

TOWARD A PRACTICAL UNDERSTANDING OF GLOBALIZATION

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Abstract

The authors make a case for a new approach to economic and social globalization based on the practical applications including those developed at the Performance Improvement Institute program at the Sonora Institute of Technology (ITSON), other published research and the experiences in Mexico and other developing countries. The article proposes replacing the traditional focus on conventional approach of low-cost manufacturing and commodities with high-tech, knowledge-intensive cross-national ecosystems such as the Arizona-Sonora ecosystem that links Arizona (US) and Sonora (Mexico). They also propose a distinction between economic and social globalization and suggest how to integrate them.

Introduction

Borders have become increasingly economically irrelevant but problems persist. Borders still matter for goods and services and even though there are many “free trade” agreements, many feel that they are not of reciprocal benefit. According to Parag Khanna (2016) in his recent book *Connectography*, connectivity is a major driver of the deep shift to a more complex global system. In this new paradigm, we can shift from traditional borders to ecosystems borders that are linked thru knowledge and information. But are economic drivers sufficient?

Globalization and connectivity

Khanna says, connectivity itself –alongside demographics, capital markets, labor productivity, and technology- is a major source of momentum. Currently we are witnessing a massive global commitment to infrastructure. Cities and highways, pipelines and ports, bridges and tunnels, telecoms towers and internet cables, electricity grids and sewage systems, and other fixed assets command about \$3 trillion dollars per year in global spending, with well over the \$1.75 trillion dollars spent annually on defense. Because of ecosystems, infrastructure issues can go across borders.

Globalization will not be effective until we treat globalization not as a zero- sum game but as a game where there are only winners. This paradigm shift will only happen when narrow self-interests are replaced with a measurable concern for measurable good for all.

Peter Drucker (1993) in his *Post Capitalist Society* posits that the old capitalism is one of money and things while the new capitalism is of knowledge and ideas. Under this conceptualization there is a coming shift from zero-sum games to win-win ones. Current policies of nations have not yet turned to this new capitalism. One issue might be the unit-

of-analysis, or scope of definition for trade. Functional globalization depends on such a holistic shift from borders to ecosystems; a larger unit-of-analysis and attention.

Emergence of new international relations

For example, Southwest US and Northern Mexico has more in common with each other than each does with the rest of their nations, in fact, according with different sources, is the geographical area that since 1994 is growing faster in both, Mexico and the United States. Why not remove conventional barriers so there can be a free flow of knowledge and ideas that will result in functional profit-shared products and services? Ideas flow across borders so why not seek a globalization that encourages, allows, and benefits from the consequences of so doing?

Christopher Wilson, Erik Lee and, and Alma Bezares (2015) suggest an initiative named mapping and developing the U.S.-Mexico trans-border Industries. This initiative gives specific data related with the integration thru infrastructure of the border sub-regions such as: California-Baja California, Arizona-Sonora, Paso del Norte Chihuahua, New Mexico, el Paso Texas, Coahuila-Nuevo Leon, Tamaulipas, Texas, lower Rio Grande Valley-Tamaulipas. In their final report, they specify that since the implementation of NAFTA, twenty years ago, trade between the US and Mexico has grown six-fold. It now totals more than half trillion dollars a year, with approximately 80% of that, more than a billion dollars a day, crossing at the U.S.-Mexico land border. If we are to have sensible globalization, there must be reciprocal mutual benefits for all stakeholders for each ecosystem.

New vision for our common world

We can define common good which is shared by most cultures: jointly creating the world we want for tomorrow's child. We can measure this common good in terms of Kaufman's (2006, 2011) *Ideal Vision*. This shared vision is about purpose for the 'long-haul' which might have to be realized step-by-step:

No person will be under the care, control, or custody of another person, agency, or substance. There will be no losses of life, nor elimination or reduction of levels of well-being, survival, self-sufficiency, or quality of life from any source or intervention, including:

- War, riot, terrorism, or unlawful civil unrest
- Unintended human-caused changes to the environment
including permanent destruction of the environment and/or
rendering it non-renewable
- Murder, rape, or crimes of violence, robbery, or destruction to property
- Substance abuse
- Shelter
- Permanent or continuing disabilities
- Disease
- Starvation and/or malnutrition
- Destructive behavior (including child, partner, spouse,

self, elder, others)
Accidents, including transportation, home, and business/
workplace
Discrimination based on irrelevant variables including
color, race, age, creed, gender, culture, sexual orientation,
religion, wealth, national origin, or location

We all share this ideal for our own children and grandchildren, but why not have it for children world-wide? The Ideal Vision can provide us with metrics for measuring the mutual benefits of a practical globalization for all.

