

BENEFITS AND COSTS OF GLOBALIZATION

Dumitru FILIPEANU¹

1. Lecturer, PhD, Pneumology Hospital Iasi
Corresponding author: filipeanu@hotmail.com

Abstract

Global problems of humanity tend to become a priority on the agenda of world leaders. In the absence of an immediate and efficient action, there is a risk of jeopardizing the future for all. Therefore, the discussion on the impact of globalization is of an utmost importance two main trends coming on the foreground.. On the one hand, there are the realists, who argue that, although all industries and sectors of public life are affected, the real competition among states is not affected. The idealists are of a different opinion as they believe that globalization is the final phase of development of an international system. This is why the state ceases to be the main actor of the system, the fore-state actors become the focus of attention.

Key words: defenders of globalization, globalization, globalism, global government

The fall of communism in Europe, the collapse of the Soviet Union and the end of the Cold War did not lead to the "end of history", to quote the words of Fukuyama. Mankind is facing new and complex problems, so that an event which actually happened in Africa, for example, comes to trouble the whole world today. Besides the political challenges at the turn of the millennium, such as the Gulf War, Yugoslavia's violent collapse or the fall of Saddam Hussein, a new type of threat is everyone's concern. For example, terrorism is seen differently after the attacks on the World Trade Center in New York, Madrid and London. Without doubt, one should not find only the negative aspects of evolution. For example, the fall of communism in Europe led to the restoration of unity of the old continent. The gates of N.A.T.O. and of the European Union were wide opened, the Maastricht Treaty, signed on 7 February 1992, having a decisive role. With effect from 1 January 1999, the single currency, the euro, was used, a significant step towards a great European common market.

Critics of globalization take into consideration the destruction of specific elements and

traditions in favor of products that they consider surrogates. Hence numerous violent demonstrations were organized on the occasion of major meetings of the main heads of state.

Globalization paradigms differ, naturally, from a school of thought to another. Thus, the realistic point of view argues that globalization is equivalent to the militarization of the international system and to the establishment of the political control model abroad. Instead, supporters of liberalism identify globalization with multilateralism and with the reality of global interdependence. Finally, globalists believe that this is a normal result of the development of the world capitalist system and that we have here a manifestation of the universal social laws.

Globalization has a number of features of which we retain only two:

- the growing interdependence of the actors in the international system, which affect their sovereignty;
- increasingly complex global dynamics

The consequences of globalization are multiple and complex. It is a process that can lead to an increased role of supranational institutions and, as a final goal, to create a single global society. As a result, we emphasize only a few aspects:

- diminishing the state's capacity of intervention in the national economy;
- the number of states that might influence development policies is reduced drastically. For example, among the top 50 global economic corporations, 33 are in the United States of America;
- the role of nongovernmental organizations will increase, they will provide a global network that would bring forward the preoccupations of state and intergovernmental institutions;

- globalized computerization will help activists in their fight against transnational terrorist organizations.

Globalization is related to several aspects:

- institutional;
- cultural
- economic;
- social
- environmental;
- geographical;
- security;
- historical.

Also, the technique suffers deep mutations, which are particularly visible in two directions:

- developing a global telecommunication infrastructure using the Internet, satellites, optical fibers or mobile telephony;
- increasing the number of standards which are globally applicable.

Globalization is also visible in various contemporary domains. We can mention:

- international trade development on a political and cultural level;
- the spread of multiculturalism;
- the development of international tourism;
- increased immigration, including the illegal immigration
- dissemination of local consumer products to other countries;
- global coverage of popular culture phenomena like Pokemon;
- global coverage of sports events like Olympic Games or football World Cup
- training and developing a set of universal values

We talk today about **global governing** as a global system of management, logical resultant of the interaction of national, multilateral and supranational institutions facing the global challenges. Experts have identified four major types of possible global governing, namely:

- supranational global governing or supranational organization;
- global market governing;
- global social movement;
- sub-statal global governing- we are talking about sub-national units engaged in cooperation

Of course, other problems, many of them really serious, are the concern humanity. For example, solving daily food supply in the underdeveloped areas, the fact that some people are still starving at the third millennium is an anomaly in a modern society. Then, the control of world population growth is more and more of a concern. If China has taken measures to limit the increase in births since 1981, it is not the case in other areas, such as India, so that only in the decade of 1981-1991 the world population increased by one billion. Hence, of course, the problem of the management of the planet's resources, including the underground resources. Especially oil, natural gas and coal, which are limited, raise the question of identifying alternative and unconventional energy sources.

Limiting human influence in general on climate and ecosystems tend to be a preoccupation of an utmost importance. After the danger signals concerning the perforation of the ozone layer, there followed that of global warming. Profound climatic changes are already noticed, Romania being itself the target of a transition to a different climate. The question is whether man, through the available technology, may delay the occurrence of these phenomena before they become irreversible.

