

## Theorizing Globalization and Evaluating Transformed Globalized World: Contemporary Prospects and Challenges of Future

Muhammad Daim Fazil\*<sup>1</sup>, Waqar Haider\*<sup>2</sup>

---

**Abstract:** *The process of continuing integration of world economies, which is called globalization, is increasingly underway in all parts of the globe. While the movement of goods, capital, technology, services and ideas across borders is not a new occurrence, it's a process in the past few decades marks a qualitative break with the past. Supported by rushing pace of technological modification, by trade liberalization and price, and by rising significance of supranational rules, globalization has opened national economies to much more strong competition than ever before. A combination of globalization and transition processes shakes overall advance of transition economies in most fundamental ways. Fast progression in the process of transition escorted by full partaking in the global economy empowers countries in a region and their economic agents to grab the new openings and earn paybacks of globalization. Without basic evolving competences and the suitable policy structure, however, economic players in states in transition will find themselves incapable both, to progress competently the process of transition and to contest effectively in the global atmosphere.*

**Key Words:** *Development, Economy, Globalization, Transition, USA,*

---

### I. Introduction:

What is globalization? Is it the incorporation of economic, cultural and political systems across the globe? Or is it Americanization of global culture and the United States domination of international matters? Is globalization dynamism for economic evolution, affluence, and democratic freedom or is it dynamism for environmental wreckage, manipulation of the developing world, and suppression of human rights? In sum, is globalization "good" or "bad"? There will be diverse answers to these questions in Washington, Moscow, Sao Paolo, Islamabad, Paris, Cairo, Beijing, Hong Kong and Bangkok. Additionally, in each of those places the questions would also receive dissimilar answers from different people—the business class, government officials, agriculturists, the unemployed, or human rights activists would have different state of mind to these questions. Certainly, modest answers to these questions, answers that it is hard to find exact response/answer to these queries. Most notably, responses to these questions differ critically depending on how globalization is regarded in relations to standards. For example, the impact of globalization on culture rests on whether one considers that domestic cultures should be sheltered from outside influence, or whether one considers that new cultural activity comes from inter-action and socializing of ideas from different cultures. Nevertheless, there are few cultures that are actually isolated, and cultural collaboration, particularly through trade relations, has happened for thousands of years—from Phoenician traders' influence on ancient Greek culture, to Chinese silk used in clothes in medieval Europe, to the spread of chocolate, tobacco and coffee around the globe, and to the effect of Japanese and Chinese styles in European and American art in the 19th century.<sup>3</sup> Today, American movies and movie styles are prevalent all over the world, and foreign movies are popular in the United States. So is this globalization of culture good, bad, neutral, or merely an element of life? Therefore values are key to measuring the influence of globalization on the lives of individuals around the planet.<sup>4</sup> However, it is conceivable to teach about globalization in such a way as to highlight the stiffness between different values as they play out in certain circumstances while not taking sides as to which value is better. Globalization can encompass far more than just economics; a country can be globalized in terms of politics, culture or institutions, along with trade or foreign investment, and can also be perceived both as a process and as a result of that process.

---

<sup>1</sup>The writer is M.Phil scholar and associated with State-run TV

<sup>2</sup>The writer is M.Phil student and researcher

<sup>3</sup> Laurence E. Rothenberg, "The Three Dimensions of Globalization" *The American Forum for Global Education*, 2003, p. 1.

<sup>4</sup> Ibid. p. 2.

### **Theorizing Globalization:**

Early studies measured whether globalization was activating an irrelevance or vanishing of the state in general. But recent work has turned toward the more empirically submissive question of how globalization adds to the appearance of transnational governance that replaces national states and advocates for neoliberalism and advanced globalization. The traditional opinions of neoclassical trade theory was that growing integration, where it leads to trade creation rather than trade diversion, should be valuable, yet general balance imitations using competitive neoclassical models normally indicate comparatively minor welfare effects in all but the most autarkic economies.<sup>5</sup> However, New Trade Theory investigation, while signifying that trade liberalization is not always valuable, recommends in most cases improved profits from liberalization, comprising better product variety, better competition, more speedy spread of technical proficiency and lifts to capital amassing in areas opening up to global trade.<sup>6</sup>

