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Globalization and the identity dilemma

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Abstract. *The paper begins with a review of theoretical aspects including a conceptual delimitation of the term "economic globalization" from the perspective of different theorists, its main features, dimensions and vectors that boost and promote the process expansion. The phenol-menon is extensive, complex and difficult to control, fact that includes in this "wave" of globalization advantages and disadvantages also.*

The globalization of the economic activity is studied through globalization indicators such as: FDI, financial dimension, the role of transnational economic actors in the global economy, the relationship between international trade growth and increased domestic production, internationalization of the financial markets. The structure of the global economic system and the problems that the current global economy is facing are also analysed.

The "thorny" subject of the influence that globalization has on national identity from an economic perspective is seen through the eyes of Romania, analyzing the economic implications of globalization for our country, how much the identity of Romanian companies was affected over the last years, which are now the Romanian multinationals and what challenges and opportunities globalization has brought to the country that was written with envy during the interwar period that is has "oil and wheat".

Keywords: globalization; national identity; Romania; global economy; competitiveness.

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Globalization is one of the words "most used and abused, most defined and probably the most misunderstood, nebulous and politically spectacular over the past and future years" (Beck, 2003, p. 37). The subject arises disputes, passionate reactions, fears and suspicions and it is invoked as a cause for many of the contemporary world events and transformations. It is said to be the disease that this century suffers off. The worst sin that globalization is accused of is the levelling of the specific character of the countries, whether from am economic, cultural or religious point of view. There are few issues that manage to assemble different voices to support in an homogeneous manner the importance that they represent, the way national identity does. The general perception on the phenomenon is that it encourages uniformity, homogenization, Westernization or Americanization of cultures, but there are in this area, as in all topics related to this process, conflicting points of views supported with more or less viable arguments.

Economic dependencies and recently interdependencies are not a new thing, but the spectacular way that they have evolved in the recent years have turned the word globalization into a leitmotiv for the specialists concerned with the subject and also for the public.

The literature offers a wide range of definitions of the concept of globalization, each author showing only a certain aspect or dimension of the phenomenon, depending on his specialization or on the side of the problem he is, pro or against it.

Anthony Giddens describes globalization as being "not new, but revolutionary" and demonstrates that it's a multifaceted a process, with different aspects that are often contradictory. The author has a contrast vision and perceives nowadays globalization as a second wave of the process, unprecedented in terms of characteristics and number of states involved.

Globalization is seen by many experts as a purely economic phenomenon, involving a growing economic interaction of states or an integration of national economic systems, through increased trade activities, capital flows and investments. Suggestive from this point of view is George Soros's definition of globalization: "the development of global financial markets and of transnational corporations and an increasing dominance of the latter over the national economies (Soros, 2002, p. 23).

Thomas Friedman defines globalization as "the process of global integration of financial markets, nation-states and technologies in a capitalist free market on a scale like never before "; or as a "process or set of processes that include the transformation of social relations and transactions into a space organization, expressed in transcontinental flows and networks of activities, interactions and power" (Chican, 2007, p. 52).

Including *The Economist* in "*Overview of the global economy*", 1992 tries to answer the question which is the accurate and comprehensive definition of globalization. According to the magazine, the term "can be easily adapted to all sorts of things" including "the expansion of international trade, the growth of multinational companies, the rise of joint ventures and the increasing interdependencies through capital flows."

According to Zbigniew Brzezinski globalization is a way of ordering/reordering economically and politically the world, the latest manifestation of this principle being the current stage of the American hegemonies (Brzezinski, 2000, p. 100).

In his attempt to give a working definition of the concept, Malcolm Waters believes that "probably the best approach to such a definition would be trying to specify where would the process of globalization get to an end and how would a completely globalized world look like. And the imagination of the author, proponent of globalization, also gives us the answer: "in a globalized world there will be a single society and a single culture that will occupy the planet. This society and culture are not likely to be harmoniously integrated, although it would be convenient. They will rather tend to high levels of differentiation, multicentricity and chaos." In the global village, there will not be a central government, and no narrow set of preferences and cultural requirements. "To the extent that culture will be merged, the author continues, it will be very abstract, expressing tolerance for diversity and individual choice. The important thing is that territoriality will disappear as the organizing principle for social and cultural life, it will be a borderless society and space." In the same author's view, globalization is "a process in which geographical constraints on social and cultural compositions retire and people become in a larger extend aware that they retire" (Cobianu, 2008, p. 62).

Paul Virilio suggests that if it seems premature to talk about the "end of history" announced by Francis Fukuyama, we can still talk earnestly about "the end of geography". Distances do not matter anymore and the idea geophysical border becomes increasingly difficult to sustain in the "real world". Far from being an objective, impersonal, physical fact, distance is a social product; its size will varies depending on the speed with which it can be covered (in terms of monetary economy, the necessary expenditure to achieve that speed) (Bauman, 2002, p. 16).

Concluding and trying to maintain an objective approach, it can be said that globalization is a large set of complex processes aimed to achieve full integration in different fields: economic, political, military, security, social, cultural. Consequently, this process gives not very many chances for states to live in isolation. Basically, globalization also means freedom and dependence, uniformity, free movement of goods, people and ideas worldwide, local features combined and confused with the global ones, the world being found in each locality and, simultaneously, each locality, region or nation being found throughout the world.

