Positive and Negative Effects of Globalization On Iran's Economy and Culture

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Abstract: Globalization is a process of similarity and integration of human in the worldwide in influence of increasing and extension of information and communications technology, and compaction of time and space, under guidance of democracy and domination discourse of neo liberalism. Globalization becomes a process of reshaping human life through globalizing certain values, which include economic patterns related to free trade, production, consumption and distribution; cultural patterns related to entity, language, and lifestyle; and political patterns related to democratic process and human rights. Despite the continuing emphasis on promoting global prosperity and achieving a more “just world,” negative aspects of globalization remain rife in our globe. Poverties, inequalities, injustices, starvations, backwards and marginalization are all serious problems many societies are still experiencing.

The aim of this paper is to examine the positive and negative aspects of globalization in the economic and cultural aspects of Iran and realize how one could successfully deal with the challenge it poses. The author attempts to explain that globalization is a process by which capital, goods, services and labour cross national borders, and acquire a transnational character, it is often accompanied by the flow of related lifestyles, tastes, ideas, and even values across boundaries which help reshape local political institutions, cultural patterns and social relations. It also creates new opportunities for many peoples to increase their wealth and enhance their prosperities. On the other hand, a globalizing ‘modern life’ will involve displacing the poorest and the most powerless societies to make way for ‘new roads and buildings’ for the rich. The problem in fact lies in the sharp differences and inequalities between haves and have-nots. This process in its current features and aspects presents not only a moral crisis, but also the potential for economic disaster and civil unrest in many areas in the world. This paper concentrates on the gradual transition to the participatory-democratic culture during the period after the Islamic Revolution. Structural changes (characterized by indices such as population growth, literacy rate, higher education centres, communications, relative economic growth, transportation, etc.) during the second decade of the Revolution, on the one hand and the information revolution and political and cultural globalization on the other, led to the intellectual developments and political and social awareness in Iran. In this historical period, we witness the gradual transition from the

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subject political culture to the participatory-democratic one in Iran. The country has now passed through the preliminary periods of the participatory political culture, and its institutionalization requires removing political-social vulnerabilities, striking balance between political and economic development and more importantly, the internalization of values and new civic concepts in people’ beliefs and real application of freedom and observance of law and the rights of other people.

**Keywords:** Globalization, Iran, Economy, Culture, Participatory-democratic structure.

**Introduction**

Globalization is a broad concept and the angle taken to define it can lead us to interpret the idea in many different ways. John Pilger suggests that "it is a jargon term which journalists and politicians have made fashionable which is often used in a positive sense to denote a 'Global village' of free trade, hi-tech marvels and all kinds of possibilities that transcend class, historical experience and ideology." (Pilger, 1998: 63). Taking a broader point of view, Bilton et al defines globalization as "The process whereby political, social, economic and cultural relations increasingly take on a global scale, and which has profound consequences for individuals, local experiences and everyday lives." (Bilton et al, 1996:5)

The process of globalization has certainly had many changing effects to the world we live in; it has also changed the way many factors operate. Globalization is said "to have transformed the structure and scale of human relationships that social, cultural, political, and economic processes now operate at a global scale with a consequent reduction in the significance of other geographical scales."(The Dictionary of human geography, 2004:315)

Globalization has had both positive and negative effects on a local, national, international and global level. Globalization often brings benefits at one level which cause negative effects at another; these results and the scale at which they manifest are often uncertain and unpredictable. The very nature of its unpredictability causes instability and introduces risks to all actors involved (many of these actors unwillingly). The economics of globalization is very relevant in understanding how processes work and how it affects other issues. Without the notion of a truly global economy many of the other consequences such as culture and politics would either cease to be sustained or become less threatening. In our modern world, finance and economics is the driving force behind globalization, and globalization is serving capitalism well. From an economic point of view, Globalization can be seen as "a primarily economic phenomenon, involving the increasing interaction, or integration, of national economic systems through the growth in international trade, investment and capital flows." (Globalization guide)

After global developments, which took place after the disintegration of the former Soviet Union, globalization became synonymous with the generalization of market economy. After the implosion of the socialist system and discredit of socialistic economic thoughts, the market economy prevailed. A factor contributing to this effect was revolutionary changes in the field of information technology. Liberalization, privatization,
deregulation, and downsizing governments are all elements of the market economy. Now we must see what will be the effect of the development of a market economy and its components on the Iranian economy. Two important variables that affect not only the Iranian economic system, but that of all countries are liberalization and privatization. Two other variables are trade and investment. It has been widely accepted in the world that two factors link countries to the global economy; one is trade and the other is investment. Countries try to achieve both in order to have a more active presence in the global economy.

