



DEFINING ECONOMIC ROOTS OF GLOBALIZATION

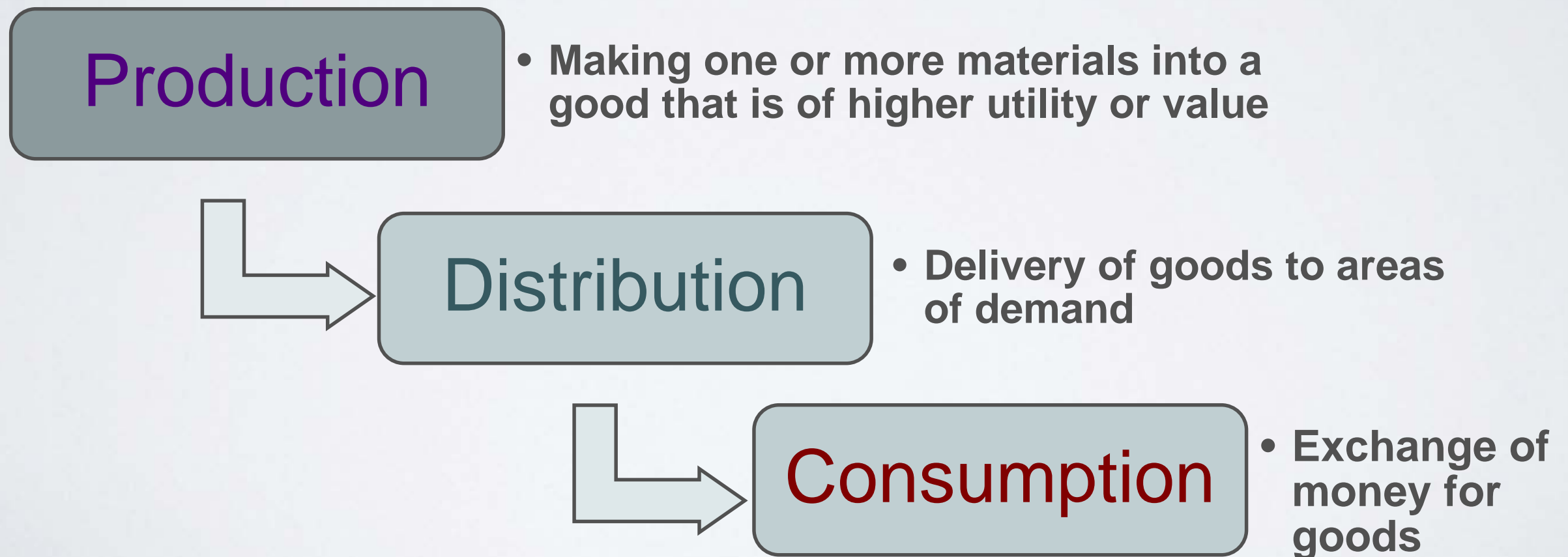
WHAT IS AN ECONOMY?

The methods and traditional ways a single nation answers three questions:

1. **WHAT** goods and services will be produced?
2. **HOW** these goods and services will be produced?
3. **WHO** will consume the goods and services produced?

WHAT IS ECONOMICS?

It is a social science discipline that studies **production**, **distribution**, and **consumption** of goods and services.



RISE IN GLOBALIZATION



Globalization: the shift of buying and selling in markets beyond national borders

Rise in globalization → increasing integration and interdependence

INTEGRATION

- 
- *Efficiency* – combining of different economies and industries, promoting trade and economic growth
 - *Foreign Exchange* – sharing of ideas and cultures across borders
 - *Rise of Multinational Corporations* – companies with facilities in multiple countries

