

*Global Studies Association Conference  
Royal Holloway University London, September 2-4, 2009*

# ***Modelling Economic Globalization***

## ***The Five Basic Globalization Types***

***Bruno G. Ruettimann***



***What have***

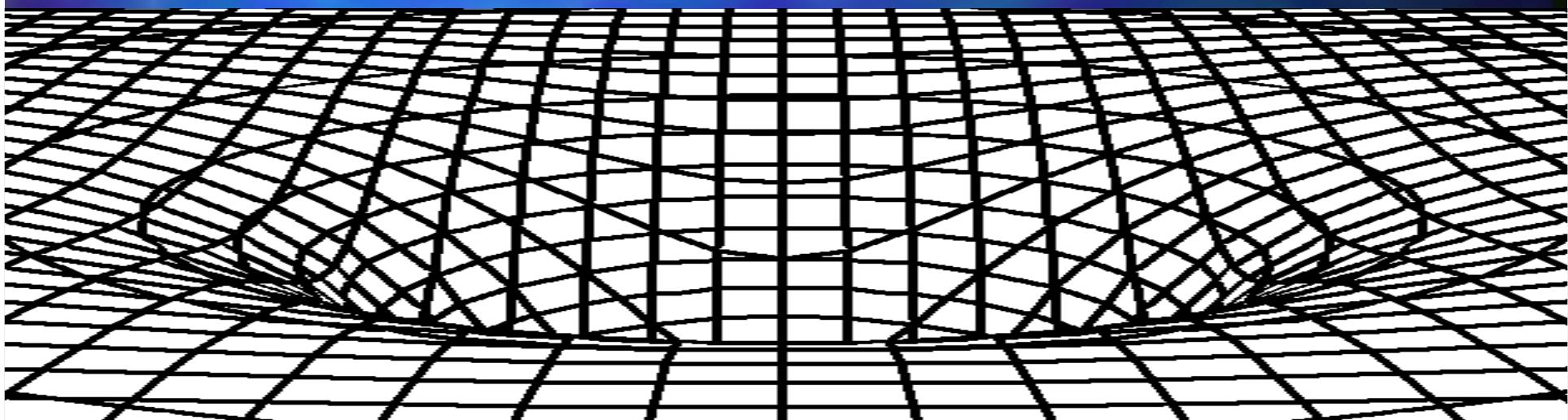
***Globalization of mining***

***Globalization of primary aluminium***

***Globalization of extrusions***

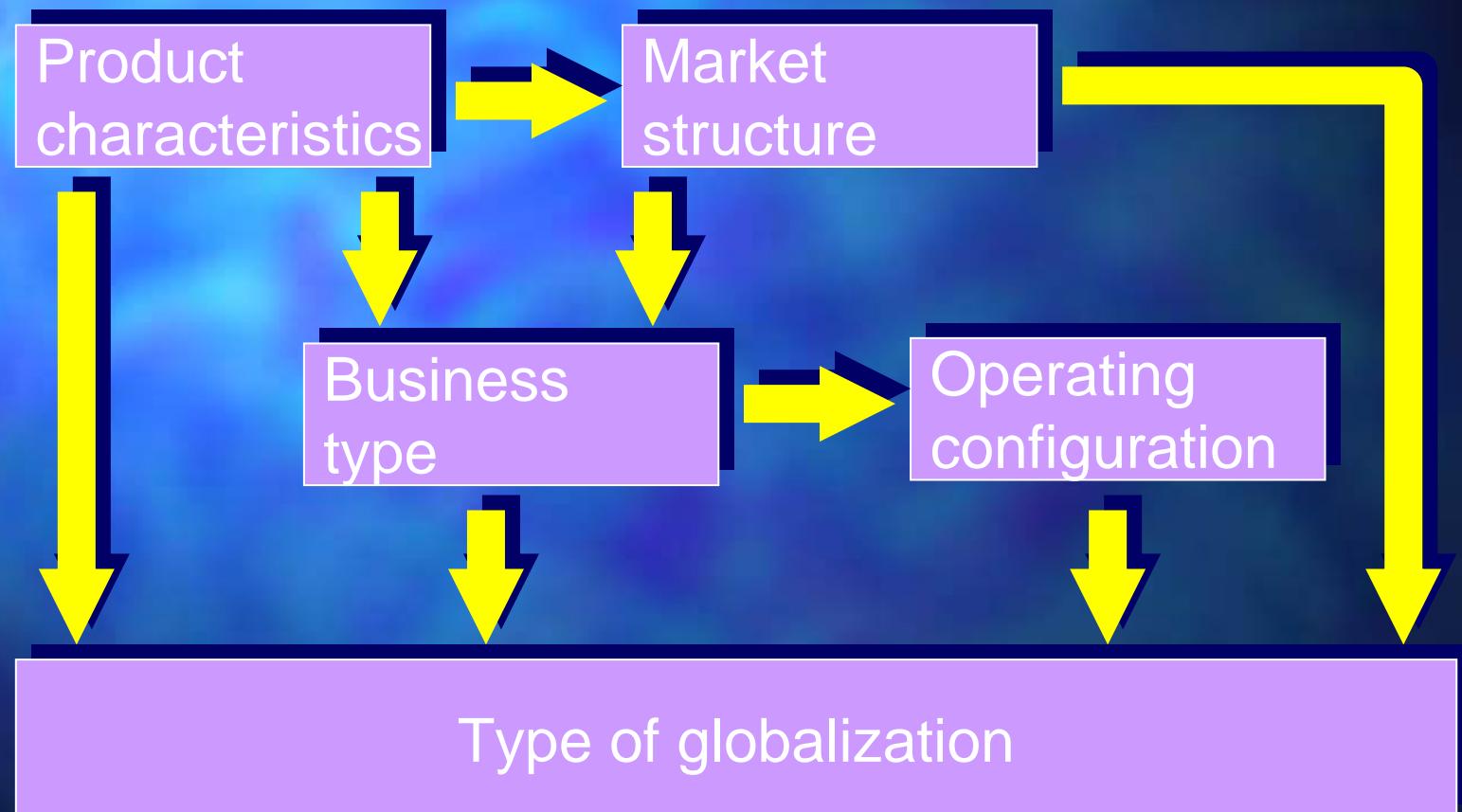
***Globalization of automotive***

***in common?***



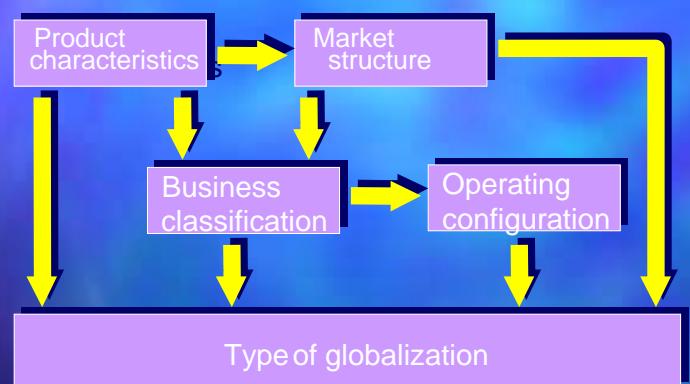
# **Analyzing the Industry Structure**

## **Framework and determinants**



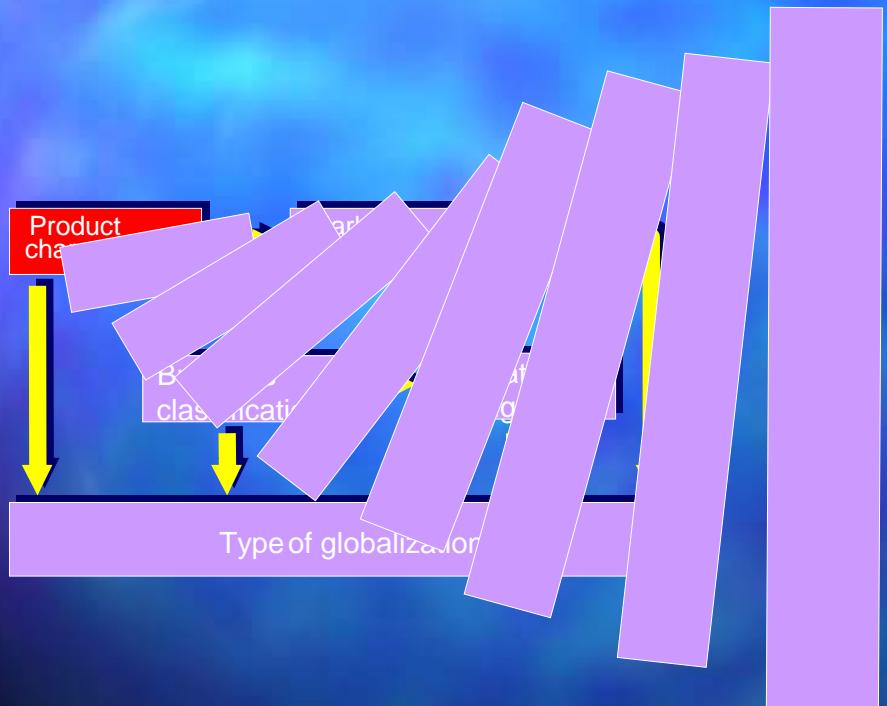
