

# THE SCOPE OF GLOBALIZATION AND ITS IMPACT ON THE ECONOMIC AND FINANCIAL-BANKING SECTOR

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## Abstract

*Currently, on the grand scene of social-human life, we may encounter all possible social players ... Should we follow "movement" as a fundamental social and historical phenomenon, we shall find that the world has become, to a large extent, a single societal system, as a result of the development of interdependence connections affecting each and every one of us. The envisaged global system is not just an environment within which particular societies develop and evolve, as separate systems. Through the social, economic, financial and political ties, through the communication systems crossing interstate borders, it turns into a new system, with a trend towards materially restraining the action of its subsequent systems, decisively containing the fate of those living in each of them. The general term used to characterize this increasing interdependence of the human society is that of globalization.*

**Keywords:** *The scope of globalization: organizing information networks; space and time compression; space and time unification; financial-banking networks; universally diversified society; opposite paradigms – financial individualization and globalization; zonal and regional blocks.*

## Introduction

Globalization is not a mere process of increasing world unity. The globalization of social relations firstly requires a reassessment of time and space in social life. People's life is increasingly influenced by the events occurring far from the social context in which they are carrying out their daily activities. From this point of view, globalization is not a novelty, since it started to develop two-three centuries ago, as the scientific and technical discoveries had become more prominent on a regional and universal scale. Ever since then, from the beginnings, the globalization of social-economic and financial relations has been associated with inequalities between various parts of the world.

Nowadays, a new battle is being carried out in the competition field, namely that for mastering information.<sup>1</sup> A new field is thus opened to financial-banking, industrial and commercial strategies, but also for the military and political ones. New relations appear between state and economic institutions, between the public and the private sector, between the state and the market.

Therefore, globalization appears to be one of the most significant changes that the modern world has confronted with. Many of the current fundamental problems, such as ecological issues, avoiding world-scale conflicts, or financial crises are of international importance, as regards their purpose.

## Literature Review

Despite the pronounced increase of economic, financial and cultural interdependence, the world system is characterized by inequality and divided into a "mosaic" of states, whose concerns may be common but also divergent. Currently, there is no proof, and there shall be none in the near future, of a political consensus capable to go beyond the states' conflicting interests. However, it is more than certain that eventually it shall be possible to create a world government, but it shall be the

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<sup>1</sup> Jean-Francois Lyotard, *Condiția post modernă*, Bucharest, Babei Publishing House, 1999, page 21.

result of a lengthy process. In many aspects, the world is becoming more united and certain sources of conflict between nation-states or regions tend to disappear.

*World homogenization thus appears as a first dimension of globalization.* At present, universal standards replace particular homogeneity, specific to territorial units, with slight differences. The differences between territorial units and their inner differences which were mutually exclusive, are being replaced, through expansion, by a certain level of standardization and equalization, representing the "new spatial infrastructure", accompanied by free movement of material goods, capital, people and ideas, at regional and global level.

A similar and intense process is undergoing at a more limited regional scale. European integration sought among other unifying measures, to create "Europe without borders", in removing mutual exclusivity – under the conditions where certain closed systems coexist at the level of nation-states – requiring, among others, the accomplishment of a common organizational, economic and financial culture, either as a diffusion process of such an existing culture, or as a collective participative process, meant to create a new one.

Globalization has not yet produced an international institutional entity, with a legal status, capable to efficiently control and manage the homogenization process, the existing tensions or to create a redistribution or prosperity and peace in the world.

In the attempt to identify the scope of globalization, we find that it is about to become individualized, seeking to find its way, and its means of accomplishment and consolidation. Thus, in the given conditions, globalization is mainly marked by the means of communication, via Internet, due to which the geographic distance has disappeared, being measured by entirely different criteria – technological, economic, financial, etc. - which imposes a new universal world. Cybernetics and electronics, numerical networks, and the Internet have already removed borders in certain fields, such as: transport and communication, trade and financial-banking transactions.

*The world that we are living in is a world of communications* – globalized communications – where information is standardized, dematerialized, symbolic, direct, without intermediation, a world where information travels with amazing intensity and velocity, sending on a long distance both positive effects and the shock of negative effects, further to the complexity, complementarity and connections in which all nation-states are engaged, be it voluntarily or otherwise.

