

## **GLOBALIZATION - DEGLOBALIZATION IN ROMANIA**

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**Key-Words:** Deglobalization, reshaping globalization, the 11 pillars of deglobalization.

**Abstract:** Deglobalization could be considered a comprehensive paradigm replacing neoliberal globalization for the developing countries.

Starting from that what Waldon Bello calls "11 pillars of the alternative" – key features of this new economy, we tried to identify which of them can be in Romania recognized.

An interesting question emerged: is the return to the production for domestic market as the main factor of the Romanian economy, a better solution than globalization's production for export markets?

### **1. Concept of Deglobalization**

There are a lot of definitions of globalization being almost all highly subjective, depending on the positionality and experiences of the definer and there is much academic discussion about this subject [4].

From a generic perspective, globalization affects a wide range of environments, from technological and economic, to political and cultural, from ideology to structure, from theory to policy.

Globalization refers to the integration of economics and societies all over the world. Globalization represents the process of increasing interdependence of the markets and businesses. This process has increased dramatically in the last two decades.

Globalization is the process by which the world has been increasingly transformed into an integrated global system, with greater flows of money, goods, information and people between nation-states, which are becoming less independent of one another [10].

In way or another, any countries remain unaffected by globalization. 'While some countries have reaped the benefit of wealth the likes of which the world has never seen, others have grown poorer' [2].

A main criticism of globalization affirmed that it has created 'an economically polarized world that appears to be unsustainable over the long term' [5].

The gap that exists today between the richest nations and the poorest ones has begun to reveal the limits of the exploitative capacity of globalization.

In general terms, globalization means :

- enabling wider scope and remove restrictions for global trade
- Multinational corporations have more control
- National interest loses priority
- Socio-economic and political decision making becomes subject to pressures and under influence of foreign powers.

The globalization theory began to be contested by many authors since the world is full of uncertainty and unpredictable changes.

Globalization has different dimensions with different impacts:

- James (2002) analysis the causes of globalization in terms of transaction costs and focuses on ICT, technical change and FDI deriving globalization.
- Bhagwati (2000) focuses on the trade and FDI. Appropriate governance is needed to manage globalization and the speed at which must be pursued.

- La Porta *et al.* (1999) show that from the perspective of promoting development the performance and quality of government across countries varies in a systematic ways.
- Milanovic (2002) show that the effects of openness on income distribution depend on the country's initial income level. At the very low levels the rich benefit.
- Mahler (2001) show there is little evidence of a systematic relationship between three main modes of globalization and the distribution of income or earnings of households.
- Ethier (2002) focused on effects of globalization on the skill premium and unemployment.
- Nayyar and Court (2002) identify ways in which the governance needs of the world economy and policy can be strengthened. They proposed a new structure of governance, reform of existing and new institutions.
- Addison and Rahman (2002) considered geographical, institutional and political factors, economic policy and histories matter for capacity to globalize. [6]

Deglobalization is just a possible outcome of those unstable, unpredictable and unreliable conditions can lead to the uncertain business environment. [3]

*Deglobalization emphasizes the upgrading of the quality of life and maximizing equity, a change from the unrelenting focus on growth alone. The deglobalization paradigm rests on some solid recommendations for its operationalization.* [7]

Foremost of the deglobalization concepts is the return to the production for domestic market, considered to be a nucleus of the economy, rather than globalization's production for export markets. [7] In order to develop local economies, production and sale of goods should be prioritized at the national level. The national economy should be protected from destruction by invasion of corporate-subsidized commodities. Trade policy in the form of quotas and tariffs could be an appropriate tool for this. Economic policy such as subsidies, tariffs, and local trade could be used to rekindle and to reinforce the manufacturing sector. The current economic crisis originated in the United States has reached every nation for no fault of its own. Low-income countries are pinched. Economic growth, unemployment, food ensuring, and fiscal space positions are expected to continue to deteriorate through several channels, each bringing distinct pressures per country. The challenge for the international community policymakers is to show strong leadership and urgently put a mechanism in place for coordinated policy action around the world.

