

The Affects of Globalization

On International Trade

What is Globalization?

- The definition of globalization:
- A verb - develop or be developed so as to make possible international influence or operation

What is International Trade

- International trade is not a new concept. Trading commodities, especially valuable ones that are scarce, can be traced back as far as 3000-1000 BC when tin (required to make bronze) was supplied by Cornwall to fuel the Bronze Age in Europe.



Cornwell is located at the southernmost tip of the UK

International Trade

- As transportation options grew - such as stronger and bigger boats, transporting commodities on rivers and water ways continued to extend the movement of goods and services.
- One famous trade route - The Silk Road, established around 100-200 CE, is credited with creating global economics when Han rulers in China refused to trade any silk unless it was traded for gold.

Globalization of Trading?

- International trade can be viewed as both the cause of, and an effect of, globalization.
- As global trading grew, there became the need to define how business would be conducted, and to ensure equal grounding in which smaller or poorer countries could compete on an equal basis. es

Two sides.

- International trade has dispersed goods around the globe, it's here to stay as individual economies join the global one to compete, as well as to reap the benefits, or deal with the disadvantages, for their country and people.

Economic problems

- **Global economic problems** The global economy faces a number of serious challenges in the 21st Century. Globalisation has benefitted most participants, but the increasing *interconnectedness* of the global economy has created a number of problems. **Short term problems** Some global problems are short term, such as the recent recession caused by the *credit crunch* and related banking crisis.

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- Most global shocks are relatively short term and may be self-correcting. Other apparently short run events can have long lasting effects, such as the oil shocks of the 1970s, which permanently altered the global market for oil. See also: Global shocks **Longer term problems** Other global problems are longer term, and may require a strategic approach to finding solutions.

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- These problems include global inequality and unequal economic development, global poverty, the exhaustion of non-renewable resources, depletion of the environment and global warming, and systemic problems associated with inadequate regulation of financial markets.

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