APPRAOCHES AND CONTROVERSIES OF THE CONCEPT OF GLOBALIZATION. THE POSSIBLE EFFECTS OF GLOBALIZATION

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Globalization is a complex phenomenon, often debated in the literature, around which numerous controversies have formed, in time. The purpose of this article is the analysis of the globalization process in its essential aspects. The study begins by defining the concept and continues with an analysis of for and against opinions on globalization and this phenomenon’s effects, both positive as well as negative.

Keywords: globalization, hyperglobalists, transformationalists, skeptics, globalization effects

1. Introduction

Globalization is the most often debated contemporary subject due to the complexity of this phenomenon and its impact on all human activity.

The first attempts at defining the concept of globalization appeared in the seventh decade of the last century. The term appeared for the first time in a dictionary in 1961 (Webster’s Third New International Dictionary of the English Language Unabridged, 1961) and spread extremely quickly. Thus, nowadays there is almost no study or economic paper which discusses various subjects related to the world economy without touching upon the problematic of globalization, and, as Giddens (1999) mentioned, no political speech is complete without containing the mention of globalization. The generalization of the use of the term “globalization”, in all fields, is a consequence of the fact that it implies a major change, which necessitates a new term to define a new reality, in which problems are transposed from a national spectrum to the global one, with a need for solutions that are more global than national.

As such, it is considered that “globalization refers to the multiplication of links and interconnections between states and societies that are currently part of the world system, describing the process through which events, decisions and activities undertaken in one part of the world have significant consequences for individuals and communities situated great distances away from each other. Globalization has two distinct features: sphere of activity and intensity”. (McGrew and Lewis, 1993, p. 23).

Attempts at defining the process of globalization have raised problems even from its early stages. Specialists as well as the public at large have failed to reach concurrence with regards to the identification of a single definition, globalization being a complex phenomenon.

The literature presents numerous definitions of the term “globalization”, the most significant being the following:

- Globalization represents the process through which the geographic distance becomes a less and less important factor in the establishing and developing of cross-border economic, political and socio-cultural relations. Networks of relationships and dependencies gain an increasing potential to become international and global (Popescu et al., 2004, p. 20).

- Globalization can be perceived as a process (or set of processes) which illustrate a transformation in the special organization of networks and social transactions – analyzed in terms of their extent, intensity, velocity and impact – generating transcontinental or interregional flux and networks of activity, interaction and exercise of power (Held et al., 2004, p. 40).

- Globalization is the new world economic and political order, as a multidimensional and correlative system in which coherence is given by global governance (Marin, 2004, p. 79).
• The globalization is the process of functionalizing the world economy, which, under the framework of the global society, becomes apt to create global decision networks for resolving global issues (Held et al., 2004, p. 81).

Even though defining the process of globalization has created certain controversies, it is universally recognized that (see Bari, 2005, p. 33) "globalization is a reality, and any country that thoroughly prepares its future is forced to interact with it. Not adapting to the new environment of globalization means not only a lost opportunity but also the risk to lose positions and market sectors already gained".

An important aspect to which states and international institutions should devote maximum attention is the way in which this phenomenon is managed, in order to diminish or avoid possible negative effects.

2. Opinions for and against globalization.

Debates on globalization include both approaches that argue the unquestioned existence and manifestation of this phenomenon, as well as others which hold that, in essence, globalization is nothing more than a "myth", vehemently contesting this process. The different perspectives on globalization have led to the outlining of three schools of thought, identified by David Held (London School of Economics and Political Science, UK), Anthony McGrew (University of Southampton), David Goldblatt (Open University) and Jonathan Perraton (Sheffield University) in their paper (see Held et al., 2004, p. 26-34) as being: hyperglobalists, skeptics and transformationalists. The divergence of opinions is natural, being a result of the complexity of this phenomenon.