Economical dimension

Examples regarding this dimension of globalization can be found without any difficulties in mass-media every day, this dimension is the most visible one and, therefore, the most discussed (the growth of international trade and direct investment, globalization of financial markets, integrated production, transnational companies, global competition).

Key features include the increase of global interdependencies between all actors, the internationalization of trade and production, a new international labour division, new migratory movements from South to North, a new competitive environment, financial market liberalization, free movement of capital, information, people and goods, the third industrial revolution and the transnationalization of technology, domination of multinationals, increased global competition (extremely high), compressing time and space (real-time transactions), affirming the contract culture, the birth of a global civil society, affecting national sovereignty, cultural and spiritual identity and internationalization of the state, making it an agent of the globalized world (Brăilean, 2004, p. 3).

The most important levers of globalization are: transnationalization of communication, production and trade, individualism, consumption, organizational decentralization, the transfer of public resources in the private sector and reallocation of U.S. manufacturing activities in Eastern Europe, Asia and in poor geographical regions (Săgeată, 2009, pp. 31-32).

The consequences of globalization are among the most diverse and can be seen as both positive and negative. Thus:

- extraordinary opportunities arise for some countries, allowing them to capitalize in a better way the technological progress and the benefits of open markets;
- distances are reduced and communication in real time becomes possible;
- a global conscience is formed and requires, ideally speaking, a planetary-scale approach of the issues;
- an era of severe inequality is inaugurated, primarily through a deterioration of income distribution but concerns about the growth of inequalities appear internally and externally, the old conflict between the rich North and South poor is being replaced by a new labour division;
- the nation-state has to face serious competition (international governmental organizations and multinational corporations) in the primacy on the international scene (Dobrescu, 2003, p. 371).

In the field of concrete results, globalization should appear as a process of growth diffusion and general welfare, contributing through technology transfer to a sustainable development that does not affect the basic resources of the planet. Unfortunately, up to date, at least from this point of view, globalization's effects are still very unfavourable, causing the appearance of new economic gaps at a continental or subcontinental scale by developing major growth poles (Săgeată, 2009, p. 20).

The harsh reality confirmed already that the promoters of globalization can only those countries that have the necessary means, reflected in the strong economic development. Therefore, there is a simplistic attempt, yet not without reason, to believe that globalization promotes and protects the interests of those states and especially the ones of the United States that were classified a priori, by the end of the Cold War, as the only global superpower.

Referring to this subject, former French Foreign Minister, Hubert Védrine, making an analysis of the place and role of France in the era of globalization, said: "The United States are like a big fish swimming in the waters of globalization and easily dominate them. Again, globalization is not the fulfilment of a US plan, even if the big American companies have supported it and have profited most from it. Americans get most of the advantages of globalization process for several reasons: the fact that globalization takes place in English, that globalization is conceived in the light of neoliberal economic principles, that the Americans impose their legislative, financial and technical approach and promote individualism (Vedrine, 2001, p. 3).

But it should also note that the advanced capitalist states are also under the impact of contemporary globalization. They are forced to compete with each other in the wish to attract FDI. They also face tensions caused by economic discontent, unrest caused by the destruction of the classic hierarchy of values. On the other hand, it is true that for developing countries the global economy is a given – they must adapt to the rules established by the more powerful states, finding themselves in a subordinate, dependent, postcolonial position. This fact has led some to wonder whether globalization represents a powerful ideological tool that supports the export of certain values and systems. Nowadays, we can no longer clearly distinguish between the internal and the external side of a state policy, because relationships are becoming less a strict attribute of the government management.

As an emphasis and generalization of the internationalization, globalization has meant the qualitative evolution of multinational companies, by the expanding of the markets and by increasing global competition. Companies are now facing both local and abroad competition.

This brief consideration on the implications of globalization can not concluded without mentioning the global crisis as an ultimate and concrete argument of this phenomenon. As the world-wide economic and financial evolutions have demonstrated, the crisis in the US and the state intervention to stop it was followed by similar reactions in the European countries. In this context, it is clearly highlighted the domino effect that an event from a corner of the world triggers in another part of the world. The crisis can thus be regarded either as a catalyst for globalization, but also as an obstacle to it, through the efforts done at the local or regional level to limit it's effects or containment.

On the challenges more and more things are added to be managed at a global level. It is difficult to make a hierarchy according to their importance and priority, but randomly we can mention:

- the reconsideration of the state, of its sovereignty, assuming the attributes of sovereignty transfer, permeability of borders and the emergence of supranational bodies determined by regionalization and globalization;
- the clash of civilizations due to the dramatic differentiation of economic and techno-scientific capacity and even to the political subordination of the great economic and financial-bank mergers;

- underground economy, joined to the internationalization of terrorism and organized crime, drug trafficking;
- demographic explosion, along with chronic poverty, environmental degradation, pollution with major consequences on the living;
- translation of conflicts from regional level to a worldwide one (Stănescu, 2005, p. 38).

In conclusion, globalization is a process or set of processes, which embodies a transformation in the spatial organization of social relations and transactions - in terms of extension, intensity, velocity and impact, generating transcontinental or interregional flows and networks of activity, interaction and exercise of power (Held, McGrew, 2004, p. 40).