Globalization is an extremely multifaceted and contentious concept. The term come into fashion in 1980s and 1990s, lacks universally customary definition as well as a broad unanimity on the applicable pragmatic measures. The term has both descriptive and a normative usage. In a descriptive way, globalization can be described as a practice where national markets are becoming progressively more interlinked. However, in its normative way globalization is perceived as a process of opening trade and foreign investment administrations of national economies. Globalization, both as a conception and a research, and the evolving field of international history to which it is interrelated, is indivisibly connected to the idea of humanity and not limited to any national, religious, ethnic or cultural section of it. A definition of globalization as "Americanization" of the world presents globalization as a procedure determined by American consumer trend that rolls over other cultures.<sup>7</sup> Another definition of globalization highlights its cross-cultural influence, considering globalization as a way in which cultures interact and learn from each other. And therefore a widespread belief about globalization is that it is a process of inter-action and integration. An emphasis on the blowout of American philosophies or products that disregards the counter-balancing effect of the access to the global arena of thoughts and products previously kept out of it, stimulates an insolvent and unstable understanding of the process. Thus, globalization is the acceleration and amplification of interaction and incorporation among people, companies, corporations and governments of different nations.<sup>8</sup> This progression has effects on human well-being (including personal safety and health), on culture (including concepts, religion, and political structures), on the environment, and on economic growth and richness of civilizations in the world.

## **II. Three tensions of Globalization:**

Three characteristic tensions disclose the conflicting standards at stake in the procedure of globalization as defined above. By observing debates about globalization through the prism of below mentioned three tensions, scholars and students can learn how to contemplate realistically about the positive and negative effects of several features of globalization and how to discover an equilibrium that replicates their values.

### **(i) Individual choice versus societal choice:**

The first tension is between individual choice and societal choice. A conflict arises when a person, exercising his/her right to pick a specific lifestyle, to purchase a specific product, or to ponder a specific thought, is at odds with what society at a whole observes is most desirable for all citizens in general. For example, several people may desire to smoke or to drive without wearing a seatbelt. However, society may consider that there are prices to society as a whole—in medical costs, for example—that require laws to confine private choice. In the field of globalization, such stiffness is obvious in discussions over the blowout of American culture. For example, France objects to the spread of American general culture in the form of movies and television. In fact, France has rules about non-European content on French radio stations and television networks. It was in this regard that France contended about the "cultural exception" from world trade rules so as to limit American cultural imports.<sup>9</sup>

Such situations, however, flout the fact that no one compels an individual French to watch an American movie or television show. French customers buy such products just because they choose to do so for reasons of own preference. One may sensibly ask that "why does French society have the right to dominate that individual's liberty of choice?" The question is innocent but it is related to values. In the first place, some people and societies may value social selections above individual selections. Second, some people and societies may

---

<sup>5</sup> T. Huw Edwards, "How Globalized Really is European Trade?", *Spatial Economic Analysis*, Vol. 2, No. 3, (2007), p. 274

<sup>6</sup> Ibid.

<sup>7</sup> Barry K. Gills 'Empire' versus 'Cosmopolis': The clash of globalizations", *Globalizations*, Vol. 2, No.1, (May 2005), p. 6.

<sup>8</sup> Frank J. Lechner, "*Globalization: The Making of World Society*" (West Sussex: John Wiley & Sons, 2009), p. 15.

<sup>9</sup> Laurence E. Rothenberg, *Op Cit*, p. 2.

consider that in areas of culture, protection of a domestic culture should outplay short-term individual choice.<sup>10</sup> The difficulty is how to discover a way for the international structure to account for this tension. How can the process of globalization find equilibrium between respecting individual choices and societal priorities at the same time?

**(ii) The free market versus government intervention:**

A second tension is between free market and government intervention. This tension is somewhat of an aggregate of the first, as the free market is the combination of lots of individual choices while government interference is the practical way that societies adopt and apply the selections they make about their values. Thus, a free market defines what goods are manufactured and how money is invested with the aim of satisfying consumer demand and also prohibits the excessive interference from the government.<sup>11</sup> The free market also plays the vital role in creating an effectual response to fluctuations in the economy, when consumer demand surges or declines for certain products, or when issues such as a deterioration in investment or harm to the environment changes the supply of money or products.

Nonetheless, the free market may occasionally fail to deliver vital goods, particularly at reasonable prices, obligatory for general social order. For example the government is often required to deliver key facilities, such as electricity, water, garbage and sewage (though some believe such facilities could be denationalized), excluding police, fire and defense forces.

