

Impact of globalization in economic development

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Abstract

The economic world is moving towards the situation where economies are merged into an interdependent global economic system, this phenomenon is named globalization.

Globalization should not look only from the economic aspect. This process is political, technological and cultural as much as it is economic.

Therefore, it is to say that globalization is an heap of interconnected processes, and nohow a single process. Openness to international trade has helped many countries grow much faster than could be developed in other conditions. International trade helps economic development, when a country's exports give boost economic growth.

Globalization has eased the sense of isolation that has felt the majority of the developing world. At the same time, to many people in developing countries has created opportunities to establish business links outside the state and develop new social relationships in large distances.

All these connections were made possible thanks to new information technology, transport and free telecommunications.

Society, members of which we are, is increasingly becoming global, so global in terms of communication and consumer of goods that are created by people. Recently, about globalization are written books and articles, organized various research projects, guided scientific and unscientific analysis.

Key words (up to 5): Globalization, global economy, economic development, international trade, free flow of capital, links business, social relations, business relationships, new information technology, free communication.

Entry

Globalization is a phenomenon that characterizes the contemporary world. This phenomenon can be defined in different ways, but the normal way that read in today's literature is defined: the free movement of goods, services, labor, capital and knowledge between different countries.

The paper initially focuses on globalization in general and the following is a summary of some current topics about globalization as: what is globalization, pro and anti-globalization, globalization in the countries in transition, globalization as state issue and Kosovo, impact of globalization of world economy in the spread of financial crisis.

I. Globalization...

Globalization can be define in diferent ways, but normal way that read in today's literature is defined as free movement off goods, services, labor, capital and knowledge between diferent countries.

Globalization is a phenomenon with major impact at all economic developments, social, political, characteristic of

the last decades of the twentieth century. It constitutes a new reality. Globalization is development beyond the market and world economy and implies of so called "world without borders". Globalization can not be treated as a phenomenon which has a fixed starting point and there is no exact definition. Unequal distribution of natural resources makes that all the world countries are increasingly interdependent against products and services offered by other countries which they themselves do not possess and therefore can not produce. He encouraged greater mobility of people from one country to another country and it has made to have a combination of cultures through cultural and social adaptation to them. A very important role in the globalization of countries also have the immigrants who contribute to the economic level of their host countries, but also the respective countries they come from as well as at social and cultural benefits that bring.

And the word "globalization" does not include some sites with specific characteristics or traits, but the name itself means it includes all countries of the globe.¹

Ekzist three form of globalization: ²

1. Economic Globalization. States open their borders so that increase trade and investment between them.
2. Cultural Globalization. Modern media and marketing make people watch always the same television programs, to wear clothes of the same brand, listenening the same music and to live with the same ideal in the world.
3. Legal and political globalization. The state connect increasingly together in a forced political cooperation. No less, the network of international agreements and legal rules ensure to limit free traditional trade.

Globalization should not see only from economic aspect. This procces is political, technical and cultural as much as it is economical.

This three forms of globalization increase contact across borders. Many people thing that this gradually leads to loss of sense of boundories, and reduce the sense of the state in the international community.

Therefore, it is to say that globalization is heap of complex processes, and not a single process. Openness to international trade has helped many countries grow much faster than could be developed in other conditions. International trade helps economic development, when country's exports gives boost to economic growth.

Globalization creates business connections outside the state borders, spreading innovation and developing new types of social relations at long distances. Thanks to new information technology, cheap transport and communication, all these connections are possible and easily achieved.

I. What is Globalization

For Globalization have write many authors. Here are some of them:

Globalization is...

"... free circulation of capital, financial markets together with transnational companies in all national economies, and in some places even as a process that evokes global competition in all meridians of the world" [George Soros]³

"... a process of overcoming the limits of historically born. So it means the same as erosion (but is not disappearance) of state-national sovereignty and presented as a break of market economy from, "Bed" of moral rules and institutionalized societies..." [Elmar Altvater]⁴

"... intensification of worldwide social relations, through which remote countries maintain contacts with each other, so that events in a place characterized by the same

processes as in a place many miles away, and conversely..." [Anthony Giddens]⁵

"... quantitative and qualitative intensification of transboundary transactions during the simultaneous process of their local expansion..." [Ulrich Menzel]⁶

"... greatest curves of economic and social since the Industrial Revolution ..."

