

Table of contents

Argument.....	3
Précis	4
1. What is globalization?.....	5
2. Benefits of globalization.....	8
3. Problems of globalization.....	9
4. Balancing the scales.....	10
Bibliography.....	11

Argument

“ The process enabling financial and investment markets to operate internationally, largely as a result of deregulation and improved communications” is globalization in Collins’s opinion.

Globalisation, the unavoidable process which the world entered , is affecting everyone of us in different ways, sometimes right, other times not so right. So, I have chosen this subject to reveal the importance that it has upon us in every day of our life.

Globalisation can be seen as a positive, negative or even marginal process. And regardless of whether it works for good or ill, globalisation's exact meaning will continue to be the subject of debate among those who oppose, support or simply observe it.

Ultimately , my intention is to draw a parallel between globalisation’s costs and benefits centring round the issue of balancing this scales.

PRÉCIS

The first chapter refers to general meaning of globalization and its spreading areas with the influences that occur in every specific sector.

In the second and third chapter I choose to present the pro-globalisation's facts, respectively the anti-globalisation forms and problems that came along with this globalised world.

The last chapter, the fourth one, is presenting a balanced globalization which we hope to have.

1. WHAT IS GLOBALISATION?

There are many different definitions of globalisation, but most acknowledge the greater movement of people, goods, capital and ideas due to increased economic integration which in turn is propelled by increased trade and investment. It is like moving towards living in a borderless world.

There has always been a sharing of goods, services, knowledge and cultures between people and countries, but in recent years improved technologies and a reduction of barriers means the speed of exchange is much faster. Globalisation provides opportunities and challenges. Bigger markets can mean bigger profits which leads to greater wealth for investing in development and reducing poverty in many countries. Weak domestic policies, institutions and infrastructure and trade barriers can restrict a country's ability to take advantages of the changes. Each country makes decisions and policies that position them to maximise the benefits and minimise the challenges presented by globalisation.

The issues and perceived effects of globalisation excite strong feelings, tempting people to regard it in terms of black and white, when in fact globalisation is an extremely complex web of many things.

Globalization refers to increasing global connectivity, integration and interdependence in the [economic](#), [social](#), [technological](#), [cultural](#), [political](#), and [ecological](#) spheres. Globalization is an umbrella term and is perhaps best understood as a unitary process inclusive of many sub-processes (such as enhanced economic interdependence, increased cultural influence, rapid advances of [information technology](#), and novel governance and geopolitical challenges) that are increasingly binding people and the [biosphere](#) more tightly into one global system.

There are several definitions and all usually mention the increasing connectivity of economies and ways of life across the world. The Encyclopedia Britannica says that globalization is the "process by which the experience of everyday life ... is becoming standardized around the world." While some scholars and observers of globalization stress convergence of patterns of production and consumption and a resulting homogenization of culture, others stress that globalization has the potential to take many diverse forms.

In economics, globalization is the convergence of prices, products, wages, rates of interest and profits towards developed country norms. Globalization of the economy depends on the role of human [migration](#), international [trade](#), movement of [capital](#), and integration of financial [markets](#). The [International Monetary Fund](#) notes the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions, free international capital flows, and more rapid and widespread diffusion of [technology](#). [Theodore Levitt](#) is usually credited with globalization's first use in an economic context.

Globalization has various aspects which affect the world in several different ways such as:

- *Industrial (alias trans nationalization)* - emergence of worldwide production markets and broader access to a range of goods for consumers and companies
- *Financial* - emergence of worldwide financial markets and better access to external financing for corporate, national and subnational borrowers