Hyperglobalists consider globalization as being the contemporary process that marks the passage to a new historical era, in which "the traditional nation-states have become non-natural, even impossible, business units in a global economy" (Ohmae, 1995, p. 5). They also consider that the globalization of economics has been realized, and therefore national governments have become simple intermediaries of global capital, "simple transmission belts" as David Held, Anthony McGrew, David Goldblatt and Jonathan Perraton call them, and global governance mechanisms are playing an increasingly important role. At the same time, hyperglobalists such as Kenichi Ohmae (see Ohmae, 1995), Walter Wriston (see Wriston, 1992), Jean Marie Guehenno (see Guehenno, 1995) define globalization as a new step in the history of mankind, in which peoples are more and more subordinated to the impressive forces of global markets, the state's authority over society and economy being on a downward slope and power is eroded and exercised more likely at a sub- and supranational scale.

From a different perspective, hyperglobalists hold that globalization is, first and foremost, "an economic phenomenon, and the needs of global capital impose upon governments a neoliberal economic discipline, such that politics no longer represents the art of the possible but more likely the practice of wise economic management. Economic globalization generates a new pattern of winners and losers in the global economy. The old North-South division is considered increasingly anachronistic, as a new global division of labor replaces the traditional center-periphery structure with a much more complex architecture of economic power" (Held et al., 2004 p. 27-28). In this context, they consider the existence of the possibility of a new problem to appear, which would force the governments of different states to take into account and administer, or find solutions to the consequences of globalization from a social point of view, or, as (Ohmae, 1995 p. 64) mentioned, to take into account that those "who stay behind want, not as much a chance to get ahead, but also to hold others behind".

In the hyperglobalist vision, the disappearance of the nation state is foreshadowed, as a result of the rise of the global economy and the appearance of global governing institutions, thus, economic and political power could become de-nationalized.

Hyperglobalists see globalization from two perspectives: liberal (as the path to the first truly global civilization) and radical (as the path to the first global market civilization), but regardless of these two points of view, the hyperglobalist thesis (see Albrow, 1995, p. 85) considers globalization as the reorganizing of the "framework of human activity".

On the opposite spectrum, skeptics, represented by Paul Hirst and Grahame Thompson, as well as Robert Gilpin, in their studies (see Hirst and Thompson, 2002; Gilpin, 1987) deny the existence of any kind of globalization. Starting from the analysis of global level economic flux (trade, investments and workforce), based on 19th century statistical data, they have reached the conclusion that "contemporary levels of interdependence are not nearly without historical precedent, and that
historical data confirms, at best, only increased levels of internationalization, meaning interactions between mostly national economies” (Held et al., 2004, p. 30).

The supposed global economy is considered by them an unfounded invention, which would allow an approach to the phenomenon, exclusively economic. The world economy, in this view, is fractured in three distinct blocks: Europe, Asia-Pacific, North America; a single, unique global market not considered as being the case. It is held that most trade, investments and financial flux are concentrated in the Europe-Japan-North America triad, and this domination, from their point of view, does not appear to cease any time soon. At the same time, skeptics consider that the large global companies are actually strongly rooted in their mother countries, their policies dutifully respecting the interstate relational logistic; truly "transnational companies are relatively rare. Most companies are national ventures which trade internationally, holding a national location, important for actives, production and sales; such that we cannot identify a visible development trend of true international companies” (see Hirst and Thompon, 2002, p. 17-18).

Skeptics agree that certain changes have occurred which have affected the governing capabilities of the state, and certain avenues of action have had their force significantly diminished, but even under these conditions, the nation-state plays a crucial role both on a national as well as international level, holding dominion over borders and the movement of its people. Therefore, as mentioned in certain studies (Held et al., 2004, p. 29-30), skeptics have the tendency to ignore the presumption that internationalization forecasts the appearance of less state-centric new world order. Far from considering that national governments become immobilized because of international imperatives, they draw attention to their increasingly obvious centrality in the regulating and active promoting of cross-border economic activity. Governments are not passive victims of internationalization, but, on the contrary, their main architects, remaining the pillars without which economic liberalization could not even be continued. Thus, it is considered that the globalization phenomenon could not and will not influence the main activity of sovereign states.