With regard to trade, a country incapable of trade liberalization would not be able to take advantage of positive or even negative impacts of globalization. Imports and exports clear the way for transfer of national capabilities to the global economy and vice versa. The same is true about investment.

What is foreign direct investment? It means providing grounds in the country for adopting developmental elements from the international economy. Investment does not solely mean money; it also means technology and job creation. For this reason, all countries that have been successful in terms of trade have been already successful in terms of exports, imports and attraction of foreign direct investment.

For years there has been an ongoing debate on whether ‘globalization’ is a good or bad thing. However, what we are certain of is that globalization is still occurring and will continue to occur until the end of time. The following list of positives and negatives below, are not in order to confirm your opinion or belief, but to obtain a good sense of the bigger picture.

**Positives Influences of Globalization**

As Western society is becoming more knowledgeable of the issues taking place in developing countries, there is greater opportunity for the people in those countries to economically succeed and increase their standard of living.

- Increase in competition, forces companies to lower their prices. This benefits the end consumers.
- Increase in media coverage draws the attention of the world to human right violations. This leads to improvement in human rights.
- Global competition encourages creativity and innovation and keeps prices for commodities/services in check.
- Developing countries are able to reap the benefits of current technology without undergoing many of the growing pains associated with development of these technologies.
- Governments are able to better work together towards common goals now that there is an advantage in cooperation, an improved ability to interact and coordinate, and a global awareness of issues.
- There is a greater access to foreign culture in the form of movies, music, food, clothing, and more. In short, the world has more choices.

The technological global mecca can be empowering for various cultures as it allows self-representation and information sharing on a whole new level. Technology provides a medium where depiction of images and portrayals of self-identity can provide the means in which truism can be established. Global media centres allow cultures a distinctive voice to promote awareness and provide public knowledge and understanding of their stories and identities. It also allows for the communication of their relevant accounts and commentaries on issues that are important in
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In the Economic... preserving the culture and knowledge acquisition of cultural ways - allowing them to retain their diversity. Being in charge of their own media production companies allows control of their artefacts, signs and symbols that are regarded as cultural property. When cultures are in control of their own public images they are better equipped to manage and represent their images appropriately without misrepresentation.

Instead of destroying some cultures, as others predicted, mass media assists in the revitalizing and restoring of cultural preservation of nations (Ginsburg, 2002). Technology can be used to preserve language, customs and culture. Technology allows for self-representation and preservation of personal and collective identity by providing autonomy and empowerment.

Global technology has provided the opportunity to redefine collective identity along with identifying a place for distinctive cultures. Global social, political and economic networks, combined with common goals, will no doubt enable the emerging empowerment among cultural peoples (Smith, 2000). This is far more advantageous than individual communities or groups coming forward to raise global or local concerns.

Global positioning of cultural groups allows social and political power that has previously not been seen.

**Negative Influences of Globalization**

- The benefits of globalization are not universal. The rich are getting richer and the poor are becoming poorer.
- Outsourcing, while it provides jobs to a population in one country, takes away those jobs from another country, leaving many without opportunities.
- Although different cultures are able to interact and share their ideas and innovations, everything is beginning to meld, and their becomes a loss of tradition and culture.
- There may be a greater chance of disease spreading worldwide, as well as invasive species that could prove devastating in non-native ecosystems.
- There is little international regulation, an unfortunate fact that could have dire consequences for the safety of people and the environment.
- Fast food chains, such as McDonalds and Burger King, are spreading in the developing world. This is, more consumption of junk foods from these joints resulting in an adverse impact on people’s health.

Globalization also provides both positive and negative influences on cultural diversity which can have far reaching impacts. There are a number of negative impacts globalization has had on cultural diversity, including the influence multinational corporations have on promoting a consumer culture, exploitation of workers and markets and influencing societal values. This increased availability of commercial media and products can "drown out" local cultural influences.

