Globalization and Deglobalization – Costs and Benefits, Winners and Losers

Think globally, act locally;
Think locally, act globally...

Stanisław Flejterski
The University of Szczecin, Poland

Still at the end of the 20th and the beginning of the 21st century it was a common belief that the world had just entered a new civilisational paradigm, completely different from all the previous ones in the history of the mankind. The new paradigm was called ‘globalization’ and although it had never been precisely defined, the term stirred up a very animated dispute: there were fervent enthusiasts and fervent opponents of everything that was as inexactely defined as globalization. Both enthusiasts and opponents agreed what phenomena made globalization up, but the assessment of those phenomena was diametrically different; according to the enthusiasts globalization reduced famine in the world, stimulated development and growth, decreased unemployment, improved the quality of natural environment, created new global democracy and was the only reasonable option for the mankind; and according to the opponents globalization increased famine in the world, made development and growth stop or even diminish, aggravated unemployment, lowered the quality of natural environment, destroyed human solidarity, stimulated corruption and was a path to hell. The impact of globalization and deglobalization on different areas of economy and society is a topic of several discussions and publications.

Keywords: globalization, deglobalization, stakeholders, winners, losers, cost-benefit-analysis.

1. INTRODUCTION

At the end of the 20th century, and also in the years of the first and second decades of the 21st century, globalization became one of the most frequently used words, especially in journalistic and political-economic texts. The world as a global village, global society, global information society, global state, global economy, global finance, global banking, global industry, global network capitalism, global information highway, global competitive capitalism, global currency, global strategy, global consulting, global product, global service, global company, global bank, global financial crisis - these are more important proofs that expressions: globalization, deglobalization and the related ones still belong to the most fashionable and currently used concepts – some say they are abused by many scholars and journalists. The globalization is a multifaceted concept; it encompasses much more than trade openness and movements of capital. The impact of globalization on different aspects of economy and society is still a very hotly debated topic. The key questions on globalization are: What is globalization and when did it start? Who are the players? Why is there global inequality, and is it getting worse? What are the costs and benefits of free trade? What is the role of the Internet and communications technology in globalization? Is globalization shifting power from nation states to undemocratic organizations? How does globalization affect culture? Is it “Americanisation”? What are the environmental impacts of globalization? What is the impact of globalization on transport? Is globalization resulting in industries in developed countries being undermined by industries in developing countries with inferior labour standards? Is there any alternative to globalization?

Discussions on globalization have been taking place around several key issues: Is the current globalization a continuation or a new phenomenon? To what extent is it a spontaneous and natural phenomenon, or a controlled and guided process? What are the benefits and risks and for whom? Is it a threat to the existence of nation states? Globally, these different questions
about globalization often receive extremely different answers [3], [7], [10], [11], [19]. For some, it means an increase in global economic efficiency, expansion and deepening of markets as well as greater access to flows of goods, services, capital, people and information; consequently, it leads to a sustainable growth of prosperity for as many people on the Earth as possible. For others, globalization means the disappearance of nation states and their associated values, which in turn will lead to an increase in civilizational inequalities on a global scale, and on the scale of individual countries, regions and cities, with large multinational corporations (mega-corporations) being the source of all evil. It should be mentioned here that the anti-globalist and alter-globalist movements have been intensifying since 1999 (the borders between them are fluid), which - even if it had no rational arguments on its account - is and will be taken into consideration by the political and economic elites of the world due to the fact that these movements constitute a significant part of the electorate of these elites. Globalization crystallized at the end of the twentieth century, and is still being transformed, a qualitatively new socio-economic structure dominant in the modern world, resulting from a complex of similar processes occurring simultaneously on the scale of the entire terrestrial globe. In other words, it is a historically new civilization paradigm that is the result of certain processes that continue to work and modify this paradigm. Looking from the historical perspective at the history of humanity, it can be seen that they is a sequence of events of a generally evolutionary nature, but from time to time they undergo rapid acceleration. It seems that the impulse for changes in the globalization sphere became the global financial crisis of 2007-2009, as well as the gradual twilight of the US hegemony predicted by many analysts, mainly for China [21].