Diversity within the countries

A recent set of articles and books by Berkeley economist and National Bureau of Economic Research (NBER) Enrico Moretti (2013) provides some thoughts-provoking insights about the trends of our knowledge-base, globalized economy. Moretti study how growth of cities determine the growths of nations. Using a spatial equilibrium model and data on 220 US metropolitan areas from 1964 to 2009, he first estimated the contribution of each U.S. city to national GDP growth. He demonstrated that the contribution of a city to aggregate growth can differ significantly from what one might naively infer from the growth of the city's GDP. He concludes that despite some of the strongest rate of local growth, New York, San Francisco and San Jose were only responsible for a small fraction of U.S. growth in this period. By contrast, almost half of aggregate US growth was driven by growth of cities in the south.

Building Ecosystems for Entrepreneurial Innovations

In an article by Mariano Bernardez (2011), he described how The Sonora Technological Institute (ITSON) developed a new direction, based on the Ideal Vision for the Southern Sonora and, in 2005, started the Performance Improvement Institute (PII), a new PhD and MBA program in Societal and Organizational Performance in order to transform the ideal vision into reality. The PII utilized a double bottom line business case, defining measurable goals at three levels according to Roger Kaufman's Mega Planning methodology (2006, 2011):

Micro level: products and deliverables produce by individuals and groups for each year

Macro level-. Revenue and benefit for the new organizations based on what they can or do deliver outside of their organization,

Mega level- Measurable value added for society and communities such as paying jobs created; direct and indirect revenue, for the community and market, and reduction of societal costs derived from unemployment, health, and other community problems.

Using the double bottom line business case PII/ITSON was able to align the teaching, research and consulting activities with strategic goals and monitor and manage the

process, applying a modified version of Geary Rummler's and Brethower's (2014) Anatomy of Performance –AOP- model to design cross-organizational value chains to connect and synergize the new companies. An example is that during the 2005-2010 periods, ITSON installed a Wide Area Network (WAN) covering three cities, two clusters to incubate technology and agribusiness companies, a tourism operator and a multi-purpose arena.



Linking the region and the Universities for development

It is important to say that the OCDE, in 2013, using the Higher Education in Regional and City Development conducted a study for the state of Sonora. The principal objective of the Sonora review was to examine the links between the region and the tertiary education institutions, and to strengthen these links to the benefits of both.

In the section of recommendations (page 35) for the federal and state governments in the theme of promoting regional innovation in Sonora, says: "Articulate a state level innovation plan and technological vision, and focus on implementation. Sonora's economic strategy has traditionally stressed the development of maquilas, recruitment policies and infrastructure building, rather than R&D and new product and process innovations. The state would nonetheless benefit from a clearer focus on technological perspectives...A state level innovation plan would help policy makers focus on the merits of endogenous R&D policy for certain niche sectors (aerospace, alternative energy, desalinization plant, logistics and measurements instruments) and to depart from the "technological follower" model that has been prevalent in Sonora for the past decades. This framework will provide TEI's with a roadmap for the future and make their R&D program more coherent and easier to evaluate. The process of designing the plan would

be facilitated by referring to ITSON Strategic Development Plan for Southern Sonora, which was developed at the end of the 2000s in collaboration with state and sub-state authorities.

Some sensible globalization issues remain.

While economic globalization is practical and useful, there is still to be resolved issues relative to cultural as well as political globalization. The world is experiencing massive immigration in some areas of the world. While some of this might be driven by economics and seeking a better life, there comes with this cultural conflicts. The political imposition of movement of people and regulations across borders are becoming increasingly suspect...witness Europe and the political impositions of political globalization to deal with climate change. There are, perhaps 3 kinds of globalization:

Economic

Cultural

Political

A work-in-progress is to find ways for cultural and political globalization to also use the Ideal Vision for all parties to determine what globalization should progress without threatening each other

Conclusion

By sharing of knowledge and information in a world without conventional borders but with ecosystem borders, we can identify and build social, political, and economic systems that will benefit all. The world is changing, the questions for us are will we be the masters of change or the victims of it, and ask for each initiative, "will this get us closer or further away from the shared Ideal vision."

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