ADVANTAGES AND DISADVANTAGES OF THE GLOBALIZATION

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Abstract: Globalization is a new term that has found a significant place in people's lifes. By globalization, we mean shedding down the walls of distrust and the barriers of suspicion between countries, to make a bridge where ideas and beliefs can cross the borders. While globalization is seen as a sign of a hopeful future by some, there are others who believe that it can cause tremendous disaster for the world economy. However, the disadvantages of globalization could be reduced if the responsible authorities provide best solution to curb this problems.

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1. INTRODUCTION

International economy is marked by many changes reshaping the fabric of interdependencies fund on which it operates. Information society development and adaptation of economic structures to rapid changes in the world puts virtually all nations in a continuous process of restructuring and transition. There are two main forces, dynamic and interdependent, leading this process: the deepening of globalization of world economy and the emergence and development of regional economic arrangements.

There is no definition of globalization in a universally accepted way.

The reason is that globalization subinclude many complex processes with varying dynamics reaching different areas of a company. It may be a phenomenon, an ideology, strategy, or all together.

Globalization is the term used to describe the changes in the modern society and the world economy resulting from increased international trade, particularly in cultural exchanges. It describes growth through trade and the fall of investment barriers and interdependence between states. In the economic context, reference is common, almost exclusively, the effects of trade and, in particular, trade liberalization or free trade.

IMF defines globalization as "the increase in economic interdependence of countries worldwide through increasing volume and variety of goods and services transactions across borders, international capital flows more freely and faster, but also a wider diffusion technology. "(IMF, World Economic Outlook, May 1997).

Globalization refers to the increasing unification of the world's economic order through reduction of such barriers to international trade as tariffs, export fees and import quotas. The goal is to increase material wealth, goods, and services through an international division of labor by efficiencies catalyzed by international relations, specialization and competition. It describes the process by which regional economies, societies, and cultures have become integrated through communication, transportation, and trade. The term is most closely associated with the term economic globalization: the integration of national economies into the international economy through trade, foreign, direct investement, capital flows, migration, the spread of technology, and military presence.[1]

According to the Oxford English Dictionary, the word "globalization" was first employed in a publication entitled „Towards New Education" in 1930, to denote a holistic view of human experience in education.[2]

The World Bank defines globalization as "Freedom and ability of individuals and firms to initiate voluntary economic transactions with residents of other countries."

The first phase of "modern globalization" began to break down at the beginning of the 20th century, with World War I, but resurfaced after World War II. This resurgence was partly the result of planning by politicians to break down borders hampering trade. Their work led to the Bretton Woods conference, an agreement by the world's leading politicians to lay down the framework for international commerce and finance, and the founding of several international institutions intended to oversee the processes of globalization.

Economic globalization can be measured in different ways. These center around the four main economic flows that characterize globalization:

- Goods and services, e.g., exports plus imports as a proportion of national income
- 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 using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband).

The chaos facing us today derives from the fact that, from technological and economic development (which would not have been possible without the support of European intellectual development, in particular), a large number of human activities are on the horizon scale and great that they transcend national borders, within which sovereign states exercising their right to rule. This phenomenon has been called globalization, a term that conceals more than implying. As human activity extends beyond the nation state rules, legality and rules have become too tight.The new players have had to face the challenge aroused the government monopoly, multinational

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[1] Bhagwati, Jagdish (2004). *In Defense of Globalization*. Oxford, New York: Oxford University Press.

[2] "Globalization". *Oxford English Dictionary Online*. September 2009. Retrieved 5 November 2010.

corporations have emerged, global financial markets, non- government and international criminal organizations and terrorist networks.

2.ECONOMIC GLOBALIZATION

Four issues relate to economic globalization indicates four types of flows across borders, namely:

- Flows of goods / services, eg free trade;
- Flows of people (migration),
- Capital flows
- Flows of technology.

A consequence of economic globalization is the improved relation between the developers of the same industries in different parts of the world (globalization of an industry), and an erosion of national sovereignty over economic sphere.

Among the permanent urgent problems of humanity we can include:

- continue supporting the development of science and making her conquests in the service of improving people's lives;
- food crisis and underdevelopment;
- natural environmental degradation;
- rapid population growth;
- energy and raw materials;
- huge military expenditures;
- assimilation of ocean and cosmic progress and welfare of people
- inflation and fianancial crises – economic and monetary
- uncontrolled expansion of urbanization
- transition to market economies of former communist countries

The globalization for these problems for mankind is based on the uniqueness of the global economy and is related to the fact that occur in some degree in almost all countries, tehnical elements,social – economic, political and environmental policy, is in constant interaction and more powerful, causing the cain propagation effects and require joint efforts to solve them.

The global nature of these problems requires time and space for their approach to be considered in bigger sizes.

Knowledge of these serious problems facing mankind, its causes and effects that determine their direct and propagated in time and space, is essential to design and carry out the strategies and measures of national, regional and global level to enable in the foreseeable future, overcoming the current limitations of production factors in a living enviroment compatible with the natural environment.

The convergent thinking and action will hire people faster and background in this direction, the chances of succes will be greater.

Globalization has the inclination as theory and phenomenon to enlarge this blockage.

