

# A Review of the Globalization Process

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## **Abstract**

*This research paper tries to emphasise the actual context of globalization by reviewing its chronological development, its ideological deployment and, not least, its spectre of being a nexus of vantage points. All the advantages will be underlined from a critical thinking perspective and the need of a new path towards advance will be highlighted by underlining all the downsides developed by globalization as a process or as a model.*

*In the end, the purpose of this paper will be rounded up towards the enlightenment offered by globalization towards developing emerging economies and empowering developed economies, including here their cooperation and growing living standards.*

**Keywords:** globalization, capitalism, communism, multinational, foreign direct investment

**JEL classification:** F60, F62, F63

## **Introduction**

The globalization process could not be established as a definition encompassing all different opinions from specialists. This is because globalization entails taking into account the many elements which are intertwined, but first it login and complement each other worldwide. These elements can be grouped and classified in areas such as cultural, social, economic and political. Therefore, specialists and academics dedicated to these areas have made definitions about the process of globalization, definitions built taking into account their specific field of activity.

Whatever the direction we choose to analyze the concept of globalization, a common element is that states, as individual entities on the planet may be receptive or reject a certain extent this phenomenon, but you can not deny it because globalization It may resemble to Renaissance or the Industrial Revolution:

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as much a state would resist the influence of socio-economic, cultural and political trends will be so strong that they will transcend the barriers imposed by some governments, and the effects of globalization will be felt sooner or later, more acute or subtle, but inevitable.

### **1. Globalization – causes**

Globalization has three main causes: technological, political and economic. These three cases have started a process in which geographic distance becomes a negligible factor in establishing and supporting cross-border ties, economic relations, international politics and sociocultural changes called. The implications of globalization underline not a negative phenomenon, but a positive one by the fact that it provides leverage to human integration in a global community. After globalization, the world is gradually turning into a "global supermarket" where goods and ideas can be found everywhere at the same time (Bari, 2010). The finality or output of globalization is removing borders and barriers imposed by distance, so social life will have the freedom to place increasingly more in a world seen as a unique place.

A chronological perspective on globalization must be considered in the review. According to a paper written by Kevin O'Rourke and Jeffrey Williamson which appeared in 2000 there are three main meanings of specialists:

- The first accepted is the "big bang" of globalization. The years 1492 and 1498 were marked by two of the most important events in human history and globalization through the discovery of the American continent by Christopher Columbus or expedition around Africa's Vasco da Gama.
- Another acceptable meaning argues that globalization has much earlier origins, the beginning of the Roman Empire, namely the exchange of goods, ideas and people through contact with Asian civilizations. These flows of goods and symbols so stretched at intercontinental level, but can not judge the globalization process through the aspiration inherent in human nature to discover and master the world.
- The third accepted in the scientific paper analyzed is the world 'deleveraged globalization before the nineteenth century and the extent of this process met during that time. According to this theory, the economic dominance of English in this century led to significant free movement of factors of production and labor. This led to increased trade protectionism and culminated in World War I and the argument of proponents of this theory is that there were at that time strongly developed democracies to avoid such conflicts, but contemporary realities reveal that such economic differences appear between countries with strong democracies.

The authors demonstrate that the two historical moments at the end of the fifteenth century had no economic importance although alleged by some experts,

but they represented an unprecedented event in human history by the fact that for the first time held a major transfer of technology, products and culture on a global scale. They refuted the theory of globalization appearance of antiquity, but said that the nineteenth century signified the "cradle of Globalization", a phenomenon that has grown increasingly over the next century.

An enumeration of the elements making up the essence of the phenomenon and a definition of it is shaped by Marshall McLuhan, in which he makes known the phrase "world village" (the global village), referring to globalization as a phenomenon that transcends national borders and feelings local because the rationality of economic man ("*homo economicus*") deems unimportant and thus makes its appearance *homo globalus* (McLuhan, Lapham, 1966). Among the elements that materialized acceleration of globalization are: new technologies of information (telephone, internet), compressing distances through new technologies interconnection and increase mutual dependencies, the integration of financial markets and capital.

Other authors who have made major contributions to the theory of globalization and tried to provide a definition: Martin Albrow, a British sociologist has defined globalization in 1990 as "*all those processes by which peoples of the world are incorporated into a single world society, global society*" (Albrow, King, 1990) and Anthony Gidens, also in 1990: "*Globalization can be defined as the intensification of social relations in the world, linking to such an extent distant places that events occurring locally are through the eyes of others similar as happened to many miles away, and vice versa.*" (Gidens, 1990).

## **2. Globalization as a multidimensional process**

The global economy is currently far from uniformity, homogenized, even if humanity entered the third millennium in the process of globalization. Problems brought economic differences between different states or regions and are considered by specialists to be the real challenges of humanity on whose resolution we must focus our efforts in this century.

