



Understanding Globalisation - Audio

Is globalisation inevitable?

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Is globalisation inevitable? No - Globalization is reversible. The spread of globalization has been driven by technological development and deregulation: it can be blocked in the same ways.

Globalization is going on at the same time as another major trend - regionalization.

Regionalization may win.

Most people are familiar with regionalization through regional free trade areas like the EU or NAFTA

Deregulation is the removal of historic barriers, both tariff (such as import taxes) and non-tariff (such as safety regulations), which have constituted barriers to trade across national boundaries.

Deregulation has occurred at all levels: national, regional (within regional trading blocs) and international. In Europe, deregulation is most familiar in the context of the European Union (EU). The removal of barriers to the free movement of goods, capital and labour within the EU was embodied in the 1992 Single Market Act. Its' purpose was to reduce the barriers to mobility of people, goods, services and finance across member countries of the EU. Similar objectives exist in NAFTA (the North American Free Trade Association between Canada, the United States and Mexico created in 1989). Thus deregulation and the removal of trade barriers encourage globalization since they reduce the time, costs and administrative complexity involved in trading across national borders.

However, regional trade organisations such as the EU, NAFTA, or APEC and ASEAN in Asia-Pacific, or MERCOSUR in South America, are all very different from globalization.

Globalisation and world trade agreements, remove trade barriers from all countries to make world trade easier for all countries; regionalization only moves the barriers to trade from around one single country, to then place them around a group of countries. It reproduces trade barriers and creates countries that are 'insiders' who will benefit but also 'outsiders' who are excluded from the trade club.

This is a serious argument in favour of globalization and against regionalisation to encourage more open trade between nations.