

The economic evolution of globalization

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Abstract. *This research paper endeavours to underscore the genuine context of globalization through an examination of its ideological implementation, chronological progression, and, last but not least, its potential to serve as a convergence of multiple perspectives. From the standpoint of critical thinking, every benefit will be emphasized, while the necessity for a fresh approach to progress will be underscored by highlighting every drawback that has resulted from globalization as a process or paradigm.*

In conclusion, this paper will discuss the insights that globalization provides regarding the empowerment of developed economies and the development of emergent economies, including cooperation and rising living standards.

Keywords: globalization, financial aid, evolution.

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1. Introduction

The globalization process could not be defined in a way that encompassed the entirety of the various specialized viewpoints. This is due to the fact that globalization necessitates considering numerous interconnected elements that initially interact and reinforce one another on an international scale. These components may be categorized and grouped according to cultural, social, economic, and political dimensions. As a result, scholars and specialists specializing in these domains have formulated definitions regarding the globalization process, which are constructed with their particular area of expertise in mind.

Regardless of the approach taken to analyse the concept of globalization, a fundamental principle remains consistent: while individual entities on the planet may exhibit varying degrees of receptivity or rejection towards this phenomenon, its existence cannot be denied due to the nature of globalization. Similar to the Renaissance or the Industrial Revolution, the impact of socio-economic, political, and cultural trends will surpass the barriers erected by certain governments regardless of how hard a state tries to resist them (Bodislav et al., 2015). Eventually, whether the consequences are severe or subtle, they will become unavoidable.

2. Globalization and its genesis

The three primary causes of globalization are technological, political, and economic. These three instances have initiated a phenomenon known as “sociocultural changes” in which the influence of geographical distance on the formation and maintenance of cross-border connections, economic ties, and international politics is rendered inconsequential. Positive implications of globalization are highlighted by the fact that it facilitates human integration into a global community, thus highlighting the fact that it is not a negative phenomenon. The world is progressively transforming into a “global supermarket” as a result of globalization, where products and concepts are simultaneously available everywhere (Bari, 2010). The ultimate result of globalization is the elimination of geographical boundaries and barriers imposed by distance; consequently, social existence will be increasingly liberated to unfold in a world regarded as an individual entity.

In the assessment, a chronological perspective on globalization must be considered. O'Rourke and Williamson (2000) delineate three primary definitions of specialists in their paper:

- 1) One widely acknowledged phenomenon is the “big bang” of globalization. The years 1492 and 1498 witnessed two of the most significant occurrences in human history and globalization: Christopher Columbus's discovery of the Americas and Vasco da Gama's circumnavigation of Africa.
- 2) An alternative interpretation contends that globalization originated much earlier, at the onset of the Roman Empire, with the interchange of products, ideas, and people

- facilitated by interactions with Asian civilizations. Despite the extensive intercontinental movement of products and symbols, the assessment of the globalization process cannot be limited to the intrinsic human desire to explore and control the world.
- 3) Thirdly, the scientific paper under examination acknowledges the existence of decentralized globalization prior to the nineteenth century, as well as the magnitude of this phenomenon at that juncture. The economic dominance of the English in this century, according to this theory, resulted in substantial unrestricted migration of labour and factors of production. This ultimately resulted in heightened trade protectionism and ultimately led to the outbreak of World War I. Advocates of this theory contend that the presence of well-developed democracies during that period prevented the occurrence of such conflicts; however, current circumstances indicate that economic disparities do indeed arise among nations with robust democracies.

The authors establish that the two pivotal historical events that transpired towards the conclusion of the fifteenth century were not economically significant, contrary to what some experts claimed. However, they did constitute an unprecedented occurrence in human history due to the unprecedented global transfer of technology, products, and culture. They refuted the antiquity-based theory of globalization's emergence, but asserted that the nineteenth century was the “cradle of globalization,” an increasingly pervasive phenomenon that continued to expand throughout the twentieth century.

McLuhan and Lapham provide an enumeration of the constituent elements comprising the essence of the phenomenon and a definition of it in which he coined the term *global village* to describe globalization as an event that surpasses national boundaries and local sentiments due to the disregard for such matters by the rationality of economic man (“homo economicus”), which consequently renders it *homo globalus* (McLuhan, Lapham, 1966). A convergence of factors has contributed to the acceleration of globalization, including the integration of financial markets and capital, the reduction of geographical distances through the interconnection of new technologies and the intensification of mutual reliance.

