

POLARIZATION OF WEALTH AND UNSAFENES IN TODAY'S GLOBALIZED WORLD

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ABSTRACT: *Globalization is a process which nowadays can be explained in different aspects. The explanation takes direction from glorifying the market role, wealth, to developing problems, unemployment and poverty.*

The center in this paper is the problem of realistic exploration of the economic globalization. Globalization of small and undeveloped countries will have a special treatment, as well as the role of world's periphery and the capital flow from the undeveloped countries.

In this paper Transnational corporations – “the abstract empire”, will be considered through the economic implications which are present on the way of civilized elimination of the largest part of the world as a base for safety and stability in the modern world. The modern world economic map which has been formed under the influence of the low of globalization, increases the social conflict on many basis: ethnic, religious social. So, the modern world gets much more global and much more fragmentary and divided in the process of destructive competition, with much less presence of social and human elements.

Key words: *poverty, globalization, transnational corporations, abstract empire, polarization*

INTRODUCTION

In order to understand the processes that thoroughly have influenced modern trends, it is necessary to consider the most controversial topic of today - globalization.

This imperative comes out of the indisputable fact that the position, comparative advantages and development perspectives of each country today become dependent on the new development strategy - globalization.

Modern politicians, scientists and experts have repeatedly used examples from the past in radically altered socio-economic conditions. Knowing the processes and their consequences is a prerequisite according to which they should not be treated as "natural disasters" or "absolutely unavoidable". Significant indicators of the move towards vulgar sociological Darwinism require a conscious perception of the processes and undertaking activities at various levels of the global system.

Globalization today is explained through various harmful diopters (developed-developing countries), and from the point of view of different methodological approaches (rational - irrational). According to a rational approach that supports science, globalization is explained as the low of modern economic development which has a characteristic of a global domination of international financial capital¹³⁸. Such legitimacy creates a new transformation of a society -

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¹³⁸ George Soros connects the beginnings of globalization with the establishment of OPEC (Organization of Oil Exporter Countries) in the 1970s. The huge surplus that appeared in these countries was recycled by commercial banks backed by Western countries. The international capital market continued to develop and during the 1980s

changing the world's basic values, social, economic and political structure. We do not want to call it *a new world order* as some world politicians call it, but a new chaos that no one can answer how long it will last.

The genesis of the conflict lies in the consequences of the neo-liberal doctrine of the free market as a fundamental pillar of the "global integration". Such a reaction creates a kind of resistance among the world's public in developed countries, which is also called a "quiet revolution". Mass protests against the creators of the rules of that game (IMF, World Bank, WTO) were held in Seattle, Washington, Prague, Montreal, Davos, Geneva, Rome, Barcelona and they have an apparently adverse impact on the fate of three-quarters of the world's population, shown through slogans such as "Capitalism kills ...", "If you want to starve call the IMF", "We want capitalism with a human face ..." ¹³⁹.

GLOBALIZATION AND ITS IMPACT TO THE WORLD

In the undeveloped part of the world, regional critical points are multiplying, armed conflicts due to ethnic and religious issues escalate and political antagonisms become an integral part of everyday life on different continents (Africa, Latin America, and Europe). Third World riots, under the pressure of the global burden of the international public, are increasingly identified as terrorism. The "abstract kingdom" united in the field and declared war on the undesired side effects of globalization in the poor world, which has become a real threat to the security, freedom and stability of the developed world. Accordingly, the global capitalistic system gets a clearer outline of the twisted form of a "democratic and market economy" and an increasingly obvious form of soft totalitarianism and a oligopolistic structure. If globalization continues along its path, political and global pressures will break up into pieces. It remains to be seen whether reasonable forces will be found to alleviate the consequences of the natural process. Finally, the modern civilization has never been under greater pressure on so many problems and dilemmas for which no rational answers have yet been found, and on which the health of the planet Earth depends.

POVERTY - THE MOST REMARKABLE PHENOMENON OF THE GLOBAL ECONOMY

The World Bank defines world poverty as a condition in which people live with less than a dollar a day. Jeffrey Sachs's criteria in his book "The End of Poverty" is even stricter and closer to what is called absolute poverty, where people cannot meet their basic needs such as food, drinking water, access to health services and the like. According to him, today 1/6 of the world population lives in this kind of poverty ¹⁴⁰.

As a result of the scientific and consequent industrial revolution, in the past 200 years, humanity has experienced an unprecedented development. If until then only a very small number of people (royal families and aristocracy) lived a life in which they did not need to worry about where the next meal would come, today a huge number of people live in a kind of luxury unthinkable even for the pre-industrial elite. However, the cost of progress in many cases is costly paid by dehumanization of the entire generations and nations through the savage

when the expansion of the debt crisis arose. After the fall of the communist regimes, globalization has become a truly global process.

¹³⁹ The public relations industry emerged as a result of the need to control public awareness because the industrialists became aware of the threat to them and the danger of a private tyranny-Chomsky, *Class War*, 1996

¹⁴⁰ www.marxist.com/ilo-fair-globalization-macedonian.htm

exploitation and subordination of their human dignity to the industrialization process, the original accumulation of capital, and its consolidation.

The question that we should answer is how achievements in the various branches of science and their technological solutions will help mankind who is still unable to satisfy basic living needs to succeed in doing so.