[Dirk Messner / Franz Nuscheler]⁷

"... increasing of interdependence and integration of various economies around the globe..." [Meghnad Desai]⁸

"... process of growing connection between societies and problem..." [Johannes Varwick]

"... through globalization intensifies competition in the market..." [C.Christian von Weizsäcker]

"... release of market forces and the removal of economic power from the hands of state..." [Schumann/Martin]

"... is already transformed into an important word, which has been recently used in an inflationary manner in political debates, public and scientific being considered here from one side as, "threat", and from the other side as "chance" ..." [Johannes Varwick]

" The dynamics of globalization is driven forward by economic forces, but its active effects are felt in the field of politics ". [Klaus Müller]

"... transformation of national economies into the global economy" [Selman Selmanaj]

Economic world is moving toward situation where economies are melting at interdependent global economic system. This phenomenon is named globalization.⁹

Globalization can be define in diferent ways, but normal way that read in today's literature is defined as free movement off goods, services, labor, capital and knowledge between diferent countries.

II. Pro and anti Globalization

Globalization should not see only from economic aspect. This procces is political, technical and cultural as much as it is economical... In today's economy, fund managers, banks, corporations and millions of individual investors, are transferring huge amounts of capital from one side to the other side of the world, just with a click on their computer. This click has positives sides as well as negative. By doing this click they can destabilize even the most powerful national economies. Therefore, rightly is said that globalization is a heap of interrelated processes and not a single process.

Globalization pocesses are too large. However, we can freely say that the economic impact, mainly through the global financial system, are one of the forces which govern the changes. It is also true that globalization, would not give the equal benefit to all and with its consequences is not balanced. Many people who live outside Europe and North America, watched this situation with disappointment,

¹ <http://psikologiji.net/forumi/index.php?topic=12.0>

² <http://sq.wikipedia.org/wiki/Globalizimi>

³ <http://www.financat.com/content/view/32/77>

⁴ http://www.dados.org/globalisierung_alb/grundkurs_1.htm#gk1

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

⁸ <http://www.financat.com/content/view/32/77>

⁹ Kristo, Ilija, (2004) "Biznesi ndërkombetar", Tiranë, fq.17.

thinking that the culprit of this is the "Americanization", based on that which the U.S. is the only superpower who is dominating the economy, culture and military positioning in global agenda.

International bureaucrats as anonymous symbols of economic world order, now are exposed to attack everywhere. Previous quiet Meetings of unknown technocrats, who treat common themes, such as debt of loans and trade quotas, now have become the scene of fierce clashes and large street demonstrations. Protests at the meeting of the World Trade Organization in Seattle (Seattel) in 1999 was staggering. Since then, the movement has become more powerful and anger is spreading further. In fact, every major meeting of the International Monetary Fund, World Bank and World Trade Organization is now the scene of conflict and turmoil. The death of a protester in 2001, in Genoa, was only the beginning of what could cause more victims in the fight against globalization.¹⁰

For decades, people from the developing world have protested against the policies and actions of the institutions of globalization, but their protests were unnoticed in the West.

Even proponents of globalization have multiple arguments. They talk about the progress of the global economy, rise of incomes and Welfare as never before.

Openness to international trade has helped many countries to grow much faster than could be developed in other conditions. International trade helps economic development, when the country's exports drive its economic development. Growth driven by export, was the basis of industrial policy that enriched most of Asian people and facilitated situation for millions of people there. Due to globalization, many people in the world are living longer than before, and their standard of living is much better.

Globalization has eased the sense of isolation, that felt most of the peoples of developed world, and to many people in the developing world has create opportunities to established business links outside the state borders, and to develop new types of social relationship in long distance. Thanks to new information technology, cheap transport and communication, all these connections are possible and easily achieved.

Critics of globalization accuse Western countries of hypocrisy, and they have right. Western countries have pushed poor countries to remove trade barriers, but they did not remove their barriers, by preventing developing countries so to export their agricultural products and thereby deprived them from most of needed revenue from exports. As in most cases the benefits of globalization have been smaller than its proponents claim that, the price paid would be greater, since the environment is destroyed, the political process is corrupt and rapid pace of change has not given time to countries for cultural adaptation. Crises in their early brought massive unemployment, followed by long-term problems of social disintegration.