- *Economic* - realization of a global common market, based on the freedom of exchange of goods and capital.
- *Political* - Political globalization is the creation of a world government which regulates the relationships among nations and guarantees the rights arising from social and economic globalization.
- *Informational* - increase in information flows between geographically remote locations
- *Cultural* - growth of cross-cultural contacts; advent of new categories of consciousness and identities such as *Globalism* - which embodies cultural diffusion, the desire to consume and enjoy foreign products and ideas, adopt new technology and practices, and participate in a "world culture".
- *Ecological* - the advent of global environmental challenges that can not be solved without international cooperation, such as [climate change](#), cross-boundary water and air pollution, over-fishing of the ocean, and the spread of invasive species.
- *Social* - the achievement of free circulation by people of all nations.
- Greater international cultural exchange,
 - Spreading of [multiculturalism](#), and better individual access to [cultural diversity](#) (e.g. through the export of [Hollywood](#) and [Bollywood](#) movies). However, the imported culture can easily supplant the local culture, causing reduction in diversity through hybridization or even [assimilation](#). The most prominent form of this is [Westernization](#), but [Sinicization](#) of cultures has taken place over most of Asia for many centuries.
 - Greater international [travel](#) and [tourism](#)
 - Greater [immigration](#), including [illegal immigration](#)
 - Spread of local consumer products (e.g. food) to other countries (often adapted to their culture)
 - World-wide fads and pop culture such as [Pokémon](#), [Sudoku](#), [Numa Numa](#), [Origami](#), [Idol series](#), [YouTube](#), [Facebook](#), and [MySpace](#).
 - World-wide sporting events such as [FIFA World Cup](#) and the [Olympic Games](#).
 - Formation or development of a set of [universal values](#)
- Technical/legal
 - Development of a [global telecommunications infrastructure](#) and greater transborder data flow, using such technologies as the [Internet](#), [communication satellites](#), [submarine fiber optic cable](#), and [wireless telephones](#)
 - Increase in the number of standards applied globally; e.g. [copyright laws](#), [patents](#) and world trade agreements.
 - The push by many advocates for an [international criminal court](#) and [international justice movements](#).

Since World War II, barriers to international trade have been considerably lowered through international agreements - [General Agreement on Tariffs and Trade](#) (GATT). Particular initiatives carried out as a result of GATT and the [World Trade Organisation](#) (WTO), for which GATT is the foundation, have included:

- Promotion of free trade
 - Reduction or elimination of [tariffs](#); construction of [free trade zones](#) with small or no tariffs
 - Reduced transportation costs, especially from development of [containerization](#) for ocean shipping.
 - Reduction or elimination of [capital controls](#)
 - Reduction, elimination, or harmonization of [subsidies](#) for local businesses
- [Intellectual property](#) restrictions
 - Harmonization of intellectual property laws across the majority of nations, with more restrictions.
 - Supranational recognition of intellectual property restrictions (e.g. [patents](#) granted by [China](#) would be recognized in the United States)

Globalization can also be defined as the internationalization of everything related to different countries [Internationalization however, is a contrasted phenomenon to that of Globalization].

Looking specifically at economic globalization, it can be measured in different ways. These centre around the four main economic flows that characterize globalization:

- Goods and services, e.g. exports plus imports as a proportion of national income or per head of population
- Labor/people, e.g. net migration rates; inward or outward migration flows, weighted by population
- Capital, e.g. inward or outward direct investment as a proportion of national income or per head of population
- Technology, e.g. international research & development flows; proportion of populations (and rates of change thereof) using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband)

To what extent a nation-state or culture is globalized in a particular year has until most recently been measured employing simple proxies like flows of trade, migration, or foreign direct investment, as described above. A multivariate banjaxed approach to measuring globalization is the recent index calculated by the Swiss [Think tank KOF](#). The index measures the three main dimensions of globalization: economic, social, and political. In addition to three indices measuring these dimensions, an overall index of globalization and sub-indices referring to actual economic flows, economic restrictions, data on personal contact, data on information flows, and data on cultural proximity is calculated. Data are available on a yearly basis for 122 countries. According to the index, the world's most globalized country is [Belgium](#), followed by [Austria](#), [Sweden](#), the [United Kingdom](#) and the [Netherlands](#). The least globalized countries according to the KOF-index are [Haiti](#), [Myanmar](#) the [Central African Republic](#) and [Burundi](#).^[7]

[A.T. Kearney](#) and [Foreign Policy Magazine](#) jointly publish another [Globalization Index](#). According to this index, [Singapore](#), [Ireland](#), [Switzerland](#), the [U.S.](#), the [Netherlands](#), [Canada](#) and [Denmark](#) are the most globalized, while [Egypt](#), [Indonesia](#), [India](#) and [Iran](#) are the least.

2. BENEFITS OF GLOBALISATION:

1) **Economies of countries** that engage well with the international economy have consistently **grown much faster** than those countries that try to protect themselves. Well managed open economies have grown at rates that are on average 2 ½ percentage points higher than the rate of growth in economies closed to the forces of globalization.

2) Countries which have had faster economic growth have then been able to **improve living standards and reduce poverty**. India has cut its poverty rate in half in the past two decades. China has reduced the number of rural poor from 250 million in 1978 to 34 million in 1999. Cheaper imports also make a wider range of products accessible to more people and, through competition, can help promote efficiency and productivity.