*Deglobalization aims to empower regions and communities, and consequently diffuse the accumulated power of economic megamonoliths that were created by globalization and that only further impoverished the majority of the world.* [7]

One of the leading critics of the current model of economic globalization, Waldon Bello identified 11 pillars of the deglobalization paradigm:

1. *Production for the domestic market must again become the center of gravity of the economy rather than production for export markets.*
2. *The principle of subsidiarity should be enshrined in economic life by encouraging production of goods at the level of the community and at the national level if this can be done at reasonable cost in order to preserve community.*
3. *Trade policy — that is, quotas and tariffs — should be used to protect the local economy from destruction by corporate-subsidized commodities with artificially low prices.*
4. *Industrial policy — including subsidies, tariffs, and trade — should be used to revitalize and strengthen the manufacturing sector.*

5. *Long-postponed measures of equitable income redistribution and land redistribution (including urban land reform) can create a vibrant internal market that would serve as the anchor of the economy and produce local financial resources for investment.*
6. *Deemphasizing growth, emphasizing upgrading the quality of life, and maximizing equity will reduce environmental disequilibrium.*
7. *The development and diffusion of environmentally congenial technology in both agriculture and industry should be encouraged.*
8. *Strategic economic decisions cannot be left to the market or to technocrats. Instead, the scope of democratic decision-making in the economy should be expanded so that all vital questions — such as which industries to develop or phase out, what proportion of the government budget to devote to agriculture, etc. — become subject to democratic discussion and choice.*
9. *Civil society must constantly monitor and supervise the private sector and the state, a process that should be institutionalized.*
10. *The property complex should be transformed into a “mixed economy” that includes community cooperatives, private enterprises, and state enterprises, and excludes transnational corporations.*
11. *Centralized global institutions like the IMF and the World Bank should be replaced with regional institutions built not on free trade and capital mobility but on principles of cooperation that, to use the words of Hugo Chavez in describing the Bolivarian Alternative for the Americas (ALBA), “transcend the logic of capitalism.” [8]*

Our intention is to identify these pillars in Romanian current context. So, this paper aims to discuss the deglobalization implication for Romania in responding to the current economic context.

## **2. The deglobalization pillars in Romanian current context**

1. Provided that the crisis has triggered a historic fall of 12% of world trade in 2009, an unprecedented decline since 1945, many analysts have warned of the risk of recourse to protectionist measures that could aggravate the situation. According WOT (World Trade Organization), OECD (Organization for Economic Cooperation and Development) and UNO (United Nations Organization), most of the G20 states have complied with the commitments in favor of trade and investments without restrictions. However, experience shows that prolonged periods of job loss is one of factors that could incite more restrictive policies, said representatives of three organizations, which require to the G20 countries to remain vigilant in their opposition to protectionism.

Although they said they would not take measures to limit Crisis globalization, more and more countries resorted to protectionist policies under the pretext of crisis. "Buy American", "buy products made in Romania", "Fabrique en France", is more than just some prompting, but they are taking action to limit imports and supporting local industry.

In our country, the government adopted protectionist policies in two major fields: the field of automotive industry and that of domestic tourism. For the first one, the Romanian government deemed appropriate to triple taxes for second hand cars cancelling the fee for new cars. Thus, it aims to stimulate domestic automobile industry. In the second area of activities, there are special programs of Tourism Ministry, trying to boost domestic tourism. When a state decide to close its markets, in order to reduce globalization risks - for capital, financial services, for trade and for labour force, it must, also, take into account the fact that these decisions may contribute to a limitations of global growth. If all the states involved in the process of globalization adopt protectionist policies - for to protecting their own economies - sooner or later these policies will turn against those countries. We can say that this may conduct towards a closed economy, which gradually leads to the

emergence of economic nationalism and globalization restriction. In fact, this could lead to the deglobalization process.

A critical element is coordinating our national development strategy with those of our neighbors. The reality of international economics in the 21st century is the existence of large economic blocs, the most important of which are the European Union, the United States, and China. For Romania it is difficult to be able to effectively develop or participate in the international economy without becoming part of a larger formation.

2. The subsidiarity principle is one of the central principles in the EU context, laying down that political decisions in the EU must always be taken at the lowest possible administrative and political level, and as close to the citizens as possible. It was introduced to the European Union in the the Treaty of Maastricht as a general principle applicable to all areas of non-exclusive competence.

In terms of Waldon Bello, it means *Think globally, act locally*, rather than the above mentioned one. In Romania, a country facing economic challenges locally and internationally, European legislation, a potential increase of the energy costs and a concern about energy security, we believe that local authorities can use measures to meet these challenges, while creating economic stimulus and new jobs for citizens. In order to do these, measures to promote energy efficiency in buildings and to combat climate change could be implemented. Supporting measures for increasing energy efficiency brings benefits for citizens of all walks of life, especially for the poorest members of society who are most vulnerable to increased energy bills.

3. In trade policy, Romania must comply with EU legislation - Horizontal Community legislation, GOODS PACKAGE. Therefore there is a Guide to the implementation of directives based on the New Approach and the Global Approach European Commission. [9] Creating a viable internal market should be one priority. Protecting it from artificially cheap imports that stem from subsidization is another.