Loss of individualism and group identity occur when globalization encourages a 'Western ideal of individualism'. This promotes a homogeneous set of values and beliefs. The adoption of Western Culture and ideologies is seen as many computer-mediated technologies are developed, marketed and processed via western markets. The dominant population and culture of the day determine the next greatest technology along
with the next commercialized gadget that will be offered up to the masses and longed for by those who are at arm’s reach of financially obtaining these devices. (Kanuka, 2008) also cites that an e-learning technology perpetuates colonization by designing curriculum that mimics the cognitive styles of the dominant culture. Not having access to technologies that are present in the classroom, combined with an education system geared toward the dominant society can be a lethal combination for non-dominant cultures. The present education, legal and power structures reflect western ideas and philosophies. These western ideas are easily assimilated into other cultures and paradigms with far reaching effects. There is an assumption that the values and ideologies of the "Global North" will provide a suitable framework for the new knowledge economies of the developing "Global South" (Youngman, 2000).

Globalization allows further colonization which impacts intellectual property and cultural rights. Global access to information has opened the gateway to acquiring cultural property and information. Many view that ‘if it is out there it is free for the taking’, which includes cultural signs, songs, dance, rituals and other cultural artefacts. These icons of a culture are viewed as a living heritage and are an integral part of identity (Smith, 2000). Using images, reselling them and miss-representing these rights are considered property theft and a heinous crime against communities. It is difficult to monitor or control what is out on the Internet and therefore difficult to prevent and prosecute appropriately.

Effects of Globalization on Iran’s Economy
Iran is not considered a globalized country; nor does it have a globalized economic system. Iranian major presence in the global economy is through crude oil and this cannot be productive for a country in a global economy. Global economy means more industrial (not agricultural) exports. Only industrial exports are productive not such commodities as carpets, pistachios or dry nuts that Iran has been exporting for many years.

Before the dissolution of the General Agreement on Tariff and Trade (GATT) and the establishment of the World Trade Organization (WTO), Iran was a supervising member of GATT, a position the country failed to secure in WTO. Iran has since then been held back from WTO membership due to U.S. opposition. This is a direct result of relations between the Islamic Republic of Iran and the United States of America during the past 35 years. Iran proposed to join the WTO in 1996, under President Hashemi Rafsanjani, which was rejected by the United States. However, lack of WTO membership has not barred Iran from moving in line with the global economy or remaining untouched by its effects. It is obvious that globalization impacts every country, and Iran has been no exception. (Iran International, 2004)

The movement towards the economic globalization has begun in Iran due to the recommendations of the World Bank and International Monetary Fund since the 1990s after the end of the war with Iraq. Initiated reforms were accompanied by privatization and liberalization of many sectors of the country’s economy, especially trade. Statistics show that the import liberalization led to a sharp increase in the volume of foreign goods in the Iranian domestic market and to the growth of public debt. According to the World Bank, it has reached the astronomical sum - $ 50 billion. The country was forced to send 50% of the income from oil and other petroleum products in order to repay loans and interest to them. It was the first time when the Iranian government appealed to the
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International financial institutions to restructure external debts and payments on them. Reducing foreign exchange earnings led to decreasing amounts of foreign investment in the economy. For example, in 1999 the index of investment in the economy amounted to 5%, and in 1992-1997 this figure ranged from 5-7%. The inflation rate in 1995 was 35.2%, and in 1996 - 49.4%. The policy of regulating economic life of the country worsened the economic indicators in the early years of reforms, and the country’s president was forced to impose restrictions on the importation of goods. In general, the program of the economic liberalization in Iran, that had the purpose to bring the country’s economy and the global economy together, had serious consequences for Iran. (Iran International, 2004)

It must be emphasized that the policy of economic liberalization, being held in several countries on the recommendations of the World Bank and International Monetary Fund, gave positive results. The fact is that some states received loans of these organizations, but also with their recommendations they took into account the particularities of the national economy, and the most important thing is that the timing and the pace of reforms in the financial and economic systems went beyond the recommendations of the WB and IMF. That is why the coming "shock" of national economies did not have such serious consequences as in Iran.

On the other hand we need to realize that the convergence of national economies with the global economy is an irreversible and necessary process. Ignoring the globalization of the world economic system has the most detrimental effects on national economies. An example for this is Cuba or North Korea that are unable to provide the most modest needs of national development. On the other hand, the countries’ entry to the World Trade Organization (WTO) requires strong and developed economies, which is necessary to ensure the competitiveness of national products on the market.

For the Iranian economy there are certain barriers to the country’s entry into this international organization. The openness of the Iranian economy, the increase of the country’s economic potential, the strengthening of the economic and social structures may contribute to the preservation and protection of national interests in the context of globalization. Only in this case the entry of Iran into the WTO will yield positive results, and the ignoring of these possible consequences may eventually lead to the emergence of crises in the short and long term prospective.