Globalization from the economic perspective would mean a simpler approach eliminate economic differences between countries with developed economies, countries with developing/emerging economies and the underdeveloped economies. This can not be achieved separately from the other sides of globalization, as they are strongly interlinked and therefore require a gradual and simultaneous development, its failure could send into the other side of globalization: emphasizing economic differences between states that can create geographical pressures.

Globalization does not have a clear birth place or timestamp. Certain aspects are similar since antiquity, especially through the exchange of goods and technology between different civilizations, continuing voyages of discovery, colonization of the American continent, then the Industrial Revolution that led to accelerate rate of new technologies developed that allowed these 'trade' at a much

faster and at a larger scale and peaking in the late twentieth century, with the rise of the Internet. The technologies invented and the events of the twentieth century led to the phenomenon of globalization itself, in contemporary acceptance. The new transport routes and the emergence of others led exponentially to the opportunity to sell almost any product on a global scale, the emergence of the Internet has led to the possibility of the exchange of information almost instantaneously between countries, businesses and people, two world wars have led to international organizations whose purpose is to ensure the application of principles and values inherent to human nature such as to ensure the integrity of the individual, ensuring property rights, or establishing health standards. All these factors had a significant influence on the evolution of globalization and by default on the global economy standalone.

The fruits of technological and social evolution of mankind could be enjoyed by almost any state, but evolution means change and not all states are responsive to change because of their political regime more or way of doing their share of global business. Socialist states, for example, with an economy controlled and isolated by the West, have always remained behind with new technologies and concepts developed in the West, thus having a large delay at economic level: capitalism-communism dualism. With the failure of the communist system, all states that have switched to capitalism have tried to recover the gap between their economies and the Western through a process called "catching-up". The difference between the speeds with which these countries manage to catch up is caused by differences between the other three sides of globalization: the cultural side, the sociological and political one. In reality, these differences between states are almost impossible to remove, but striking effect of globalization is offering the possibility to reduce them as much as possible.

Incidentally, the French economist Charles Michalet says the "world" economy has a developed center and a underdeveloped or developing periphery and everything is developed on a map of "concentric circles" that in the middle was "*the Triad: US, EU/Europe and Japan, around which revolve the second "circle" consisting of "savings tiger" Asian (Singapore, South Korea and Africa) and last, composed of countries whose economies are unstable*" (Michalet, 2004). Global investors can direct their rapid investments obtained through savings to those countries and they consider them as "attractive". This attraction is based on the strengths of certain economies that have benefited successfully from their own development and the use of clear and open political regime. Strong points are materialized in stable macroeconomic policies that are combined with a legislative framework and with an open attitude of the state towards FDI (Fourcans, 1997).

Currently, globalization is the "*result of a long historical and irreversible evolution. It is the highest point of the followed upward trend; it is the stage beyond which the process will continue even more dynamic, more vigorous and more engaging*" (Trifu, 2006). This phenomenon is identified as streamlined globalization of the 21<sup>st</sup> century, now having added a number of trends developed as a result of key events of the twentieth century that involves in principle greater

mobility for international information, assets, human capital and a more rapid development of technologies.

Amid the emergence of the Internet, the exchange of information has exploded globally and what appears to be focusing the economy on the niche of the supply of services. Agriculture and industry also experienced exceptional developments due to the development of transport networks and eliminating as much as possible the restrictions on movement of goods and people, but trade in services are growing faster than goods (Bari, 2001).

### **3. The advantages of globalization in the world economy**

Throughout history, some countries that were more developed in all sectors interacted with other states or civilizations less developed, and when discrepancies were visible, such as differences between Europeans and Native Americans, the process of "colonization" was deployed. It is manifested by transferring technology, information, knowledge and human capital in order to increase the degree of civilization in that region and thus trying to improve living standards at a level as close to the country colonizing. There are similarities between the process of colonization and globalization, as powerful economies of the world "inject" into developing economies or less developed capital, technology, procedures, even human capital.

Amid new technologies developed in the last century, humanity has reached a new level of communication and economic interdependence. Mutual aid offered between states, aid offered directly by international entities or agreements between states and market economy that has spread to almost all regions of the world with winning capitalism against communism, seeks to provide states with less developed economies growth opportunities in all its sectors. Countries like Poland and South Korea in recent decades have demonstrated that careful planning and governing class reliability can lead to impressive economic growth. Given the differences in socio-cultural and geographical landscapes between the two countries, it appears that the state does not need a "recipe" for success, because it does not exist, but success is granted by the instinct to seize political and economical context favorable overall.

The communist system and the 1970-1980 periods in countries from Latin America or Africa have shown that "closed" economic policy leads to stagnation or to a descending trend from economic and social perspective. In the long term, they lead to increased poverty and inflation. In fact, globalization is a process that can not be controlled, because it involves too many factors already on the move. It can not be stopped, and states aware of the benefits can bring such a phenomenon that can profit from it, otherwise risking to lose a huge opportunity. In other words, national economies will become increasingly more like a global economy, and the states they represent real economic agents in this new market.

