

# OPPORTUNITIES AND RISKS OF GLOBALIZATION IN RURAL AREAS. CASE STUDY: BOTOȘANI COUNTY\*

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**Abstract:** *The global economy plays an important role in the development of a region or a county/district as it promotes the exploitation of resources and space in a logical and rational manner. The trend of global economic uniformity allows opportunities and risks to Botoșani County since globalization involves economic development and rising living standards, but loss of cultural values, traditions and customs. The area of study currently confronts with socio-economic and demographic changes that may be addressed by globalization, but at the same time spatial development according to global standards will cause the loss of Botoșani County's authenticity.*

**Keywords:** globalization; economics; opportunities, risk; investment; economics; rural area; rural development.

**JEL Classification:** O18; R00; A10.

## INTRODUCTION

Globalization involves a multitude of complex processes and phenomena (economic, technical, cultural, educational, and social) that are designed to change society, integrating it into the worldwide circuit and having positive effects on countries. Major foreign investments have an important role, especially in the commerce sector, and cultural exchanges and international migration. Globalization has started because of problems facing the whole world, such as: improving the quality of life, natural environment degradation and pollution, depletion of natural resources, economic crises, etc. Thus, globalization can be considered a process with a significant role in creating strategies of a country for worldwide or European integration from a socio-economic point of view.

The phenomenon of globalization has as goal to standardize economic and technological development and to support human activities. Economic globalization is globally increasing as globalization itself is based on numerous economic concepts. The main features are: internationalization and global civilization and among the consequences there are the globalization of some industries in those countries with resources or specificity, and also the decrease of national sovereignty concerning

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the economic sphere. The definition of globalization given by the International Monetary Fund is the following one: "the development of worldwide countries from the point of view of economic interdependence through the increase of volume and a variety of transactions of goods and services across borders. A much freer and faster international capital flow, but also a wider fusion technology" (1997) and the World Bank defines it as "the freedom and ability of individuals and companies to begin voluntary economic transactions with residents of other countries."

At the European level regions were created as a form of administrative and territorial organization, according to NUTS II to establish a competitive and consistent economy, as the integration into the global economy was assured. So a premise for socio-economic development is created and this would reduce regional disparities existing in the European countries. The integration of regions into the global economy is achieved by attracting foreign investors, infrastructure and tourism and transportation development, a reduction in migration (although the intercultural exchange is an advantage for regional development).

The EU economic globalization may be built using the ESPON 2013 program that is an operational program under the European Territorial Cooperation Objective of the Cohesion Policy of the European Union by means of which financial assistance can be accessed from the European Regional Development Fund during the period 2007-2013. ESPON 2013 program is a program for the stimulation of the local development, where all the 27 EU member states participate, together with Norway, Switzerland, Iceland and Liechtenstein. The total budget of the ESPON 2013 for the 31 states is 47.1 million EUR.

The purpose of the ESPON 2013 program is to support the formulation of EU politics concerning the territorial cohesion and the harmonious development of a territory, by providing comparable information, statistics, analyzes and scenarios about territorial dynamics and by emphasizing the capital and development potential of regions and other territories, thereby contributing to the increasing of competitiveness, the strengthening of territorial cooperation and the sustainable and balanced development of the European territory.

Thanks to the ESPON program, information and statistics that serve the development and territorial cohesion of the European space are provided. It is inserted in territorial development that in turn is part of the regional development. The activities of this program are financed by financial instruments.

Cohesion and economic competitiveness may be achieved using ESPON as it provides scenarios for the European area. The baseline scenario constituted the support of two secondary scenarios that have



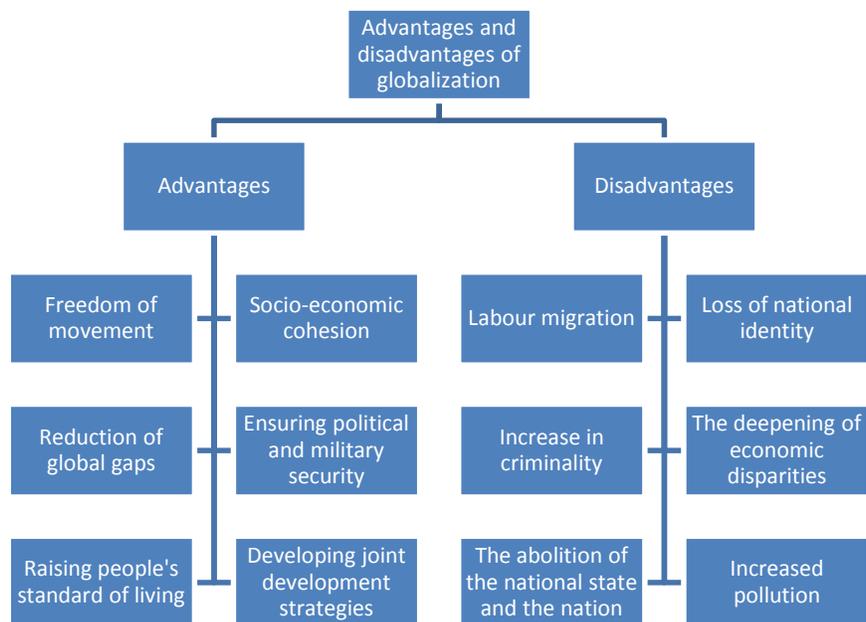
as main objective the cohesion of the European space from different perspectives (economic, social, territorial) and the competitiveness of the European space. Development policies of the member states of the European Union are established according to these scenarios because their main objective is the European regional integration in the global economy.

