WINNERS AND LOSERS IN GLOBALIZATION

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Guillermo de la Dehesa's book, published by Historia publishing house in 2007, deals with the complicated issue of globalization. De la Dehesa comes with a competent and detached perspective, intended to be an objective one. He assesses the economic effects that globalization has on individuals, on the business environment, on governments and governmental policies, and on states. The inevitable conclusion is that the costs and benefits of this asymmetric process are not evenly distributed: some win, some lose, and the author is trying to identify both categories.

The book opens with a definition of globalization, which would be "***a dynamic process of liberalization, openness, and international integration across a wide range of markets, from labor to goods and from services to capital and technology***" (p. 17). The process is not a new one. Globalization has unfolded gradually, starting with the first wave (1870-1914), while the present one is supposed to have started in 1950, since then taking place gradually and continuing to intensify.

The author then analyzes the relationships between globalization and economic growth, the theoretical models regarding the globalization of trade and development, financial globalization and financial crises, wages and the distribution of income, the problem of employment, the functioning of the labour market, the relocation of productive capacities, technological change, migration, the development of multinational companies of different types, number and size of states, including the phenomenon of erosion of the nation-state, the role and possibilities of governments and economic policies, fiscal policy and social protection, monetary policy and exchange rates, the role of information, risks and uncertainties, emerging economies, the issue of debts, globalization and culture and so on and so forth. Each of the issues is treated by the author both theoretically and empirically.

"On the one hand globalization implies an increased economic efficiency and a high productivity, as well as economical growth, by coordinating with the latest waves of technological innovation. On the other hand, however, it also inclines to fragment production processes, labour markets, political entities, and even societies. It combines the beneficial effects of innovations and dynamism with the negative impact of financial crises or other such shocks", the author argues (p.12-13), mentioning, however, that the positive aspects are much more important than the others.

Many politicians and ordinary people in developing countries blame globalization for all evil on earth, especially for the financial crises generated by the sudden departure of capitals at the first sign of political or economical weakness. They are conservatives, mainly, such as Briton John Grey, or leftist intellectuals, such as the American William Greider. Unions believe that globalization destroys jobs and increases inequities because of global hyper competition generating social dumping and inhuman work conditions. Governments accuse globalization for the loss of national sovereignty over an unstoppable growing strength of financial markets and multinational companies.

Despite questions being asked, naturally, about the opportunity of financial globalization and its governing, most economists defend the process. The famous, by now, Jagdih Bhagwati, opposes the liberalization of capital flows on short term in order to avoid financial crises which can turn against the liberalization of commerce, having a negative impact on the convergence between countries and their development. The Asian virus has demonstrated that the observation was correct and, at the same time, it has proved the groundlessness of the F.M.I. policies. Quite the contrary, Asian countries such as China and India, which have not been open to capital inflows, have avoided the crisis.

Other prominent economists such as Paul Krugman and Bari Eichengreen defend both commercial and financial globalization but are in favour of introduction of some selective and temporary controls over short term capital movements, as a measure to avoid crises.

On the opposite side, Maurice Allais is against the liberalization of both world trade and capital movement. Finally, Joseph Stieglitz opposes the way the main international organizations interpret globalization and also the way they implement their own policies in the developing countries.

In general, few economists are against globalization but what they are not content with is the lack of regulatory, surveillance and control institutions at an international level and the way the existent ones function. The author believes that, on the whole, globalization will be positive for the development and the convergence of the world economy, although the gains and losses will not be, cannot be even. There are winners and losers within any economical changing process. De la Dehesa believes that, in the case of globalization, the first are more numerous. Interestingly, the author advocates for global institutions to reflect the new changes given that the World Bank and the IMF are superannuated. He also militates for a new world exchange currency destined to regulate the current unstable situation on the monetary market. He sees the falling of the US dollar and the strong rising of the euro. According to Daniel Cohen in *Nos temps modernes*, Flammarion, Paris, 1999, “present day globalization and technology are an unfinished revolution. They lack specific social regulation. Until a new global framework or social rules are developed, the present unrest will continue.” Globalization is an excellent chance to create a global and open economy and society. This chance, however, will be turned to good account only if the unprecedented opportunities which are now created for an increase of welfare are combined with a “strong ethical basis and mutual responsibility to prevent the exclusion of some countries or individuals” (p.14).

The main losers in this process are those countries and peoples which cannot join the ever accelerating globalization, being left behind and this because they do not have credible political, legal, economical and social institutions. The main winners are those who have been opened since the beginning, attracting trade, capital and high technology. Therefore, the losers are not necessarily victims of globalization but rather of the lack of it.

It is true that the markets and the transnational companies are in power, leading the dancing, after several decades of state domination. It is a cyclic rotation. Otherwise, both markets and governments are definitely necessary, even though both tend to meet failures. The difference is that markets are those which correct errors quicker and better than states, the author thinks.

Rich countries must help more the poor ones, they must reduce their debts, but here too, there are some limits. That is why the leaders of the latter countries must reduce their internal inequalities and create open and transparent institutions in order to attract foreign investments, thus opening a door to development. They must count more on education and connect to the main commercial, financial, and innovative technological flows. Those able to understand the new realities and to do these things will have the possibility to taste the benefits of globalization. *Winners are, according to the author, small countries, countries with an increased level of industrialization or countries with developed services. Losers are the monocultural and mono-industrial isolated communities.*

Source

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