There is a fear that globalization causes inequality, and perhaps even worsening the situation of many of the poor by destroying their income and increasing their incompetence. This fear may not be universal, but it still plays an important role in public perception, which must not be ignored.

In terms of finance, the UN Millennium Project in its seventh recommendation requires developed countries by 2015 to reach a level of 0.7% of their GDP to support the Millennium Goals. At the moment, the US allocates only a quarter of that, or 15 billion dollars, against the defense budget of 500 billion dollars.

GLOBAL FINANCIAL ARCHITECTURE - IMF AND WORLD BANK

In combating poverty, it is desirable to adopt measures that will have a role of remuneration and which will reduce the effects of exclusion from the world system, but not to abolish the exclusion itself, because it is inevitable (therefore justified) consequence of development based on economic growth and global competition. The neoliberal consensus of the countries that make up the core of the world system is imposed on both peripheral and semi-peripheral countries by controlling the external debt implemented by the IMF and the World Bank. Therefore, these two institutions are considered responsible for the "globalization of poverty"¹⁴¹. The new globalized poverty is not the result of a lack of human and material resources, but of unemployment and wage cuts around the

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¹⁴¹ Michel Chossudovsky, The globalization of poverty and the new world order, Global Outlook, 2003, p.47

world. According to World Health Organization data, in poor countries 90% of the total number of diseases in the world occur: at the same time, 10% of the funds are spent on the global amount spent on health; to 1/5 of the world's population, modern health services are not available, and half of the world's population do not have the basic medicine. Health is probably an area in which inequality is seen in the most shocking way.

The poor population was predominantly affected by malaria, tuberculosis and diarrhea. Data on the distribution of funds for health care and medical research are even more frightening. Despite the shocking rise in inequality between poor and wealthy countries, only four of these last four have met the requirement, i.e. their moral obligation of the domestic gross product to allocate 0.7% for the assistance of the endangered¹⁴².

It is reasonably considered that the allocation of money and the financing of poor countries is a simple but unsuccessful method. Money is transferred through countless non-governmental and governmental organizations and with each diversion they melt into someone's pocket or are extremely inadequately invested. Problems thus remain because they are not resolved by people directly affected by these problems, but by people who are rather disturbed.

International relief programs for disadvantaged people mask other transfers that flow primarily from the poor to the rich countries. This is best seen by the example of external debt. The International Monetary Fund, in fact, functions as an institution that guarantees the poor countries - and many of them become even poorer, although they are in debt - paying their debts to the wealthy countries (states, private banks, multilateral agencies) on terms (for example interest rates) which are imposed on them. In addition, the liquid transfer from South to North implies many other forms, such as brain drain: according to United Nations data, about 100,000 highly educated Indians immigrated to the United States, accounting for a loss of \$ 2 billion to India¹⁴³.

Poverty reduction is not yet rapidly, nor deep enough. The number of people living with a slightly higher sum of \$ 2 per day is almost 3 billion, which is half of the world's population. The previous suggests that many of the people who are moving out of the staggering poverty have not moved too far on the income scale. It is projected that the number of people living below that poverty line in Sub-Saharan Africa will be raised to almost 40 million¹⁴⁴. This remark speaks that poverty is a global "evil" that calls for concrete collective action. In a globalized world, societies everywhere reduce poverty, due to negative externalities associated with poverty such as conflict, the spread of communicable diseases and environmental damage. Poverty Reduction remains a central challenge in today's global economy. The end of poverty will certainly not happen. If we wonder why, the answer would be as follows: because all wealthy states want to keep the rest of the poor for cheap labor, subordination, or economic colonies, which would be perhaps the most professional term.

It can be concluded that specific steps must be taken to accelerate the process of poverty reduction in the coming decades.

¹⁴² Human Development Report, UNDP, 2008.

¹⁴³ Human Development Report, UNDP, 2008

¹⁴⁴ Jenny Bates, *Globalization, Poverty and inequality*, 2000, p.8

RECOMMENDATION FOR THE FUTURE

The international community, the citizenship and the intellectual elite are facing a major task, which should reduce the danger of the emergence of a global, economic, social and political crisis. On this path, it is necessary to reduce the speed of movement in the direction of further liberalization of trade and capital, and to give impetus to the constitution of some institutions and policies that would establish a certain balance in the global economy. Such action would include:

- 1) the reduction of debt in some cases and their deletion (for the poorest countries) provided they mobilize internal forces to open the development cycle.
- 2) Increased protection of people and labor rights in trade and investment contracts, in order to increase the bargaining power of those from the bottom. In this case, it would mean strengthening the position of the International Labor Organization (ILO), as well as the willingness of the IMF and the WTO and other international financial institutions to more respect the implications of strategies and policies on employment and poverty as a condition for obtaining loans or liberalization of economic relations.
- 3) Reducing financial instability, including capital controls, tax on international transfers of securities and the lifting of debt repayment by private creditors from international financial institutions, leaving the poor countries in total uncertainty over their fate.

It's an ambitious plan, but for those who want a stable and prosperous global economy, this plan has no alternative. The current international economic regime in unregulated global markets is economically and politically unstable. People who earn a living at home or abroad are increasingly pushed to the ocean of global competition and the economy in which only the largest investors have rescue belts.

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