# **Analyzing the Industry Structure**

## **Basic classification of business types**



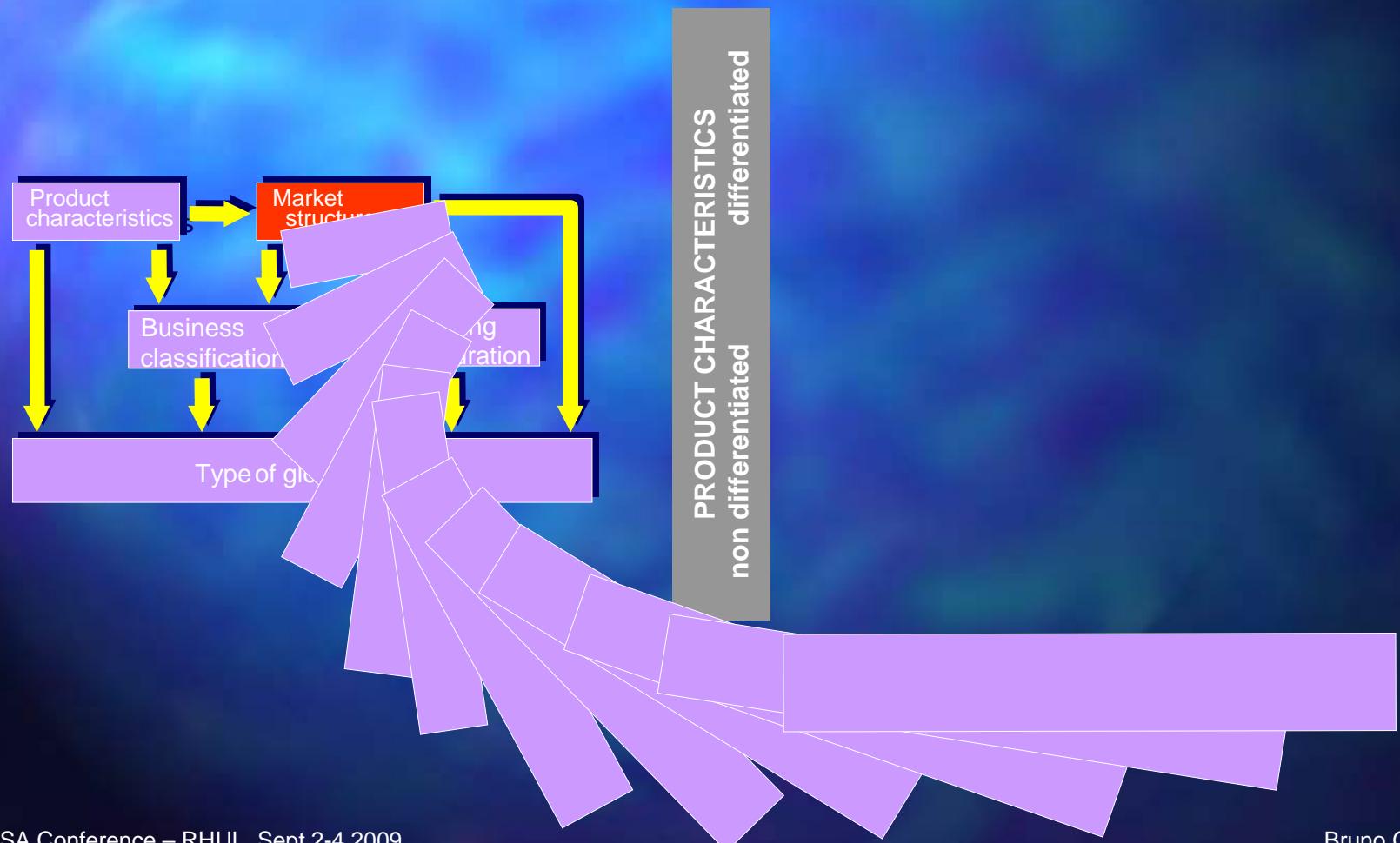
# **Analyzing the Industry Structure**

## **Basic classification of business types**



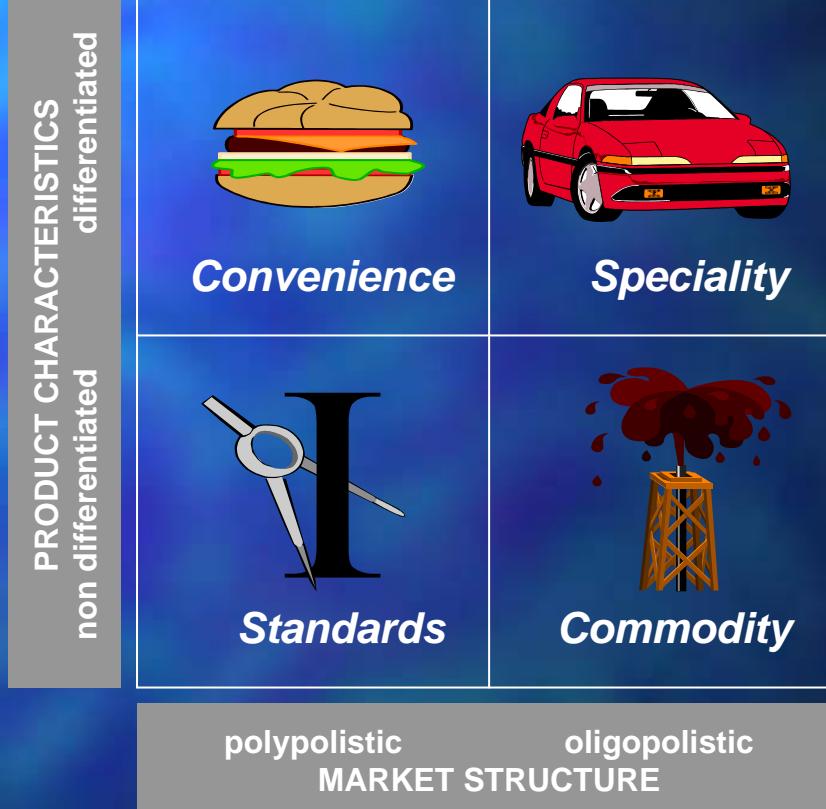
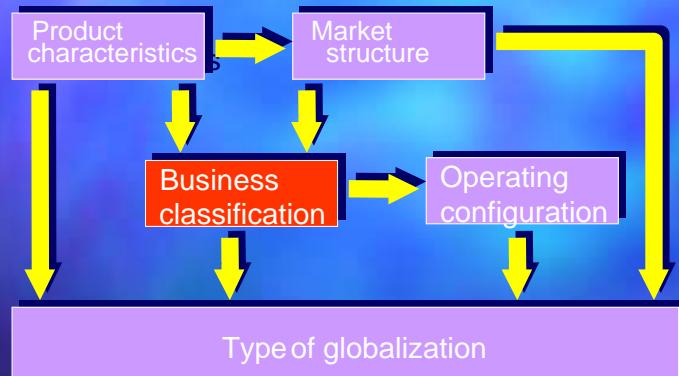
# **Analyzing the Industry Structure**

## **Basic classification of business types**



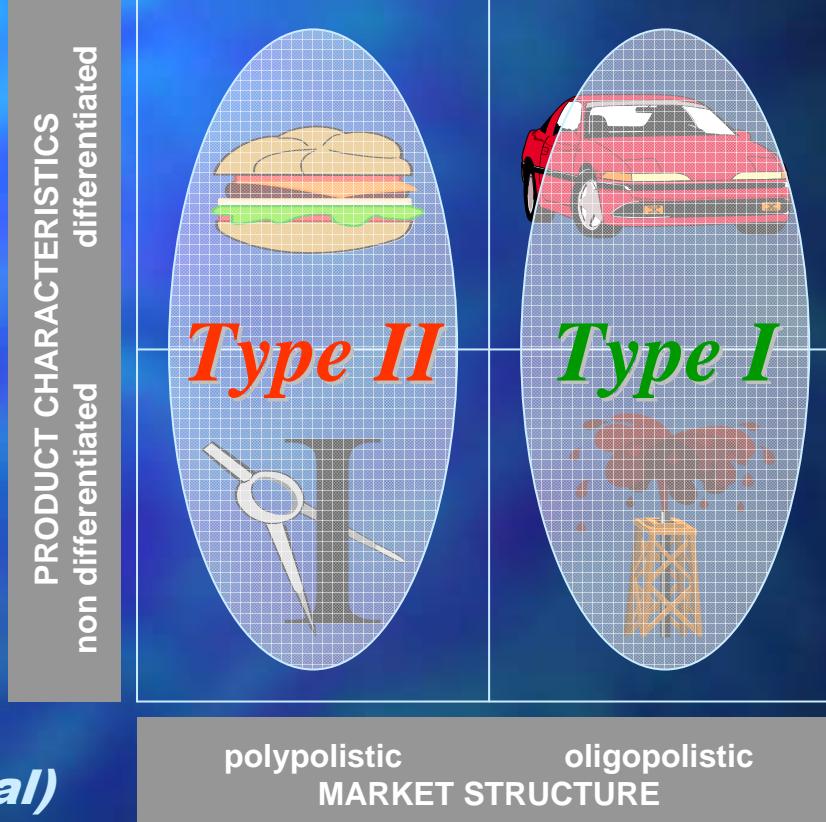
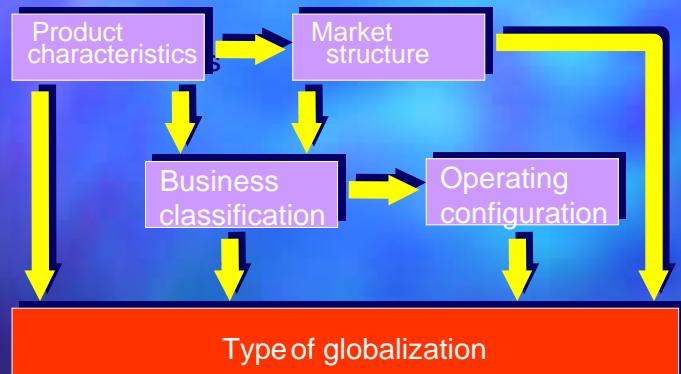
# **Analyzing the Industry Structure**

## **Basic classification of business types**



# ***Deriving Typologies of Globalization***

## ***The natural types of globalization***

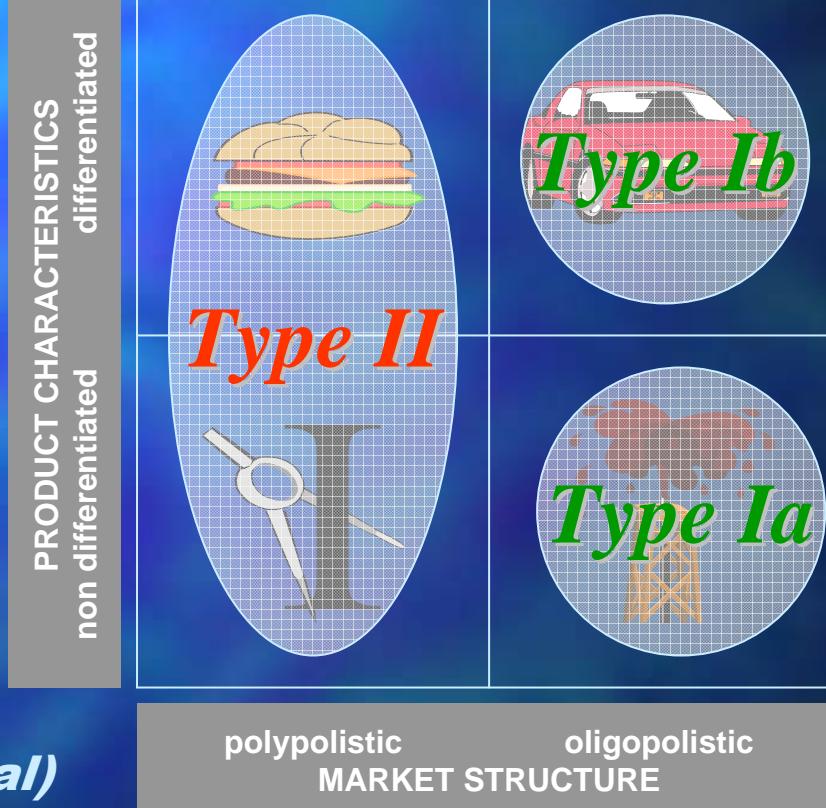
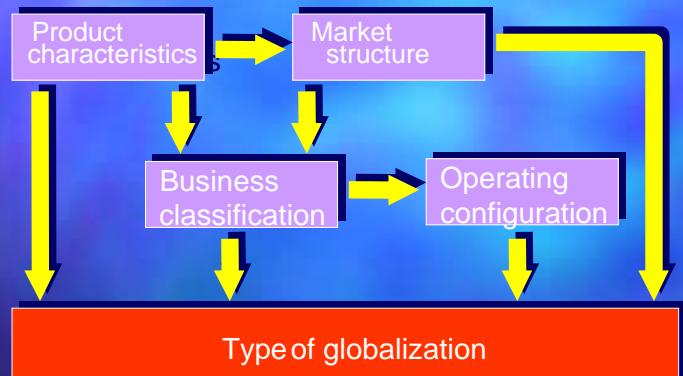


