathematical formulations. This writing style makes the book accessible to a large number of readers.

The book is written in a reference-book style, but it can also be used as a textbook. As noted above, students and other readers can find the latest knowledge and concepts on several important themes on ongoing globalization in this book, in a manner in which they can appreciate and absorb them as well as use them as input in their decision making. Students, particularly those from business schools, who may hold global economy-related jobs after completing their studies, will find this knowledge extremely relevant, usable and helpful.
The number of academic institutions offering courses related to global economy is already significant and growing. Several new research centers and institutes have been born over the period of a decade. The target readership of the book is master’s level students in economics, international political economy, international relations as well as MBA students. Ambitious senior-level undergraduates as well as policy mandarins and researchers can also benefit from the book. Having a background of initial micro, macro, international trade and monetary economics should be sufficient to comprehend this book because it provides definitions and explanations of the terminology and advanced concepts used in the text as endnotes. Decision makers and public policy makers will find this book an informative and valuable aid.

The book’s structure comprises five chapters, as follows: Chapter 1 is a conceptual chapter, which lays the historical and conceptual foundation of the contemporary phase of globalization. The focus of Chapter 2 is the examination of the evidence regarding the welfare-enhancing facet of globalization and examining whether it is a munificent force. Conversely, Chapter 3 takes a serious view of the pernicious and marginalizing side of globalization. It attempts to analyze objectively whether the detractors of globalization are right or wrong. In Chapter 4, the anti-globalization movement, its rise and fall, has been analyzed. The basic premise of the anti-globalization viewpoint has been scrutinized seriously. In an unbiased manner, the chapter investigates the logical basis of the rejection of contemporary globalization. Chapter 5 examines one important positive facet of the contemporary phase of globalization, namely, the emergence of the dynamic South. This subset of developing economies has succeeded in benefiting immensely from the contemporary wave of globalization. As this group of developing economies grew rapidly and began to move to the center of the global economic stage, it initiated changes in the global economic geography. Rapid growth in these dynamic economies of the South began swaying the balance of economic power in the global economy. Consequently, the locus of global economic activity has discernibly changed.

My aspiration is to provide students, business leaders and policy mandarins around the world with a fact base to better comprehend one of the most important transformations shaping the contours of the global economy. I also aspire to bring out that the contemporary phase of globalization is a major systemic economic phenomenon. While disruptive in the short term to some economies, it is on balance a benevolent and positive force of historic dimensions.
NOTES

1. “The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages; or he could decide to couple the security of his fortunes with the good faith of the townspeople of any substantial municipality in any continent that fancy or information might recommend. . . . The internationalisation [of the ordinary course of social and economic life] was nearly complete in practice” (Keynes, 1919).


3. Janus is the Roman god of beginnings and endings and hence was represented with a double-faced head, each looking in opposite directions. He was worshipped at the beginning of harvest time, planting, marriage, birth and other types of beginnings, especially the beginnings of important events in a person’s life. Janus also represents the transition between primitive life and civilization, between the countryside and the city, peace and war, and the growing-up of young people. The month of January was named after him.