Globalization of the economic activity

Economic globalization is related to integration of capital and commercial markets, to a massive privatization of production and means of production, so that free competition could obtain the right results. There are debates about high labour mobility, about the income distribution between countries, about removing the existing fragmentation in the world, about streamlining assets circulation traffic, linked to labour migration financial capital. All these require a decrease of the existing influence of national states, that are considered a slow down factor.(1)

Globalization could be defined as a highly dynamic process of increasing interdependences between nation states, as a result of the enlargement and of deepening the transnational connections in varied economic, political, social and cultural spheres. The problems are rather global than national, requiring frequently a global approach.

Globalization is the stage reached today by the secular process of internationalization of economies and economic activities as a result of the mutations occurred in domestic and international economic structures. It is a strategic tool to which big companies and banks have resorted to ensure themselves profitability and to overcome the superficial or deep oscillations occurring in different economies where they have invested capital (Postelnicu, 2000, p. 120).

The main characteristic of the current global economy lies in the dominance of financial markets over the trade with goods and values, and that's also due to the place that knowledge has as a production factor. Science and human brain's ability to innovate have an increasingly important role in productivity and therefore in economic growth.

Economic globalization indicators

The degree of globalization of a country is primarily measured by the openness of its economy, also by the investment environment, and of course by share of international commerce in GDP. At the assessment level of globalization of world economy is its degree of internationalization. Deepening economic integration between nations has led to the erosion of differences between national economies and to a decrease in autonomy of national governments, trend that no sign will stop.

The superior development of international trade over the growth of national production, the internationalization of financial markets, the rise of big companies influences on governments, the homogenization of lifestyles are some of the indicators of economic globalization (Săcălean, 2008, p. 46).

Malcolm Waters considers as dimensions of economic globalization: trade, production, investment, organizational ideology (imposing a certain style to production), financial market and the labour one. Financial market and trade of these items are those in which globalization is almost completed (Than, 2001, p. 7).

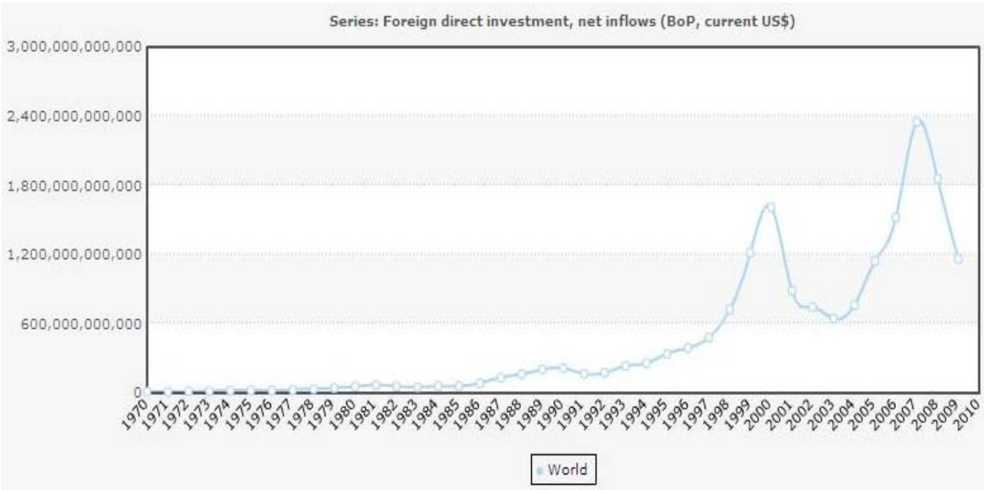
In the francophone world globalization is seen as a moment in the process of "*mondialisation*" and its main actor is the company, preferably a multinational. Global oligopoly has been defined by many authors as the concentration of capital in the Triad (US, EU, Japan), but things begin to change even here (Pop, 2005, p. 23).

The current economy needs, as always, three elements to function properly: demand, supply and intermediaries, just that the space where it takes place moved from the physical in the virtual in order to ensure the essential condition of the economical game of globalization: the availability of information. The internationalization of capital has made it difficult for companies to belong to a certain state, especially because of their foreign subsidiaries.

Among the main economic drivers of globalization can be mentioned:

- Liberalization of services trade, particularly in telecommunications, insurance and banking

- Liberalization of capital markets due to the phasing out of barriers imposed to the free circulation of currencies and capital
- Foreign direct investment liberalization and expansion



Source: World Bank, *Indicators, 2010.*

Figure 1. *World foreign direct investments*

The FDI volume has increased significantly from 1970 to present, which comes to support the idea of the expanding of globalization. FDI have registered new records from one year to another due to the increased activity of multinational corporations work and to the efforts to liberalize markets and trade.

The financial dimension is another relevant aspect in the process of globalization. The financial services and customers portfolio extension on a global scale shows the tendency of creating a planetary finance market. Markets are interconnected and events have an impact on all stakeholders. The opening or the dismantling of national exchange control has been a driver of financial globalization. Financial transactions are the head display on the global stage in the profit economy. They exceed the value of international trade of goods and services, fact that can easily volatilize stable considered economies. The systemic risk in financial markets has increased and that brings economies in the position when the levers of action have lost their efficiency. Another aspect of globalization is the fundamental economic exchanges meaning the o capital flows on different national markets which have become increasingly difficult to control (Săcălean, 2008, p. 50).