Also, the widespread exploitation of atomic energy leads to the increasing risk of disasters. It happened on 26 April 1986, at the Soviet Chernobyl plant, and the moment proved that in case of such accidents, there are no state borders and therefore such a problem cannot be the concern for just one state.

Global problems of humanity tend to become a priority on the agenda of world leaders. In the absence of an immediate and efficient action, there is a risk of jeopardizing the future for all. Therefore, the discussion on the impact of globalization is of an utmost importance two main trends coming on the foreground.. On the one hand, there are the realists, who argue that, although all industries and sectors of public life are affected, the real competition among states is not affected. The idealists are of a different opinion as they believe that globalization is the final phase of development of an international

system. This is why the state ceases to be the main actor of the system, the fore-state actors become the focus of attention.

It is true that we cannot ignore any possible negative aspects of globalization. They may arise from:

- development of separatism;
- human rights violations at the state level;
- lack of political activism and participation in developed countries
- alienation of the supranational organizations from their members, spreading of un-democratic procedures and lack of political responsibility;
- economic and social disparities as a result of border policy, clashes between people's interests and those of trusts;
- lack of professionalism, responsibility and democratic control over non-governmental organizations;
- monopolization of certain domains of the world politics by non-governmental organizations.

Therefore, one should not wonder that obstacles in the way of progress and development of society may occur, paradoxically, as a result of globalization. Here are, for example, only a few of them:

- extreme uniformity and standardization of economic, social and cultural aspects of life;
- increase of universalism that mimic the health of pluralism and of cultural diversity;
- development of nationalism and separatism as a reaction to globalization, perceived as a threat;
- the irregular nature of the goals of globalization, due to the gap between developed and underdeveloped countries;
- growing destabilization of the global economic, social, political, security and environment system.

Undoubtedly, the phenomenon called globalization is a reality increasingly difficult to dispute, in which trade in goods, services, capital and information have become more numerous and ever more comprehensive, multinational

companies and strategic alliances between companies from various countries have increased, both in number and in size. However, we cannot deny that the whole world is not, "homogeneous, egalitarian, prosperous and communitarian", and this stage will not be reached soon. But, at the same time, we cannot ignore the beneficial effects the process has on the economic and social life.

Defenders of globalization say that it has contributed to the prosperity of the world economy offering, by opening markets, the possibility of providing and marketing a wider range of economic goods, greater opportunities for attracting capital and for technology exchanges. It is no accident that in the postwar period, one of the engines of contemporary economic globalization, trade, had the most dynamic increase, outpacing the rate of gross domestic product and industrial and agricultural production on a planetary scale.

The English Professor John Dunning, an optimist regarding the phenomenon under discussion, consider it to be a completely different qualitative stage compared to the earlier stages of internationalization. The changes caused by globalization in the world economy, he claims, are radically different from those in the past and being, at the same time, a great promise for the future. As a result of changes in production technologies, conditions have been created for the transfer of an incredible amount of productive assets into other states and for goods and services to be available for people.

Other supporters of globalization have noted that it has contributed to reducing unemployment and poverty as a result of increasing the interdependence of markets, which involves an impressive exchange of ideas and knowledge, fostered technical progress - another driving force for globalization - changed the prospect of economic life and our way of thinking and acting. Globalization is beneficial to the global free competition, competition which liberated entrepreneurial and creative talents and accelerated technological innovations." At the same time, it "provides a

degree of individual freedom that no state can guarantee”

Unfortunately, many authors and some official reports conclude that the balance turns harder “for” the shortcomings caused by globalization, rather than for its benefits. And surprisingly, the views that condemn this process are much more numerous than those who support it.

Globalization is often held responsible for the negative aspects, such as the increase of unemployment and poverty, the increase of inequalities - both domestic and global - the expansion of migratory flows from poor to rich countries, reduced social protection, environmental degradation and downfall of social values, changes in the role of the state and the negative aspects caused by poor internal governing.

Strong expansion of FDI flows was made by the owners of capital by seeking the most attractive opportunities for its placement. Investments and jobs moving abroad, because production costs are too high in their home countries (developed countries and developing countries), globalization is contributing to rising unemployment in the developed countries. Due to the fact that the hosts of these flows are usually all industrialized countries, the poor ones remain on the ‘periphery’, and this leads to the widening of inequality in the world.

Over the last thirty years, “inequality has become twice as large”: a percentage of 2.3% of the 20% of the world’s poorest peoples of the world declined to 1.4%, while the richest 20% have seen an increase in the world product from 70% to 85%. “The distance between the upper 20% and lower 20% has gone from 30 / 1 to 61 / 1.” Indeed, technical progress and trade liberalization have led to increased unemployment and lower wages for unqualified labor, in developed countries, but, especially, in the developing and transition countries.