The transformationalists, such as Manuel Castells (see Castells, 1996), Jan Aart Scholte (see Scholte, 1993), Anthony Giddens (see Giddens, 1990), hold that the force responsible for profound, historically unprecedented changes in societies, governing institutions and world order is globalization. In their view, the direction of this transformation remains uncertain, globalization being considered a long-term, contradictory phenomenon, marked by conjecture. Compared to skeptics and hyperglobalists, transformationalists do not make projections of the future evolution of the globalization process, being reserved from this point of view. Even so, they are convinced that the economic, financial, technological, military, political and cultural flux is previously unseen in history.

In their perspective, transformationalists consider that globalization produces new models of global resettlement, some societies becoming more and more integrated in the new global order; while others will remain at the periphery. The essence of the transformationalist thesis is the belief that “contemporary globalization builds or redesigns the power, function and authority of national governments. Even though it does not contest the fact that states still keep their legal, fundamental right to actual supremacy over what goes on in their territory, transformationalists argue that this is juxtaposed, in different degrees, over the expanding jurisdiction of international governing institutions, as well as the constraints and obligations derived from international law” (Held et al., 2004, p. 32).

As opposed to hyperglobalists, the transformationalist thesis considers that globalization does not imply the disappearance of the nation-state, in certain regards the state become more active, its role increases, even more than before, and, as certain authors mention (Roseneau, 1997, p. 78-99), power is restructured in new directions, with new functions, some never seen before, as an answer to the increasing complexity of governing policies in a world more intensely interconnected. Thus, a new type of sovereignty is born, along with the appearance of strong new forms of non-territorial organization of economic and political activity on a global scale, and, in the new world order, national economic activity is no longer overlapped with national territorial limits, production and finance have global dimensions.

As a consequence, globalization is an irreversible reality which leaves its strong footprint on the global society, which suffers a wave of transformations, following which state power and world politics find new dimensions. Also, globalization refers not only, or not primarily, to economic independence, but to the transformation of the time and space in which we live (Giddens, 2001, p. 48).

Therefore, the three main schools of thought have, largely, differing opinions. However, all their opinions converge towards the idea that the degree of interdependence has risen to an unprecedented level, and mankind is going through an era of global change.
Globalization is considered as being a fundamental change of the world in which we live, a process which implies radical changes in all fields, profoundly affecting the mentalities and the courses of actions of peoples in general, and of individuals in particular.

Regarding the effects of globalization on a state, one can say that they are both positive and negative, and, as certain studies mention (Stanescu, 2009, p. 54) globalization is “a process with an exclusively variable geometry, it brings opportunities, but also risks and tensions, it is not a paradise-state and does not constitute, in and of itself, a panacea generating wellbeing, fairness and tolerance, removing all evils”, and the effects produced are different due to the local conditions of every state, the term “think globally, act locally” being viable (Grzbowski, 1995).

The debates over the positive or negative impact of this phenomenon have polemical accents, the arguments favoring the benefits of globalization being countered by the ones according to which globalization has profound negative consequences.

Even though many famous economists claim strongly that an international financial system which is not fully regulated represents a serious threat to the stability of the world economy, the advocates of globalization believe that this promises prosperity and a better international cooperation, and from their point of view, no obstacle should obstruct the four liberties (goods, services, capital and people). On the other hand, critics of globalization foresee a totally different world, considering that the expansion of commerce, external investment and financial flux can have an unfavorable impact on states, and implicitly, on the world economy. According to certain opinion polls, it seems that half of Americans consider that globalization leads to the reduction of salaries, unemployment and other detrimental phenomena, and Europeans are even more skeptical vis-à-vis world economic integration and in many industrialized countries popular opinion is just as hostile (Gilpin, 2004, p. 219).