4. Based on the constituent treaties and other regulations (secondary legislation, multi-and bilateral treaties concluded by the EC), which governs the EU trade relationships with other countries, it can be said that the EU has a common trade policy focused on liberalizing trade in industrial area and relatively protectionist in agriculture.

Policy within these fields is to a great extent settled; the main task is the observance of international agreements in the context of supporting the credibility and the trust in the Romanian business environment.

In this respect, the Government will promote the following measures:

- The use of tariff facilities agreed through Free exchange agreements negotiated by Romania at international level and participation at the liberalization of international trade by multilateral commercial negotiations within the World Trade Organization;
- Increase of the share of Romanian exports of industrial products within the world trade by finding some market niches, for them, especially for the products with an advanced degree of processing;
- Granting support to extend the tender of consultancy and training specialized services within the commerce field;
- Granting commercial and un commercial risk warranties;
- Programs for production de-localization in less industrialized areas;
- Promotion of capital export;
- Increase of the volume of foreign investments in Romania, by assuring a stimulating and predictable investment climate.

Building up capital intensive industries such as computers, transportation equipment, and will necessitate a flexible tariff policy, coupled, of course, with investment incentives and state-sponsored technological development.

5. In an economic system, urban land policy is related to the report between demand and supply of land depending on type of application, location and price. Problems related to urban land appear when population grow when and there is no enough land for it to make housing programs, schools, transportation ways and public utilities. Post-communist countries of Europe, including Romania - are faced with three kinds of severe social and economic problems, namely:

- Lack of urban land served by utilities in order to respond to competing demands
- Inefficiency of urban land taxation systems
- Inability to generate revenue sources to finance urban infrastructure and public utilities.

6. Tracking profit without caution may damage the environment and lead to conflict with other social values.

Our country's transition to a market economy has caused profound changes in economic and social structures. These changes are often associated with negative processes such as diminishing of social control, increasing crime, corruption expansion, increasing income inequality and social polarization. All these factors have affected the quality of life in Romania. Although there are not simple solutions for these problems, social modernization, a more acceptable - from a social perspective - redistribution of income and a better law implementation - could lead to a better quality of society and a better quality of life for the Romanian citizens.

7. In Europe, the use of renewable energy sources has become an urgent necessity. Global industry entered into a new era: the era of green technology. In Romania, this concern is beginning to say shy, but potentially serious in the future. As a result of increasing fossil fuel prices, the depletion of traditional energy reserves and of the commitment to reduce pollutant emissions, there is a pressure and a certain tendency to argue for orientation towards efficient and less pollutant technologies - green technologies. In Romania, increasing of energy costs and legal constraints would generate in a relatively short time a more significant market for these new technologies. Romania can face the current economic crisis as well as the looming climate crisis head on by cutting energy costs, enhancing energy security, and creating jobs – including many new skilled jobs in green technology, products and services. In addition, government or private loans can be utilized to improve energy efficiency and have the benefit that the reach of existing programs can be vastly expanded without undue strain on today's budget.

8. In Romania, strategic business decisions in the future would involve both institutional actors (Ministry of Environment and Sustainable Development, National Council for Public Debate, Working Groups), as well as social ones (Regional Advisory Group), according with the model of National Strategy for Sustainable Development.

9. In our country, civil society is not sufficiently crystallized so that they can't constantly monitor and supervise private and state surveillance; this process should be institutionalized.

10. Exclusion of transnational corporations in our country is virtually impossible because the phenomenon of transition from the private form of property to a public one, involved the introduction of transnational companies in the economy. By the other hand, Romanian people shows a great resistance to change related to reintroducing some form of collective property like cooperatives, because they remind them the communist period, representing a controversial part of history of the Roman people.

11. Matters which are referred here may not be under discussion for Romania because of its condition of EU member. Thus, it must abide by its principles.

### 3. Instead of Conclusion

Deglobalization or the re-empowerment of the local and national, however, can only succeed if it takes place within an alternative system of global economic governance. [8] What Romania and international civil society should aim at is not to reform the Transnational corporations - driven WTO and BrettonWoods institutions, but to radically reduce their powers and to turn them into just another set of actors coexisting with and being checked by other international organizations, agreements, and regional groupings. Deglobalization is not about withdrawing from the international economy. It is about reorienting economies from the emphasis on production for export to production for the local market.' [1]

Thus, two types of regionalization can be identified: one of "strong" substance, which seeks to transform the micro-regions in national states spaces, where competition prevails over cooperation. The second is open to modernization and functional, being under American influence and based on 'soft power'. The only region in the world where a "regionalization" process is visible is currently in Europe.

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