

I. ECONOMIC IMPACTS

1. The globalization accelerates the development of productive forces, economic growth (the world gross product rose by 270% in the first half of the 20th century and by 520% in the second one), and changes in the structure of industry in favor of the manufacturing (accounting for 21.4%) and service (62.4%) sectors.

2. It makes economies integrate and develop faster, removes many barriers and leads to adjustments to operating principles.

First of all, when the world market is unified and developed, all barriers to international trade tend to collapse. One of results in this aspect was the formation of the WTO on

one of three main issues discussed by WTO members in the 1990s.

II. POLITICAL IMPACTS

To secure their own interests, certain multinationals and powerful government have intervened in affairs of other countries on the grounds that international standards must be observed or the international security and humanism protected. In fact, intervention by foreign forces originated from the effort to protect interests of great powers and their multinationals. Main tendencies of these impacts are as follows:

1. Great powers and strong multinationals determine the world politi-

2. National independence becomes something relative and mutual concession inevitable. At present, although bilateral or multilateral agreements don't violate the national independence, they have imposed many restrictions on it.

Concession become possible because (1) economic relations between developed countries force them to trade off its sovereignty, to a certain extent, against more favorable economic conditions, and (2) developing countries in need of capital and technology are forced to make concession in order to get foreign aid.

3. During the globalization process, the voice of poor countries becomes weaker. Their dependence on

GLOBALIZATION ITS IMPACTS AND NATIONAL POLICY ON INTEGRATION

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Jan. 1, 1995 that led to reduction in tariff by WTO members to a 3% in developed countries and under 15% in developing countries. Capital circulates quicker and more freely with the result that foreign investment rose in all countries, especially developing ones. However, the capital movement also led to financial crises in Mexico, Southeast Asia and Russia in the 1990s.

3. The globalization accelerates the process of regional unification. Inter-regional trading becomes more and more important and enhances interaction and interdependence between economies. The number of regional groupings increased from 19 in the 1960s to 28 in the 1970s, 32 in the 1980s and some 60 in the 1990s. In such a situation, each country has to cooperate and compete with others to survive and develop.

4. Non-tariff barriers become more widespread. At present, they amount to over 1,000 and are expected to rise in the next decades. Information, technology, environment protection, etc. are all used for erecting non-tariff barriers.

5. The globalization makes investment in the service sector increase. It accounts for some 50% of overseas investment from developed countries and 30% from developing ones. Trade in services has become

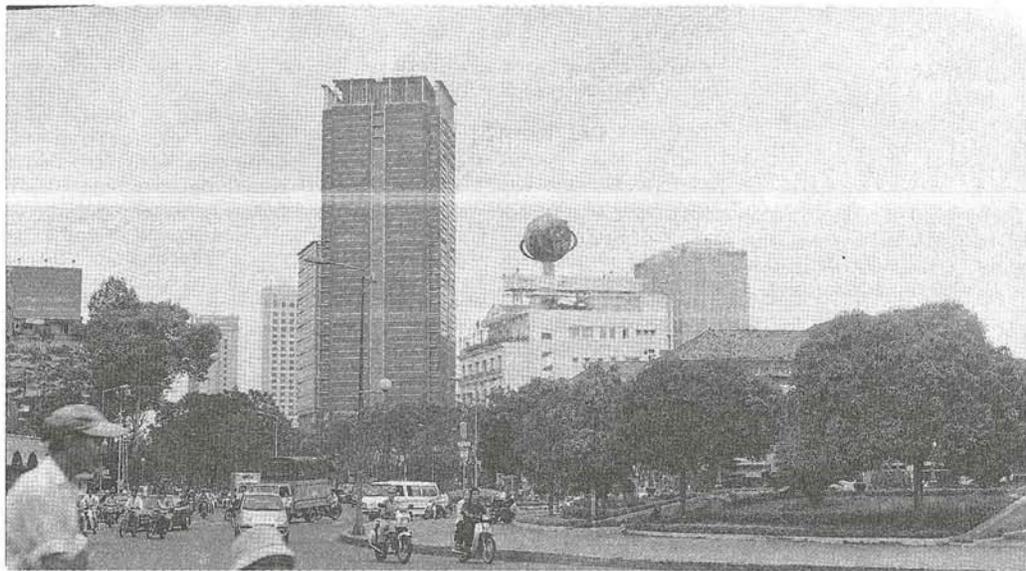


cal atmosphere and play the leading role in the production and distribution of goods and services at the global level. Thus, in the name of freedom, equality and globalization, they will impose a political chauvinism on the world.

