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## THE SOCIAL DIMENSION OF GLOBALIZATION

**Abstract:** The article presents a systemic view on the globalization phenomenon with a review of the most developed approaches to the definition of its essence, to the dialectics of its origin and developmental dynamics. There is presented a detailed description of the current stage of globalization when the world becomes more complex, self-contained, connected, multifaceted, and multidimensional, while the humanity makes a planet-wide socio-cultural entity.

**Key words:** globalization, development of global links, global system, humanity, planetary entity.

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### Introduction

In modern science, the problem of globalization continues to be actively discussed. In this paper, attention is focused on the social side of the problem. In this context, we understand the phenomenon of globalization as the process of the formation of a global informational, economic and social space, which is characterized by significant interactions that occur in real time between different social entities, regardless of their location and mutual geographical remoteness.

When assessing globalization, they usually pay attention to economic indicators: the level of tariffs, foreign trade quota, and indicators of the turnover of capital investments. However, behind globalization, as well as behind any processes in the economy, there are people for whom globalization can be both evil and good, eliminating old or creating new opportunities, increasing risks or, conversely, smoothing them out. Globalization, according to N. Didenko, “can develop unevenly, stop, break through to a qualitatively new level, while exerting a different impact on different countries” [1, p. 38].

The unprecedented economic and technological changes of recent decades have transformed everyday life and created a new social environment. The rapid dissemination of information and the growth of the global information industry can affect people's self-identification and lead to the destruction of social solidarity and cultural diversity. At the same time, they can help spread the values of democracy and understanding. Of greatest relevance is the issue of the impact of globalization on social problems: poverty and inequality.

The global economy, despite the Asian financial crisis of 1997, continues to grow rapidly. Amid this growth, there are different, often directly opposing opinions regarding the impact of globalization on the poor. Some experts are convinced that liberalization of economic policy and participation in world trade, expanding access to new ideas, technologies, etc. favorable for the bulk of the population of developing countries, others argue that this is not entirely true or not at all - economic growth is offset by a sharp increase in inequality, which is accompanied by growth.

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The problem of ambiguous attitude to globalization can be partly explained by the different meaning that some authors put into this concept. Some believe that globalization implies the free movement of capital, others associate it with the cultural and economic hegemony of the United States, while others generally use this term as a kind of universal concept to mean everything that they do not like in modern life. In this paper, the concept of “globalization” is considered only from an economic point of view (in its specific meaning), that is, from the perspective of expanding foreign trade and foreign investment, as a partial or complete elimination of the restrictions on international trade established by states and the emergence of a complex global production system as a result and exchange becoming more integrated.

Trade liberalization is seen as a key element of a growth strategy. The defense of free trade is one of the oldest topics in economic theory. The arguments of its supporters have already been confirmed by the experience of recent decades, which proves that more open economies are richer and grow faster. In this regard, the connection between globalization and economic growth is positive. Another question is whether the entire world community is equally involved in this process, what is the impact of globalization on socio-economic inequality in society, does globalization contribute to the reduction of poverty in the world or not?

Theoretical arguments indicate that as markets open, inequality can change in one direction or the other. On the one hand, trade liberalization, according to the Heckscher-Olin theory, will reduce the wage gap between skilled and unskilled workers, provided that production is shifted towards goods with comparative advantages. On the other hand, this may not happen. For example, countries may begin to form new export items, which, compared to other activities, will be production using relatively skilled labor (for example, the transfer of some industries to developing countries through outsourcing). The increase in inequality can also be caused by increased competition associated with an increase in the number of efficient companies that usually require more skilled workers (in industries with a high level of import penetration, the skill level of employees may increase) or accelerated transfer of new technologies that require skilled labor to developing countries. Due to the influence of these factors, trade reforms will lead to an increase in the relative demand for skilled labor, often exceeding supply. This phenomenon was observed. in Latin America, when the level of remuneration of qualified personnel increased due to growth in foreign trade, foreign direct investment and the granting of licenses by OECD countries [6, p.5].

Empirical studies of this problem also do not confirm the existence of a direct link between trade liberalization and changes in income distribution. Among the supporters of globalization there is a

general opinion that on average the global distribution of incomes does not change as they increase, that is, the distribution of incomes is invariant with respect to their growth. Consequently, the incomes of the poor increase to the same extent as average incomes. According to D. Dollar and A. Kraiah, “economic growth is good for the poor,” since the growth of the average income of the poorest quantile corresponds to an increase in the average total income in the world. However, changes in the distribution (on average) are insignificant and develop too slowly to lead to significant changes in the poverty level [7, p. 37].

According to J. Vazquez, globalization has the greatest prospects in terms of economic growth, poverty reduction and changing global inequality for developing countries [12, p.199]. Globalization helps most of the developing world to repeat the experience of Western development. The industrial revolution, which began 200 years ago, qualitatively changed the lives of people of that time. Scientific discoveries and the introduction of technology made it possible for a significant part of Western society to get out of a state of extreme poverty, and they overcame the mass poverty that is now characteristic of most of the developing world. This leap was not accidental; it took place in an atmosphere of free enterprise and the protection of private property.

Today, the developing world, argue the supporters of globalization, has one advantage: pursuing a liberalization policy, this world can go the path in one generation that it took Western society more than a hundred years. But such optimism is not shared by all researchers and specialists.

The argument of the opponents of globalization is based on the thesis of the unevenness of this process. Countries, social communities and ethnic groups integrate into the global economy, being at different stages of their development. And this is the main cause of the dangers and risks that accompany the process of globalization, giving rise to its challenges and requiring immediate answers. Although the growth of trade and foreign direct investment undoubtedly brought benefits, they were distributed quite differently, some countries and categories of the population were left out.

