

INFLUENCE OF GLOBALIZATION PROCESS TO THE MODERN ECONOMICAL AND SOCIAL LIFE

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Abstract: *The article contains the analyses of influence and consequence of modern global process on economic life and society. It reveals principles of main global organizations, approaches for measuring globalization and examine a wide range of effects produced by global processes.*

Key words: *globalization, GATT, WTO, net migration rates, KOF-index, health policy. confrontational cultures.*

1. INTRODUCTION

Globalization, since World War II, is largely the result of planning by politicians to break down borders hampering trade to increase prosperity and interdependence thereby decreasing the chance of future war. 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.

2. MAIN PRINCIPLES OF GATT AND WTO

These institutions include the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund. Globalization has been facilitated by advances in technology which have reduced the costs of trade, and trade negotiation rounds, originally under the auspices of the General Agreement on Tariffs and Trade (GATT), which led to a series of agreements to remove restrictions on free trade.

Since World War II, barriers to international trade have been considerably lowered through international agreements — GATT. Particular initiatives carried out as a result of GATT and the World Trade Organization (WTO), for which GATT is the foundation, have included:

Promotion of free trade: elimination of tariffs; creation of free trade zones with small or no tariffs

Reduced transportation costs, especially resulting from development of containerization for ocean shipping.

Reduction or elimination of capital controls

Reduction, elimination, or harmonization of subsidies for local businesses

Creation of subsidies for global corporations

Harmonization of intellectual property laws across the majority of states, with more restrictions

Supranational recognition of intellectual property restrictions (e.g. patents granted by China would be recognized in the United States)

Cultural globalization, driven by communication technology and the worldwide marketing of Western cultural industries, was understood at first as a process of homogenization, as the global domination of American culture at the expense of traditional diversity. However, a contrasting trend soon became evident in the emergence of movements protesting against globalization and giving new momentum to the defense of local uniqueness, individuality, and identity, but largely without success.

The Uruguay Round (1986 to 1994) led to a treaty to create the WTO to mediate trade disputes and set up a uniform platform of trading. Other bilateral and multilateral trade agreements, including sections of Europe's Maastricht Treaty and the North American Free Trade Agreement (NAFTA) have also been signed in pursuit of the goal of reducing tariffs and barriers to trade.

World exports rose from 8.5% in 1970, to 18.2% of total gross world product in 2010.

3. MEASURING GLOBALIZATION

Looking specifically at economic globalization, demonstrates that it 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 or per capita of population

Labor/people, e.g., net migration rates; inward or outward migration flows, weighted by population

Capital, e.g., inward or outward direct investment as a proportion of national income or per head of population

Technology, e.g., international research & development flows; proportion of populations (and rates of change thereof) using particular inventions (especially 'factor-neutral' technological advances such as the telephone, motorcar, broadband)

As globalization is not only an economic phenomenon, a multivariate approach to measuring globalization is the recent index calculated by the Swiss think tank KOF. The index measures the three main dimensions of globalization: economic, social, and political. In addition to three indices measuring these dimensions, an overall index of globalization and sub-indices referring to actual economic flows, economic restrictions, data on personal contact, data on information flows, and data on cultural proximity is calculated. Data is available on a yearly basis for 122 countries, as detailed in Dreher, Gaston and Martens (2008). According to the index, the world's most globalized country is Belgium, followed by Austria, Sweden, the United Kingdom and the Netherlands. The least globalized countries according to the KOF-index are Haiti, Myanmar, the Central African Republic and Burundi.

A.T. Kearney and Foreign Policy Magazine jointly publish another Globalization Index. According to the 2006 index, Singapore, Ireland, Switzerland, the Netherlands, Canada

and Denmark are the most globalized, while Indonesia, India and Iran are the least globalized among countries.

4. EFFECTS OF GLOBALIZATION

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

Industrial

Emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies. Particularly movement of material and goods between and within national boundaries. International trade in manufactured goods increased more than 100 times (from \$95 billion to \$12 trillion) in the 50 years since 1955. China's trade with Africa rose sevenfold during 2000-07 alone.

Financial

Emergence of worldwide financial markets and better access to external financing for borrowers. By the early part of the 21st century more than \$1.5 trillion in national currencies were traded daily to support the expanded levels of trade and investment. As these worldwide structures grew more quickly than any transnational regulatory regime, the instability of the global financial infrastructure dramatically increased, as evidenced by the financial crisis of 2007-2009.

As of 2005-2007, the Port of Shanghai holds the title as the World's busiest port.

Economic

Realization of a global common market, based on the freedom of exchange of goods and capital. The interconnectedness of these markets, however meant that an economic collapse in any one given.

India is right now home of almost every well known I.T company around the globe. Four Indians were among the world's top 10 richest in 2008, worth a combined \$160 billion. In 2007, China had 415,000 millionaires and India 123,000.