**Type 1: material G. (physical)**

**Type 2: immaterial G. (financial)**

# ***Deriving Typologies of Globalization***

## ***The natural types of globalization***

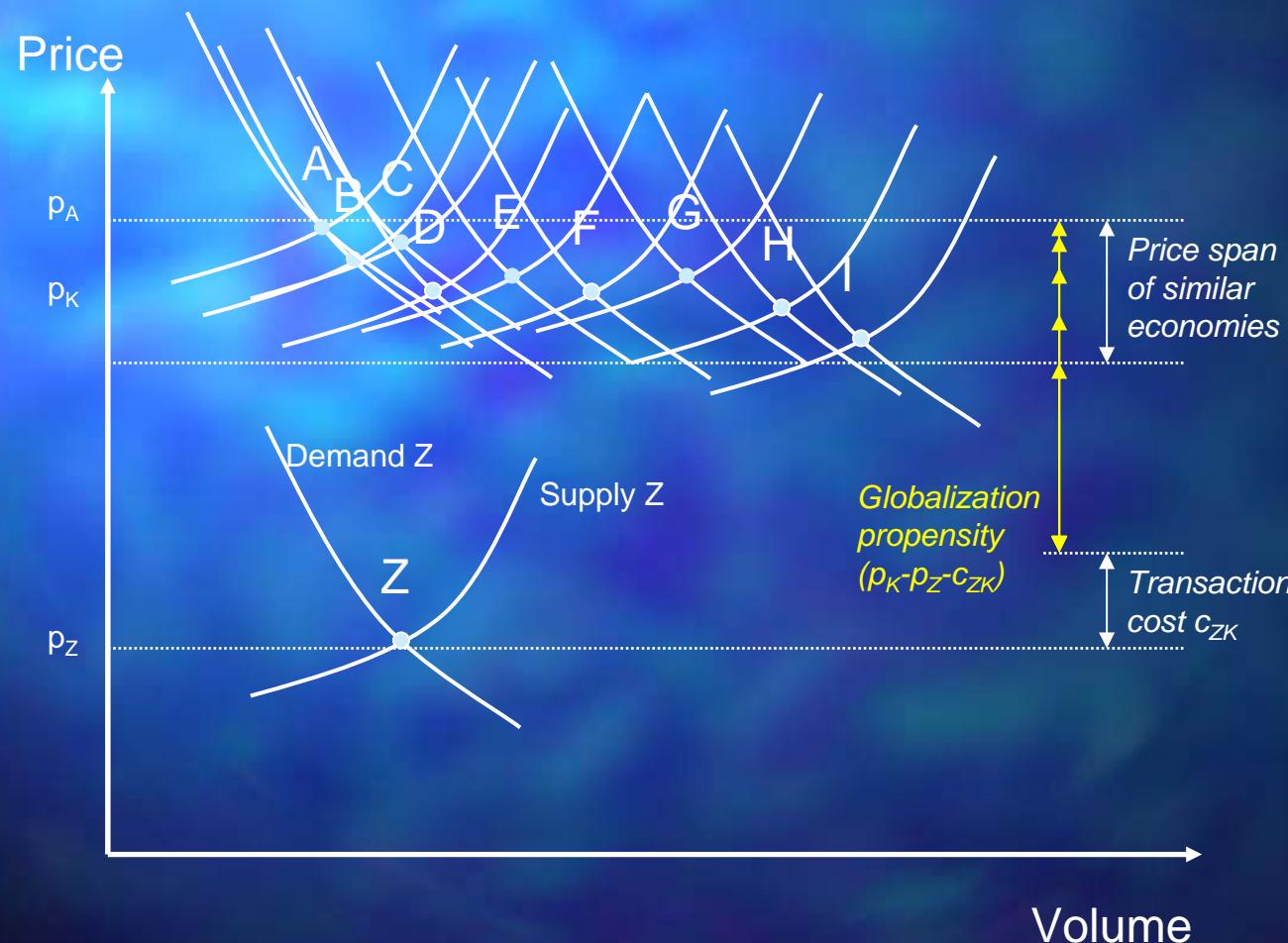


**Type 1: material G. (physical)**

**Type 2: immaterial G. (financial)**

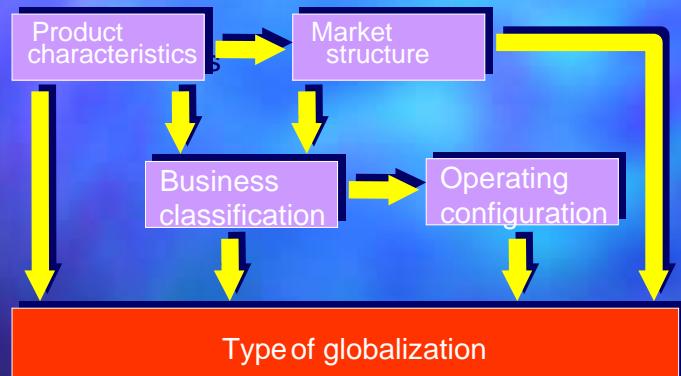
# **Deriving Typologies of Globalization**

**Price discrepancy within different economies and corresponding propensity for globalization**

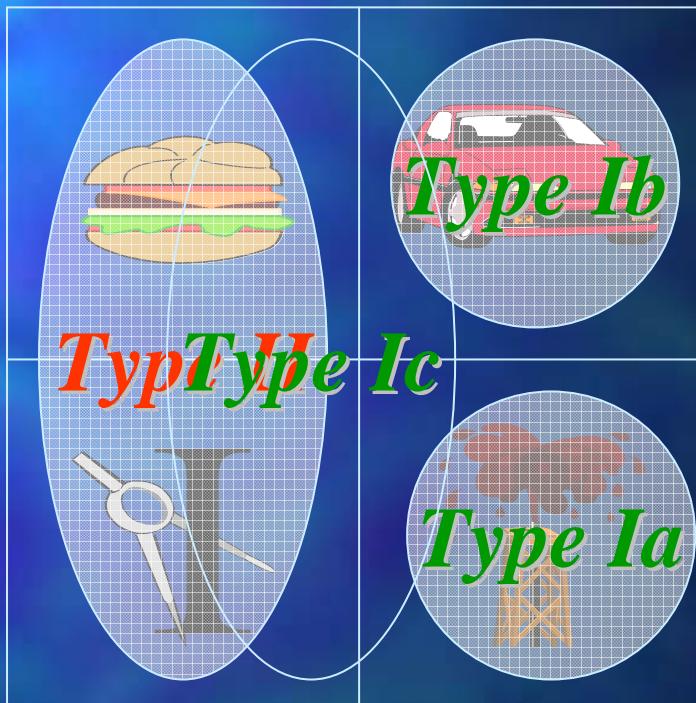


# ***Deriving Typologies of Globalization***

***... An additional subtype is emerging***



PRODUCT CHARACTERISTICS  
non differentiated

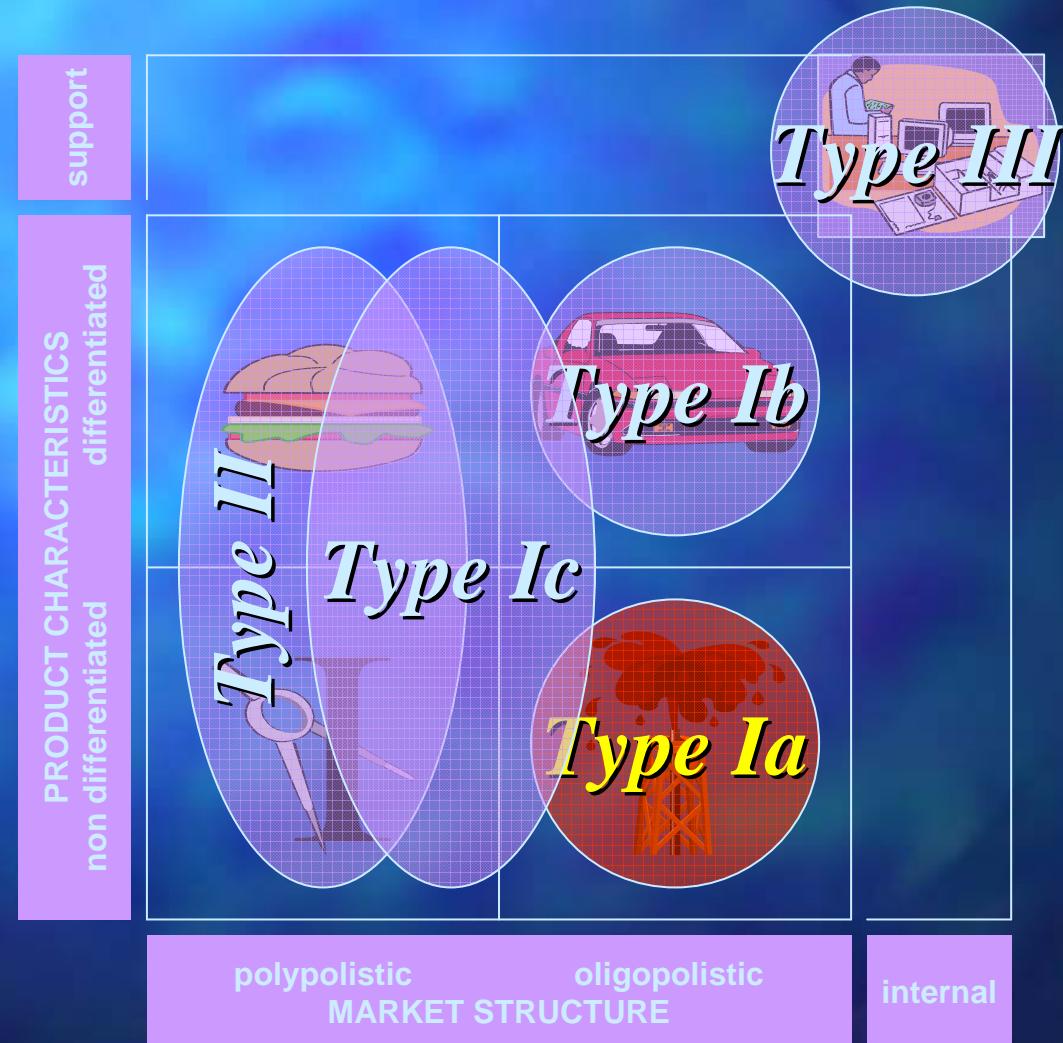


**Type 1: material G. (physical)**

**Type 2: immaterial G. (financial)**

# ***Modeling the Intrinsic Nature of Globalization***

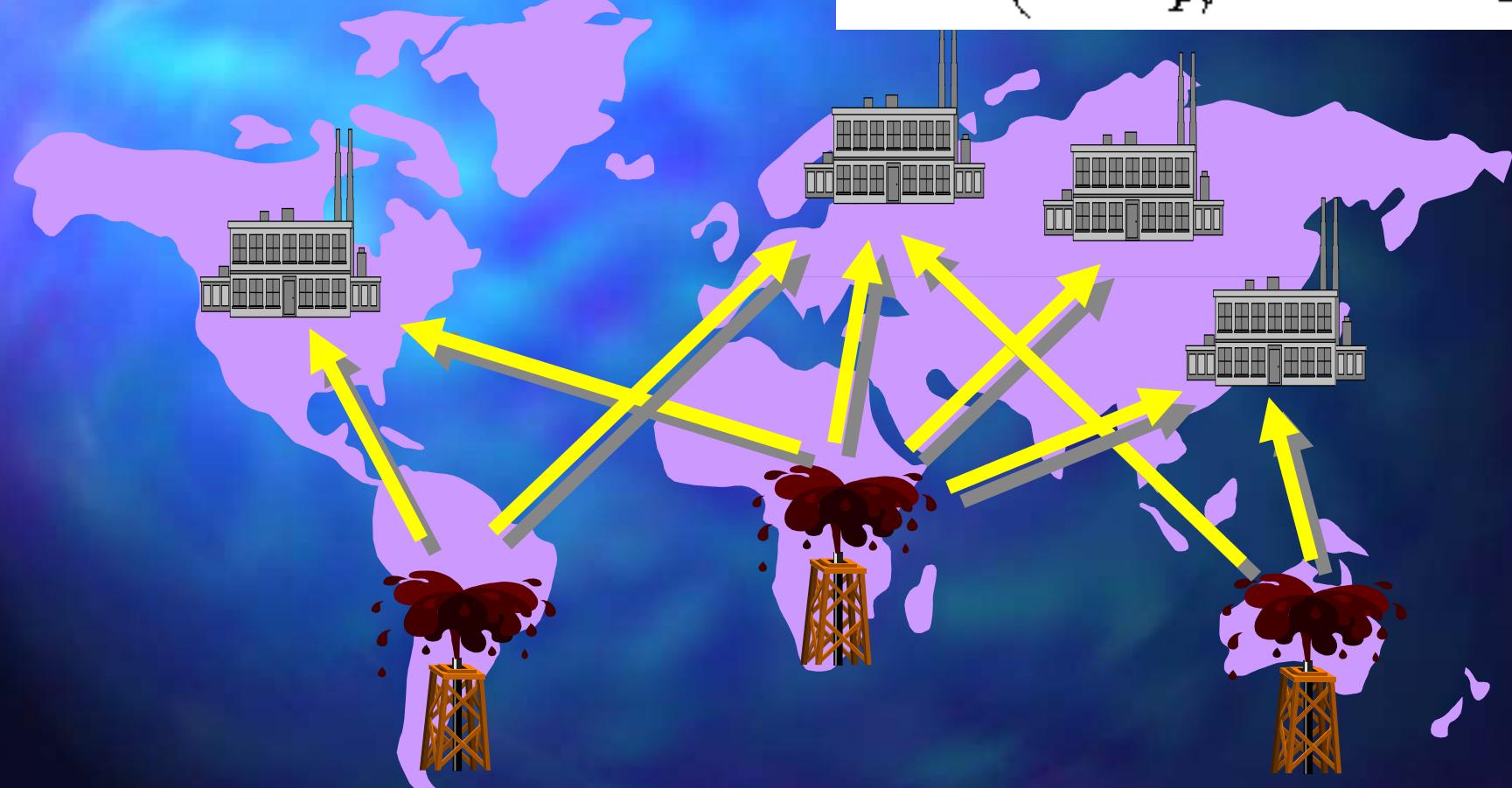
## ***Type 1a: globalization of commodities***



# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 1a: globalization of commodities***

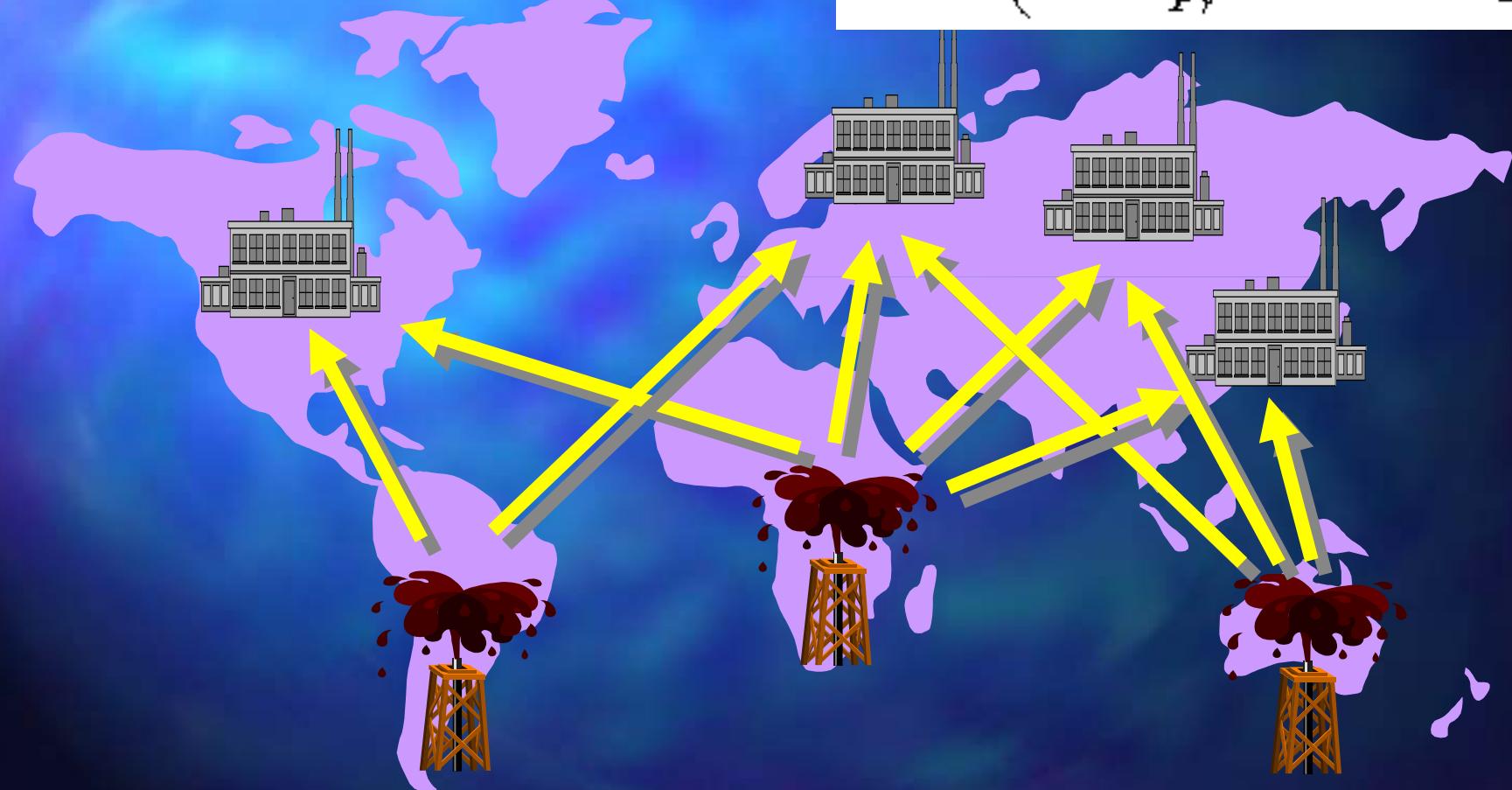
$$t_{od,r} = f\left(V_d(a_i, \frac{p_s}{p_r}), P_o(p_r), p_r, \left(\frac{V_d}{P_o}\right)\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

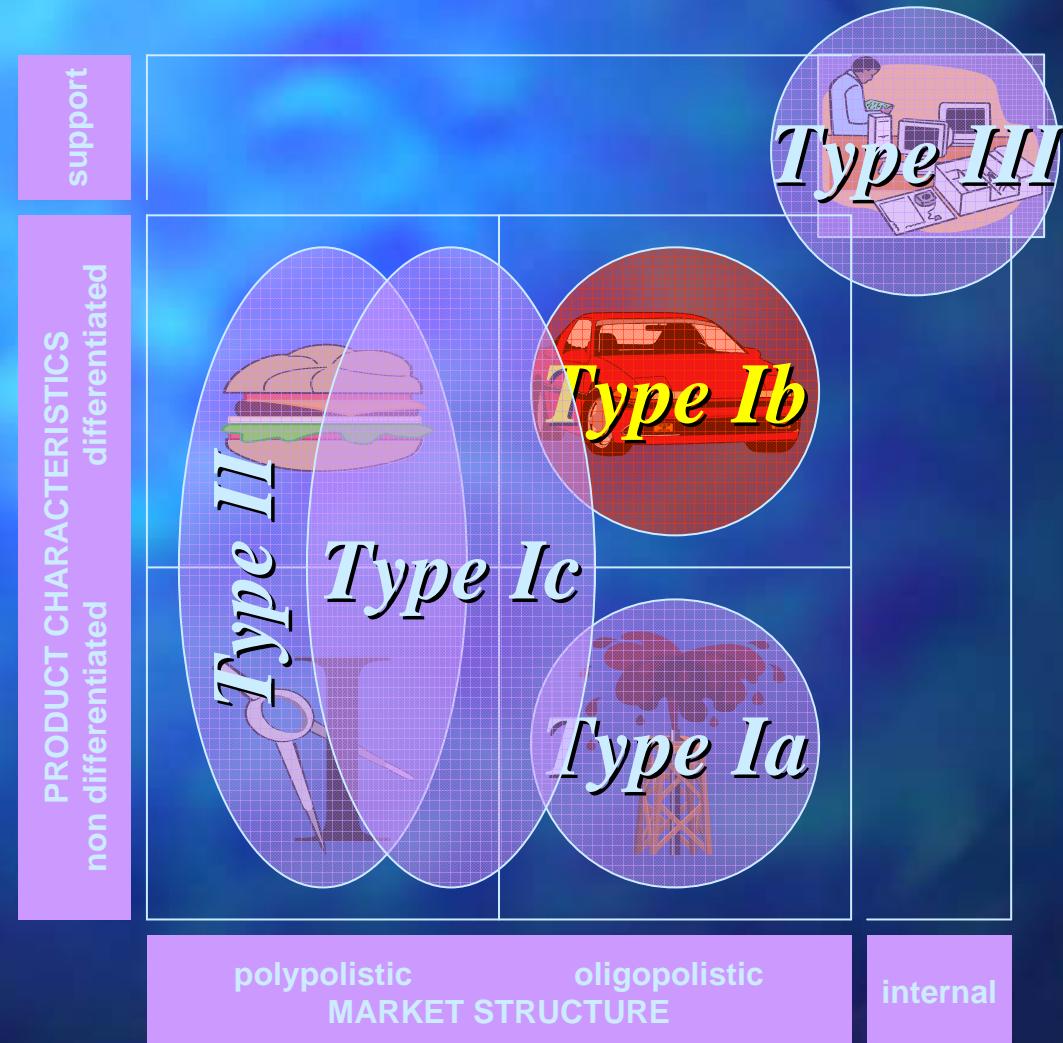
## ***Type 1a: globalization of commodities***

$$t_{od,r} = f\left(V_d(a_i, \frac{p_s}{p_r}), P_o(p_r), p_r, \left(\frac{V_d}{P_o}\right)\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

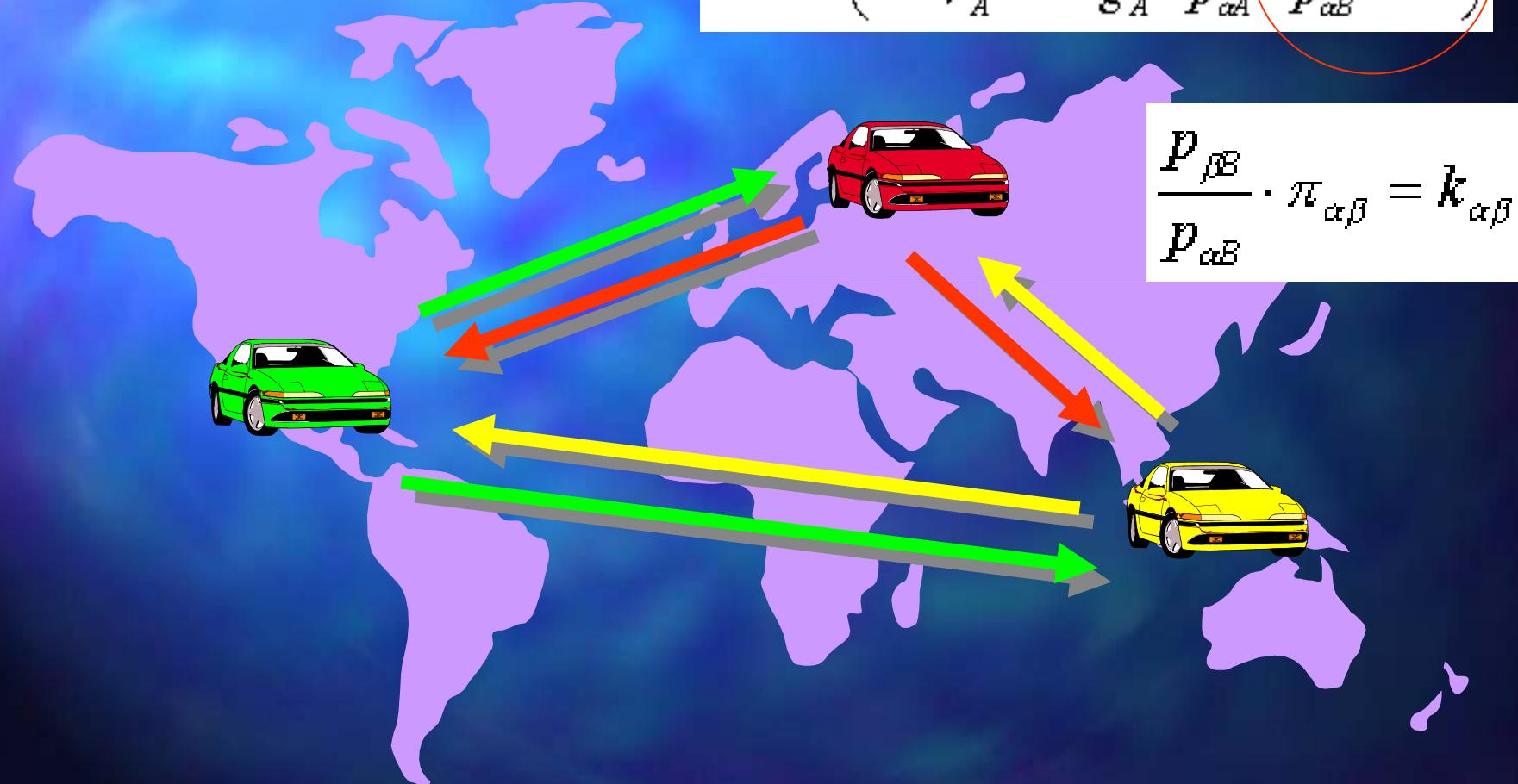
## ***Type 1b: globalization of specialties***



# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 1b: globalization of specialties***

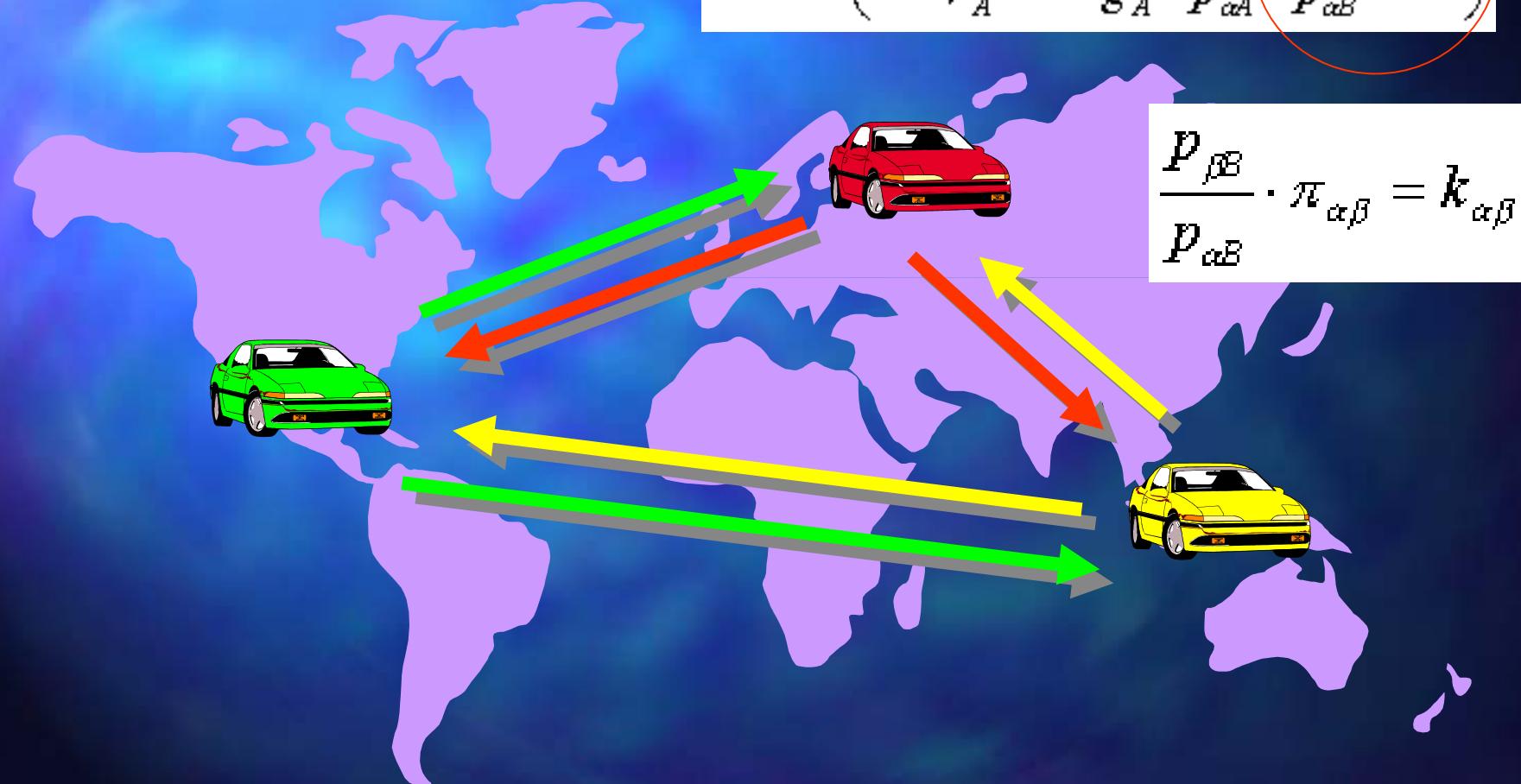
$$t_{AB} = f\left(V_B, \frac{1}{V_A}, g_B, \frac{1}{g_A}, \frac{P_{\alpha B}}{P_{\alpha A}}, \frac{P_{\beta B}}{P_{\alpha B}}, \pi_{\alpha \beta}\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

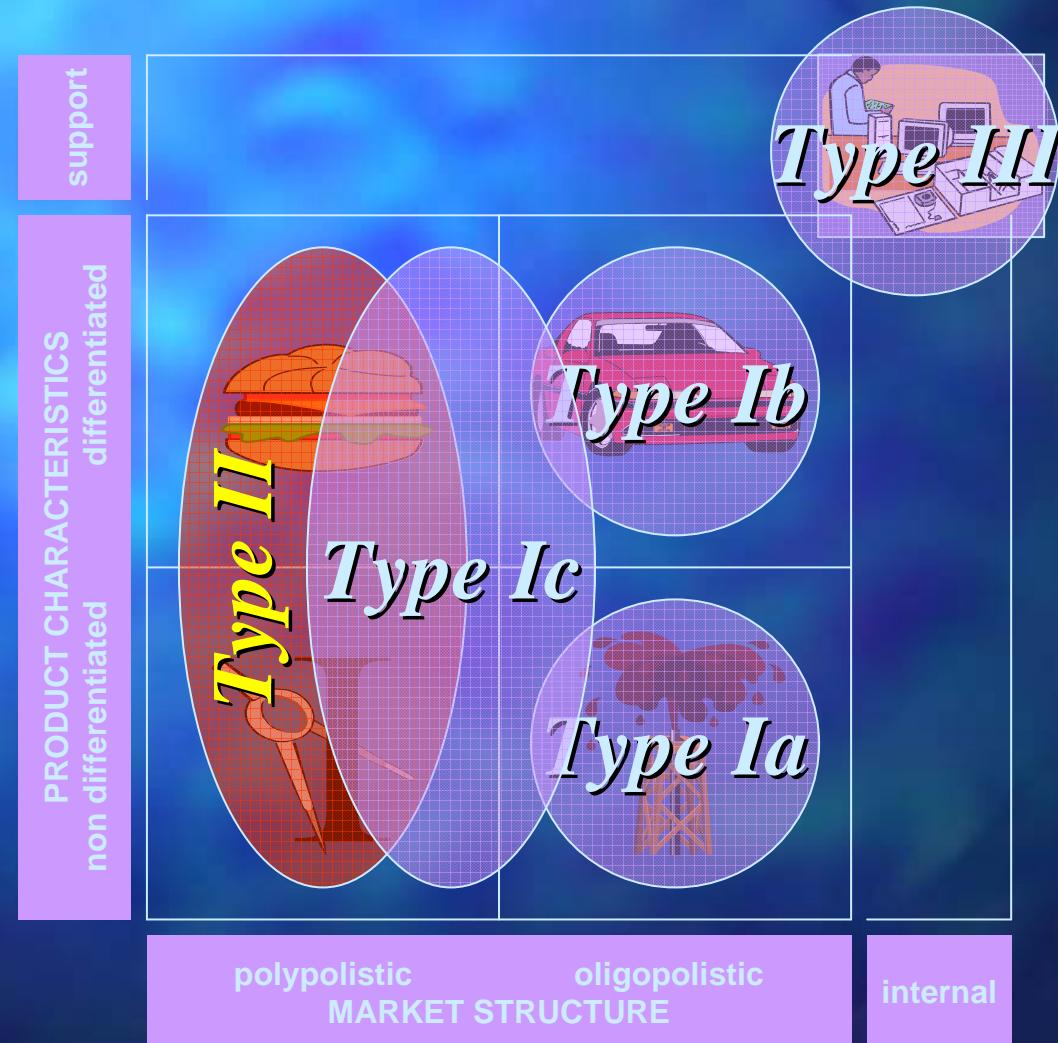
## ***Type 1b: globalization of specialties***

$$t_{AB} = f\left(V_B, \frac{1}{V_A}, g_B, \frac{1}{g_A}, \frac{P_{\alpha B}}{P_{\alpha A}}, \frac{P_{\beta B}}{P_{\alpha B}}, \pi_{\alpha \beta}\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 2: financial globalization***



# ***Modeling the Intrinsic Nature of Globalization***

**Type 2: financial globalization**

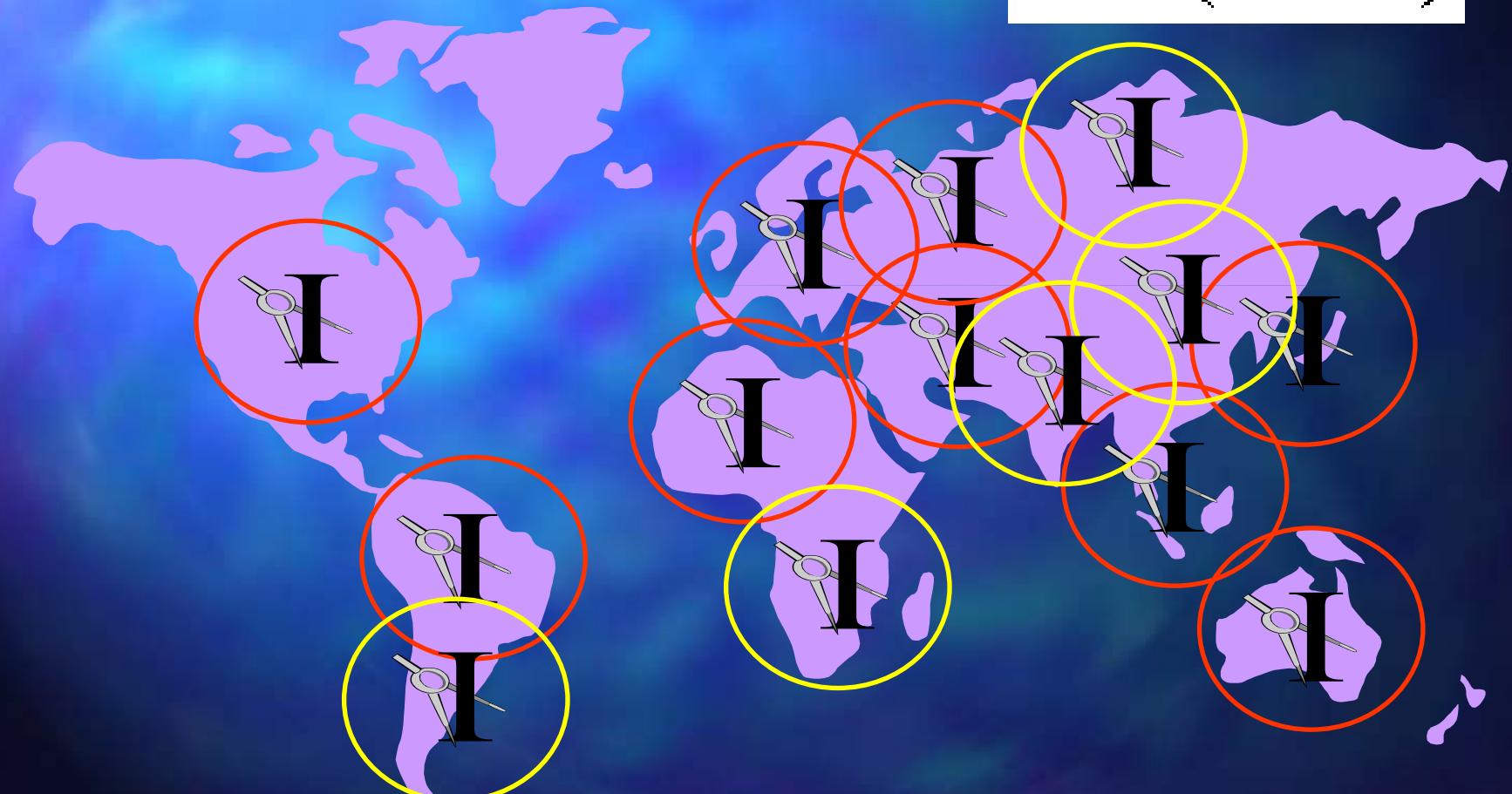
$$N = f\left(\frac{\lambda}{\omega}, \pi, D\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