The global village we live in is economically dominated by large transnational corporations that, as the name suggests, transcend National boundaries and exceed out from the national authority. There are no economic sectors where large corporations are not present.

The role of transnational economic actors in the global economy has grown considerably through the concept of transnational company referring to the global player with a strong influence in the international political, economic, social sphere. They play an essential role in specific sectors of economic activity including (Moisiuc, 2001, pp. 200-202):

- banking and financial sector, where transnational companies build true global and local monopolies;
- international trade where transnational companies impose their highly-competitive products on all national markets, over 50% of global trade of goods is controlled by them, as manipulating the levels of transfer prices in the domestic trade agencies, subsidiaries and branches of the same company;
- technology by FDI, contributing to the development of this level in the host country;
- the host state's economic development by contributing with financial, technological and management resources, by job creation, through the creation and development of new companies or by upgrading and modernizing them;
- services sector, especially hotels, banking, travel, transport industry;
- environmental issues by reducing emissions or by influencing the adoption of less restrictive legislation regarding polluting investments;
- introduction of a new a type of modern management, staff training, providing experience and know-how;
- political, as a consequence of their importance for the host country's production and exports but also for the origin one.

World finances are dominated by the dollar, Euro and yen and a few large transnational banks. These big banks influence many of the world economic and political decisions and affect each of us more or less in different ways.

Another key issue is tax, the control possibility over the finances of such companies is generally low. It is thus favoured the transfer of large sums of money from commercial activities, with the risk of dissimulation in order to avoid the payment of tax obligations to the state. By international money laundering considerable costs were imposed the global economy, affecting even the efficient operations of the national economy and, by promoting a wrong economic policy, has slowly corrupted the financial markets, has reduced public confidence in the international financial system and as a result, had diminished the of global economy. Facing these problems, the country's policy makers would be forced to tighten the fiscal policy in order to create a budgetary surplus, used to neutralize the monetary effects of capital influences (Săcălean, 2008, p. 55).

The structure of the globalized world economy

The national framework, where business processes over many centuries were held, ceased being the ultimate reference of the economic policy. For a long period of time, the citizens of America, England, France or Germany believed, justified, that their welfare depends only on the welfare of their nation. Nowadays, things are different. The welfare of their nation is essential for everyone's welfare, but it now depends on complex mechanisms, on so expanded connections that much that is not exaggerated to say that we all perceptibly begin to depend on the global economy that covers as all (Marga, 2003, p. 14).

The most relevant indicator for the high degree of autonomy enjoyed by actors in the postindustrial international system is the proliferation of transnational corporations. If international trade until the nineteenth century used to take place within companies under the banner of their country of origin, today everything is more open, more liberal and it extends beyond the political authority of national governments. The market economy was not only widespread, but has replaced world trade by “binding together the international transactions”.

The existence of these companies and market globalization are mutually interrelated. Certain industries such as pharmaceuticals, aerospace and microelectronics have economic and technical systems that are global by their nature and transcend national framework. In the current era of computerization, national borders become more permeable for material and financial flows that can be instantly transferred from one market to another. In terms of real trade flows (trade in goods and services), due to the international integration of production, most of them currently take place within companies at the expense of world trade between companies. The administrative hierarchy of companies has replaced the market as type of international economic organization (Than, 2001, pp. 45-47).

Aircraft construction became a monopoly of two companies: Airbus and Boeing. Air transport are also dominated by a few giant American, Western European and Japanese companies. The pharmaceutical industry is also dominated by several large multinational based in the US, Switzerland, Germany, France and Britain. The almost completed liberalization of world trade with goods and services and the creation of WTO disbanded the last barriers and divisions. Boundaries and states national sovereignties are presently almost insignificant. What is left of these boundaries has not much sense or importance (Suian, 2005, p. 51).

Global problems of the current global economy and international economic crises

From an economic perspective, globalization means global integration of production, trade and banking and financial system. At a first glance this integration should offer poor countries a chance to grow faster, but in reality, so far, globalization has led sooner to the marginalization of poor countries. Their participation in world trade has remained limited, their access to international financial market is virtually nonexistent and their share of total international investment diminishes. Globalization reduces the margin of autonomy and decision making of national governments and makes that they can no longer successfully intervene in supporting their own economies. Macroeconomic stabilization is required, even for those economies that are not caught in the global system, in the case when there are such countries. In the era of globalization if a poor country is not well managed in terms of financial policies, the remedies can not come from national governments, but from the International Monetary Fund which will require macroeconomic reforms through structural adjustment as it had done so far in the countries where it was called to help (Suian, 2005, p. 51).

It has been said that the globalization of the financial system would bring certain advantages to all countries. The financial crises that have reached Asia, Mexico and Russia, all of them produced in full period of globalism, have put in doubt this supposed advantage. Some authors go further and argue that the increased number of financial crisis after 1980 would be just the result of financial liberalization and the possibility of operating of a large number of banks. In explaining why crises occur it is also added the so called contagion phenomenon that can occur more freely in a global economy. Another explanation may be the bank's difficulty to gather information, to constantly update and effectively use them (Suian, 2005, p. 57).