The defining elements of the globalization process are integration and liberalization of markets, the elimination of barriers from the path of free trade, from that of circulation of goods, services, capital, people and information. Thus, these very traits of globalization are considered one of the positive effects that can be benefited from. The free circulation of goods, persons and services, the appearance of new technologies and the development of existing ones stimulates the economic growth of various states and intensifies competition; the latter having as a consequence the increase in quality, or the reduction in price of different products and services. New border policies appear, characterized by the reduction or elimination of taxes.

Certain countries or areas, where raw materials are found, as well as cheap labor, will experience an economic revival, as a consequence of the focus of external investors which look to decrease production costs and maximize profits.

The free flow of labor also represents an advantage of globalization, since people, if not able to find a place to work in their native country, have opportunities in other states. Globalization also produces competition on the labor market, thus raising the efficiency of employees.

Cooperation between nations has led to an intense exchange of ideas and knowledge necessary for increasing the degree of state enrichment. Due to globalization, the degree of poverty will be decreased; the developing states which integrate more easily in this global system will have significant economic growth, as mentioned in an annual report of the World Bank (World Bank Report, 1995, p. 2) “the integration of developing countries in the global economy is the most important opportunity to raise wellbeing in the long term”.

Globalization, therefore, brings multiple benefits to the economies of the world but also has its negative sides. Certain studies show that it can have “beneficial effects, by facilitating the access of underdeveloped countries to high performance technologies and management, ensuring overall, an increased economic efficiency, lower costs, more products and better services for consumers, emboldening trade and production, new market opportunities. But globalization is also accompanied by an increased power of multinational corporations, of monetary market and international institutions manipulation, as well as the reduction of the influence of governments, of national factors, structures and democratic instruments” (Bari, 2005, p. 31).

Some authors consider globalization as “being artificially sustained, precisely by those who benefit from it and less by those who registered losses, or were simply marginalized. The latters recognize that globalization represents, in many ways, a new phenomenon, but which functions under old rules. Because of this fact, we would not be dealing with a new economy, but with a casino economy, in which an enormous amount of money is engaged in speculative operations. Following this logic, some adopt an ever harsher tone and consider that we are dealing with a corporate imperialism focused on poorer countries and the poor in rich countries” (Popescu et al., 2004, p.374).

Globalization, in the opinion of some other researchers, brings with it prosperity, but also much inequality, accentuating the difference between rich and poor countries, the most affected being the developing ones. Thus “in parallel with technological improvements which have revolutionized
many fields of activity, such as communication and information, flow of capital, goods and people, etc., globalization brought with it the increase of inequality in the distribution of wellbeing, the increasing polarization of wealth and poverty, social exclusion and insecurity. It seems that we are witnessing, thus, a new hierarchic distribution of space, based on possibilities and interest, degree of economic and technological development, regional characteristics and specializations, affinities” (Stanescu, 2009, p. 54-55). Multinational companies place their work units in countries where they have the greatest advantage, which leads to the unequal development of different areas.

The loss of national sovereignty and that of cultural identity are considered two risks derived from the negative consequences of globalization to which the countries integrated in this process are exposed.

As a result of globalization, it is considered that the principle of sovereignty is shaken to its core and not due to objective reasons but due to the arbitrary character so widespread in international relations. The erosion of sovereignty has consequences in the economic spectrum but also in the viability of institutions and social stability. New cultural values brought by globalization come along with the economic system based on irrational consumption in rich countries. Globalization could lead to a single civilization, standardized according to western culture. The global world would be uniformed, and variety would disappear (Bari, 2005, p. 63).

Other authors (Stiglitz, 2008, p. 23) consider that the way in which globalization was managed has significantly diminished the sovereignty of developing countries, and their capacity to make decisions on their own regarding essential issues which affect the wellbeing of their citizens. From this point of view, globalization has subverted democracy. Probably the most important fact is that the economic system imposed on developing countries, imposed categorically in certain cases, is inadequate and often detrimental. Globalization should not mean the Americanization of economic policy or culture, but this often happens, causing resentment.

