Welcome to the second session of Managing Across Borders. In session one, we spent some time looking at what globalization isn't. It isn't complete. It's semi-globalized. And tried to explore why it might be important to recognize that fact.

In session two, we're going to shift from talking about what globalization isn't, to what globalization is, and in particular we're going to be looking at the structure of the cross-border flows that do take place. And what they might have to tell us about the globalization of business.

I'm standing in Times Square, which is the number one landmark destination for tourists in the world. Last year New York City received more than 50 million visitors, making it the most touristed city in the world. Out of those 50 million, 40 million actually passed through Times Square, if only to say that they had been here. And drilling down one level further, when we look at those 40 million visitors, turns out that four-fifths of them were from within the United States. This reinforces the broad point about semi-globalization. The notion that, when we look at things that could either happen within national borders or across national borders, the cross-bordered component is still quite limited. In the case of Times Square, and in the case of world tourism, in general, about a fifth of total tourist flows are accounted for by cross-border tourists. As opposed to domestic tourists.

But, Times Square does more than just remind us of the reality of semi-globalization. It also provides some insight into the structure of the international interactions that do take place. So, when we look at the foreign visitors to Times Square. The two countries that were the leading sources of those visitors, were the UK and Canada. Think for a moment about why the UK and Canada might be in that position, for one thing they're both mostly English-speaking countries. So that simplifies travel.

Secondly, more broadly from a cultural standpoint, they're part of the so-called Anglosphere, which again, makes it more comfortable for people from one of those countries to visit the United States. Geographically, the UK and Canada are relatively close to very close, which cuts down on transportation costs and transportation times.

And so it's not too surprising perhaps, that the two leading sources of visitors to Times Square, the two leading foreign sources, were the UK and Canada. This is more than just a story about tourism, it turns out. When we look at other kinds of international flows. Whether we're talking about trade flows, capital flows, or information flows. The UK and Canada again rank amongst the top five partners of the United States, and so the UK and Canada and their intense interactions with the United States. Are one illustration of what I call the law of distance, the notion that the international interactions that do take place are disproportionately concentrated amongst countries that are close to each other culturally, administratively, geographically, and economically. And go back and think about how all these points apply to the UK and Canada when juxtaposed against the United States.

So the basic picture of the world that we're going to elaborate in this module is a world that isn't flat, not even a world that's primarily spiky. But a world in which distance matters a great deal, and international interactions drop off sharply the farther one moves away culturally, administratively, geographically, or economically from one's starting point.

Our little tour around Times Square, in that sense, both recaps where we've been, and where we're going. As you'll recall, the bulk of the tourists in Times Square are from the United States. And when we focus just on the foreign tourists, the two leading nationalities of origin are Canada, which is right next door. And the UK, which is geographically a little bit farther away but with which the US does enjoy cultural and administrative links in particular around the English language, colonial history, etc.