2. GLOBALIZATION - IN SEARCH OF A DEFINITION

There is a variety of definitions and descriptions of globalization. Despite the difficulties in agreeing on one precise definition, and the difficulty in its measurement [9], most journalists and scientists agree on the essential elements constituting the phenomenon of globalization: 1) creation of a global financial market; 2) institutionalization of international trade; 3) macdonaldization [16]; 4) a sharp increase in foreign direct investment flows (English abbreviation: FDIs); 5) dominating the global economy by transnational corporations (English abbreviation: TNCs); 6) geographical disjunction of the value added chain on a global scale; 7) creation of a knowledge-based economy (knowledge-based economy); 8) the emergence of the fourth sector of the economy; 9) redefinition of the importance of the state [5]. It seemed that this new civilization paradigm, albeit dynamic and changeable, would be the dominant model of the socio-economic reality for a longer period and, on the one hand, it would gradually encompass more and more areas of the terrestrial world, and on the other, it would intensify and evolve. However, in recent decades it has become obvious and visible that globalization in its basic framework is so deeply modified that one should speak of a new, next civilization paradigm. In other words, global processes have become even more dynamic than expected, and the world has gone in an unknown and unspeakable direction - "post-globalization", "post-Americanization" etc. The concept of "deglobalisation" (meaning, in simplified terms, restitution of protectionism) also appeared.

The aforementioned nine elements constituting globalization have been identified - as it seems - correctly, although some of them at least took on a different form than assumed at the beginning. (1) The emergence of a global financial market is an obvious phenomenon, although the effects of this phenomenon can be varied and are often a big surprise even for bankers and financiers. This is illustrated by the phenomena on the financial markets, occurring mainly in 2007-2009, referred to as the largest banking and financial crisis since the Second World War, and even the financial tsunami. There were opinions that the US is a fraudulent casino, and the Wall Street crisis was the result of greed, arrogance and dishonesty of global financial sharks, and the incompetence of the American government. It was emphasized that we are dealing with hypocrisy: banks firmly reject any proposals to regulate their rules and introduce anti-monopoly rules, but when problems arise, they suddenly demand state intervention and demand assistance, claiming that they are too important institutions to be allowed to simply go bankrupt. (2) International trade has institutionalized, above all in the form of three large organizations: World Trade Organization (WTO), World Bank, International Monetary Fund. In addition to these three institutions, international trade is regulated by numerous United Nations agencies. However, the large volume of international trade functions
Globalization and Deglobalization – Costs…

Beyond any statistics. (3) Macdonaldization in certain economic sectors has become so widespread that it has ceased to pay attention to it, however, by means of Macdonaldisation it is understood - under George Ritzer [16] - to radically rationalize economic processes and introduce standard procedures, which leads to the objectification of both producers of goods and services, and their recipients. (4) In recent decades, the growth of FDIs has been much higher than the growth rate of global exports. According to various theories, as part of international economic relations, FDIs are a substitute for exports, although their role has not yet been fully recognized by economic sciences, hence it is difficult to forecast the effects of such rapid growth in this sector. (5) In the second half of the twentieth century, multinational corporations grew in strength, while the dynamics of this growth also increased. This caused numerous and violent protests of many social groups. And suddenly, at the beginning of the 21st century, all these disputes fell silent. And yet there is no doubt that the main actor, not to say the creator, of global economic processes are just international corporations, also called transnational (the symbol of dominance are currently corporations known as GAFA - Google, Apple, Facebook, Amazon). (6) The geographic disjunction of the value added chain on a global scale has become a permanent element of the global economy landscape, but seems to run rather under the slogan race to the top.(7) A knowledge-based economy was created, the most visible manifestation being the outbreak of economic activity carried out via the Internet. However, this explosion ended with a spectacular breakdown, after which the situation calmed down and stabilized. (8) In the 21st century, the fourth sector of the economy is already clearly visible; in terms of the level of employment and participation in the creation of a global product, agriculture and industry are shrinking, while within the services sector, intellectual services have grown so much that it is already possible to talk about the constitution of the fourth sector and the so-called creative class. (9) At the beginning of the age of globalism, in the 1980s, it was feared that the state, as the most important structure of the spatial and social order, would collapse, which could - as it was thought - lead to anarchy on a global scale. As it turned out, the institution of the state is changing radically, but the nature of these changes is different than expected. On the other hand, what worked out from the beginning was the paradox of globalization: globalization in reality was never global, it included only selected regions, hence sometimes it is called glocalisation, or local globalization.