At present, the U.S., Japan and the EU seem to become political and economic leaders who could make other countries play their game and set forth a lot of rules, principles and sanctions, etc. for others.

multinationals bars them from forming strong and long-lasting alliances, thereby affecting the world political arena. Nominal equality is broken by differences in economic strength.

4. Worldwide unrest will show an upward tendency. Protest against the globalization will be widespread when people in poor countries feel their interests are damaged. Other problems in poor countries, such as civil wars, violence, crimes, coups d'état, etc., become hard to be solved



radically. In addition, their dependence on foreign suppliers and competition between multinationals lead to more difficulties and unrest for poor countries. In short, political and economic weakness is the main reason. Other religious, cultural, historical and racial problems and intervention by foreign multinationals are additional ones.

5. International and regional economic organizations will take more important roles. Their operation will be more effective and cooperation between them closer.

When financial multinationals dominate the world economy and their competition becomes keener. Independent nations must try to exert their influence on the world political arena. In such a process, these nations enhance the role of international and regional organizations and perfect the cooperation mechanism. At present, all international economic institutions declare they will promote this target.

The above analyses allow us to conclude that the globalization produces both positive effects and alarming dangers: it makes most countries think that they are losing economic and political independence; and the dominance of some great powers over the world becomes clearer. In such a situation, a new concept of development - or more exactly, sustainable development based on solidarity - is needed. To achieve this aim, rich countries could share the economic burden with the poor ones. It's the most ideal and no difficult task to the rich ones. Moreover, lack of adjustments at the global level, the globalization with the contradiction between monopoly by multinationals and socialized productive

forces can lead to economic crises and collapse of the capitalism.

III. POLICIES ON INTERNATIONAL INTEGRATION

The globalization has become an irreversible trend. Working out suitable diplomatic policies and strategies becomes a difficult and unavoidable task to all countries. It isn't wise to resist or accept it totally because the globalization could be seen as a great chance to tap external resources for development. In working out a policy on international integration, full attention should be paid to the following matters.

1. The globalization encourages broader relations between countries so it is hard to avoid foreign intervention. Most developing countries have to adjust the internal and foreign policies, take new views on national sovereignty and international security, and rely on international laws to deal with international cooperation and disputes.

2. When great powers use economic relations to carry out their political schemes, developing countries should struggle against them. At the same time, they have to actively take part in operation of international organizations in order to use them as a forum to fight against plots carried out by great powers and struggle for sustainable development for all countries.

3. Developing countries should act according to international laws and take part in transnational intervention suitable to requirements posed by the globalization. Relations with both great powers and poor countries must be developed with a view to forming a multi-polarized world. Great efforts should be made

to ensure democratic principles for the decision-making process by international organizations.

4. To integrate successfully into the world economy, developing countries had better pay attention to the following aspects:

- National development strategy should be linked, to a certain extent, with the common targets and tracks of the world economy.

- Long-term impacts of the globalization on changes in the structure of industry should be estimated fully in order to avoid failure to keep to chosen orientation.

- In the integration process it's necessary to maintain a balance between rights and duties of a nation in international organizations, socio-economic targets decided by a nation and requirements from international groupings, and between economic issues and other fields.

- Policy makers should determine industries with comparative advantages that could integrate quickly into the world market and industries that should be beefed up in preparation for the next stage of integration. In the early stages of integration, protectionist measures are needed for industries with poor competitiveness.

- Integration into the world doesn't mean total dependence on external resources. On the contrary, inner strength should be beefed up and domestic market should be controlled in preparation for sudden fluctuations in the world market.

- In this process, developing countries should cooperate to protect their interests and establish a new world order by tapping fully their potentials. ■