Table 1

Financial crises

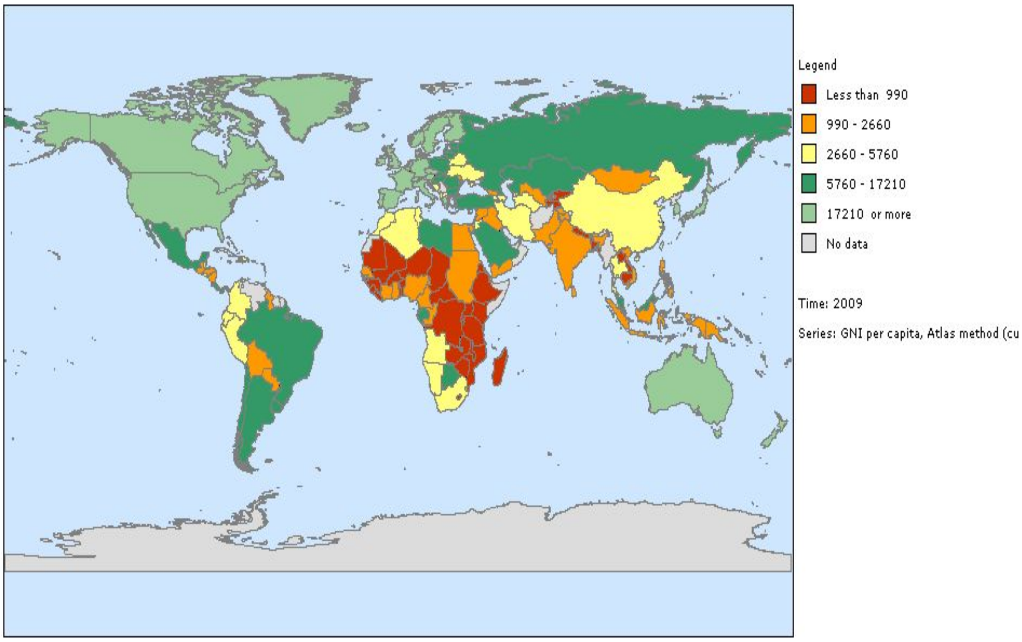
Country	Date of financial liberalization	Number of banks and monetary crisis after liberalization	Total number of crises in the analysez period
Argentina	1977	8	10
Indonesia	1983-1988	4	6
Chile	1974-1976	5	8
Thailand	1989-1990	1	6
Malaysia	1978-1985	2	3
Spain	1974	6	6
México	1974 and 1991	4 and 2	4 and 2
Finland	1982-1991	4	5
Sweden	1980-1990	4	5
Norwegian	1980-1990	4	5
Columbia	1980	3	2
Denmark	1980	2	5
Bolivia	1985	2	4
Brasilia	1975	7	7
Peru	1991	0	3
Philippines	1980-1984	5	6
Uruguay	1975-1990	2	4
Turkey	1980 and 1987	3	4
Venezuela	1981 and 1989	5	6

Source: *Globalization, marginalization and development*, S. Mansoob Murshed, Routledge, London and New York, 2003, p. 22.

The data in the table lead to the conclusion that the costs of financial crisis for developing countries are much higher than the ones for the developed ones. This shows the great vulnerability of developing countries to external factors and the inadequate institutions to the requirements of a global world.

To overcome the crisis, hiper globalists propose the control of the entire world economy through a single bank, perhaps a single currency or a single authority of monetary control. Here's what Rockefeler said: "We are in the process of global transformation. We only need a major crisis and the nations will accept the required New World Order. FD Roosevelt: "The truth is that the financial element of the big centers are in control over the government of US since the days of Andrew Jackson". And finally, the banker JP Warburg: "We will have a world government whether we like it or not" (Brăilean, 2001, p. 22).

Globalization cementes the polarization between rich and poor and leads to the formation of two camps, one with high income and the other with low incomes. Inevitably, it produces winners and losers, it accelerates the process of stratification of underdeveloped countries, helping some countries like China, some countries of South Asian, Brazil and Mexico at the expense of the rest of the world's poor. Statistics show that world income distribution has worsened in the era of globalization.



Source: World Bank, World Development Indicators 2009.

Figure 2. *World income distribution: World map according to per capita GNP of each country*

Another criticism made towards globalization is that it has led to free trade, while the real need is of fair trade. *Fair Trade Not Free Trade* is what experts say that would be the key of the development issues. Because of free trade Southern nations have become more vulnerable than they were before. Not even the rules and regulations imposed by the WTO don't have the ability to protect the economies of these countries against the commercial aggressivity of the strong and nor against the harmful effects of unfair trade.

Nobody claims that globalization is responsible for all evils in the developing South world or that globalization would not provide at least theoretically better chances of development for many countries. The difficulty lies in the fact that so far no evidence or cases of countries that were helped in their development by economic globalization were seen.(2)

Advantages and disadvantages of globalization

Directly or not, globalization affects us all. In this context, an important and useful thing would be a prudent assessment of the opportunities and risks of globalization, keeping a distance from the current trend to demonize, or, conversely, to worship the consequences of this phenomenon. Objectively speaking, globalization can not be held guilty for all the evils with which mankind faces today, no matter how badly we would need a scapegoat. There are clearly some benefits that have occurred from the expansion of this phenomenon.