3. DISPUTE OVER GLOBALIZATION - THE PROS AND CONS

What was happening in the economy and social life at the end of the twentieth century, and what was commonly called globalization, became the subject of violent disputes [12], [13], [15]. In disputes of these positions opponents polarized in a very transparent way: on one side of the front there were anti-globalists and alter-globalists, on the other – pro-globalists. These two strong polarized groups of participants in the dispute over globalization largely coincided with the social configuration resulting from the actual hierarchy according to property, income and prestige. Rarely - if at all - it happens that a significant social process is beneficial for everyone: there are almost always winners and losers, some gain, others lose, at least relatively. Globalization processes also had their winners and their victims [table 1]. Among the former, mainly the Triad countries were calculated; regions with a predominance of new economy; future industries; transnational corporations and some small and medium enterprises; global banks and insurance companies; rich consumers, mainly from the Triad countries. On the other hand, the list of victims of globalization included the following stakeholders (individual participants and collective social and economic players): peripheral countries; regions with a dominant old economy; end industries; many small and medium-sized enterprises (SMEs); many smaller banking and financial institutions; households, mainly from peripheral countries. At the beginning of the 21st century disputes over globalization unexpectedly subsided. It can be presumed that since the polarization of participants in these disputes into two camps resulted from the actual position in the social hierarchy, the expiration of these disputes could be the result of the " bribing" of anti-globalists. These disputes could also expire for another reason: they turned out to be pointless. As a result of events on the global financial markets (mainly fall 2008), will capitalism make the necessary self-correction, or will it break down and something new will arise? Will the US hegemony ultimately pass into history? Will the countries that have rejected the
American (Anglo-Saxon) model of capitalism decide about the economic future of America? Will capitalism of the 21st century be characterized by such features as: establishing a new global system of financial and monetary regulation, increasing transparency and control of the banking system, more stringent creditworthiness, derelict borrowing, the primacy of entrepreneurship over speculation, less risk, more long-term activities, remuneration for corporate executives reflected in results work, introduction of ethics to capitalism? Will the restitution of trust in institutions, including institutions from the world of banking and finance, be possible in the shaping world of the global post?

Table 1. Winners and losers of globalization processes.

<table>
<thead>
<tr>
<th>Category</th>
<th>Beneficiaries</th>
<th>Injured parties (victims)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>Triad countries and some aspiring to it</td>
<td>Peripheral countries</td>
</tr>
<tr>
<td>Regions</td>
<td>Regions and sub-regions with new economy predominance</td>
<td>Regions and sub-regions with old economy predominance</td>
</tr>
<tr>
<td>Branches</td>
<td>Branches of the future (dynamic)</td>
<td>Declining countries (collapsing)</td>
</tr>
<tr>
<td>Companies and firms</td>
<td>Transnational corporations and some SMEs</td>
<td>A lot of SMEs</td>
</tr>
<tr>
<td>Banks and other financial institutions</td>
<td>Global banks, insurance companies and some local institutions</td>
<td>A lot of banks and financial institutions</td>
</tr>
<tr>
<td>Households</td>
<td>Wealthy and moderately rich consumers, mainly from the Triad countries</td>
<td>Households, mainly from peripheral countries (including the unemployed)</td>
</tr>
</tbody>
</table>

Source: own study.

The problem of its winners and losers was a fundamental problem in the global economy. Globalization with its intensive and dynamic expansion causes extremely different reactions in the world. It has the most supporters and advocates in circles associated with multinational corporations, with large banks, with large media networks, and large supranational organizations, and thus the richest, world ruling social group, sometimes referred to as the global class. The tone of people representing this class when they speak and write about globalization, new economy, e-commerce, e-business, e-finance, etc., is characterized - and in any case characterized until recently - by unwavering optimism and self-confidence. Globalization and the accompanying increase in the role of competition are undoubtedly associated with numerous benefits and advantages, with the tendency to reduce costs and prices (including transport) that is so important for consumers. Proponents of globalization also argue that it is not by itself the triumph of uniformism or the destruction of local cultures and employment. Other groups of globalization treat sceptically, criticize or even fight. Europe, also, and above all post-socialist Central Eastern Europe, fears for its future in a globalized world; sceptical and even hostile to globalization, some poor countries; globalization is sometimes called a new colonialism, and the slogan of the free market does not appeal to people who do not have much to sell in this market. This vision fills many people, many environments and institutions with fear. As practically every significant socio-economic phenomenon, globalization has also been associated with new opportunities and challenges, but also with new types of risks and threats. In general, sharing the opinion that in the long run globalization brings more benefits than losses, it is worth noting that the problem of consequences of globalization arouses and will arouse emotions in the future, causing disputes between its supporters and enthusiasts and sceptics. The essence lies in the fact that as a result of globalization processes, "winners" and "losers" appear. According to many opinions, the main prizes include multinational corporations and large banks, while losers, in particular: agriculture, employees, crafts, and also small and medium-sized enterprises.

