

UPSC Syllabus Topic : GS Paper 1 – Indian Society – Effects of Globalization.

Third Globalisation and India

Introduction: The concept of the 'Second Globalization,' marked by unconditional access for the periphery to the core of the world economy, is undergoing significant changes, giving rise to what is now termed the 'Third Globalization.' This transformation entails conditional access based on foreign policy and military alignments, impacting international trade and foreign direct investment (FDI). Understanding these shifts is crucial for countries like India to navigate the evolving global economic landscape.

Understanding the 'Second Globalization':

1. **Post-World War II Integration:**

- Originating from the Bretton Woods Agreement of 1944, the 'Second Globalization' encompassed international regulations and organizations supporting global economic integration.
- Unprecedented cross-border activity was facilitated by advancements in telecommunication, container ships, wide-body aircraft, and modern finance.

2. **Unconditional Access:**

- Core economies provided unfettered access to their economic and technological progress, even to countries with unfriendly or hostile stances.

Transition to the 'Third Globalization':

1. **Emergence Since 2018:**

- The 'Third Globalization' has emerged, introducing conditional access to the core based on foreign policy and military alignments.

2. **Limited Access for Hostile Nations:**

- Unlike the previous era, nations with hostile foreign policy and military stances face limitations on full economic integration, affecting both trade and FDI.
- Notably, China's share in the USA's imports has sharply declined since 2018.

Implications and Strategies for India:

1. **Foreign Policy Approach:**

- Handling Relations with China:
 - Given substantial trade engagement with China, India should avoid sudden disruptions in economic ties.
- Global Engagement:
 - As a status quo power, India should actively engage with the core economies, seeking avenues for economic growth in the evolving global scenario.

2. **Corporate Strategy:**

- Understanding Political Systems:
 - Firms need to comprehend the political systems of various countries to assess associated risks and opportunities.
- Navigating Evolving Rules:
 - Firms must adapt to the changing rules of engagement established by core economies, considering the evolving global economic landscape.

Conclusion: Navigating the transition from the 'Second Globalization' to the 'Third Globalization' requires strategic foresight for nations like India. Adapting foreign policy and corporate strategies to align with the conditional access paradigm will be pivotal in ensuring sustained economic growth amid evolving global dynamics.