In the universal arena, one of the most burning subjects is the miscarriage of the free market to offer reasonable drugs to contest the HIV/AIDS epidemic. Such drugs are obtainable in the United States and Europe at about \$10,000 per year<sup>12</sup> which is an affordable sum in those developed countries. But this price is far beyond the capacity of people living in Africa (where majority of the HIV/AIDS sufferers live) and in feeble parts of Asia and likewise. In fact, the disease is a plague in Africa and the rest of the developing world, where whole societies are on the edge of collapse because of the social disorder and economic sway of contamination rates.

**(iii) Local authority versus supra-local authority:**

Finally, the third tension of globalization is that between local authority and supra-local authority, that is the tension among decisions made at the level most close to individual citizens and decisions made at higher levels of authority distant from the people they may affect. As with the other tensions, we see this in our daily lives as well, but the tension takes on special characteristics in the global arena. Many Americans assume that the federal government in Washington is a distant, separate culture, unaware with their daily complications and anxieties and confined to special interests. Conversely, local governments are generally more trusted to cope with practical, everyday matters. In the globalized domain, many Americans and citizens of other nations consider that international organizations outside their democratic mechanism are making decisions without any involvement from the people who are affected by them.<sup>13</sup> For example, the International Monetary Fund and World Bank are regarded in much of Asia and Latin America as Washington-based factions of bankers pushing American-style economic strategy on societies that have dissimilar standards than personalized capitalism. Similarly the development in investment and trade liberalization has destined that it has become virtually difficult under WTO guidelines for any administration to defend their domestic corporations,<sup>14</sup> with the likely exclusion of a few strategic industries, such as armaments or agriculture industries.

**Concluding tensions:**

These examples of the tensions of globalization are just a few of the cases where citizens around the world have felt vulnerable by the existing course of interaction and integration. Globalization is neither good nor bad. Rather, certain features of the complex and multidimensional process of globalization have effects that can be observed in different customs depending on the principles at stake. Individual free choice is imperative, but so is a society's capability to make decisions according to what is finest for all of its members. The free market is essential, but so is the capability of governments to cope with difficulties when the free market flops. Local democratic accountability is important, but so is international arrangement on complications that can merely be resolved with collaboration far beyond the direct control of individual inhabitants.

---

<sup>10</sup>Ibid.

<sup>11</sup>Natalie Goldstein, *Globalization and Free Trade* (New York: Infobase Publishing 2009), p. 59.

<sup>12</sup>Laurence E. Rothenberg, *Op Cit*, p. 3.

<sup>13</sup>Ibid, p. 4.

<sup>14</sup>Ryokichi Hirono, "Globalization in the 21st Century: Blessing or Threat to Developing Countries" *Asia-Pacific Review*, Vol. 8, No. 2,(2001), p. 39.

### **III. Main features of globalization:**

Globalization is not a new sensation but extension of developments that have been around for some substantial time. The fresh trend of liberalization of economic happenings is different, however, as the world has certainly concluded to be a group of somewhat independent economic agents that are only slightly associated and are more or less exempt to happenings in their neighborhoods. Globalization was largely driven by swift development in foreign trade in the immediate post-World War-II period and similarly direct foreign investment (FDI) during the 1950s and 1960s started to play a central role in this progression.<sup>15</sup> The global trade trends and investment liberalization in last two decade has transformed world economy has into an integrated system. Today, globalization includes numerous aspects, but the following three seem to be the key instrument driving global economic amalgamation: (a) internationalization of production escorted by changes in the structure of production, (b) development of global trade in services and trade, and (c) spreading and extending of international investment flows.<sup>16</sup>

#### **Technological change and globalization of production:**

Technological changes today influence the parameters of technology and product flows across nations. Developments in transport networks and technology are dropping the expenses of transportation while perfections in information technology have made a growing volume of information available at close to zero costs. Lower transportation and communication costs have significant consequences for the nature of production actions, the flow of information it relies on. Lessening of transportation and telecommunication cost, for example, raise the strength of competition and motivate identification of most economic sites for both manufacturing of products and components as well as for their marketing.<sup>17</sup> New flexible production structures and the imperative of competitiveness it introduces have led many firms to focus on their fundamental capabilities. The subcontracting of non-core actions has led to the opening of innovative business chances for small-scale industries. With their flexibility to respond quickly to market signals, these industries may yield benefit of their company-specific economical advantage within the high increasing intra-industry trading. However, new arrangements of global production uncover small-scale industries to new challenges, as production flexibility means the prospect to alter the combination of subcontractors. These component producers need to be in close practical association with their partners, local and foreign, within international production linkages. Quality and dependability of production together with input and delivery schedule flexibility are turning into rules for their efficacious cooperation.