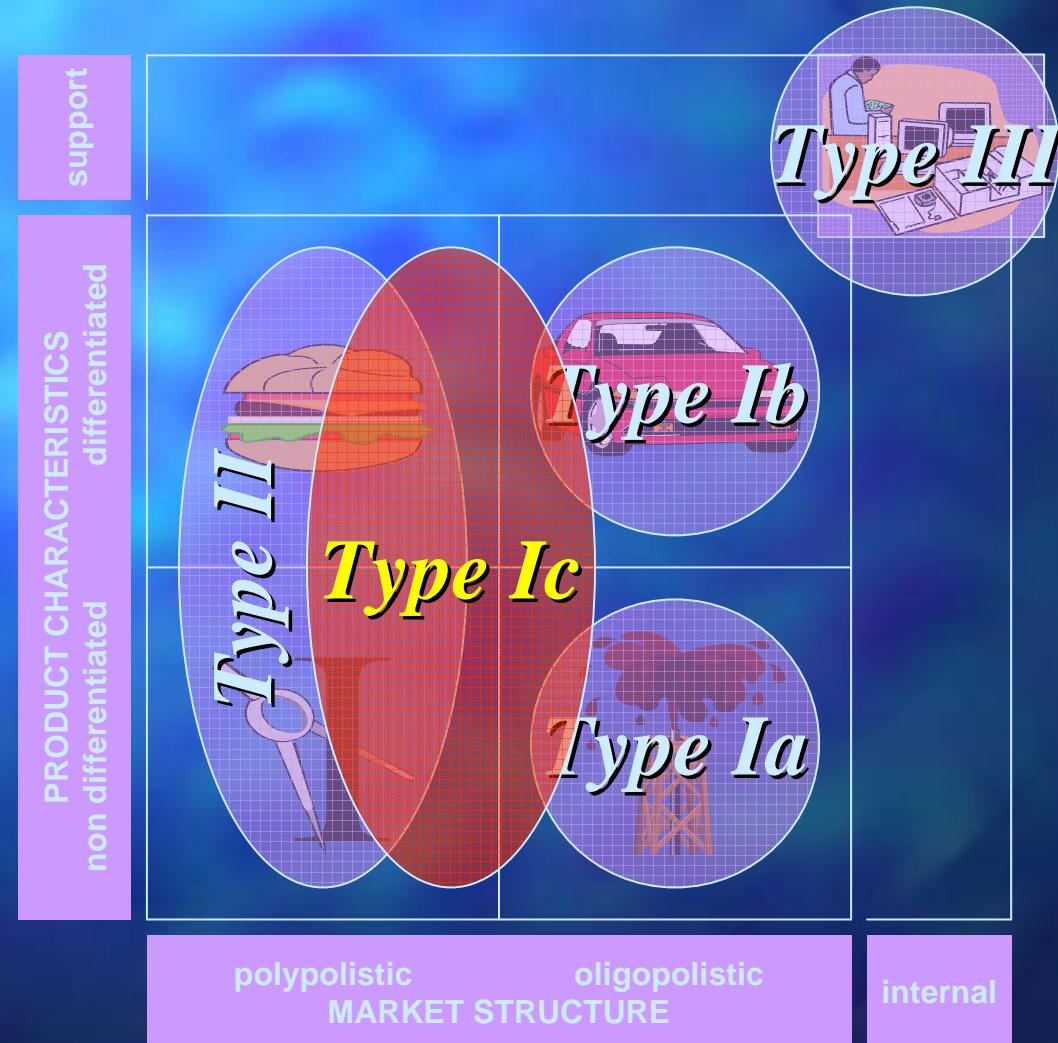
## ***Type 2: financial globalization***

$$N = f\left(\frac{\lambda}{\omega}, \pi, D\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

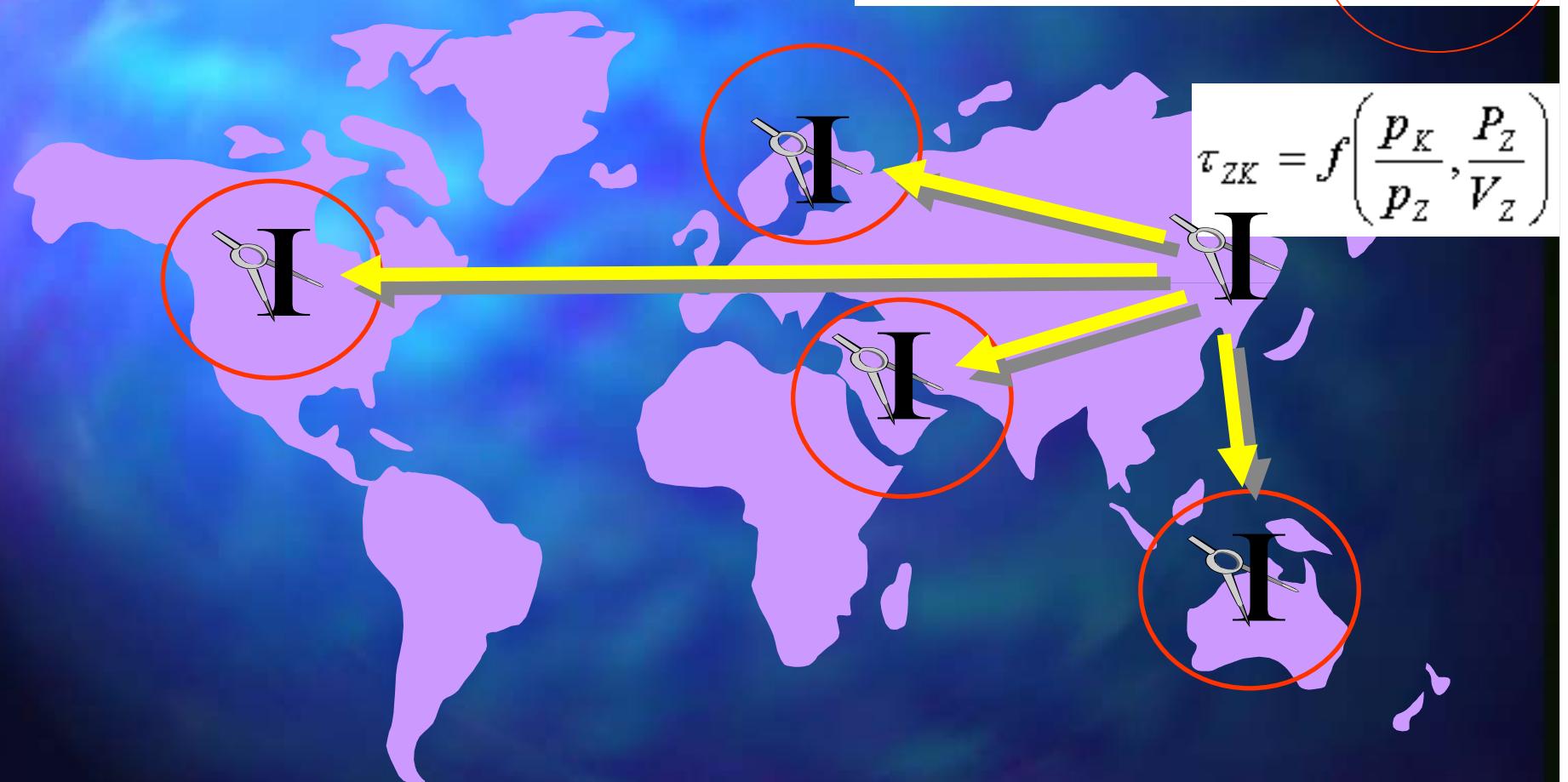
## ***Type 1c: opportunistic globalization***



# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 1c: opportunistic globalization***

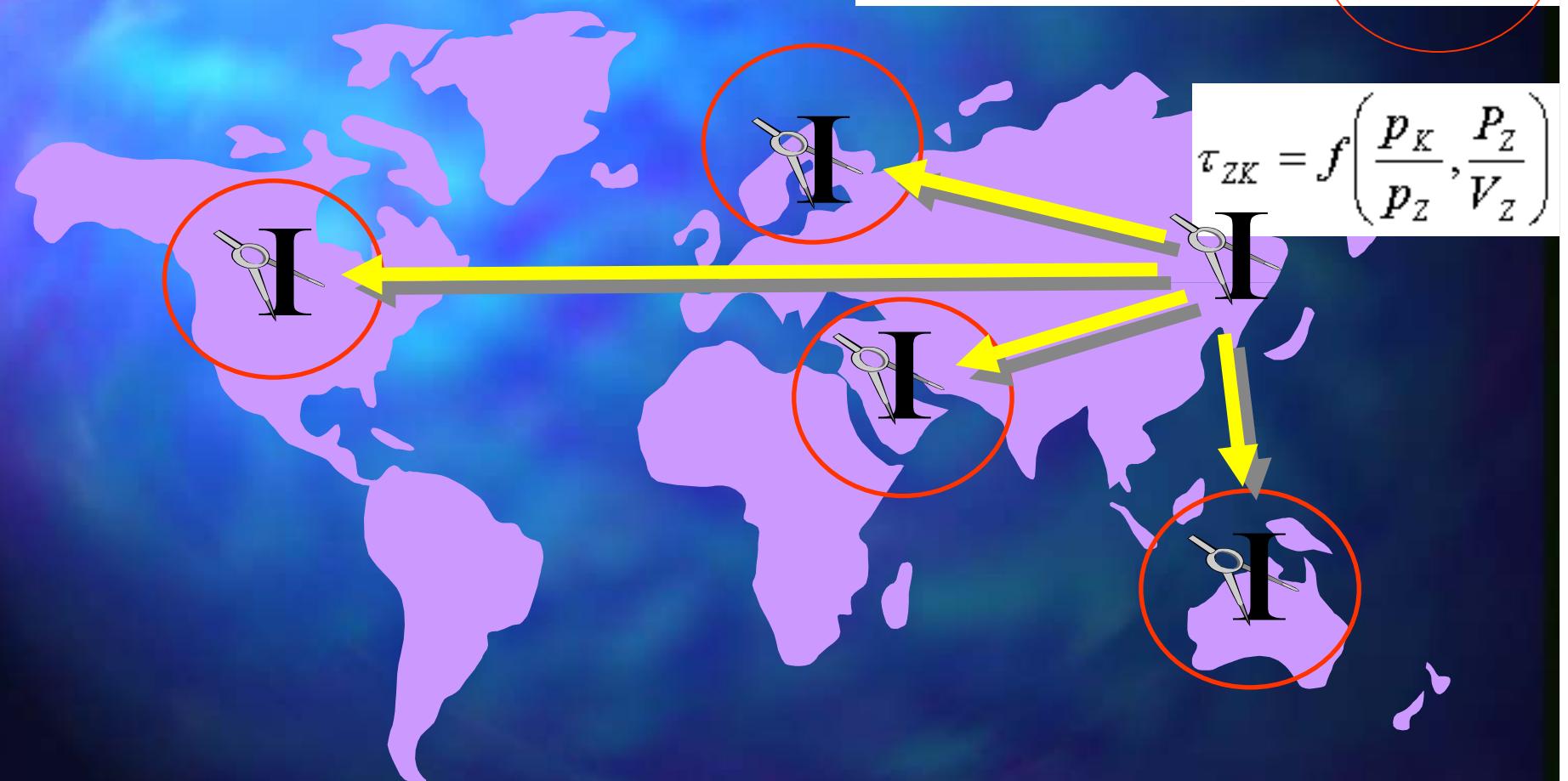
$$t_{ZK} = t\left(V_K, \Delta p_{ZK}, s_{ZK}, \frac{P_K}{p_Z}, \frac{P_Z}{V_Z}\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 1c: opportunistic globalization***

$$t_{ZK} = t\left(V_K, \Delta p_{ZK}, s_{ZK}, \frac{P_K}{p_Z}, \frac{P_Z}{V_Z}\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