The development of equitable economic relations with economically and technologically advanced countries of the world is the second important condition. Only equal relations meet the national interests of the Islamic Republic of Iran. Maintaining stable political and economic relations with less developed countries of the world can have a negative impact on Iran’s economy, but on the other hand, such relations cannot provide a healthy and steady development of national economy.

The globalization opens up new possibilities for the dynamically developing economy of Iran, which has great potential for increasing industrial production. Tariff reduction helps to overcome barriers that stop the development of the import into the country. On the other hand, the tariff reduction creates a lower price of Iranian goods in world markets and thereby it increases their competi-
tiveness. If the country is unable to produce competitive products for the world market, it will not be able to provide a comparative advantage for its production, and then the policy of tariffs’ reduction and unification will not give positive results. On the other hand, the policy of tariffs’ reduction and unification will lead to the increase of the imported goods’ competitiveness in the domestic market, which may have bad results for the national economy.

After the 1998, the Islamic Republic of Iran particularly focused attention on the economic aspects in its foreign policy. The problem of convergence of national economies with the global economy cannot be solved without foreign investment, without the participation of other countries in the development of modern, high-tech industries, without strengthening the international confidence, the development of cultural relations between states, the introduction of new technology, and the active participation of Iran in regional and international organizations, and in the future obtaining the status of a member of the World Trade Organization.

The Islamic Republic of Iran is taking steps towards convergence with the world economy, but does it with great caution. The basic steps in this direction have already been made:

- The policy of public economic sector’s privatization and the reduction of state machinery are in progress;
- The economic policies’ coordination with the actions of the international financial institutions is held;
- Favourable conditions for attracting foreign investment are created.

In the age of the countries’ interdependence, the implementation of foreign policy aimed at the domestic economic priority tasks may lead to situations where the state will be unable to use all the opportunities of globalization and the widening gap in technological development may lead to a weakening of their international position. On the other hand, globalization - is a reality that cannot be ignored.

The economic structure of Iran, despite the enormous potential, is closed and not dynamical. For this reason, the most important factor of development for strengthening the Islamic Republic of Iran’s position in the world and the world economy is to focus on the external market, on the external environment, with specific objectives of convergence and attraction of foreign investment. Also the state’s leadership has the task to revise the relations and positions in matters of economic aspects and factors’ importance at this stage.

Economic globalization and mutual economic dependence made some adjustments in approaches and practices of foreign policy, which are primarily based on economic factors in solving international problems and relations between states.

The Islamic Republic of Iran puts mutually cooperation with all states as a priority in order to establish and develop economic relations with neighbouring countries, including the states of Central Asia, the European Community and the leading nations of the world, the credibility to the country in the world, implements a policy of non-confrontation. It should also be noted that the first successes in the implementation of a new foreign policy had a political character. Continuation of this course - the development of economic and trade relations between Iran and other countries helped to strengthen the position of the Islamic Republic of Iran in the international arena. This policy allowed defusing tensions in relations with a number of states, and thus met the interests of security and stability in the region, created the con-
ditions for the development of mutually beneficial economic relations of Iran with many countries around the world.

**Effects of Globalization on Iran's Culture**

Culture is a set of beliefs, habits, faiths and norms that humans acquire during their evolution and as a valuable legacy; they leave it like a souvenir for the next generation. Durability of any social system depends on its culture and cultural values of that society. As culture is a basic and important platform for mutual understanding and cooperation among nations, as it has always underlain the emergence and development of human civilizations, the need for increasing cultural exchanges and interactions among countries is of great benefit and significance. In this case, the continent of Asia has a significant role in the development of cultures and civilizations in all ages of history. The inhabitants of this continent are diverse in their culture and customs that is why they need to create platforms and mechanisms for exchange of ideas and opinions about cultural issues which willingly or unwillingly are affected by the growing trend of globalization more than ever. Due to the rapid process of globalization and western countries attempts to confiscate its achievements, the need for cultural convergence among Asian countries is felt more than ever to reduce the cultural and structural differences as well as creation of alignments and conformity in values, outlooks and behaviour. The cultural convergence means reinforcement and growth of similar cultural characteristics with the aim of uniform policy making to create a common method and a coordinated approach in dealing with challenges and also to build a platform for interaction and participation in the cultural management process in the era of globalization.

Conservation of values and promoting the status of Asian culture in the era of globalization depends upon a proper understanding, recognition of the capabilities and its unique features. Globalization is a phenomenon that has affected all dimensions and angles of human life (economic, political, social and cultural) with its expansion. One of the most challenging aspects of globalization is the cultural aspects of the societies. Today, proximity of people culture is the result of huge advances in communications technology and exchange of information also penetration and expansion of computer networks and satellite which is considered as one of the positive aspects of globalization.