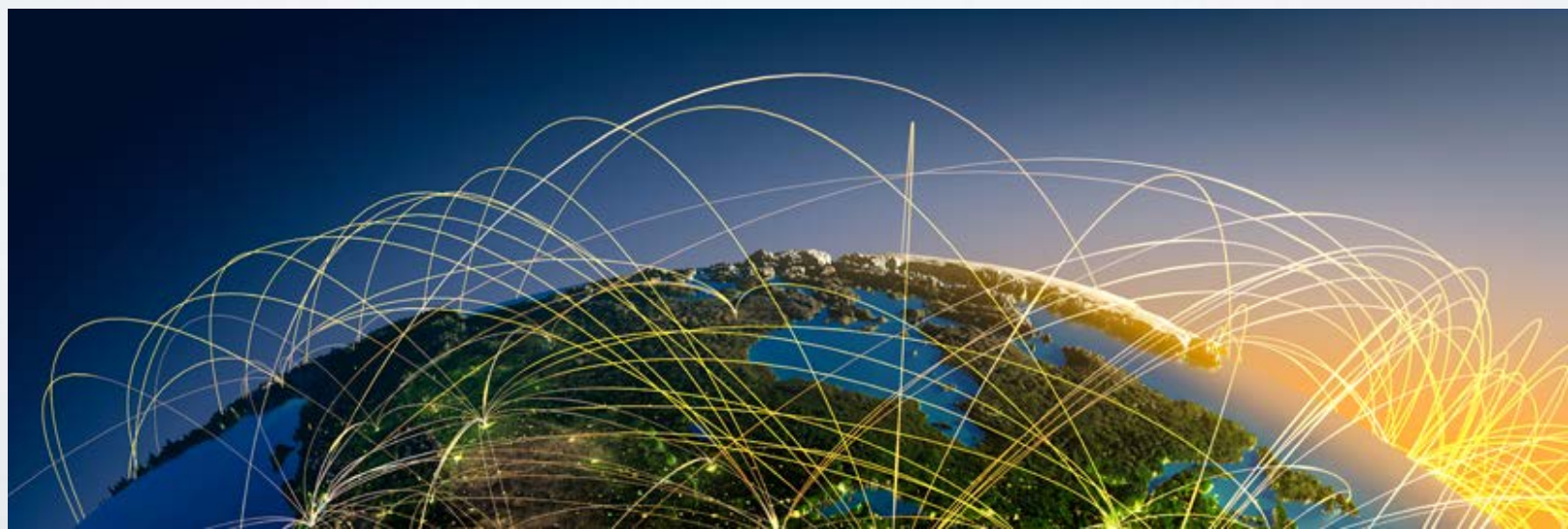
INTERDEPENDENCE

- *Cooperation* – countries rely on each other for mutual economic gain and development
- *Global Access* – one country's labor and natural resources can benefit another



THE INTERCONNECTEDNESS OF AN ECONOMY

- In a modern economy, people are linked by **economic transactions**.
- Every person, every business firm, and every product is **economically interconnected**.



