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## The Dynamics and Manifestations of Globalization

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By

Mirela Mazilu<sup>1</sup>

### **Abstract:**

*There are many factors which impart the globalization dynamics: the more accelerated liberalization tendencies of commercial exchanges, the development, without precedent, of the capital markets which claim a bigger liberty of movement, the internationalization of production and distribution of the great trans-national societies, the huge leap of service commerce and – finally – the means provided by the quick progresses in the field of technologies. Globalization provides – on new dimensions – opportunity for some wider markets, the possibility of producing and marketing a larger range of goods, increasing chances for attracting capitals and for access the high technologies. But, at the same time, globalization leads to eliminating the existent barriers out of the free competition's way, entire sectors being threatened with disappearance or at least "drastic" rationalizations for increasing the efficiency.*

**Keywords:** *globalization, capital, labour force*

**JEL classification:** F15, F43, M21, O10

### **1. Introduction**

Humankind is on the threshold of a new synthesis. This means a new paradigmatic horizon on whose meanings a new civilization will be structured. We have been sitting on the comet tail of an industrial civilization, mechanism and clock-universe for three decades already. Within this period the post-values of the first efficient synthesis have been gracefully exercised: the economy has become post-industrial, culture – post-modern, society – post-national. Moreover, processes of post-communist and post-capitalist emergence have been released (Mihai Dinu, Supplement of "Theoretical and Applied Economics" Magazine, 2007, Bucharest).

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<sup>1</sup> *Reader PhD., University of Craiova, University Centre of Dr. Tr. Severin,  
mirelamazilu2004@yahoo.com*

## 2. Defining Globalization

There is no unitary point of view in defining globalization. It is brought into discussion the fact that exchanges between people are old, intercontinental means of quick transport exist for tens of years, the first multinational companies appeared for more than half a century ago and movements of capital have not appeared in the 90's. Besides all these we further add that satellites, television and data processing systems also appeared a longer time ago. However, globalization is seen through its revolutionary character in comparison with colonial periods given by the high speed of communication between different regions. For instance, when the English wanted to build, in a Victorian style, the governmental and public buildings in Bombay, all the drawings and draughts were made in London and sent to India by air. China sent by Internet the draughts of the future pile to the United States of America and West European countries when they wanted to make a big commercial district in Shanghai.

The globalization of merchandises also takes place together with market globalization. A product we find today on the market is more and more the result of combining some materials and services from various sources of origin placed in different parts of the world. Workers from high-tech industry in India are hired by firms in California to assemble computers, Japanese cars are assembled in Thailand and shoes are made in China.

Another component is the globalization of the financial market. Increasing the competition between big financial institutions makes them to launch out in competitions of vast proportions all over the world without considering the national boundaries, differences of meantime zone and including in their offers a bigger and bigger number of financial services. One talks within the framework of this process about global organizations too. Such an organization operates on the markets of at least two countries and obtains, through its activities, advantages expressed as cost and prestige, which are inaccessible to the competitors who perform their activity exclusively on a national level.

A consequence of globalization is the appearance of global products, this thing is given by the fact that, for reasons of simplicity and costs, most of the multinational companies try to enter and commercialize, on local markets, products which are not very much different from those sold elsewhere. Under these circumstances, a food product can have the same brand, the same packing, but it is sold with different flavours in different countries. From this category we mention just a few brand names: Coca-Cola, Pepsi, McDonald's in the food field, Vodafone and Orange in the telecommunications field, Microsoft, IBM, HP in the field of software and hardware for computers. In the EU vision, internationalization has in view the enhancement of capital exports and stimulation of the international division of labour.

In modern Europe there appeared opportunities which generate wide areas where spatial interactions take place in a great variety of forms – this is produced within the framework of three operating principles: complementarity, transferability and opportunity intervention.

Complementarity is produced under circumstances in which in a region there is registered an excess of goods which are necessary in another region. The simple existence of a resource or merchandise is not a certainty of commercialization, because the first condition is its necessity elsewhere. An example in this sense is Italy, a development leader in the Mediterranean area, but which lacks coal reserves. Italy imports coal from West European countries and, on the other hand, it exports towards these ones citric fruits, olives which are in demand on the markets in West Europe. Here it is about a double complementarity. Therefore, the Alps were not an element of major restriction in building railways and connection highways.

Transferability refers to the easiness the merchandises are transported with from a producer to a consumer. Sometimes the distance can be an obstacle in terms of cost, time which limits the transport from the point of view of profit. This is not a problem for the European space, distances are short and generally the transport systems are efficient.