Studies show that such signs of globalization as accelerating economic growth, an open economy, and the growth of foreign direct investment (FDI) have little effect on the situation of developing countries. In particular, FDI directed to this group is concentrated mainly in one region (China and Southeast Asia), as well as in some countries of Latin America. And while the World Bank zealously defends the idea of globalization, considering liberalization of the national economy and the creation of open markets as a way to the prosperity of developing countries, the UN Development Program is not so clear in assessing the consequences of globalization. “International trade,” says one of the reports of this organization, “is

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one of the most powerful engines that drive the globalization process. Trading patterns have changed. In the world, the share of developing countries in the export of manufacturing products is steadily increasing, and some countries are closing the technology gap. However, structural inequality persists, and in some cases expands. Sub-Saharan Africa is increasingly being marginalized. Today, this region (with a population of 689 million people) has a smaller share of world exports than Belgium (with a population of 10 million). If sub-Saharan Africa accounted for the same exports as in 1980, the benefits of foreign trade were eight times the amount of aid received in 2003. Many Latin American countries are also lagging behind. In the field of trade, as in other areas, the claims that global integration promotes the convergence of rich and poor countries are exaggerated”[4, p.12].

Characteristically, this fact is confirmed in the work of experts and researchers working under the auspices of the World Bank. For example, U. Lopez, G. Perry and U. Meloni indicate that for the period from 1963 to 2003. The growth of the median per capita income in an industrialized country exceeded the growth of the same indicator in a developing country by an average of 1 percentage point. Different rates of economic growth have created a widening gap between rich and poor countries. For example, in the 1960s, the average per capita income in an average Latin American country was approximately one third of the income of an average developed country, today it is less than 20 percent. On a global scale, in the 60s of the 20th century, the income of a typical developing country was approximately 12% of the income of a typical developed country, now this figure is approaching 5%. Thus, the convergence hypothesis does not find practical confirmation, poor countries remain poor, and rich continue to get rich [10, p. 6–7].

The formation of “convergence clubs” is taking place in the world, when countries in each cluster tend to converge levels of economic development, while the gap between clusters widens. So, there are three main clusters: the poorest countries, countries occupying an intermediate position, and the richest countries. According to UNDP estimates, the share of the richest countries in world GDP is 86%, the share of medium is 13%, and the poorest are only 1% [8, p.2].

In answering the question of whether globalization contributes to the solution of major social problems in the world, we are inclined to believe that, despite the general increase in incomes, global inequality has increased even more over the past decade. It is known that per capita incomes in the 20 richest countries in the world are 37 times higher than the corresponding indicator in the 20 poorest countries, and this gap has doubled over the past 40 years [2, C.3]. Income inequality is extremely high, no matter how it is measured. According to analysts of

the UN Development Program, at the beginning of the XXI century. the total wealth of the 225 richest people on the planet exceeded 1 trillion. dollars, which was equal to the annual income of 2.5 billion poor people, accounting for 47% of the world's population [3, p. 39]. The incomes of the 500 richest people in the world from the Forbes magazine list exceed the total income of the 416 million poorest people in the world [4, p. 44].

Of particular concern is the situation in agriculture. Two-thirds of people with an income of less than \$ 1 a day live and work in rural areas; the markets in which they operate, as well as the prospects for saving their households from poverty directly depend on the rules of trade in agricultural products [4, p.12]. Although theoretically globalization favors the development of agriculture, contributing to its intensification and specialization, the vast majority of small farmers in developing countries cannot take advantage of these: landless peasants or those who have only a small piece of low-fertile land and are faced with a constant shortage of water are not ready for fierce competition associated with access to world markets. Most peasants in Africa and South Asia do not have access to credit, modern technology and information that would allow them to improve product quality in accordance with market requirements.

In addition to the difficulties arising at the micro level, there are also serious macro problems when the products of certain countries or regions as a whole are uncompetitive in world markets. The main problem that should be considered at the WTO negotiations on agriculture can be formulated in a few words: subsidies from rich countries to their agricultural producers. In the last round of world trade negotiations, industrialized countries promised to cut back on their agricultural subsidies. Since then they have increased them. Now they spend a little more than \$ 1 billion a year on agricultural assistance in poor countries, while a little less than \$ 1 billion a day is spent on subsidizing agricultural production at home. The situation is aggravated by the fact that agriculture, the life and well-being of those who work there, is usually not interested in the leadership of developed countries, most of which seek industrialization and urbanization. Numerous agricultural production reform programs, carried out at national levels or under the auspices of international organizations, were unsuccessful or were canceled ahead of time because of their inefficiency. Thus, “despite the enormous potential opportunities and benefits of globalization, there is a real danger that the rural poor, who do not have access to education and other factors necessary to achieve success in a highly competitive world, will fall outside the framework of a positive world process” [9, p. 169].

Trade liberalization can affect non-monetary aspects of poverty, the first of which is the incidence and mortality rate. By importing modern healthcare

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technologies from developed countries, it is possible to significantly improve the quantity and quality of services provided and thereby reduce population mortality. Nevertheless, the global polarization of living conditions has created a gap in average life expectancy, not only within countries, but also between developed and developing countries. In particular, a cross-country analysis shows that the rate of decline in child mortality among the poorest 20% of the population is more than two times lower than the global average.

The aforesaid testifies to the deep inconsistency of the phenomenon of globalization at the present stage and its ambiguity in Impacts on social processes in different countries. Taking into account the features of the formation of the global economy, and above all its social aspects, is of substantial theoretical and practical importance for understanding the problems and prospects of development of the world and national economic systems.

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