#### **Expansion of trade in goods and services:**

The increased globalization of production is interlinked with the second element of globalization, i.e., with swift development of international trade of goods and services. International trade data noticeably show the growth in global production systems. About one-third of world trade in the mid-1990s took place within these systems. The trend is even more remarkable in several industrial states. Similarly trade nurtured from 43.8% of GDP in 1960 to 80.57% in 2000<sup>18</sup> and the economic digits continue to increase in coming years.

Liberalization of international trade is a procedure that has been going on for most of the post-war period, but the important modifications came in the mid-1980s with the introduction of the Uruguay round and in the early 1990s with its effective achievement and with the formation of the WTO. The Uruguay Round was by far the most inclusive of all the eight GATT rounds of trade liberalization and it encompassed new matters,<sup>19</sup> such as services, investment measures and intellectual property rights. It also stretched its decree in the zone of agriculture. Equally imperative is the post-Uruguay Round plan with stresses from industrialized states to enlarge the latitude of WTO's movement on "non-border" matters, for example investment policy, labor standards competition policy and environmental parameter. With growing openness, more and more strategies that had been measured as strategies of domestic field in the past are realized today as policies that have trade effects and are therefore of a global character. This is why, it is discussed, that these matters should be addressed by WTO that is the custodian of the international trade system.

The rising engrossment of WTO into extents previously observed as within the sphere of domestic policy is driven hard by most influential players in the global economy, particularly by the US. However, the process is leading to gradually open confrontation not merely in many emerging countries but in some countries in evolution, as many of them are still negotiating their compliance to the institutions. Additionally, resistance is

---

<sup>15</sup>Mojmir Mrak, "Globalization: Trends, Challenges and Opportunities for Countries in Transition" *UNIDO*, Vienna 2000, p. 3.

<sup>16</sup>Ibid. UNIDO, p.4.

<sup>17</sup>Ibid.

<sup>18</sup>David Brady, Jason Beckfield and Wei Zhao, "The Consequences of Economic Globalization for Affluent Democracies" *Annual Review of Sociology*, Vol. 33 (2007), p. 314.

<sup>19</sup>Ibid. UNIDO, p. 5.

also budding in some sectors of the population in most progressive nations, as is shown several times on the trade summits.

#### **IV. Globalization versus regionalization:**

Globalization is now a dynamic process that is improbable to be overturned. Regionalization can be defined as a systematic process for establishing regional blocks with the help of governments,<sup>20</sup> unlike globalization. The future policy replacements for states and regions have therefore to be examined in the background of the international economy with free trade of goods and services, free movement of technology, capital and skills and with developments in transportation and communication networks. The solution to existing glitches at the global level depends to on the decisions made within a slender group of industrialized nations, mainly within the G-7 countries.<sup>21</sup> Other nations and regions, and predominantly developing countries and countries in transition, are de facto second league players and their aptitude to effect prevalent world tendencies is rather narrow. The test for these countries and regions thus is to discover their own retorts to the general trend of globalization.

Are globalization and regionalization processes that substitute or complement each other? Should nations enter instantly into the international economy or should they pick regional integration as a principal step that will lately be trailed by more complete global integration. Answers to these problems are country specific and rest on history, geography and culture of the specific country as well as on the structural forms of its economy. Regionalization appeared as a force that softens the implications of globalization.<sup>22</sup> Despite the dissimilarities, there are substantial opinions that call every region of the world to be involved in a comprehensive and profound debate on the conduct of the current globalizing world and to project an approach on how to tackle the challenges of globalization and regionalization. This approach has two modules i.e. national and regional. A precondition for a region to be operative in this globalization discussion is that each country of the region places its own house in order. Macroeconomic balances together with effective resource utilization are compulsory circumstances for both, lengthening the margin of maneuver for governments and for achieving justifiable growth. The second module of this approach is that the character of governments should be redefined. The policy objective is not to undo or shrink government, but to reinforce those public policy gadgets that stimulate growth and equity as the market itself does not resolve these difficulties. At a regional level, this policy calls for a regionalism, at least for developing countries and countries in transition, to take preference over globalization. Globalization and regionalization are two courses that are determined by two very dissimilar forces. Globalization, either in the system of the internationalization of production or in the form of international trade and capital flows, is being recognized largely by private firms functioning progressively worldwide. In contrast, regionalization applied in arrangements, such as NAFTA, EU or MERCOSUR,<sup>23</sup> is being evidently directed by governments of separate nations and is thus a public-sector motivated process. There are robust opinions in favor of so-called pragmatic liberalism i.e. to syndicate selective and provisional protective methods with a common procedure of overall liberalization. This procedure, it is in fact being carried out by industrialized states for decades, supporters a tactic whereby states of a region should first upsurge their international effectiveness within regional structures before revealing themselves to the full-fledged globalization.