Now the EU economy is an impressive worldwide one and is considered a world power in economic terms. The European Union has a dynamic and well structured economy that facilitates a positive evolution of the Member States. Although there is a controversy regarding globalization and nationalism, as some consider them opposite, while others interdependent, in Europe it is observed that for the moment each one is independent, as globalization is strictly economic and helps to the national construction or reconstruction.

## **1. ADVANTAGES AND DISADVANTAGES OF GLOBALIZATION**

We can identify opportunities and risks of globalization in the context of mondialisation in the European Union, but some advantages should be disadvantages, being susceptible to become vulnerabilities. The synthesis of these advantages and disadvantages is presented in Figure 1, but an important role of globalization is the reduction of economic and territorial gaps by creating policies that serve the development of competitiveness and socio-economic and administrative cohesion by capitalizing the potential of each state and creating opportunities by avoiding labor migration. The major disadvantage of globalization consists of free movement as workforce can migrate without restrictions and create the possibility of increasing the demographic risks because of the depopulation in poor areas without prospects of development.

**Figure 1 - The scheme of the main advantages and disadvantages of globalization**



Source: own representation

So globalization militates especially for economic development that the European Union adopted in the context of globalization becoming a world force. Although its purpose is to create prosperity, but at the moment there cannot be considered a certainty for each country, depending on the ability of states to take advantage of those opportunities because otherwise, the greatest risk of a nation is to remain outside the positive processes of globalization.

## **2. THE IMPORTANCE OF GLOBALIZATION FOR RURAL AREAS IN BOTOȘANI COUNTY**

Globalization reinforces economic, political and cultural dependence, which at the level of the European Union it is obvious; however, it offers many opportunities for less developed areas of the member states to create a development policy with the risk of losing the local identity.

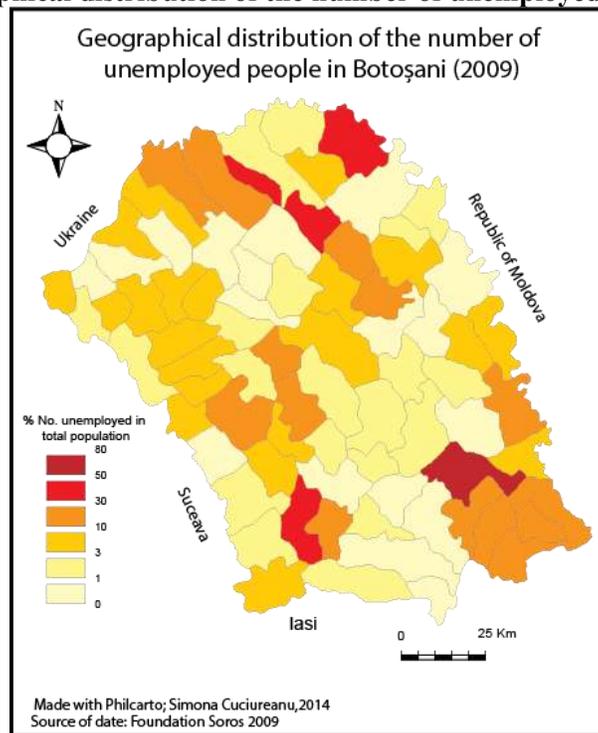
Botosani County currently must use the opportunities offered by globalization and integration into the European Union because it has a lot of socio-economic problems that can find potential solutions in the common development strategies at the European level. Among the significant issues facing rural

areas there are: the high number of unemployed people, of individuals receiving social assistance, of people who went to work abroad, road infrastructure and poor technical infrastructure, etc.

Priority that it attaches to the global rural economy due to the existing potential in every area and is insufficiently exploited involves a contradiction at the level of the study area because by addressing the key problems there is a risk of losing the local identity, especially since Botoșani is an area with a well-defined rural life and traditions/customs preserved over the years.

The number of unemployed in rural areas of the Botoșani County was continuously increasing in recent years, and in 2009 (Figure 2) we can see that they are dispersed throughout the region, and they tend to concentrate in the central-northern and southern areas, but this can be reduced by increasing the number of jobs, economic development and attracting investment to create a booming economy.