3. BENEFITS AND DISADVANTAGES OF THE GLOBALIZATION

Benefits of globalization:

• Global liberalization of capital movements
• Increased free trade nations

• Increased liquidity of capital allowing investors to invest in developed countries to developing countries
• Globalization of international financial markets can create wider access to external funding sources
• Corporations have greater flexibility of operation outside
• Competition keeps prices relatively low, and therefore, inflation is unlikely to occur.
• Mass media and increasing global flow of communications allows transmission of vital information between individuals and corporations around the world
• Greater ease and speed of transport of goods and people
• Reduction of cultural barriers
• Increases in environmental protection in developed countries
• The spread of democratic ideals and greater interdependence among nation-states
• Reduce the risk of war between developed

Disadvantages of globalization:
• Globalization creates the possibility of international financial market wider access to external financing sources. The world economy has become increasingly visible trend deviation of interest rates relatively high, a phenomenon that leads to an increase in financing costs and international banking markets, potentially, to maintain or increase in external indebtedness.
• The tendency of developed countries to use as the main instrument of adjustment, competitive policy by handling exchange rates, is likely to expose developing countries to external effects on the balance of payments unbalanced and finally, in conjugation with internal factors, on the evolution of the exchange rate of currencies
• Increased flow of skilled jobs and skilled non-developed countries to developing countries, corporations while seeking the cheapest labor
• Countries are becoming more addiction to other countries for their needs for goods and services
• The danger of taking over control of media by a handful of corporations that could limit cultural expression
• increase the chance of violent reactions against globalization in an attempt to preserve the national heritage
• Increased risk of diseases being transported unintentionally between nations
• Decreased environmental integrity because polluting corporations take advantage of regulatory rules in developing countries
•The widening economic disparities (258 people currently holds a rich billionaire possessed equal to the 2.5 billion people - nearly half of Earth's population). It also mentions the dangers on the abolition of branches, bankruptcy of banks, destabilizing economic life, including some states
• The spread of a materialistic lifestyle and attitude that sees consumption as the path to prosperity
• Increase the chances of war between countries to fight for resources

3 billion people, half the world population, live on only $ 2 per day. A world where only the ultra rich spend 0.75% of their income to help poor countries is a proof that the World Bank has failed in its mission to eradicate, through globalization, poverty. Surprisingly, following an investigation carried out by World Bank experts among the very poor 60,000 people came to the conclusion that what they advertise is not a priority urgent need of money but to conquer their own dignity.

So the last few decades we see a global internationalization of domestic markets, driven by the rapid evolution of technical progress, especially in information technology, internationalization process that led to the creation of new conditions for economic growth, both nationally and from a global perspective. A while back we would show that this phenomenon is not unique development. What we see is that periods of rapid global economic growth coincide with periods where there is economic phenomena and accelerate the integration of national markets and the rapid spread of technologies, allowing poor countries to move quickly and to get closer, the economic, the rich countries. If we turn 150 years ago we were in the same situation. At that time, barriers to trade in goods and services have been demolished and entire countries or regions have developed as a result of infrastructure construction of railways and shipping. At that time the postal system has developed very rapidly, and the emergence of the telegraph meant a huge step forward for telecommunications.

Today, information technology has replaced the railroads and telegraph, as a symbol of economic progress, but the interaction between financial markets and other segments of the economy plays the same role. Development of capital markets operation was grafted on the revolution manifested in IT. Thanks to these new technologies, capital can be transferred in seconds from one continent to another, we speak as a global capital market, which brings together lenders and borrowers from all over the world, 24 hours a day and where the financial instruments traded have the determinants of international trade and investment.

Force and the role of multinational firms amplification is explained by the possession of competitive advantages generated by technological superiority, and organizational management, access to international markets, including financial resources, better opportunities for making investments and cooperation with states in which they activity.

Economic globalization, in this case reflects the expansion of goods and services markets, monetary and financial market and labor across national borders. In these circumstances the state is appreciated by some national researchers and politicians as too narrow to ensure the development entity normal and balanced. We are witnessing, on the one hand, the increasing globalization of economic relations and on the other hand, the persistence of a political nation state as atomized.

Global economic trends seem to materialize in two prominent ways:

• disappearance of all barriers to international trade in goods, services and financial assets;

• increasing the role of bond market in the process of optimizing the allocation of capital.

Barriers to trade in goods, services and financial assets have been raised gradually over the last decades, leading to an increasing interaction between national economic systems. When referring to globalization, economists understand precisely this continuous interaction and connection. All countries participating in this process have been the dominant tendency of their national markets become more integrated and connected with outside markets.

There are two factors that characterize and model this complex process:

• First, technical innovations have reduced the cost of transport and telecommunications. For example, a study F.M.I. In only 40 years, the cost of communications has fallen by almost 150 times and the cost of a computer has become almost 1,900 times lower. As a direct consequence, information is transmitted in real time and at a very low cost.

• Second, financial crises have become increasingly common. In most cases, they were determined by the speed of input and output flows of capital.

4.CONCLUSIONS

The complexity of modern economies, the high degree of diversification and production needs, the current pace of technical progress, etc., show that no country can not ensure economic and social development without economic exchanges with the outside more intense. In general, the intensity of the need for participation in international trade is directly proportional to the development of a country and its potential inversely proportional to size.

Although some economists believe that a reputable international financial system without regulation is a serious threat to the global economy, almost all specialists and all free market advocates believe that globalization promises a world more prosperous and better international cooperation. They argue that no obstacle should block the free movement of goods, services and capital.

On the other hand, critics of globalization provide a totally different world. They fear that enhancing trade, foreign investment and financial flows produce serious negative consequences for their companies. Many imagine the triumph of ruthless capitalist system, marked by exploitation, domination and inequality growing inside companies and between companies.

In conclusion, globalization is an irreversible reality and any country that thoroughly prepares the future is urged to interfere with it.

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