3) Improved wealth through the economic gains of globalisation has led to improved access to health care and clean water which has **increased life expectancy**. More than 85 percent of the world's population can expect to live for at least sixty years (that's twice as long as the average life expectancy 100 years ago!)

4) Increased global income and reduced investment barriers have led to an increase in foreign direct investment which has accelerated growth in many countries. In 1975, total foreign direct investment amounted to US\$23 billion while in 2003 it totalled US\$575 billion.

5) Improved environmental awareness and accountability has contributed to **positive environmental outcomes** by encouraging the use of more efficient, less-polluting technologies and facilitating economies' imports of renewable substitutes for use in place of scarce domestic natural resources.

6) The voluntary adoption by global companies of **workplace standards** for their internationalised production facilities in developing countries has made an important contribution to respect for international labour standards. Wages paid by multinationals in middle- and low-income countries are on average 1.8 to 2.0 times the average wages in those countries.

7) **Modern communications** and the global spread of information have contributed to the toppling of undemocratic regimes and a **growth in liberal democracies** around the world.

8) International migration has led to greater recognition of diversity and **respect for cultural identities** which is improving democracy and access to human rights.

3. PROBLEMS OF GLOBALISATION:

1) There are **social and economic costs** to globalisation. Trade liberalisation rewards competitive industries and penalises uncompetitive ones, and it requires participating countries to undertake economic restructuring and reform. While this will bring benefits in the long term, there are dislocation costs to grapple with in the immediate term, and the social costs for those affected are high.

2) Some countries have been unable to take advantage of globalisation and their **standards of living are dropping** further behind the richest countries. The gap in incomes between the 20% of the richest and the poorest countries has grown from 30 to 1 in 1960 to 82 to 1 in 1995.

3) The increasing interdependence of countries in a globalised world makes them **more vulnerable to economic problems** like the Asian financial crisis of the late 1990's.

4) Increased trade and travel have **facilitated the spread of human, animal and plant diseases**, like HIV/AIDS, SARS and bird flu, across borders. The AIDS crisis has reduced life expectancy in some parts of Africa to less than 33 years and delays in addressing the problems, caused by economic pressures, have exacerbated the situation. Globalisation has also enabled the **introduction of cigarettes and tobacco** to developing countries, with **major adverse health and financial costs** associated with that.

5) The **environment has been harmed** as agricultural, forest, mining and fishing industries exploit inadequate environmental codes and corrupt behaviour in developing countries. Agricultural seed companies are destroying the biodiversity of the planet, and depriving subsistence farmers of their livelihood.

6) The major economic powers have a major influence in the institutions of globalisation, like the WTO, and this can **work against the interests of the developing world**. The level of agricultural protection by rich countries has also been estimated to be around five times what they provide in aid to poor countries

7) Globalised competition can force a 'race to the bottom' in wage rates and labour standards. It can also foster a **'brain drain' of skilled workers**, where highly educated and qualified professionals, such as doctors, engineers and IT specialists, migrate to developed countries to benefit from the higher wages and greater career and lifestyle prospects. This creates severe skilled labour shortages in developing countries.

8) Trade liberalisation and **technological improvements** change the economy of a country, **destroying traditional agricultural communities** and allowing cheap imports of manufactured goods. This can lead to unemployment if not carefully managed, as work in the traditional sectors of the economy becomes scarce and people may not have the appropriate skills for the jobs which may be created.

9) **Indigenous and national culture and languages** can be **eroded** by the modern globalised culture.

4. BALANCING THE GLOBALISATION SCALES:

Globalisation is the rapid increase in cross-border economic, social, technological exchange under conditions of capitalism.

Globalisation is not easy and has costs and benefits. There have been examples of poorly managed globalisation (eg when countries opened their economic borders before they had the capacity to respond well) but there are also examples of well managed engagement with the international community.

Globalisation came to be seen as more than simply a way of doing business, or running financial markets - it became a process. From then on the word took on a life of its own. Centuries earlier, in a similar manner, the techniques of industrial manufacturing led to the changes associated with the process of industrialisation, as former country dwellers migrated to the cramped but booming industrial cities to tend the new machines.

Like it or not, globalisation is a reality. Many countries have committed themselves to reducing poverty through the Millennium Development Goals (MDGs) and are cooperating together to work out smart ways to manage globalisation.

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