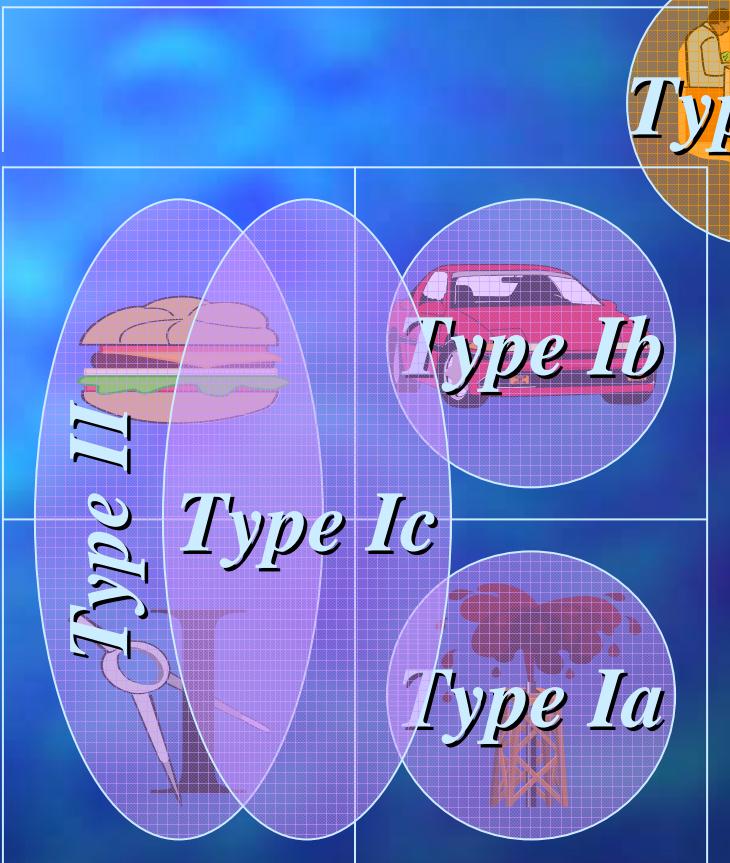
***Type 3 within the context of the other globalization types***

**Type 3:**

***service type G.  
(human factor)***

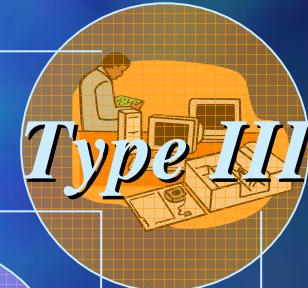
PRODUCT CHARACTERISTICS  
non differentiated

support



polypolistic      oligopolistic  
MARKET STRUCTURE

internal

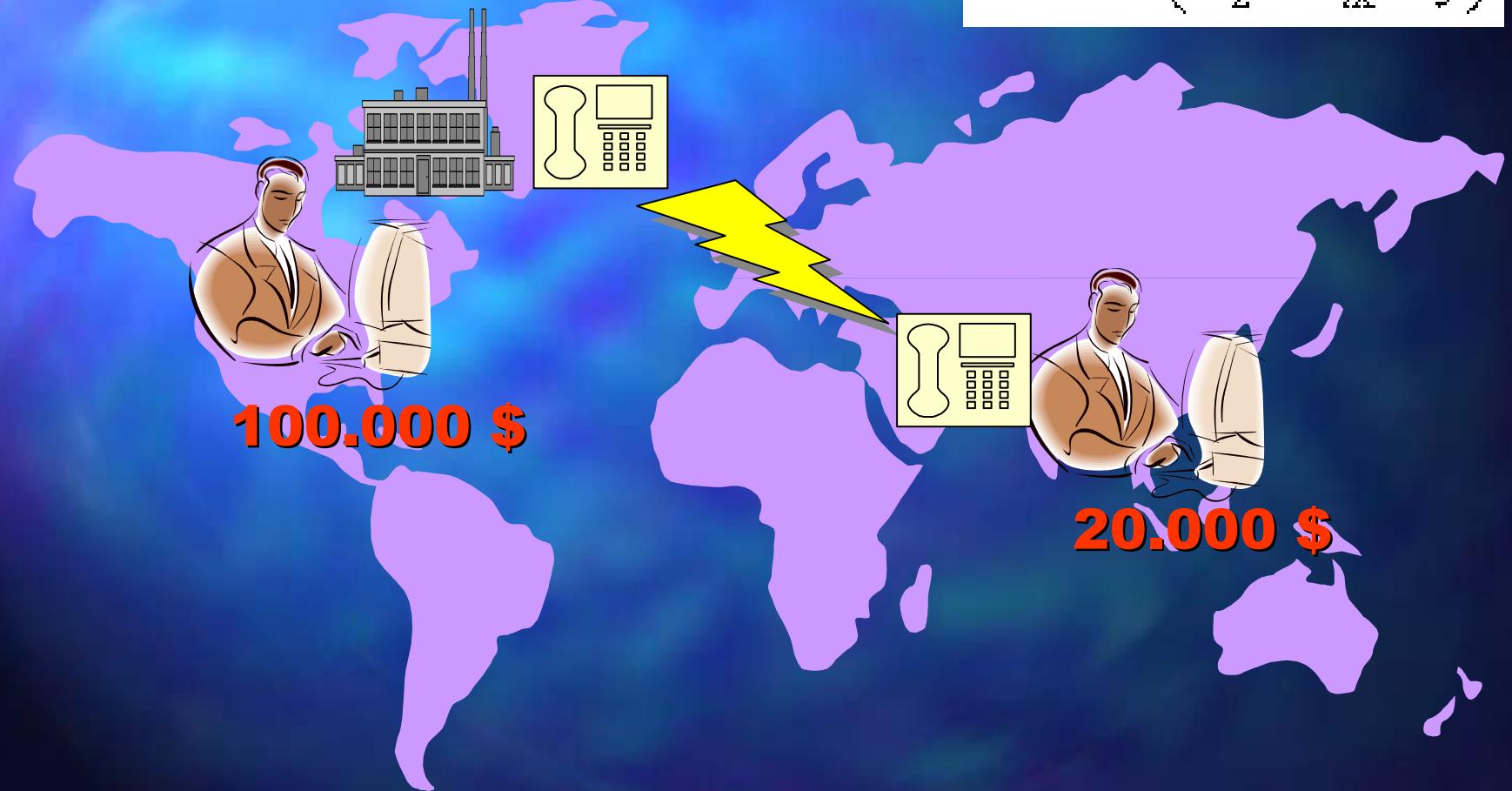


**Type III**

# ***Modeling the Intrinsic Nature of Globalization***

## ***Type 3: human factor globalization***

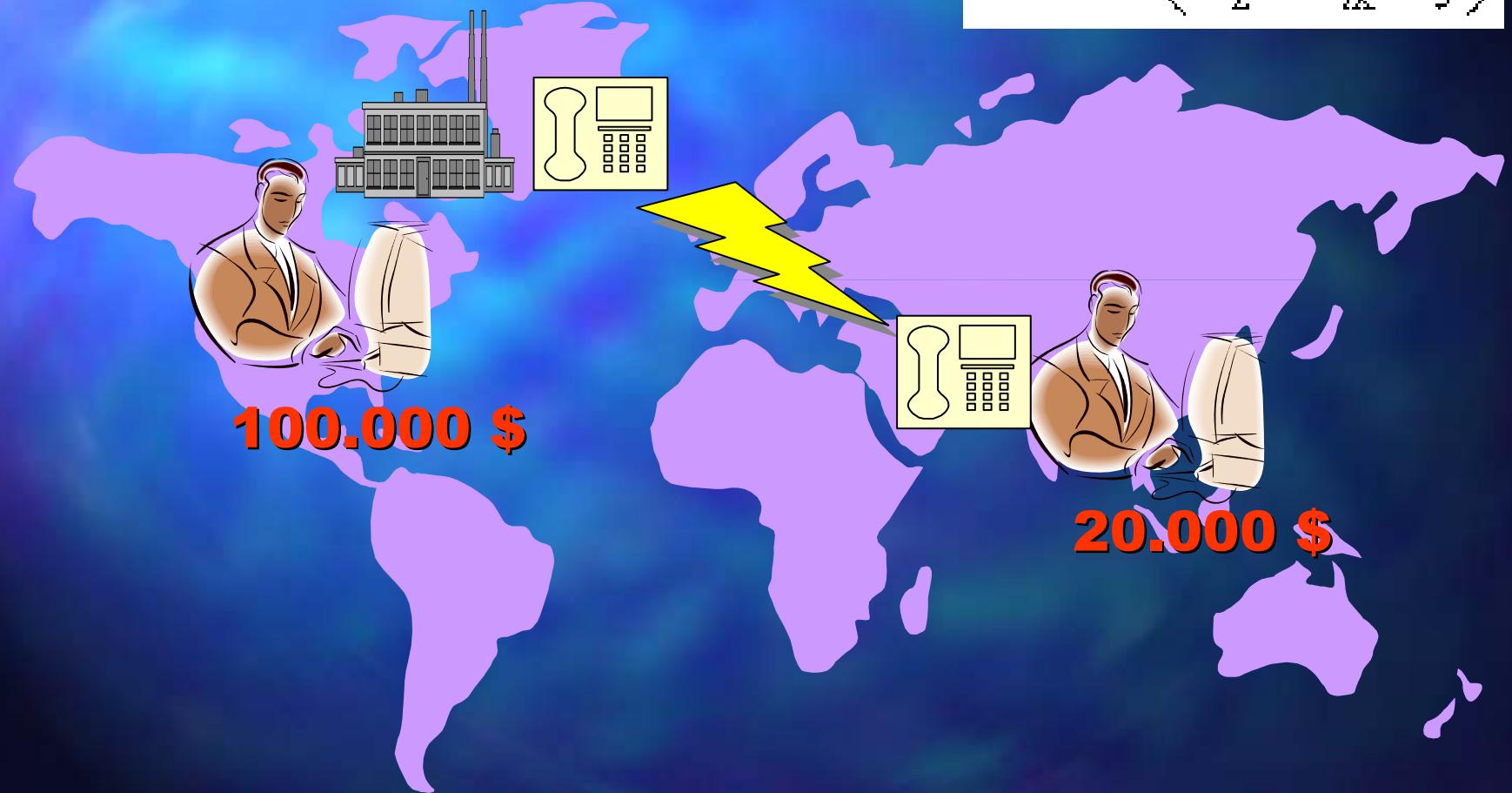
$$N_{Si} = f\left(\frac{L_K}{L_Z}, \frac{\sigma_{iZ}}{\sigma_{ik}}, \frac{1}{\xi}\right)$$