#### **V. Benefits, risks and challenges of globalization:**

##### **Globalization is a controversial process:**

It is usually claimed that globalization reinforced by liberalization of economic guidelines and by technological development carries significant benefits, such as upgraded resource allocation, amplified competition and therefore extensive options for customers, the capability to tap international markets, and the experience to new technologies, philosophies and products. For the private sector, globalization means that economic agents are confronted with many more prospects and much more powerful competition than ever before. Conversely, globalization also demands an extremely altered role of national managements. Private sectors working in the extremely competitive setting need vibrant directions of operation, steady macroeconomic atmosphere, unobstructed access to imports, resourceful economic and social structure, and all these are demanded from national managements.

A controversial issue advanced by advocates of globalization is the assertion that the enlarged liberalization of trade and capital markets has been related with larger competence in resource allocation. As far as trade liberalization is concerned, many studies offer robust pragmatic signal backing this claim and the many benefits

---

<sup>20</sup>Alex E. Fernandez Jilberto, Andre Mommen, *“Regionalization and Globalization in the Modern World Economy: Perspectives on the Third World and Transitional Economies”* (London: Routledge, 2002), p. 8.

<sup>21</sup>Ibid. UNIDO, p. 7.

<sup>22</sup>Alex E. Fernandez Jilberto, Andre Mommen, Op Cit, p. 9.

<sup>23</sup>Ibid. UNIDO, p. 7.

of this process. Conversely, the evidence on capital account liberalization is much more mixed.<sup>24</sup> Studies on this subject do not deliver systemic indication that capital liberalization brings substantial benefits. Moreover, experiences of many developing nations that have experienced financial crunches in current years evidently specify that capital account liberalization is a far more multifaceted process than liberalization of trade flows. It is today well renowned that capital movement liberalization, if not escorted by suitable corporate governance, banking procedures, capital market growth and macroeconomic circumstances, may have many negative penalties, including a miserable long-term growth rate.

A customary argument of neo-liberals in the area of investment is that capital always invests in the most commercial opportunities. At the global level, this view says that capital account liberalization will bring about a more ideal global distribution of resources. This argument is rest on the hypothesis that investment in one state depends only on the productivity of investment there and not on the supply of domestic reserves. According to this hypothesis, there is zero association between domestic reserves and total investment. However, actually the condition is very diverse. Total investment in a nation is still powerfully connected with domestic reserve, and therefore foreign reserves represent naturally a rather lesser share of total fixed capital formation.

#### **“Winners“ and “losers” of globalization:**

Many studies emphasize that globalization has positive effects initiating an expansion, negative effects producing a decline or a curvilinear effect on the welfare state. The positive effects in a way that globalization creates instability and ambiguity and that governments retort by intensifying social policies to alleviate the economic safety of their inhabitants and politically soothe them. The negative effects view narrates that globalization forces government to retrench welfare packages in the name of effectiveness and austerity. The curvilinear effects claim that globalization primarily causes development and consequently, at higher levels, causes economizing.<sup>25</sup> Globalization is a greatly irregular process and many facts can verify this. For example, increasing trade is not leading to more reasonable delivery of underlying relative advantages. There are “winners” and “losers” of globalization and this applies both, to different states in the world as well as to different sets of populations within each individual state. There appears to be a rising disparity between countries ensuing from the globalization process. The world per capita GDP increased from 0.44 in 1960 to 0.55 in 1989. In the same period, from 1960 to 1990, the gap between per capita incomes of the richest and poorest countries doubled from a ratio of 30:1 to a ratio of 60:1. And the gap further enhanced in the coming years. The level of income inequalities are also on the rise in almost every richer and poor country. This applies both to industrialized countries as well as to developing countries and countries in transition. Another view that indicates the negative effect of globalization is that US was the richest country in the world and equally it had widest gap between rich and poor. US Central Intelligence agency in its Global Trends 2015 report highlighted that “globalization will create even wider gap between current losers and winners in the years to come. Globalization evolution will be rocky marked by chronic volatility and economic divide deepening economic stagnation, political instability and cultural alienation. it will foster, political, ethnic, ideological and religious extremism along with the violence that often accompanies it”<sup>26</sup>