The current state of the global economy deviates significantly from homogeneity and uniformity, despite the fact that humanity entered the third millennium through the process of globalization (Dinu, 2010). Specialists regard the economic disparities between states or regions caused by problems as the greatest challenges of our time, demanding our undivided attention towards their resolution in the twenty-first century.

An economic perspective on globalization would entail a more straightforward approach that eradicates economic disparities among nations characterized by developed, developing/emerging, and underdeveloped economies. This cannot be accomplished in isolation from the other facets of globalization; due to their close interdependence, they necessitate a gradual and concurrent progression. Failing to do so may result in the exacerbation of economic disparities among nations, which may generate geographical strains.

In terms of origin and chronology, globalization is ambiguous. Certain elements have remained consistent since ancient times, most notably the interchange of technologies and commodities among diverse civilizations, ongoing exploration and colonization of the Americas, the Industrial Revolution, which facilitated the development of new technologies that enabled this 'trade' to occur at a significantly faster pace and on a more expansive scale and culminating in the late twentieth century with the advent of the Internet. The developments and occurrences of the twentieth century precipitated the phenomenon of globalization, as it is understood today. The proliferation of new transportation routes and the subsequent establishment of others have exponentially increased the potential for worldwide distribution of virtually any product. The advent of the Internet has enabled near-instantaneous information exchange among nations, corporations, and individuals. Furthermore, the outcomes of two world wars have precipitated the formation of international organizations whose mission is to ensure the observance of intrinsic human values and principles, such as safeguarding the integrity of the Internet. Each of these elements exerted a substantial impact on the development of globalization and, by extension, the global economy as a whole.

Almost any state could benefit from the technological and social advancements of humanity; however, evolution signifies change, and some states are less receptive to change due to their political regime or approach to conducting their portion of international trade. Socialist states, which have economies under Western control and isolation, have historically lagged behind in adopting new technologies and concepts. As a result, they face a significant economic delay: the dualism of capitalism and communism. Since the fall of the communist system, all states that have transitioned to capitalism have engaged in a "catching up" process in an effort to close the economic disparity with the West. Disparities in the rate at which these nations are able to close the gap are attributable to variations in the sociological, political, and cultural dimensions of globalization. While it is nearly unattainable to completely eliminate these disparities among nations, the remarkable consequence of globalization is that it presents the opportunity to minimize them to the greatest extent feasible.

Moreover, according to French economist Michalet, the global economy can be understood as comprising a developed core and an underdeveloped or developing periphery. Michalet (2004) argues that development occurs in accordance with a "concentric circle" diagram, wherein "*the Triad*" (consisting of the United States, European Union, Japan, and Asia-Pacific "savings tigers Singapore, South Korea, and Africa) revolves in the centre; the remaining "circle" is comprised of countries with unstable economies (Michalet, 2004). These nations are deemed "attractive" by global investors who are able to allocate their recent savings into investments there. This allure stems from the merits of specific economies that have effectively capitalized on their own progress and implemented transparent political systems. Stable macroeconomic policies, when coupled with a

legislative framework and a receptive stance towards foreign direct investment (FDI), manifest as strengths (Fourcans, 1997).

3. The economic benefits of globalised globalization

In the past century, advancements in technology have propelled humanity to an unprecedented degree of economic and communication interdependence. The objective of mutual aid between states, aid provided directly by international organizations, and agreements between states and market economies, which have spread to nearly every region of the globe since the triumph of capitalism over communism, is to facilitate sectoral growth opportunities for less developed economies. Countries such as Poland and South Korea have shown in recent decades that remarkable economic development can result from prudent planning and dependable governance. In light of the notable distinctions in socio-cultural and geographical environments between the two nations, it would seem that success is not contingent upon a recipe but rather on the state's innate ability to capitalise on a politically and economically favourable context in its entirety.

The communist system and the period from 1970 to 1980 in Latin American and African nations demonstrated that closed economic policies result in economic and social stagnation or decline (Bodislav et al., 2015). They result in increased destitution and inflation over time. Indeed, globalization is an uncontrollable process due to the involvement of an excessive number of dynamic factors. It is inevitable that states cognizant of its advantages will introduce this phenomenon in order to capitalize on it; otherwise, they run the risk of forgoing a tremendous opportunity. Put simply, as national economies converge towards those of the global economy, the states themselves will assume the role of significant economic actors in this emerging market.