If globalization has succeeded in something, that is in forcing countries to improve their efficiency or at least reduce the role of government in the economy. However, it has also led to an increased level of interdependence and risk of propagation of internal problems of certain countries, areas to the entire world.

The liberalization of the international trade has helped many countries to grow by boosting exports. The key element of industrial policy that has enriched much of Eastern Asia and has improved the life of their millions of inhabitants was export-led growth. Globalization has reduced the sense of isolation that used to dominate in many of the poor countries and gave many of their people access to knowledge. Also, a well done public campaign managed to convince the international community to cancel the debts of some very poor countries (Bari, 2003, p. 22).

Regarding the criticism brought to multinational companies and their tendency to eliminate domestic companies from the national market, it is true that these often lead not so orthodox policies, but they also bring along new technologies, know-how, they open markets, create sectors of activity. In addition, private companies are often more apt to generate wealth than the State, which sometimes has the tendency to abuse of its power. Globalization offers an individual degree of freedom that the state can not provide. Free competition on a global scale has encouraged entrepreneurial and creative talents and has accelerated technological innovations.

It is a fact, globalization somehow limits the space of action of national policies and economies, but it also offers the advantage of a quicker resolution of those problems that can not, due to their very nature and complexity, be solved otherwise than global: resource allocation, access to technology and information, environmental issues, combating extremism of any kind.

Those who blame globalization neglect the benefits that it has brought to the world, but those who worship it are in a greater error. In their vision, globalization is the same as progress. Developing countries are forced to accept it if they want to develop and to combat poverty, but for many residents of these countries, and elsewhere, globalization hasn't brought the promised benefits.

The negative effects of globalization consist mainly in the fact that, at least until now, there is a tendency to concentrate the power of decision in the hands of big companies. This, with an increasing development, can get out of states control, can promote their policies without taking into account the restrictions imposed by national states, may choke smaller competitors, may cause an excessive congestion of wealth fare at one pole of humanity and an widespread poverty in other parts of the globe (Săgeată, 2009, p. 26). Western banks took advantage of the attenuation of control on the capital markets in Latin America and Asia and went to "conquer" them, but these regions have suffered when the accumulated capital was suddenly withdrew. This brutal reflux left behind extremely vulnerable national currencies and banking systems (Bari, 2003, p. 23).

In trade liberalization, but also in other areas affected by globalization, even seemingly well-intentioned efforts have had sometimes negative effects. When agricultural or infrastructure projects recommended by the West and financed by the World Bank or other institutions of this kind fail, the citizens of that country are the ones that have to pay, excepting of course the case when the debt it's cleared.

The impact that globalization can have on developing countries, and mainly on the inhabitants of these countries can sometimes be a devastating one. It is true that globalization can be beneficial by suppressing the effects of barriers, by integrating national economies, having the potential to improve the economic situation of Earth's inhabitants, but to do so it requires a different way of managing things. An issue to consider could be the international trade agreements that have greatly contributed to the suppression of barriers without exception and have imposed policies to developing countries. There is no doubt that some suffering is inevitable, but those incurred by some of the developing countries were much higher than it would have been necessary and they could have been avoided through a different way of managing things. These countries do not receive any support regarding their social security system, some have been marginalized by global markets, the sacrifices made and the price paid by them is not important and worth of attention by those who come out winners from the globalization table.

If, in most of the cases, the benefits of globalization have been less than its supporters claim, the price paid was way higher than the benefits to be gained: the environment was irreversibly affected, corruption dominates the political class and the rapidity of changes does not allow any time for countries to adapt and keep up. Globalization has produced an undesired allocation of resources between private and public goods. Markets are able to generate wealth, but are not capable nor intended to meet other social needs.

Few resources were devoted to correct the deficiencies and damages made by globalization. As a result, the gap between rich and poor continued to grow instead of diminish, as promised for so long.

In 1960 the ratio between the 20% of the world's richest population and the 20% poorest was of 1-30. In 1995, this ratio was 1-82. The richest 20% have 86% of the planet's resources. The 20% of the poorest have only 1%. The number of people living in absolute poverty – under a dollar a day – reaches 1.5 billion and is growing steadily. Wealth held by only 1% of the richest people in the world equals the part of the remaining 75%, a reality that does no longer require any other arguments. Over a billion people live on less than a dollar a day. Nearly one billion have no access to running water and 826 million people suffer from malnutrition, this type data showing a different face of the world. Of course, globalization is not responsible for all of these facts, but the defenders of the process claim that it helps raising the standard of living ... still an unproved fact...[(3)]

In the end, what really matters is if this interaction is only for the benefit of some of the players, or for the benefit of all, considering that the process is called globalization.

The implications for Romania

„Romanian economy is no longer Romanian!"

Ilie Şerbănescu

The world is changing and with it, Romania also. What does globalization brings for the country that was called in the interwar period with envy that it has "oil and wheat"?

Economic globalization creates new challenges for all countries, especially through the free movement of capital and through rapid changes in comparative advantages. In the context of globalization, challenges to macroeconomic stability are more numerous, generated by the increasing openness of economies, financial liberalization and by the increasing complexity of markets and financial products. Financial stability has become a crucial part of the macroeconomic stability due to the fact that capital flows exploit the vulnerabilities in the financial system so that they can promptly sanction the errors or inconsistencies of the economic policy (BNR, 2007).