The fact of some countries being “winners” and others being “losers” in the globalization process shows that there are noteworthy dissimilarities between individual countries in their capacity to handle proficiently with the tests of globalization. For developing countries and countries in transition, their globalization enactment can be dignified with the level and the quickness of their incorporation into the international economy.

#### **Integration of transition economies into the global economy:**

The modification of political regime and commencement of the transition course from centrally-planned to market economy was a preliminary point on the region’s route towards global economic integration. Economic transition of countries of Central and Eastern Europe and their integration into the global economy are, in fact, two sides of the same coin.<sup>27</sup> There is no economic transition of these countries to a market economy without establishing involvement of economic actors from this region in the international markets of goods, capital labor and services. And similarly, effectiveness of products from ex-socialist states on international markets cannot be efficiently established without disassembling the centrally-planned economic scheme that had over numerous decades of its existence proved to be economically incompetent and thus inferior to the market-led type of economy. Abundant experimental studies validate extraordinary accomplishments of transition

---

<sup>24</sup>Ibid. p. 8.

<sup>25</sup>David Brady, Jason Beckfield and Wei Zhao, Op Cit, p. 318.

<sup>26</sup>John Cavanagh, Jerry Mander, “*Alternatives to Economic Globalization: A Better World Is Possible*” (California: Berrett-Koehler Publishers, 2004), p. 45.

<sup>27</sup>Dani Rodri, “*Has Globalization Gone Too Far?*” (Washington DC: Peterson Institute), p. 38.

economies over the last decade in integrating themselves into the global economy and this assumption applies for all sections of integration.

## **VI. The future of Globalization and key trends that reshaping the globe:**

Analyzing globalization in contemporary times and its future effects may well be understood by examining key trends. These are merely trends and they may not continue forever. However, by examining them carefully, a general depiction of future can analyze.

**Intensified Globalization:** The increasing movement of capital, individuals, goods and ideas is expected to continue with speed despite robust opposition from the anti-globalization supporters. Some countries can try to keep themselves away from this trend however; the economic interdependence could have severe costs for the economies.<sup>28</sup> Some other issues like global warming, rapid spread of lethal diseases, less employment opportunities and transnational crimes may also effect the interior settings of a state which tries to keep away from global market.

**Spread of free market capitalism:** The global accomplishment of free market capitalism is comparatively answerable for motivating and nourishing economic globalization. Although most nations have come to approve free trade and investment, this eagerness is expected to linger if global affluence weakens. Backing for the global economic structure by emerging societies depends in part on the system's capacity to decrease the breach between rich and poor and bring ever greater numbers of individuals out of poverty.<sup>29</sup>

**Diffusion of global power:** After the WW-II and especially after Cold War, US became the exclusive super power and dominant economic power on the planet. It managed to put the economy on right track with proper (globalized) policies and with advancement in sophisticated weapons. However, the globalization trends have enabled many states in the world to have weapons of exclusive usage and modification in economic policies in accordance with globalized structure also made them peer competitor to the USA. There appeared many power hubs like China, Israel and Russia which have challenged not only US' defence superiority but also the economic dominance as well.<sup>30</sup>

**Increasing people to people contact:** Globalization has enabled people of one region (Latin America) to contact with other region (Asia) freely via internet, telephone, transportation and enhanced communication utilities. People flow across borders without real mechanism by the national authorities.<sup>31</sup> Now a person sitting in his home can know everything happening in the world just with tuning into TV, Radio or computer.<sup>32</sup> Therefore, people have come to know similarities and dissimilarities of each other and also have got enough knowledge about the regional trends and shifts. Modern IT technologies have eased people contacts with each other and with even advance technologies in the pipelines; this trend is also expected to rise in coming decades.