A different author, David C. Korten, in his work criticizes sharply and with a harsh tone the globalization phenomenon, considering that the advantages of this phenomenon on mankind are, in fact, “myths, propagated in order to justify unbridled greed and mask the way in which the global transformation of human institutions has become a consequence of the complicated, well financed and deliberate interventions of an elite with financial means which give it the possibility to live in a world of illusions, separate from the rest of humanity. These forces are accused to have transformed once benevolent corporations and financial institutions into instruments of a market tyranny which spreads across the entire planet like a cancer colonizing more and more of the living space of the Earth, destroying ways of life, upending people, making democratic institutions powerless and devouring life in an unquenchable search for money” (Korten 1997, p. 22-23).

Since globalization implies an increase in the degree of cooperation, of interferences between different national economies, the propagation of instabilities and appearance of crises happens in the entire world economy, thus increasing the negative effects due to what is called and explained in certain studies (Bari, 2005, p. 552) “the domino effect: the higher the degree of integration and interdependence of components, the more ample the negative effects induced by the appearance of an imbalance, a crisis or unfavorable evolution in one of the participating components of the global integrated system, as well as the destructive effect on the entire system being larger”.

In other words, financial globalization in certain situations has produced what certain authors call a “system risk” at the level of the entire world financial system. Thus, “the systemic crises process implies two steps. First, speculation triggers turbulence, amplified by the new financial instruments. Then, the propagation of the shockwave throughout the entire planetary financial system follows, through contagion effects” (Plibon, 2001, p. 71).

It is also considered that globalization should ensure an integrated strategic vision in all fields, on the basis of which, the global governing program to be established, thus avoiding possible shocks or crises (Stanescu, 2009, p. 54-55), the transmission of which, fully facilitated by globalization, would have a strong negative impact on the world economy.

Globalization brings with it also an expansion of infraction phenomena such as criminality, terrorism, trafficking of arms, drugs, etc., due to the opening of borders and the elimination of commercial barriers, much faster than creating global institutions which would combat these actions.

4. Conclusions

Defining the process of globalization has created certain controversies in the literature, the establishing or identification of a single definition not having been accomplished yet. Largely, it is considered that the phenomenon of globalization refers to a multiplication of relations, ties and dependencies between different countries and societies which make up the world system. Due to this phenomenon, geographic distance is no longer an impediment in the establishment of different
relations at a global level, which makes it possible for events which take place in some regions of the globe to affect far away states and communities.

There are many debates within the literature on the subject of globalization which include both approaches which argue for the existence and certain manifestation of this phenomenon, as well as others which hold that, in essence, globalization is nothing but a “myth”, contesting the existence of this process. Thus, in time, three schools of thought were outlined, identified in some studies as being: hyperglobalists, skeptics and transformationalis. The divergence of opinions is natural, being a result of the complexity of this phenomenon, but beyond all the disparity between the visions, it is obvious that the idea according to which states and societies are going through profound changes, and the degree of interdependence is at a high level, is agreed upon.

The debates about the positive or negative impact of this phenomenon are polemical in nature, the arguments favoring the benefits of globalization being contradicted by those according to which globalization has profound negative outcomes. The defining elements of the process of globalization are the integration of liberalization of markets, the elimination of barriers on free trade, the circulation of goods, services, capital, people and information. Thus, these very traits of globalization are considered some of the positive effects from which to benefit.

Globalization thus brings multiple benefits for the economies of the world, but it considered as having its negative sides, among which: the diminishing of the influence of governments, the loss of national sovereignty, the increase in power and supremacy of multinational companies, the propagation of instabilities and crises, the increase of inequality. Developing countries seem to have the most to suffer. Globalization also brings with the expansion of infraction phenomena such as criminality, terrorism, arms and drug trafficking, etc., due to the opening of borders and the elimination of commercial barriers much faster than the creation of global institutions to combat them.

Through the intensifying of links and interconnections at the world level, globalization has generated a fundamental change of the world we live in. An important aspect, to which states and international institutions should devote full attention, is the way in which this phenomenon is managed, as much as possible, in order to diminish or avoid possible negative effects.

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