Opportunity intervention shows that between two regions that were in terms of complementarity did not have any problems of transferability, there came up a new source of provisioning. An imaginary example in this sense: if coal reserves were discovered in Switzerland and one began exploiting them, Italy would probably take advantage of this thing by making its stock from here, because the actual import costs, raised because of the higher distance between Switzerland and West European countries would be reduced.

A massive process of production dislodgment takes place as an effect of the internationalization of economies. This means that some factories in the cities of the developed countries are closed or moved first to the outskirts, then in other areas of the respective country and finally, in countries with cheaper labour force. Production dislodgment was facilitated also by the gradual process of liberalization of the international commerce by giving up to the politics of substituting imports in order to encourage domestic production. Production dislodgment takes place by under-contracting the production function either directly to other factories, or through intermediaries who make contracts with producers from other countries. The advantage is that it is paid less for the costs of wages, taxes, medical insurances and other costs connected to labour force.

Spatial interaction within Europe is facilitated by the development of the communication network through roads, highways, railways, fluvial transports and air routes. This network is continuously improved by building new tunnels, ultra fast railways and building new airports of great dimensions.

The increasing internationalization is obvious on the city level through investors, experts and promoters, as action initiators and animators. A relevant example is Brussels, where Cinquantenaire district represents the main pole of implementing the European institutions and the International Centre of congresses which asserted itself in the last decades. More than that, over 25% of the population of the Belgian capital is represented by the foreign students. Also in the urban agglomeration Geneva, there is an international tertiary of functions which occupy over 20% of the city's active population involved in 15 international, inter-governmental organizations with a world or European essential

feature such as OMS, UNO, BIM, etc., over 100 international non-governmental organizations such as the Red Cross International Committee, 318 multinational and international research centres. Paris – a world plotical metropole – is an international political capital, where UNESCO, NATO, OECD perform their activity, about 20 inter-governmental organisms and about 300 international non-governmental institutions.

No other way we explain to ourselves why globalizations is protected by globality (Beck, 2003) and embezzled by globalism, as knowledge society is assimilated to technological revolutions or crowded in the edge of non-existent resources and judged by the regulations of economy. The subliminal suggested message is that globalization confirms that the hegemonic status-quo and knowledge is being fairly well tested through Cartesianism. Thus the new synthesis becomes a useless illusion!

From the economic point of view, the purpose of globalization is represented by profit and keeping the firms in activity under the circumstances in which research-development costs, the life standing of products are sensibly diminished, a dense receipt of partners has become necessary, quality exigencies are very high and the feedback speed to the market's signals is accelerating.

Through globalization there ar intercepted numerous advantages which are resulting from the differences that exist between the economies of world's countries, these ones being in fact the source of profit.

In the search and keeping of these advantages there was developed the geographical mobility of enterprises, their or their subsidiaries' dislodgment or displacement and preparing the possibility of being present in any geographical or economic point of the planet according to the advantages that come up. Labour force too is associated to the nomad enterprise and, as a consequence, it greatly loses the residence's stability and affiliation to a social environment, to a universe of relationships delimited through geographical proximity.

### **3. Economy globalization**

It is considered that economy globalization will be formally closed when goods and services, capital and work will circulate entire freely, and governments and local authorities in any country will treat equally all the firms regardless of nationality or origin. In other words, globalization will end when the differences between the economies of world's countries will come to such a situation that they will not be anymore generating of enough advantages to maintain the process in looking for a profile. Such a situation is very far away, and globalization will carry on and probably intensify.

A special role in this sense is represented by multinational and trans-national firms whose capital's origin lies in more countries and acts simultaneously in different countries. The most part of these firms comes from the developed countries: USA, European Union and Japan. They can contribute to the development of the economies where, especially through a capital report, the incoming production and distribution of some income is acting: salaries and taxes. There are also some negative aspects – investment and the object of their activity

do not necessarily correspond to the needs of the countries of origin, they are able not to increase production but to replace local producers, they can make economic and political obstacles for the countries where they act.

Such for and against arguments are retained also in the task of economic globalization and in the last years one could observe the obvious increase of opposition towards the actions promoted by the International Organization of Commerce and the Organization of Economic Cooperation and Development which, by their nature, can have negative effects.

The economic activity is marked in time by changes, transformations which now have become more numerous, ample, profound. Among these, production and market imposed themselves to attention through dimensions and consequences. At other times local or zone-national, they surpass more and more national spaces and become international – the expression of the participation of the economic units in different countries.

However, this tendency has been for a long time; it was accentuated together with forming and developing world market.