The discourse regarding the effects of globalization on cultural diversity is a challenging debate. The advancement of technology dissolves international boundaries and opens cultures to a whole new arena (Smith, 2000), enabling globalization to occur. Globalization can be an empowering entity. It can interconnect the world, support economic development, provide information availability and assist in developing a global village (Moahi, 2007). There is a paradoxical dichotomy, a tangible undercurrent, when it comes to globalization and cultural diversity. On one hand, globalization has the potential to mobilize and empower people, provide a means for self-representation, support a collective identity through socialization and provide employment opportunities. On the other hand, it has the ability to disempower people by misrepresentation, provide a process for further colonization, and propel the loss of individualism and self and group identity. Political theorist Fredric Jameson presents this as two competing future visions: one of a cor-
porate-dominated monoculture where nations and cultural groups alike are deprived of autonomy and identity; and another of a vibrant celebration of pluralism, in which various cultural groups are in direct and harmonious contact with one another, free from limiting political forces such as national governments (1998). Globalization provides both positive and negative influences on cultural diversity which can have far reaching impacts.

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Generally, there are two perspectives on the globalization of culture: 1. The general theory of cultural globalization 2. The theory of cultural diversity

General theory of cultural globalization refers to the emergence of a single world culture and dominant which other surviving cultures of other civilizations will be solved inside it. From this perspective, the culture of the modern Western civilization is a single and dominant culture. Arnold Toynbee, in his book says: Today Western civilization only goes forward. Sixteen civilizations have been destroyed and others are in the process of extinction. Other Western scholars such as Herbert Spencer, August Conte, Hegel, and Kant have spoken about the inevitable emergence of rational unified culture around the world and have emphasized the need for the historical decline of other cultures and civilizations. From the perspective of the theory of cultural pluralism, material and technological civilizations will maybe dominate global unit, however, different cultures will retain their identities.
Hossein Bashirieh has presented the third perspective as cultural dialectic. From his perspective, cultures are not rigid and unchanging phenomena, but always mediated interactions are changing and find new ways. In other words, cultures are combining to each other’s, and only in this way that they remain elements and other elements disappears. No culture as an integrated whole rather than perpetuating itself and disappears.

There are two views in Iran. A view that tends to the West and another view tend to Islamic culture. The contrasts between these two views are interpreted as a new cultural conflict between traditionalism and modernity.

In general, the advent of modern Western culture in Iran has considered as a crop growing relationship with the West, cultural and social reforms in the late nineteenth century, genesis west oriented intelligentsia, cultural modernization by Pahlavi government, and gradual integration in the global system. These developments created as a response to return back to his own religious traditions that were introduced by Ali Shariati.

After the Islamic Revolution, there were two approaches about the globalization in Iran: One approach attempts to consider globalization as a phenomenon of cultural invasion. The second approach is interaction with the West through join or membership at organizations such as the World Trade Organization. Since the 90s of last century, the Islamic Republic of Iran in its foreign policy strategy has been mainly based on maintaining active participation in international organizations.

There is a third approach in this regard. Some Iranian analyses believe that each country needs other countries. Interaction and the exchange interaction of economic, cultural and political life in today’s world is a necessity. We cannot close their borders on others. We could see globalization as an opportunity not as a threat and make ourselves ready to deal with it rationally. This involves raising and strengthening industrial infrastructure, economic, managerial structures of the country. We should recognize that globalization also has risks that could open up opportunities facing us and try to use this opportunity in the best way. (Iran International, 2004)

**Conclusion**

There is evidently positive and negative consequences of globalization. These effects are either direct results of globalization or indirect results caused by factors linked to globalization. It is clear that globalization has had many positive effects to world markets. Globalization has helped open up new trade areas where LEDC’s can benefit from a range of beneficial outcomes such as new employment opportunities and greater economic development. As stated previously not all countries have benefited from the spread of globalization and in fact many countries have been exploited. In order to sustain globalization and to limit negative outcomes MNC's needed to be regulated to stop further exploitation. If globalization continues to aid the flourishing of global capitalism a sense of social responsibility needs to develop alongside it. As our awareness or access to knowledge grows we must take responsibility for our actions. Failure to do so means we will live in continually polarized world where the gap between the rich and poor continues to cause global atrocities and growing instability.
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