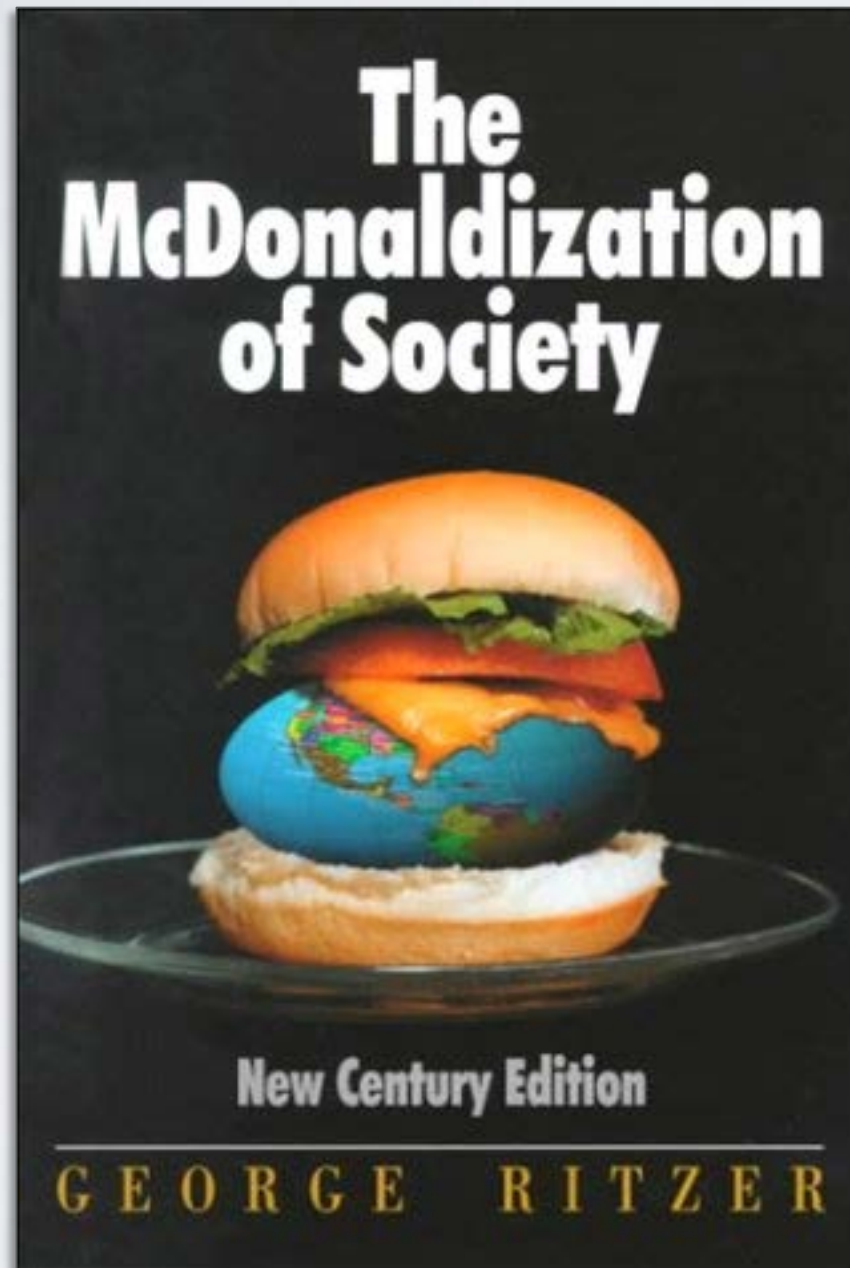
PROS OF GLOBALIZATION

- Increase in **consumer choices**
 - Cars, cell phones, watches, etc.
- Increase in **job opportunities** within a nation-state
 - Intercultural exchange in music, movies, styles
- Reduction of **trade barriers** that allows companies to build markets in other countries
 - Rise in **Multinational Corporations (MNCs)**: any company that engages in business outside domestic borders
- Increase in **interdependence**
 - Breaks down barriers
 - Imports and exports



**IS GLOBALIZATION
ALWAYS A PLUS?**

CONS OF GLOBALIZATION



- Loss of culture
 - Traditional services and priorities are lost to imported services and priorities
 - McDonaldization
- Loss of jobs
 - Outsourcing



THE GLOBAL COMMODITY CHAIN

A process used by corporations to

- network labor and gather resources
- transform resources into goods
- distribute goods to consumers

In short, a product's path from producer to consumer (You!)

GLOBAL COMMODITY CHAIN PROCESS



1. Research & Development



2. Natural Resources



3. Manufacturing



4. Distribution



5. Marketing



6. Consumption



7. Waste



CASE STUDY: CHOCOLATE



CHOCOLATE AS COCOA



Research and Development

- ➔ Chocolate industries fund enhanced agricultural techniques
- ➔ Field schools educate growers on cocoa production and farming methods
- ➔ The Alliance of Cocoa Producing Countries works to improve cocoa quality, production, and sustainability



Research and Development

Natural Resources

Manufacturing

Distribution

Marketing

Consumption

Waste

CHOCOLATE AS COCOA



Natural Resources

- Cocoa beans harvested on farms and plantations
- Traders, agricultural businesses, government buy beans from farmers
- Beans shipped to processing plants abroad

Research and Development

Natural Resources

Manufacturing

Distribution

Marketing

Consumption

Waste

CHOCOLATE IN THE FACTORY



Manufacturing

- Cocoa beans go through grinding process
- Beans become cocoa powder, liquor, and butter
- Food industries use a combination of cocoa products to make chocolate goods



Distribution

- Final goods are packaged and shipped to distributors



Research and Development

Natural Resources

Manufacturing

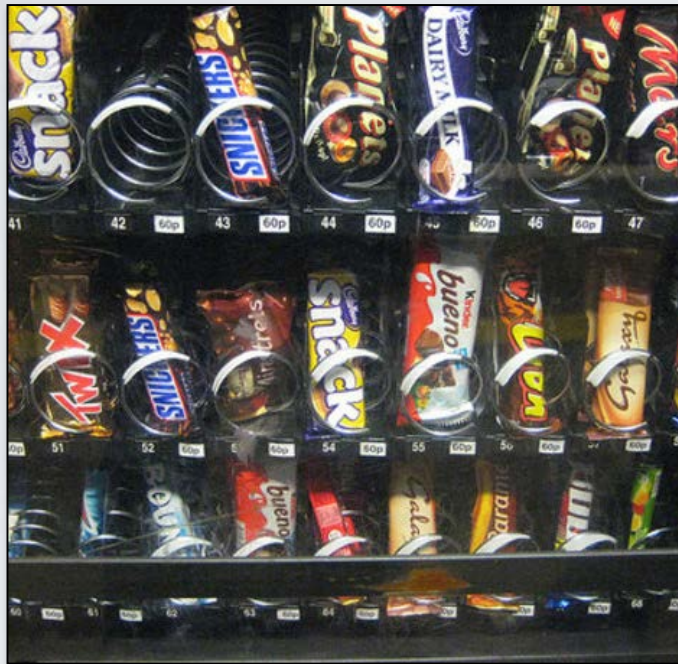
Distribution

Marketing

Consumption

Waste

CHOCOLATE ON THE MARKET



Marketing

- ➔ Advertising, retail stores, and vending machines influence consumer choices
- ➔ Retailers link manufacturers to the consumers
- ➔ Chocolate industry dominated by big brands fighting for sales

Research and Development

Natural Resources

Manufacturing

Distribution

Marketing

Consumption

Waste

Chocolate to You



Consumption



Waste



Research and Development

Natural Resources

Manufacturing

Distribution

Marketing

Consumption

Waste

CONCLUSION

- Increased collaboration of developing and developed economies
- Greater cultural exchanges between nations
- Global cooperation is necessary for commodity chains to function



What if one part of the process was missing?



1. Research & Development



2. Natural Resources



3. Manufacturing



4. Distribution



5. Marketing



6. Consumption



7. Waste