Years ago, P. Sztompka [20] considered the most important dilemmas and challenges for the future of societies in the 21st century the following choices: a) individualism or community? b) globalization or local identity? c) interests or values? d) mass society or quality of life? e) cult of news or affirmation of tradition? f) odd jobs or permanent employment? g) consumption or self-fulfilment? h) contractual intimacy or permanent family? i) democracy in the hands of the elected or permanent public discourse? j) wealth of information or wisdom? According to P. Sztompka, in the foreseeable future, the components listed first in all ten dilemmas will dominate: individualism, globalization, interest, mass, novel cult, work casualism, consumerism, contractual intimacy, the idea of elite democracy and information fetish. In hindering the complete, one-sided victory of this way of social life, there is
a social reflexivity: people have the opportunity to consciously reflect on their situation and the direction of world development, and this applies both to purely intellectual and more spontaneous reflection. This community is taking countermeasures; opposes dominant tendencies through social and religious movements, non-governmental organizations, parties, parliamentary campaigns, and even governmental policies. Thanks to this, there can be a turn towards the other - repressed or forgotten - members of each of the ten dilemmas mentioned, that is restoring the balance of social life, balance between the various poles of human fate, turning away from one-sidedness and affirmation of the entire multifaceted wealth of human existence. If you accept this way of thinking and refer it to the dilemma that interests us in particular: globalization or local identity, it would be most likely to recognize the tendency to "move the balance" between the technological development of culture, knowledge, art and lifestyle, driven by technological development, and the desire to defend and preserve the distinctiveness of local, own ways of life, ideas and ideals. The main factors affecting the sustainable, sustainable development and secure future of the world community are: the education system, the development of science and technology, moreover, the efficient multi-stakeholder and multi-level global, regional and national management.

4. BETWEEN SCYLLE OF GLOBALIZATION AND CHARYBDIS OF DEGLOBALIZATION

In the literature, mainly journalistic, it was possible to meet various colourful definitions of globalization in recent years: "friendly", "kind", "civilized", "with a human face", "partner", "ethical", "working on everyone", "Kant's". This last term is related to the term "Kantian capitalism", meaning the one in which every social group has the right to a dignified life, to be treated as an end in itself, and not only as an instrument to achieve a goal. One of the authors who opposed contemporary capitalism to the "healthy market" from the times of Adam Smith and his successors, was at the beginning of the present century Dr. David C. Korten, a member of one of the most well-known organizations investigating the effects of globalization - International Forum on Globalization; author of the book with the much-said title When Corporation Rule the Word [14]. In his opinion, those who praise the triumph of capitalism, thus glorify the triumph of minority over majority, selectively select some theorems from market theory and manipulate data to proclaim that the public interest is best implemented by global mega corporations maximizing their profits practically without any restrictions. Capitalism distorted the theory of the market, thus legitimizing the ideology serving a narrow social group. The advocates of capitalism, clad in the robes of market advocates, influence public policy in such a way that conditions are radically different from those necessary for the optimal functioning of the market. According to D.C. Korten, a modern global capitalist economy, being a market pathology, is dominated by a small group of financial speculators and mega corporations that can use their huge monetary resources as well as mass media to: manipulate prices, determine which products should reach consumers, and which do not, exclude competitors from the market, change the shape of popular culture and its value. Mega corporations and financial institutions are still concentrating and consolidating, expanding their already overwhelming technological, market and capital advantage through mergers, acquisitions and strategic merger of companies, with the consequent reduction of employment and conclusion of agreements eliminating competitors from the market. Elsewhere, Korten writes that the most ominous effect of the triumph of capitalism is the creation of a powerful, insensitive global economic machine whose actions are aimed at transforming life into profit. There is no doubt that the above criticism is evidence of Korten's nostalgia for free-trade capitalism - historically speaking, the first stage of capitalism. This nostalgia can be understood, as well as the criticism of the current stage of capitalism, or global capitalism. Korten is one of many who see the weaknesses of this stage, at the same time showing alternatives. Lists of features consisting of, according to Korten, the so-called healthy market cannot be ignored. It is also difficult to a priori assume that such and similar lists are completely disregarded by the leaders of the global economy, with the managers of transnational corporations at the forefront and do not have any influence on the level of their sensitivity and imagination. Paradoxically, it can be assumed that critics of the global economy - in the medium and long term - contribute to the increase of its development opportunities. These chances are not just an illusion: in the end,
transnational corporations have convincingly proved for many decades that they can be viable and flexible, adapting to changes in the environment. The chances of survival and development of most transnational corporations are so large, which means that the global economy also has a chance. This opinion is not synonymous with the belief that all existing transnational corporations will survive. Spectacular bankruptcies that took place in the USA, as well as in Western European countries, prove emphatically that in the modern economy there is still no "panacea for immortality". The risk of bankruptcy inherent in the mega-corporation's activity - and in this case it sounds like a paradox - is a factor conducive to the development of the global economy. Everything is more complicated than most people think. Undoubtedly, it is possible to formulate valuable hypotheses (a kind of "medium-range theory") and observations of the nature of partial diagnoses, prognoses and therapies, but the extraordinary complexity of the analyzed problems, and the number of various determinants seem to exclude the possibility of formulating universal, timeless, final conclusions.