It is necessary over the next few decades, as many countries try as much as enables them cultural and political context of the region where they are to focus on

this trend of the internationalization of economies, openness to foreign markets to achieve growth. A high standard of living is ensured by the harmonious development of the economy with political stability and socio-cultural progress. The fastest way to such an increase is attracting a flow of foreign capital and modern technology in terms of production within a state and political stability is ensured by effective cooperation between national institutions with international ones and a favorable legislative framework FDI (Bodislav, 2012, pp. 33-46). Because globalization is a process not the will of the states, which can accept or to reject it, supporting the effects of those decisions, there are certain phenomena that transcend national borders. Interconnection states made the problems certain regions become global problems that the world powers endeavor to eradicate them. Hunger, disease, environmental destruction and resource depletion issues that are not strictly affect certain countries or areas, but the entire planet. Thus, over the last few decades, various organizations were founded with the goal of helping countries most affected by these problems, African countries such ground of disease and hunger or lack of drinking water. This has led to a growing awareness of global issues by civil society, awareness and intent to cause change. We are seeing today in terms of globalization, a phenomenon unprecedented in human history, namely the sharing of feelings and similar views on world events or the world's problems on a global scale. Efforts by the masses composed of individuals who share a certain vision and efforts by states to solve common problems, different quality and quantity, depending on the impact that has the problem or situation that the State or region concerned and depending on the financial possibilities and human resources available to each state, but the degree of relationship between these entities beyond geographic boundaries, sometimes even political or cultural.

The transfer of capital, technology and skilled labor force between countries is an important step in the quest to eradicate differences between people. Constant interaction and strategizing between states will lead to an imbalance between the poor relative to the rich. Unlike a fictional world in which globalization would not occur, and communication and interaction states would remain at the local level as they were in the Middle Ages, nowadays, globalization enables small countries to grow by imitating the great powers. Leading by example, copying economic policies and adapt them to the social, political and cultural active factors, it is possible mainly due to globalization, and this has benefits for nations that are willing to identify and capitalize on opportunities offered. It is also much easier to "imitate" an example offered by an evolved state through direct interaction with it, namely by attracting investors in the developing country. It is therefore important that civil society in less developed areas of the state to understand the need to "modernize" and the nationalist feelings do nothing to slow the inevitable influence anyway.

## Conclusion

Globalization not only offers advantages to states in general and companies in particular. The process is associated with the majority of its supporters as progress in economic terms, or accepting a "*avant-garde capitalism, American style*" (Bari, 2010). In such a vision, poor countries have no choice but to accept globalization as the only solution for combating poverty, but reality showed that acceptance of globalization does not always bring only benefits. Of course not be neglected benefits of this phenomenon, but compared to the disadvantages of acceptance in countries that have already tried globalization, the risk of not being prepared for a major economic and cultural shock was much lower. In these cases, the environment was harmed, political stability could not exist because of corruption and the changes were too quick for civil society to assimilate them and understand how they can take advantage of them.

All these effects were felt by countries that could not keep up with the rapid process of globalization. The rise of the Internet, which has done nothing but accelerate in an unprecedented way globalization, has also accelerated the gap between developed and underdeveloped countries.

Globalization can lead to a sense of loss of national identity and patriotism, as revealed by Pieterse in his work on globalization: "*Globalization currently includes the relative weakening of national states - namely weakening "national economies" in the context of globalization of economies and in terms of cultural globalization reducing patriotism*" (Pieterse, 1994, pp. 161-184).

A negative effect of globalization that we felt in countries with developing economies is caused by labor migration and human resource transfer, although it can also be an advantage, as we have shown above. Persons qualified and overqualified for a particular area migrate from countries with weaker economies towards those with strong economy gives, because they them far greater satisfaction in terms of income. Thus, the local labor market reduces wage levels, which can satisfy employers, but complaints from workers who have remained in their homeland are seen. Labor migration also leads to another negative aspect of globalization: multinational companies close factories if the labor force of a country becomes expensive and (re)open new factories in countries with cheap labor. This can have a dual effect: positive because it creates jobs in countries with cheap labor and obviously a negative effect on growth in countries where multinationals unemployment spikes. It is a practice already consolidated among multinational companies that expand various operations in different countries. Moreover, most products and goods that we consume, that we own are no longer produced in one place or in one country, but each component of a product can be designed and manufactured in places far removed on the world map.

A more important disadvantage suffered by countries with weak economy or emerging one is that the laws of these countries with regard to environmental standards are not very precise, allowing some investors to take advantage of this flaw, this way they are maximizing their profits by polluting and using unclear environmental practices.

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