It is particularly illustrated by:

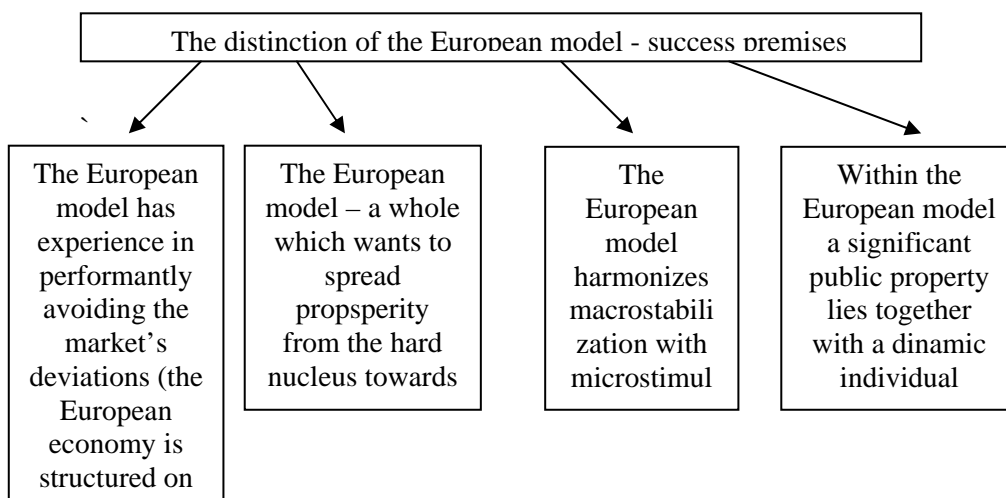
- the weight increase of foreign commerce in the gross domestic product of world's countries;
- the extension without precedent of foreign investments;
- the rapid growth of transactions on the currency exchange market;

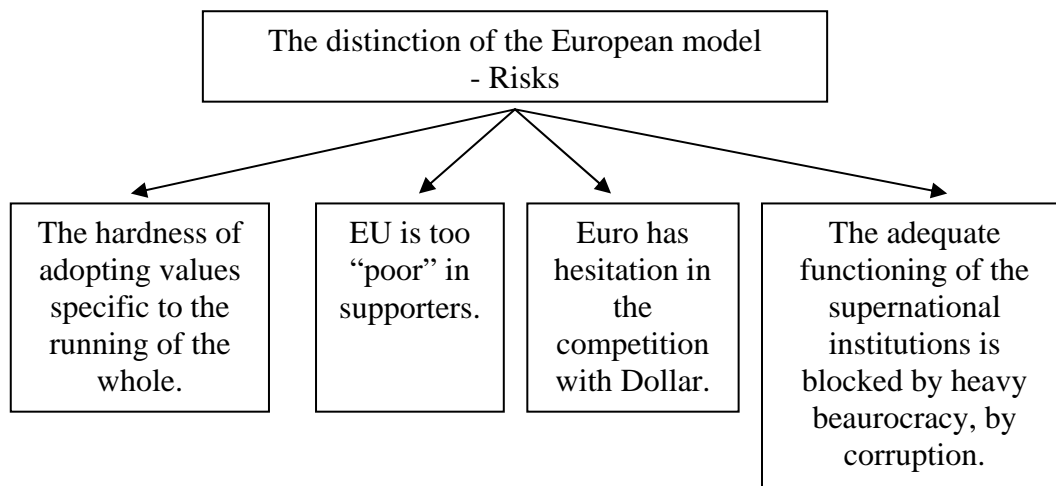
A first acceptance of the relationships between globalization and integration is that of considering the process of European integration as being the political answer to the exigencies of globalization (Wallace, 1996).

There is also a second acceptance (Dinu, 2005) according to which the process of European integration allowed the creation of the institutions to sustain the framing of the European economy on globalization's itinerary.

Finally, there also is the European model of the European Commission which sustains a third acceptance in expressing middle globalization between protectionism and the uncontrolled opening of economy (see Fig.1), (Dinu M., 2007: p.43).

*Fig.1. The distinction of the European model – success premises and risks*





#### 4. Conclusions

From the point of view and analysis of a European model of globalization one can outline 4 key points (Dinu, 2007: p.42):

1. Accepting the liberalization principles – considered as “motors” of some advanced developments.
2. Increasing the transparency of community institutions.
3. Harmonizing the globalization (especially the commercial one) with a view to reducing proverty.
4. Protecting some fields:
  - agriculture
  - public health
  - environment
  - cultural diversity (“fields which the logic of social protection, as well as the cultural one has the precedence and not the action of the market”.)

Economic integration and globalization have an important role in the European countries and a very high importance in Romania.

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