Health Policy

On the global scale, health becomes a commodity. In developing nations under the demands of Structural Adjustment Programs, health systems are fragmented and privatized. Global health policy makers have shifted during the 1990s from United Nations players to financial institutions. The result of this power transition is an increase in privatization in the health sector. This privatization fragments health policy by crowding it with many players with many private interests. These fragmented policy players emphasize partnerships, specific interventions to combat specific problems (as opposed to comprehensive health strategies). Influenced by global trade and global economy, health policy is directed by technological advances and innovative medical trade. Global priorities, in this situation, are sometimes at odds with national priorities where increased health infrastructure and basic primary care are of more value to the public than

Britain is a country of rich diversity. As of 2008, 40% of London's total population was from an ethnic minority group. The latest official figures show that in 2008, 590,000 people arrived to live in the UK whilst 427,000 left, meaning that net inward migration was 163,000.

Political

Some use «globalization» to mean the creation of a world government which regulates the relationships among governments and guarantees the rights arising from social and economic globalization. Politically, the United States has enjoyed a position of power among

the world powers, in part because of its strong and wealthy economy. With the influence of globalization and with the help of The United States' own economy, the People's Republic of China has experienced some tremendous growth within the past decade. If China continues to grow at the rate projected by the trends, then it is very likely that in the next twenty years, there will be a major reallocation of power among the world leaders. China will have enough wealth, industry, and technology to rival the United States for the position of leading world power.

Informational

Increase in information flows between geographically remote locations. Arguably this is a technological change with the advent of fibre optic communications, satellites, and increased availability of telephone and Internet.

Language

The most popular language is Mandarin (845 million speakers) followed by Spanish (329 million speakers) and English (328 million speakers).

About 35% of the world's mail, telexes, and cables are in English.

Approximately 40% of the world's radio programs are in English.

About 50% of all Internet traffic uses English.

Competition

Survival in the new global business market calls for improved productivity and increased competition. Due to the market becoming worldwide, companies in various industries have to upgrade their products and use technology skillfully in order to face increased competition.

Ecological

The advent of global environmental challenges that might be solved with international cooperation, such as climate change, cross-boundary water and air pollution, over-fishing of the ocean, and the spread of invasive species. Since many factories are built in developing countries with less environmental regulation, globalism and free trade may increase pollution. On the other hand, economic development historically required a «dirty» industrial stage, and it is argued that developing countries should not, via regulation, be prohibited from increasing their standard of living.

The construction of continental hotels is a major consequence of globalization process in affiliation with tourism and travel industry, Dariush Grand Hotel, Kish, Iran

Cultural

Cultural growth of cross-cultural contacts; advent of new categories of consciousness and identities which embodies cultural diffusion, the desire to increase one's standard of living and enjoy foreign products and ideas, adopt new technology and practices, and participate in a «world culture». Some bemoan the resulting consumerism and loss of languages. Spreading of multiculturalism, and better individual access to cultural diversity (e.g. through the export of Hollywood and, to a lesser extent, Bollywood movies). Some consider such «imported» culture a danger, since it may supplant the local culture, causing reduction in diversity or even assimilation. Others consider multiculturalism to promote peace and understanding between peoples. A third position gaining popularity is the notion that multiculturalism to a new form of monoculture in which no distinctions exist and everyone just shift between various lifestyles in terms of music, cloth and other aspects once more firmly attached to a single culture. Thusly not mere cultural assimilation as mentioned above but the obliteration of culture as we know it today.

Greater international travel and tourism.

WHO estimates that up to 500,000 people are on planes at any one time. In 2008, there were over 922 million international tourist arrivals, with a growth of 1.9% as compared to 2007.

Greater immigration, including illegal immigration.

The IOM estimates there are more than 200 million migrants around the world today. Newly available data show that remittance flows to developing countries reached \$328 billion in 2008.

Worldwide fads and pop culture such as Pokémon, Sudoku, Numa Numa, Origami, Idol series, YouTube, Orkut, Facebook, and MySpace. Accessible to those who have Internet or Television, leaving out a substantial segment of the Earth's population.

Worldwide sporting events such as FIFA World Cup and the Olympic Games.

Incorporation of multinational corporations in to new media. As the sponsors of the All-Blacks rugby team, Adidas had created a parallel website with a downloadable interactive rugby game for its fans to play and compete.

Social

Development of the system of non-governmental organizations as main agents of global public policy, including humanitarian aid and developmental efforts.

Technical

Development of a Global Information System, global telecommunications infrastructure and greater transborder data flow, using such technologies as the Internet, communication satellites, submarine fiber optic cable, and wireless telephones

Increase in the number of standards applied globally; e.g., copyright laws, patents and world trade agreements.

Legal/Ethical

The creation of the international criminal court and international justice movements. Crime importation and raising awareness of global crime-fighting efforts and cooperation. The emergence of Global administrative law.

Religious

The spread and increased interrelations of various religious groups, ideas, and practices and their ideas of the meanings and values of particular spaces.

Nowadays problems connected with coexisting of different types of organizational culture don't lose its actuality. It can be explained by the open character of national economics, global integration and globalization. That's why it is necessary to consider the main issues of different cultural structures. It allows to understand well the modern process which take place in economical relations inside corporation on different levels.

Moreover the analyses of distinguished features of different classes of organizational culture helps to examine current situation and particularity of behavior of main economical agents.

5. CONCLUSION

The analyses of effects of global processes indicates their importance and multifunctional aspect. Objectively its hard to mark purely positive or negative consequences of globalization.

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