# ***Modeling the Intrinsic Nature of Globalization***

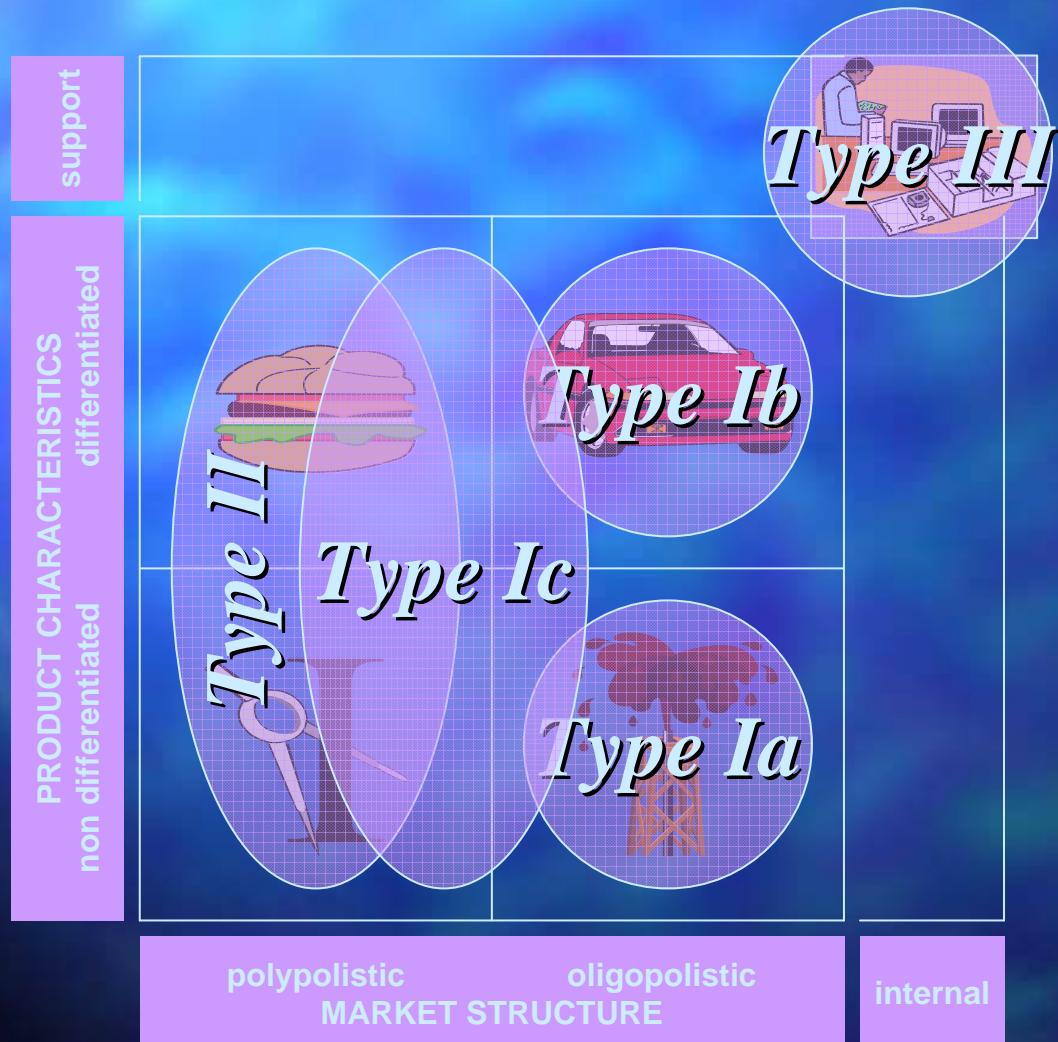
## ***Type 3: human factor globalization***

$$N_{Si} = f\left(\frac{L_K}{L_Z}, \frac{\sigma_{iZ}}{\sigma_{ik}}, \frac{1}{\xi}\right)$$



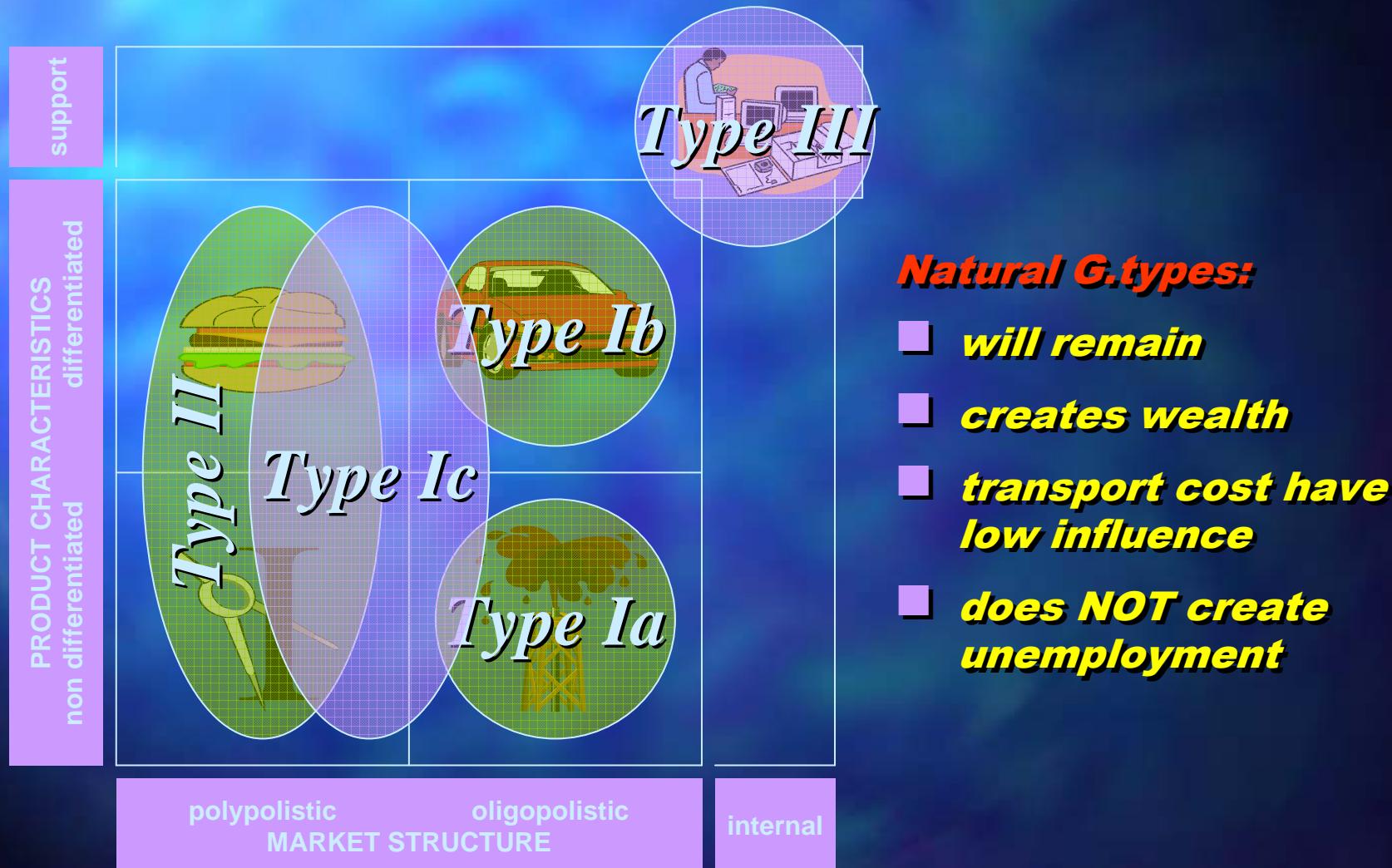
# **Globalization and Unemployment**

**Globalization is not equal to globalization**



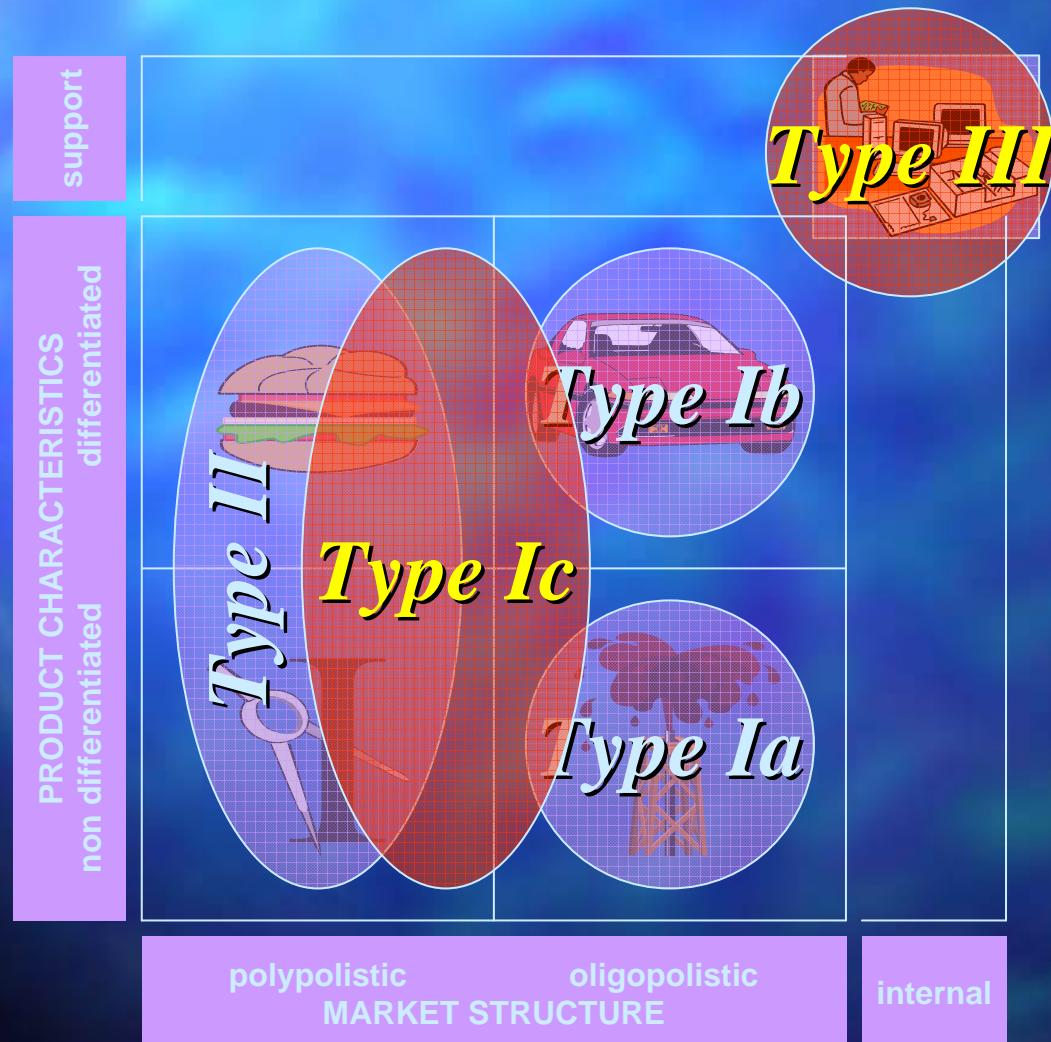
# **Globalization and Unemployment**

## **The Natural Types of Globalization**



# **Globalization and Unemployment**

## **The Transient Types of Globalization**



### **Transient G.types:**

- **temporary, as long as cost advantages exist (transport, wage)**
- **will harm local economy**
- **direct cause of unemployment**

# **Modelling Economic Globalization**

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## **Conclusions**

- ***Globalization is not equal to globalization***
- ***Different types of globalization existing***
- ***Each type is governed by its rational***
- ***Unemployment depends from globalization type***

# **Modeling Economic Globalization**

**A Post-Neoclassic View on Foreign Trade and Competition**

Bruno G. Rüttimann

## **Modeling Economic Globalization**

A Post-Neoclassic View on Foreign Trade and Competition