In order to accomplish development in the coming decades, it is crucial that many nations, to the greatest extent possible, utilize the regional political and cultural context to emphasize the internationalization of economies and openness to foreign markets. The maintenance of a high standard of living is contingent upon the confluence of economic growth, political stability, and socio-cultural advancement. Attracting a steady stream of foreign capital and cutting-edge technology for domestic production is the quickest path to such an expansion, and political stability is maintained through favourable legislative frameworks and effective collaboration between national and international institutions (Bodislav, 2012). Globalization is not a product of the volition of nation-states, which have the ability to embrace or reject it and thereby influence its consequences; as such, certain phenomena transcend national boundaries. Certain regions' issues have become global concerns due to interconnections between states, which have prompted world powers to strive for their eradication. Hunger, disease, environmental degradation, and depletion of natural resources are global concerns that transcend national boundaries and impact every

region of the Earth. Consequently, in recent decades, numerous organizations have been established with the objective of providing assistance to African nations that are particularly afflicted by these challenges, including disease, starvation, and inadequate access to potable water. This has increased civil society's consciousness of global issues, as well as its intent to effect change. We are currently witnessing a phenomenon that is unparalleled in human history: the dissemination of sentiments and shared perspectives regarding global issues and events. This is a result of globalization. States and the masses, comprised of individuals who share a particular vision, make varying degrees of quality and quantity of efforts to resolve common problems. This variation is contingent not only on the financial capabilities and human resources accessible to each state, but also on the severity of the problem or situation that the state or region in question faces, as well as the degree of relationship that transcends geographical, and sometimes political or cultural boundaries between these entities.

Transferring qualified labour, capital, and technology between nations is a crucial step in the effort to eliminate human differences. Constant interaction and state-to-state strategizing will result in a wealth disparity in comparison to the impoverished. In contrast to a hypothetical realm where communication and interaction between states would remain at the local level, as they did during the Middle Ages, globalization now facilitates the growth of minor nations through their imitation of the great powers. It is possible, primarily as a result of globalization, to lead by example, imitate economic policies, and adapt them to social, political, and culturally active factors; this is advantageous for nations that are willing to recognize and capitalize on the opportunities presented. By attracting investors to the developing country, for instance, it is considerably simpler to mimic an example set by an advanced state through direct interaction with it (Bodislav et al., 2016). In less developed regions of the state, civil society must therefore recognize the imperative to modernize; nationalistic sentiments serve no purpose in obstructing this inexorable progression.

4. Conclusion

Globalization provides benefits not only to nations as a whole but also to corporations specifically. The majority of proponents of the process associate it with economic progress or the acceptance of "avant-garde capitalism, American style" (Bari, 2010). Under this conception, impoverished nations are compelled to embrace globalization as the sole remedy for addressing poverty. However, practical experience has demonstrated that such acceptance does not invariably yield favourable outcomes. The potential consequences of acceptance in nations that have already experimented with globalization are undeniably significant, but the danger of being unprepared for a major economic and cultural upheaval was considerably less severe in comparison. Corruption undermined political stability,

injured the environment, and accelerated the pace of change to the point where civil society was unable to comprehend their implications or assimilate them (Bodislav et al., 2015).

These consequences were experienced by nations that were unable to maintain pace with the swift progression of globalization. The Internet's ascent, which has undoubtedly expedited the process of globalization in an unparalleled fashion, has concurrently widening the disparity between developed and developing nations.

Human resource transfer and labour migration proved to be a detrimental consequence of globalization for developing nations, notwithstanding the fact that, as demonstrated previously, it can also be beneficial. Individuals who are both qualified and overqualified for a specific field migrate from nations with weakened economies to those with robust economies, as the former offer them considerably greater financial fulfilment. Thus, compensation levels are reduced on the local labour market, which may gratify employers but is met with discontent from workers who have chosen to remain in their country of origin. Labour migration also gives rise to an additional adverse consequence of globalization: multinational corporations shut down production facilities in nations where labour becomes prohibitively expensive, only to reopen them in countries where labour is more affordable. Positive in the sense that it generates employment opportunities in nations possessing inexpensive labour, and undoubtedly detrimental to economic development in nations where multinational corporations cause a surge in unemployment. It is a practice that multinational corporations that expand their operations in numerous countries have already standardized. Furthermore, the majority of commodities and products that we possess and consume are no longer manufactured in a single location or country; rather, the design and production of individual components of a product can occur in distant locations across the globe.

An additional significant drawback encountered by developing or transitioning economies is the lack of precision in environmental legislation. Certain investors exploit this vulnerability to optimize their financial gains through polluting and employing ambiguous environmental practices.

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