One of the problems that Romania is facing in terms of globalization is related to the delayed start in this race. Part of the Communist zone, of the directed economy and state controled, Romania was among the last countries to benefit of the transport, communications, productivity, and ultimately, of the information innovations. Only after the revolution, shy, the information society has made its presence felt but with devastating effects due to the fact that we it has found us totally unprepared. Expensive products, inefficient economy, hyperinflation, overwhelming western competition, all in all have rapidly put the Romanian economy in a bad start. The meeting with the West occurred quickly and dramatically, taking the appearance of a destructive wave that has left Romania with two million of unemployed people, one million less inhabitants, 85% of the population living in poverty and 5.5 million pensioners, in other words, an exhausted country(4). Openness to foreign capital was done in Romania with more difficulty than in other former communist states.

Romania is now one of the poorest country on the continent in terms of GDP per capita and its level of industrial production (averaged over the past ten years) is somewhere at the level of 60% of the production in 1989 - the most poorly planned year of the regime. A poor country and deprived of a social and economic project is even more exposed to all kinds of "import" crisis and it is more vulnerable to the challenges of globalization.(5)

The economic analyst Ilie Serbanescu describes the current state of the Romanian economy as „an economic model of consumption without production, imports without exports, hypermarkets without factories, cars without roads and banks without a real economy". Romania has no poles of competitiveness, in unable to realize added value, export potential and to count in global competition, has only very few local brands that count on.(6)

In other words, Romania seems rather surprised by the wave of globalization than prepared to deal with it. It's no longer"the land of oil and wheat" from the early twentieth century, but a state located in a painful transition from the command economy to the free market, with a nascent political class and a management one as well.

The Romanian economy is trying to reinvent itself under the pressure of the Western capitalism, but although Romanian entrepreneurs have created some strong brands after Western templates, foreign brands have gradually captured the notoriety international top. Under the head of Romanian brands, Synovate study puts in the top: Dacia (39%), Arctic (25%) and BCR (20%). BRD, Dorna, Ursus, Bergenbier, Borsec, Romtelecom, Farmec and Bucegi are other Romanian brands with high flagrance. The Number of Romanian groups in 2009 was of 4.696, while those of multinationals were three times more, respectively 15 258, most of them controlled from abroad, according to the National Statistics Institute (INS). Of all multinational groups of companies, 33 are controlled from Romania and 15,225 abroad. The results of 2009 show that on the first place, according to the percentage of employees, are the subgroups controlled by individuals or legal entities located in Germany (17%), on the second place are those controlled from France (11%), while 9% of firms are controlled by subgroups of Austria.(7)

Romanian multinationals

Strong Romanian domestic companies have already begun to expand their businesses abroad. Pioneering were the chemical and petroleum companies, followed by the retailers, furniture manufacturers and the IT industry. The history of Romanian investments abroad began in 1998, when the manufacturer of varnishes and paints, Policolor, bought Orgachim from Bulgaria and Petrom gas stations opened its first gas stations abroad. The number of Romanian companies that extend their work also outside the country's boundaries through regional offices or through stores is much higher today and it continues growing: Rompetrol, Flamingo, Softwin, Mobexpert, Jolidon, "the only Romanian multinational on the catwalk".(8)

One of the most courageous Romanian multinational group is shown to be Tender not only in Serbia (energy, pharmaceutical), it is exploring in Senegal, Colombia, Venezuela, Iran, Pakistan and Afghanistan. The most vigorous figures of Romanian capital today are the five financial investment companies (known as the SIF), former private property funds. These five companies (SIF Transilvania, SIF Moldova, SIF Muntenia, SIF Banat-Crisana and SIF Oltenia) jointly have assets worth over 2 billion Eurosin companies operating in Romania. They, along with Property Fund (whose assets are valued in perspective at about 4 billion Euros), will be the future engines of Romanian capital, and not just in the Romanian space. In the next 15 years, Romania could "export" about 200 companies, at least in the region. A recent study by PricewaterhouseCoopers calculated that in the next 15 years about 190 new multinational companies Romanian majority will occur.(9)

Romania has made in recent years important steps towards deepening its integration into the global economy: full liberalization of capital account (foreign exchange transactions of EUR 1 billion currently and about 600-700 million in 2006), an increase in the economic openness (76.7% in 2006), the EU accession (BNR, 2007).

Opportunities and challenges of globalization for Romania

Globalisation can have two types of consequences for Romania, beneficial or harmful. Romania needs foreign investment for economic development, being unable to produce the capital from domestic sources only. As a country with multiple economic opportunities – from tourism and agriculture to the oil and metallurgy industry - Romania can become attractive to foreign capital if it ensures propitious internal conditions (legal, fiscal). The rapid movement of capital alleged by globalization – in which companies lose their classical national identity – may become advantageous for Romania in terms of a highly qualified workforce, but comparative cheap.

On the other hand, gradually, some Romanian economic forces – companies – can begin to play a in the future a regional or international role. Stripped of the complex of former communist states; exceeding the phase of transition to a market economy, Eastern and Central Europe countries that have emerged from the former communist camp will come to play an increasingly important role in the European economy, as they get their interests closer to the Union.