Such an example is the appearance of electronic trade, accompanied by new electronic financial and banking instruments (payment, credit, settlement instruments and the like), fluidizing the circulation of money and commercial swaps, facilitating remote transactions, with no necessity to travel, where the demand and supply are exchanged through the Internet, thus ensuring a network system where web pages and sites provide information on stocks, varieties, prices, warehouses, conditions, etc. – through which most swaps are materialized, the market is modernized, and the capital and the goods continue to circulate. In this context, the network system raises new legal problems (access, promotion, competition, taxation, control, protection, incrimination etc.), subordinated to a new economic order. .

Life therefore imposes that the reorganization of networks at world level be founded on technical and legal norms, regulating the network usage system, the obligations, liabilities and sanctions, in other words, an international legal framework, all the more so since the organized crime phenomenon has spread on the Internet (fraud, money laundering, goods and human traffic, robberies, network hacking, etc.) which may cause the unbalance of world order, by their impact.

This aspect of globalization therefore concerns both the increase of the spatial framework of event interdependence and the intensification of extensions based on connections, on the complementarity of differences, and on the competitiveness of alternatives. More and more often, people's behavior and activities in certain areas have repercussions that go beyond local, national or regional borders, and sooner or later they reach world dimensions. In general, the broader the time framework, the greater the participation to individual and collective activities with world impact. An increased sensitivity towards world-scale differences can be detected in this process, differences that

make up the bases of competitive and complementary interaction, exceeding the level of the nation-state.

Once the "space time compression" intensifies, it becomes impossible to "solve" problems by avoiding them from a spatial point of view. Since world level interdependences increase constantly, and once the fact that there is a "single world" is acknowledged, the possibilities for isolated partial solutions is diminished both for the individual, and for the local community or the nation-state. For instance, environment protection measures become general and mandatory, independently from the available material resources coming from outside the borders. Therefore, we shall uphold the idea pursuant to which the greater the globalization level, the more limited the range of "escape alternatives".

From the aforementioned notions, another aspect of globalization arises, consisting of the *trend to unify space and time*. Such as, from the spatial point of view, globalization tends to go beyond local, particular space, to the global, unique space, we may also speak of the unification of local times into a global time, by exceeding temporal discontinuity, based on the unification of non-simultaneous rhythms of various activities, and on the inclusion thereof in the world spaces. We are considering the *services that are currently most integrated in the world expansionist processes* (such as banking services and stock markets), which can no longer afford the daily breaks according to the local time. In the large cities of the world, there is a number of activities and institutions working constantly according to the "global time", such as international airports or the hotel industry. Thus, once the new information, techniques and technologies have appeared, time differences no longer exclude one region or another from the global system, the trend being to ensure the active universal time synchronization.

Another aspect of globalization as a historical process consists of the fact that *it induces a new step in civilization, that of the global society, of a universally diversified society*.

Reconsidering the world market, sustained economic and financial competition, the appearance of multinational and supranational corporations, power poles, the decline of the socialist/communist alternative, and many other factors, have brought the states to the position of seriously revising the role they used to play in time.

*Globalization sweeps away all adversities trying to prevent its progress. It is developed, in general, independently from the will of the states, of the governments, of the markets and civilizations*, liberalizing and unifying mostly by the force of combining the scientific and technical progress, such as information networks, communication technologies, to their particular technologies, to the management of various activities. The economic frontiers have an increased mobility, determined by the increase of regional integration and cooperation processes and by globalization. Customs connections, free zones, economic, political, cultural and even political complementarities, amplify such processes and trends, simulating and imposing – in a natural manner – partnership for development and peace and the spirit of solidarity.

Therefore, globalization is not strictly limited to economy and the means of putting it into action, in a higher generalizing form. It concerns the elements of civilization in all aspects, starting from the political, management and global organization ones, going through the economic, financial and social, to the military aspect.

Globalization brings about radical changes in communications, economy and finance, in reconfiguring internal markets, in the institutional and environmental system, in distribution and redistribution, in lifestyle, in human relations and mentalities, inducing a new morale, all the above being determined by the progress to be accomplished at all levels of human activity and existence, in shaping the universal man.

