

## Foreword

*Grzegorz W. Kolodko Director of TIGER*

Globalization, like no other term, has gained in recent years a prominent position in nearly all branches of social science. Consequently, its definitions abound, also in economics - a discipline to which it has a special relevance. Let us, therefore, start with a definition that ought to bring order and discipline to the subsequent discourse: in economic terms, **globalization is the historical process of gradual, yet persistent liberalization followed by the coalescence of the hitherto largely fragmented markets of goods, capital and (rather belatedly and on a restricted scale) labor into a single global market.** The concurrent regional integration processes, as we further demonstrate, should by no means be seen as a trend opposed to globalization, which they may even facilitate in some circumstances by moving integration to a higher level: from that of national economies up to that of international organizations, for instance, the European Union integrating with NAFTA, ASEAN with CIS, or Mercosur with Caricom (Kolodko 2002).

Thus defined globalization depends on a variety of circumstances and has numerous implications. It is an extremely dynamic and complex process which, therefore, allows of no unambiguous assessment. Globalization certainly has its advantages, readily cited by some international organizations which, by the way, largely influence its shape and the distribution of its attendant benefits and costs (World Bank 2002). However, it is not without its negative aspects, either, just as eagerly pointed out by others (Stiglitz 2002). This demonstrates all the more forcefully the need to continue and expand studies on the multidimensional globalization process and its impact on output dynamics, development rate, income distribution and institutional evolution, as well as the social effects of the ongoing liberalization and integration.

The ranks of the investigators of this momentous process were joined some years ago by TIGER - Transformation, Integration and Globalization Economic Research, a think-tank associated with the Leon Kozminski Academy of Entrepreneurship and Management (WSPiZ) in Warsaw ([www.kozminski.edu.pl](http://www.kozminski.edu.pl)). Its research results are presented, as is appropriate in an age of globalization, on TIGER's Web page ([www.tiger.edu.pl](http://www.tiger.edu.pl)). Apart from self-contained research activities on a smaller scale, TIGER undertakes large, global projects that culminate in the publication of interesting - I hope - books. Whereas the first of these emphasized the impact of globalization on growth (Kolodko 2003), the present volume concentrates mainly on the numerous problems brought by globalization.

This book crowns a project coordinated by TIGER and Yale University and comprises part of the proceedings of a conference held in Warsaw in autumn 2003. This time we intended to focus on the drawbacks of globalization and the problems it creates, rather than those it solves - hence the second part of the title: **Social Stress**. The volume consists of four parts.

Part One presents a general outline of the opportunities and threats connected with the present phase of globalization. For, it should be remembered, the process of globalization brings with it both new opportunities and new dangers. The net balance of the two crucially depends on the quality of the development policy pursued in a given country or region. In Chapter 1, I write about the prerequisites of maximizing in the long run the favorable balance of globalization, with a special emphasis on the importance of a good policy for the maximization of profits and minimization of the inevitable costs and losses. In Chapter 2, Keith Darden analyzes the impact of liberal economic doctrines on institutional alternatives and institutional choice, while Tony Addison and Aminur Rahman analyze, in Chapter 3, why is it that some countries clearly do better than others, despite the similarity of their circumstances, defined by the very process of globalization?

Part Two of the volume addresses the fundamental issues of the social impact of globalization: inequitable distribution, poverty, and policies to curb excessive differentiation and deprivation. Gustav Ranis and Tavneet Suri show in Chapter 4 how output growth influences - or might influence, if the redistribution policy were changed - the scope of poverty and the level of economic development. T.N. Srinivasan and Jessica! Wallack examine the considerable, and surprising, variation in the impact of globalization on growth and poverty in Chapter 5.

In Chapter 6, Gur Ofer examines the differences between social policies in developed countries and post-socialist transition economies in the context of globalization. In a similar vein, George Vojta deals in Chapter 7 with the problems of unequal distribution and recommends some measures to prevent an excessive accumulation of inequalities. Some very interesting observations are made against this background by Nguyuru H.I. Lipumba, who directly addresses in Chapter 8 the concerns of the whole research project and the present volume in his contribution about social stress in Tanzania.

The subject matter of Part Three is the specific, and yet highly - indeed, increasingly - important issue of the flow of population from some (usually poorer) to other (usually richer) regions of the world economy. Subsequently, in Chapter 9, Arun Agrawal and Suranjan Weeraratne illustrate the problem of labor movements with the case of the world's two most populous countries: China and India, with obvious, serious implications not just for Southeast Asia, but for the world at large. Andrzej Bolesta discusses in Chapter 10 restrictions on the movements of people and labor in the uniting Europe (whose unity, particularly in this area, is by no means complete).

Addressed in Part Four are some aspects of what is undoubtedly the most important of the ongoing regional integration processes: the tightening of internal links within the European Union and its enlargement following the admission of new countries, especially the post-socialist economies of Central and Eastern Europe. In Chapter 11, Laszlo Csaba writes about the double challenge posed to some countries of the region by the parallel processes of globalization and European integration.

Globalization is an irreversible process, although - as the experience of the last two or three years has shown - its progress can be significantly impeded in the short run by various kinds of political and economic shocks. Its outcomes, however - especially those pertaining to the unequal distribution of the fruits of this otherwise growth-fostering process - are not as unequivocal. By its very nature, globalization, which involves not only production processes, but also a redistribution of income, will always have winners and losers. This is true of countries and their groupings, global and local enterprises, entire societies and nations, as well as social groups and individuals. So the point is to follow an enlightened and wise development strategy and a well-coordinated policy - in this case, on an international and global scale - that would minimize the attendant problems and eliminate, as far as possible, the concomitant social stress. How to achieve this goal is the question we address in this volume.

## References

Kolodko, Grzegorz W. (2002). *Globalization and Catching-up in Transition Economies*. University of Rochester Press: Rochester, NY, USA, and Woodbridge, Suffolk, UK.

\_\_\_ (ed.) (2003). *Emerging Market Economies. Globalization and Development*. Ashgate, Aldershot: England-Burlington, VT, USA.

Stiglitz, Joseph E. (2002). *Globalization and Its Discontents*. W. W. Norton & Company: New York - London. World Bank (2002).

*Globalization, Growth and Poverty: Building an Inclusive World Economy*. Washington, D.C. A co-publication of the World Bank and Oxford University Press.