Among the most vehement critics of globalization is David C. Korten, who, in his work translated into Romanian as “*Corporatiile conduc lumea*” (“Corporations rule the world”), rejects such judgments as: “consumerism is the

way to happiness, the government imposed restrictions on market excesses are the cause of our unhappiness “and “the economic globalization is both an inevitable historical process and an advantage for the human species. “ “All these are myths” - writes the author - and globalization makes economic boundaries no longer coincide with the political ones, and governments lose their authority.

A widespread opinion among experts is that the one to blame for all the negative aspects is not globalization, but **globalism**. While globalization, regarded as an objective phenomenon, boosts the economic growth, stimulates the spread of technology and increases the living standards, globalism deletes the specific differences, erodes the national sovereignty, distorts and levels culture and traditions, causes environmental degradation and threatens the social stability. The conclusion is that globalization is not the one to blame, it is the globalism that must be fought against. “The brutality of globalization”, is considered to be a result not of how to understand this process, but of the way in which it has is done.

We can identify the following important implications that globalization has on the global economy: the economic progress of the countries in the world cannot be imagined without their participation in the international economic relationships; globalization helps to spread at the global level, the cyclical changes occurring in a certain part of the world, as both positive events and destabilizing shocks; globalization stimulates global competition, innovation and efficiency; globalization increases the importance of multilateral regulations for the economical relations and the role of the institutions active in the field; globalization causes an increased risk of marginalization of the states at the “periphery” as a result of the difficulties encountered by them to join and participate actively and effectively in the world economic circuit.

Many supporters of globalization come with solutions designed to eliminate, or at least reduce its negative effects. They put emphasis on sustainable development, creation of

universal institutions, which, by regulations and responsibilities for the global economy, to act in the interests of all, and even to create a global social contract or laws and global governing .

It is also the opinion to be found in "Human Development Report 1999: globalization with a human face" which recommends, for an equitable distribution of benefits created by this phenomenon, "reforms within the institutions of global governing that would ensure greater equity; new regional approaches for collective actions; national and local policies to capture the global opportunities and to involve them more equitably to achieve human progress." Regarding the role of the state in the globalized economy, their views differ ranging from reducing or minimizing its freedom of action, to replacing its old functions with new ones, according to the new supra-territorial order.

However, Y. A. Scholte writes, it is not about an uncontrolled globalism, globalization has not touched every person, place or industry, or every individual to the same extent; this phenomenon is not linear and irreversible, even though, in many cases, it seems to have a terrible power; globalization is not the foundation or the main engine of contemporary history; the territory, place and distance have not lost their significance, and states and geopolitical boundaries have not declined in importance; not everyone has equal access and equal benefits to transterritorial space; globalization does not lead to homogenization and loss of cultural differences and it does not signals the birth of a world community where complete peace prevails. In fact, the author writes, "in connection with each of these issues many times the opposite was the rule."

It is worth noting that the debates on

globalization, both the favorable and the critical ones, consider the phenomenon as already present. It is not important who wins and who loses from this dispute, but to acquire the knowledge regarding all aspects - positive and negative - involved in this process, in order to put to good use the benefits and involve the wealth produced to reduce inequities and other shortcomings, generated by the new qualitative stage of the global economy - globalization. In this respect, Scholte argues, "knowledge is power, and intellectual constructions regarding globalization lead to the knowledge of its direction of evolution."

References

1. N. Belli, *Globalization in contemporary economic thought* (Journal of Economic Affairs, Center of Economical Information and Documentation, Bucharest, 2002), 14.
2. Clipa RI, *Globalization: Implications for Management* (Ed. SEDCOM LIBRIS, Ia^oi, 2008).
3. JH Dunning, *Globalization, Economic Restructuring and Development* (The Sixth Lecture Act, Palais des Nation, on the occasion of the thirtieth anniversary of UNCTAD, 29 April 1994), 18.
4. Korten CD, *Corporations Rule the World* (Publisher HEADER, Oradea, 1997), 22, 111.
5. Malița M., *Ten Thousand Cultures, One Civilization. Towards the geomodernity of the XXI Century* (Nemira Publishing, Bucharest, 2001), 113.
6. Postelnicu Gh, Postelnicu C., *Globalization of the Economy* (Economic Publishing House, Bucharest, 2000), 281.
7. Ramonet I., *Brutality of Globalization*, the World Magazin, no. 1 / 2000, 32
8. YA Scholte, "Beyond the Buzzword: Towards a Critical Theory of Globalization", in Kofman, Eleonore, Youngs, G., *Globalization: Theory and Practice* (Printer, London, 1996), 46.
9. G. Soros, *On Globalization* (Polirom, Iasi, 2002), 25.