In this context, there appears the paradigm of social and spatial development, with its two opposite terms: *individualization* and *globalization*. The latter has drawn great interest in recent years, while most discourses have not been focused on concept definitions, but rather on highly differentiated approaches of the phenomenon.

Globalization is a process increasing the determining frameworks of social change, at the level of the world as a whole. Thus, while social change was first approached at local and national level, the concern for globalization has increased the interest in explaining relations between territorial units and the world, as a whole, and the debates have been focused on the problems concerning the “local-global” relation, and on multilevel surveys.

Our planet is actually a diversity of a whole, a system created from subsystems with different identities.

The level of globalization may be appraised to the extent where territorial subsystems are open and allow – when they can – the access of world forces as a whole. Where territorial communities stay closed at local, national or regional level, they create a set of closed and homogenous systems, possibly on the inside. Therefore, the larger the availability and participation of the subsystems, the more they shall get closer and resemble the global system, global features replacing local ones. Potentially, we are getting closer to the situation where the world as a whole shall be mirrored in any subsystem, and at the same time, each subsystem, town, region or nation-state shall be mirrored by the whole; each component becomes singled out, becomes more similar to the whole, while the whole manifests itself increasingly at component level, and local conflicts become global social issues.

The question that stays open is the one regarding the manner in which we could go beyond the mere listing of the other indicators of globalization, such as the operations of multinational and transnational corporations, be they economic or financial, satellite communications, the existence of a universally accepted language, the ecological problems of the modern world or the global approach to security and peace.

The world we live in is a world of zonal and regional blocks, determined by the need for capitalization and common protection of the economic, financial, and human resources, and by the more or less conscious preparation for the integration in a global world (society, market, civilization). It is a world dominated by interests and economic and social inequality, national and supranational oligopolistic concentrations, determining policies and strategies with potentially destabilizing consequences (particularly for underdeveloped countries), supranational, zonal and global, financial and banking institutions and the like, with their own policies and strategies, ignoring many times the local particularities (development level, resources, opportunities, traditions, etc.). Paradoxically or not, the existence and development of transnational societies of the large corporations, cartels and monopolies, and their mergers, are the sprouts giving birth to a large extent, to global economy, to the needs of global society, with their related institutions and mechanisms.

At the same time, state involvement in a system of networks shall generate deep changes in the configuration of nation-states, in reducing their role as regards international or interstate organizations and transnational corporations, and in redefining the power positions within the international relations system.

## Conclusions

Globalization, as a process, constitutes, beyond the objectivity of the extent of communications and of the information revolution, a political issue with implications beyond all fields of activity, including the military one.

*The political aspect is the one which, eventually, establishes the politics of globalization, the directions and strategies, the steps towards creating the global society. It is the one creating and undoing alliances of all types, developing, limiting and structuring the markets, causing changes of state sovereignty, troubling the existing identity structures, etc. all determined by the factor of interest, supposedly the higher human interest...*

In this context, globalization appears as the greatest defiance and challenge of the century, but also as a threat. Since the “global society” or the “world system” does not appear merely based on the

interdependence and mutual connections of its parts, globalization is able to go forward either in the direction of freedom, or in the one of domination. The classic example is the relations between “centre” and “periphery” (considered at scale...).

The intensification, vastness and spatial extent of integrating processes involves the harmonization of the participating states’ decisions, of the common programs and projects in promoting the most objective goals, strategies and economic, social, financial, political and military strategies and priorities for the given area. These measures and joint efforts lead to a new dimension of international cooperation, creating a new pulse, arising from the promotion of regional, community and global relations.

Under the conditions of the objectivation of this process, where economies, markets, capitals, etc. no longer have frontiers, where competitiveness, competition and efficiency become reference factors, the defining role of man, education, professionalism, pragmatism, intelligence and ingenuity, and its power to adapt to a more mobile world, are increasing as well.

*Sustainable human development remains the main (human) feature*, ensuring development in general, social democratization, human dignity, solidarity, participation to the decision making process, balanced distribution, natural environment protection, etc.

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