**Figure 2 - Geographical distribution of the number of unemployed people in Botoșani;**



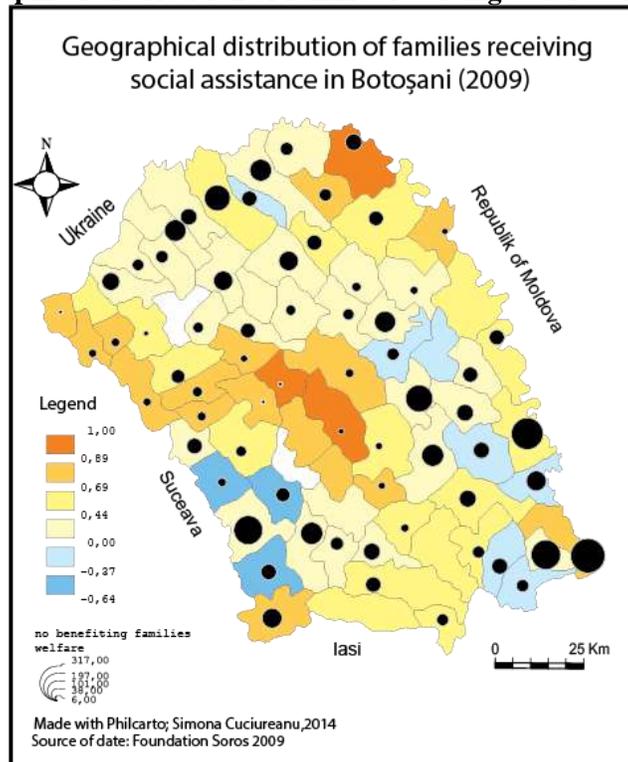
Source: own representation

The number of unemployed people indicates the municipalities which have a high qualified population, but they do not work and the areas are highlighted with a small number of unemployed because there are many working abroad. The municipalities with a high number of unemployed are

Durnești, Rădăuți-Prut, Cristești, Lozna, Mileanca, then the concentrations in the southern and north-west of the county (Răuseni, Călărași, Hlipiceni, Dorohoi, Șendriceni, Brăiești). The central area of the county (Dobârceni, Dângeni, Ungureni Gorbănești) has an insignificant number of unemployed because they have migrated abroad to provide a higher standard of living for themselves and their families. The cities do not face problems related to the number of unemployed thanks to their success in attracting investment and creating new jobs.

Another major issue in rural area that can be resolved by development strategies of economic sectors is the high number of individuals who are receiving social assistance; first this problem underlines the precarious socio-economic situation of communities and the need to implement an investment policy. People receiving social assistance can represent a criterion for determining the level of development of municipalities, but there is a shortage of people as the eligibility criteria for social assistance are subjective. We can observe a higher number of families receiving social assistance in eastern, northern and south-western regions of Botoșani.

**Figure 3 - Geographical distribution of families receiving social assistance in Botoșani**



Source: own representation

Demographic problems highlight the socio-economic situation and the need to benefit from globalization in rural areas in terms of economic development and higher living standards. In the study area, due to the integration of Romania into the European Union, the development of the global economy is supported by European programs and the possibility of accessing funds for applicable development strategies.

The development of agriculture and industry are the main priorities at the county level, so the official documents, the Landscape Plan and socio-economic development Strategy indicate the need to implement development policies. The major objectives of the county's agricultural policies are: reducing the fragmentation of agricultural holdings and attracting investors into agriculture for introducing high-level farming techniques and obtaining the basic raw materials for light industry (food, textiles and leather, garments and hosiery). Plant growth, being an important sector of agriculture, can ensure its development by identifying the problems encountered and setting the priorities. However, subsistence agriculture is a certain fact due to the aging of the rural population and lack of interest for the mechanization of agriculture, which are the causes for the increase of the unexploited agricultural land.

The industrial sector is a priority for socio-economic development of the county because natural resources need still to be harnessed (sand, limestone, clay, etc.). The priorities for the recovery of the neglected industrial activities are: glass industry (Dorohoi), sugar industry (Bucecea, Trușești) by establishing links with neighboring areas, and also by creating a common market.

Among the benefits of rural areas offered by globalization (and Botoșani requires the implementation of policies related to its opportunities) there are also the disadvantages resulting from this space. Freedom of movement has increased the number of emigrants searching for work abroad, and socio-economic development will lead to loss of the local identity due to the access to modernization and disappearance of customs and traditions. The risks are deducted from opportunities of Botoșani because it is a region with many gaps in rural areas and every opportunity for rural development and the reduction of the socio-economic impact determine the risk of a specific adverse effect of worldwide globalization.

## CONCLUSIONS

Globalization is a complex and multidimensional process, but also dynamic and sustainable process. It involves global strategies for the whole of humanity in Europe through the EU programs because the goal of globalization is to create a uniform framework without major discrepancies from socio-economic, political, cultural perspectives.

The integration in the globalization process is easier due to large international companies that have successfully settled here (banks, commercial companies, industries, insurance companies) and attraction of investment for various economic activities. The area of study requires clear evidence of untapped potential and opportunities that prospective investors have thanks to the economic development of the county.

The opportunities and risks of globalization in Botoșani are interdependent because each advantage is a risk as economic diversification and higher living standards cause the loss of the local identity and uniqueness of places and freedom of movement is also considered a depopulation risk of the county because of the possibility of integration into the labor market in a developed country.

Rural development of Botoșani ensures cohesion and territorial, social and economic competitiveness, integration in the global context of globalization by identifying opportunities and risks and developing strategies to improve and reduce the possible risks of the global economy.

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