Transnational companies have had a positive effect on the development of management techniques, marketing, staff training, infrastructure improvements (Nokia case near Cluj) and diffusion of technology in many fields. Increased competition was another positive aspect of transnational companies in the Romanian economy. Higher standards of living in areas where large companies have invested, as a result of newly created job, the drag along effect generated by the activity of these companies are also benefits that big foreign companies have generated into the Romanian economy. Increasing FDI in Romania led to the competitiveness growth of the Romanian economy, in terms of labor productivity.

Among the benefits brought by globalization can also be included: free movement of persons, goods, services, capital and knowledge (including, or especially scientific and technical), unlimited participation in the world flow of values, the possibility of solving in better conditions of the problems that transcend national borders (lack of resources, international trade, economic cooperation and international financial assistance, pollution, security of critical infrastructure, poverty, underdevelopment, illiteracy, peace, including defense against terrorism, migration, natural disasters and emergencies, health and human climate issues, etc.) and not least a cost reduction through economies of scale by great series production destined for export to larger areas.

At the same time, negative consequences, risks of globalization are not insignificant. In the past 20 years, globalization has had negative consequences for Romania: poverty, alienation of resources, population decline, migration. We have to take into account the economic risks first. The phenomenon of globalization is accompanied more than any other by a winners philosophy and we step into a world where there is little mercy for losers.

Economists have concluded that nation-states reaction to the Great Depression of the last century – that of isolationism, the economically closure – was a wrong response and that an appropriate response would have been openness. Drawing a parallel, Romania certainly can not defend itself of the tide of globalization by closing itself, trying to preserve obsolete structures, playing “shows” of the last century when the great scenes of the world are fitted with different types of performances. Economy should be opened gradually to continental and international structures, but at the same time developing institutions, and reflexes to be prepared to face, if necessary, a different type of crisis.

Another problem arise from the excessive dependence that we have toward foreign capital. The risk comes from the tendency they companies have in crisis periods, to leave the peripheral economies and withdraw to the center, and also from the fact that domestic capital is totally insufficient. Reality has confirmed this risk: during the current crisis parent banks withdrew significant liquidity from their branches in Romania.

We lack a specialization so necessary in our global society. The global society rewards only the idea, the information, the invention, not the giants producing nails or cement. The future belongs to the countries that produce ideas.

Some other important changes are: the abolition of borders, the emergence of European governments and parliaments, the role of global financial institutions (IMF and World Bank), the abolition of national currencies and the euro adoption, the abolition of national armies in favor of NATO. All this shows that the nation state, that the ninth and twentieth centuries were to, gradually reaches the end of history mission, that is "Goodbye, Romania, "Welcome Europe!". The free movement of people and of capital values, the construction of economic areas, restricting state's authority, all this will radically change the Romania we know.

If the national state of Romania will be massively transformed, it does not mean that the Romanian nation will disappear. On the contrary, like other European nations, Romanians will also have to learn to love and to impose more their language, traditions and history. The French concept of resistance by culture, not as an anti-globalization, but as an avoidance of denationalization, it should be applied to Romania. Romania's picture compared to the ten years ago one has improved, the new stages of development of the global society do not find us so different from the rest of the world, isolated and without any experience. In other words we are on track. However, unfortunately, there are enough voices that rank Romania among the losers of globalization and unable to enter the class of winners. Globalization makes the strong stronger and the weak weaker. If Romania fails to evolve rapidly, it will certainly will be a part of the second category.

Comparing gravity with globalization, they must be accepted as a "physical "phenomenon; it is pointless to try to repeal or bypasses it: you must necessarily understand it both in terms of causes and effects. You have to learn how to use it without letting it to destroy you. Especially for small nations, as Romania, understanding this phenomenon and the action in the "aikido way –

make use of its strength and not let it crush you – will make the difference between losers and winners.(4)

Thus, Romanians will have to make efforts to promote everything that is national: Romanian economy (with preference given to Romanian products), Romanian culture and customs. In other words, as the motto of the Club of Rome says, “you have to think global and act local”. Not loosing your identity into a large anonymous, nor to practice a narrowed and anachronistic nationalism.

Notes

(1) See http://www.nistea.com/media/internet/crestinism_si_globalizare.htm.
(2) China represents a special case whose development and extraordinary growth rate is due to a multitude of factors.
(3) http://cssas.unap.ro/ro/pdf_carti/Perspective_ale_securitatii_si_apararii_in_Europa_vol3. pdf, 10.11.2011.
(4) www.mmssf.ro.
(5) http://clubeuro.ro/club/?p=85.
(6) http://www.theinvestor.ro/media/identitatea-romaneasca-reinventata-prin-marketing/
(7) http://www.wall-street.ro/articol/Companii/102818/De-trei-ori-mai-multe-multinationale-decat-grupuri-de-firme-romanesti.html.
(8) http://www.wall-street.ro/articol/Companii/5141/Multinationale-romanesti.html.
(9) Simpozion - Globalizare şi identitate naţională, 18 mai 2006, Bucureşti – Editura Ministerului Administraţiei şi Internelor, Bucureşti, 2006

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