**Increasing role on NGOs, INGOs, MNCs:** Since the globe has shrink into global village, the role on INGOs, NGOs and MNCs have alleviated. All these sets have not only enlightened people of poor countries to the basic human rights but have also got attention of governments of different countries. Now many fundamental tasks are done with the help of NGOs. Developed counties pay lots of funds and staff assistance to developing and under developed countries so as to lift the life standards of common man and to let them know about the latest global trends. Role of MNCs have also increased after the economic recovery of WWII and have made abundantly major contribution in the growth of integrated world economy.<sup>33</sup> Companies like Coca-Cola, Sony and Toyota have global outreach and are evenly common in USA, Russia or any other under developing country on the planet. These companies have not only given the products and better facilities but also have enabled local people to work for company and to get pays.

## **VII. The challenges and issues ahead:**

Immediately after 1989, there was a generally communal certainty that transition to market economy would be a rather small and modest process. Built on a set of policy measures approved by dominant international financial institutions, political figures and qualified economists, the so-called "Washington consensus" was established as a mutual wisdom of policies that would move transition economies from steadiness to development. This set of policy measures had been emphasizing the significance of privatization, liberalization, opening of transition economies and financial restraint.

After two decades of experience, it has become clear that transition is an extremely complex, challenging and extensive process. There is no doubt that considerable development has been made by the

---

<sup>28</sup>Richard W. Mansbach & Kirsten L. Rafferty, "Introduction to Global Politics" (London: Routledge2008 ), p. 765.

<sup>29</sup>Ibid. p. 766. Richard W. Mansbach & Kirsten L. Rafferty

<sup>30</sup>Ibid.

<sup>31</sup>Ervin Laszlo, "Globalization: The outer and the inner dimensions" *World Futures: The Journal of New Paradigm Research*, Vol. 53, No. 2, (1999), p. 96.

<sup>32</sup>Ibid. p. 767. Richard W. Mansbach & Kirsten L. Rafferty

<sup>33</sup>Paul Wilkinson, "International Relations: A Very Short Introduction" (New York: Oxford University Press), p. 68.

nations in the region in altering their economies from centrally-planned to market-based economies. However, the progression in transition has been unequally dispersed both the countries of the region as well as different areas of transition. There appears to be a mounting agreement among many experts that the region as a whole is now impending the conclusion of the first phase of transition. The experts also agree that while the procedure of alteration in the first stage of transition has been extraordinary, the tasks here have been in many ways more candid than those that follow.

The key challenges of the new, second phase of transition are to make these new market economies function more proficiently and to form the grounds established in the first phase of transition. The agenda for the new phase of transition should also include issues that have not been taken appropriately earlier. Lastly, there are some vital problems for transition economies that have been either missing or have been principally miscalculated in first two decade of transition. These issues like institution building comprising reshape of the character of the state, development of corporate governance in the financial and enterprise sectors, investment in infrastructure, and social disparity—must discover a suitable place in this new program.

### **VIII. Conclusion**

How likely is this world? Given that states continue to be fundamental players in global politics and as long as globalization does not deprive them of their sovereignty and individuality, many governments and leaders will observe happenings through the prism of the national interest, particularly as long as territorial matters like those that divide Pakistan and India and Palestinians and Israel continue. An even more hazardous cause of realist behavior would be a stern challenge to US domination in global politics posed by a determined, expanding state like China. Such an event would test the global status quo and would perhaps generate an American exertion to upsurge its power or even a confrontation between the US and its competitor. Although the shifting nature of security, extending interdependence, and subsequent shared destinies all encourage leaders to contemplate beyond the national interest, defined hardly, there is no confidence that they will do so. After all, administrations of countries are responsible to their citizens, and the activities of those citizens are more probable to determine whether leaders stay in office than the activities of those outside the country.

Yes the globalization has transformed the lives of individuals living in one corner of the world to the other and has correspondingly become a reason of shared hardware and software technologies among rich and poor states. Yes globalization has become a reason to integrate developed economies and has motivated the underdeveloped nations to follow the same course. And yes it is globalization that has enabled individuals to work anywhere in the world and to send money to the home town with complete access and freedom. Given in this scenario, one can expect that if on the one hand globalization has reshaped the global conduct of politics, the territorial issues, routine life and almost all other aspects, it might not have an easy way ahead. That is because the existing disparity between North and South, failure of developing states to encounter domestic economic crisis, dual standard of dealing by big powers and economic slumps with different intervals and reasons would pose stern challenge to globalization and a dream of integrated world economy. The role of WTO and its likely implications for economies which are already facing tremendous pressure will continue to jeopardize the notion of global village.