5. CONCLUSIONS

At the end of 20th century the sustainability concept was mainly a basis for developing policies consistent with a continued use of resources into the future without causing environmental crisis. But the situation has evolved, and the global economic crisis was the ultimate consequence of short-term economic thinking. We need a new form of economic development, addressing the needs of the present without undermining the needs of the future. Sustainable development requires us to take a long term view of the economy, rather than adopting short term fixes. The concept of sustainability includes: (1) sustainable economic growth and development,(2) economic stability, competitiveness, healthy environment and sound environmental practices,(3) an innovative and knowledge-based economy,(4) income security and employment stability, as well as(5) respect of cultural experiences of societies.

In November 2016, EBRD’s Board approved the new “Transition Concept” which defined the success of transition as a sustainable market economy characterized by six qualities: (i) competitive, (ii) well-governed, (iii) green, (iv) inclusive, (v) resilient and (vi) integrated. While (i) – related to creating competitive markets and private ownership – has always been an essential part of the Bank’s mandate, qualities (ii) and (iv) are directly linked to political sustainability of market reforms. Good governance is critical for fairness and inclusion is understood precisely as equality of opportunity (in a sense, the “green” quality is also related to inclusion, namely to sharing the benefits of today’s economic growth with future generations).[8]

Social phenomena, especially on a global scale, are much more complicated than usually expected. The development of the global economy is always accompanied and accompanied by various threats, of different scales and nature: objective and subjective, economic and non-economic, exogenous and endogenous. Globalization is not an invention of the twentieth century, but just at the end of the last century it has become a flagship topic. After a decade of globalist enthusiasm, the time for sobriety has come. We have witnessed a naïve vision of globalization, and international trade has never been as open as globalist optimists have argued: indeed, most of the trade is made within regions, and most international companies are in fact regional players. The term 'globalization' has ceased to mean anything. Everyone gave him his own meaning and meaning. By saying "globalization", some were referring to economic integration, others to the distribution of wealth, yet other cocacolanization, the spread of AIDS, the process of braiding the web with the web of the web. Nowadays globalization is not positive, and many people react allergic to this concept. Globalization, although some write about its end, has not died, but it is much worse than a few years ago. A growing group of critics complain that international authorities cannot stop the crisis. The IMF is making allegations that it is taking decisions to deepen the difficulties of the countries. We know today that the free market and so-called "market fundamentalism" are probably the best solution in terms of economic growth, but not the best in terms of development and progress, both in the scale of all human civilization and individual human.

It would be difficult to uncritically share the views of the symbolic "man with Davos", who stressed the importance of the anticipated benefits of globalization, as well as the "man from Seattle" who spoke rather mainly about increasing areas of poverty and disproportions between the poor and the rich. They are right - from a macroeconomic point of view - of pro-globalizers, it is also difficult
to refuse to anti-globalization arguments, assessing globalization from the micro point of view (individual enterprise, individual household). First, globalization was recognized as something irreversible and inevitable, now many commit a sin of exaggeration in the other direction. Will the world finally find a reasonable point of balance? What should be done to make globalization and the global economy treated by the majority as a "blessing" and not a "curse"? Will pro-globalists, alter-globalists and anti-globalists ever be able to join forces or is it just wishful thinking? One thing is certain - globalization and deglobalization will long be the subject of great controversy, and sometimes also spectacular protests. It will also be of constant interest to representatives of the world of science, including researchers dealing in logistics and transport.

REFERENCES


Date submitted: 2018-09-07
Date accepted for publishing: 2018-09-28

Stanisław Flejterski
University of Szczecin, Poland
s.flejterski@vp.pl