These problems are not new, but the global response that is increasingly strongly against the policies that drive globalization, is an important difference. For decades, the

cries of the poor in Africa and developing countries in other parts of the world, have been almost completely unheard in the West. Workers in developing countries, knew that something was wrong when they saw the financial crisis became more normal and the number of poor grew. But they had no way to change laws or to influence international financial institutions that wrote them.¹¹

Globalization is a closer integration of countries and peoples of the world that is created by large reductions in prices of transport and communication, and the removal of artificial barriers to the passage of goods, services, capital, knowledge and people across borders. Globalization is accompanied by the creation of new institutions, which are attached to existing ones, to work across borders. Advancing globalization mighty international corporations that move across borders not only capital goods, but also technology.

Many of these aspects of globalization, perhaps most, have been welcomed everywhere. Less economic aspects of globalization were set surrounded by controversy, and international institutions were the ones who wrote the laws that empower or push things, such as the liberalization of capital markets.

The globalization is neither good nor bad. He has the power to do well and to countless East Asian countries that have embraced globalization with their terms and at their own pace, he brought a great benefit, despite the barrier of 1997. But in most of the world he did not bring benefits that compare with these.¹²

III. The globalization in the transition countries

Globalization in general has imposed new rules for the development of national economies. The small countries in transition are highly dependent on world markets. For this, these small countries need to adapt as quickly to new circumstances of globalization process taking place in global markets. Speed and the issue of adjustment criteria are highly dependent on resolution and speed of implementation of social reforms - economic transition countries. The success of the adaptation of these countries depends heavily on reform measures that are managed by the governments of these countries.

Global pressures in the transition countries are manifold. Only a part of the story is the process of transition, which direction the market economy. For economies in transition, is also of interest to the issue of global market opening, and uniting them in regional integration (EU, EFTA, CEFTA, etc.).

Always, based on European integration strategy, where we are dealing with strict rules of conduct of organized socio-economic system of the country, these criteria are called "standard" that must be met in order for these countries in transition, being estimated from the Stabilization and Association Pact, would have to create the preconditions for integration into the European Union.¹³

¹⁰ Shënim nga libri: "Globalization and it's Discontents".

¹¹ Shënim nga libri: "Globalization and it's Discontents".

¹² Ibid.

¹³ Zenith, (2006), Shënim: Nga libri: Globalizimi, tranzicioni dhe integritet.

Many experts and analysts are deployed in the nature of the globalization process. In all market mechanisms, which are without supervision by the state, created inequality and in stability. It is present in many countries in transition, in the beginning of sustainable economic development of the country, the new global circumstances.

The globalization in general has imposed new rules of development, for national economies. The governments and opposition parties throughout the world are changing their political programs so that these programs to involve in the new global reality. In particular it should be noted, that policy makers and other analysts, is increasingly accept no liberal model of development with open economy with minimal state intervention in the free market (incorporating the free flow of capital and flexible market work) as the only fruitful appearance in the new global economy.¹⁴

V. The globalization and the issue of Kosovo state

In global politics today is indisputable trend of globalization process, which as such is slowly but surely dominated by developments within the political dynamic in the world with the aim of possible marginalization as traditional forms of organization and management life of citizens.¹⁵

Major advances in technological and broke a barrier of sovereign states. In our country's national interest is not sealing and insulation, but the opening and internal democratization of social relations.

In fact, there remains a need that has to do with building the institutions of corruption, whereby rational consciousness would rise to the special peculiarity, as the value of the globalization process.

On the other hand, the issue of (non) reduction, there is equally a matter of realizing or not realizing the goal to manage himself as the new democratic society, as a matter of developing socio-economic aspects of the citizens of transition countries, where currently the venue as well as in Kosovo.¹⁶

VI. The impact of globalization of word economy in the spread of financial crisis

Real estate crisis that emerged in 2006 in the USA, in February 2008 began to emerge in many countries around the world as a global financial crisis.

As a result of this crisis, many banks suffered significant losses. Many different experts confirmed that the U.S. economy will then transmit its negative effects on many economies of different countries.

According to Stephen Roach, Morgan Stanley representative in Asia, "When the economy and American consumers have problems, this implies consequences for the entire world economy".¹⁷

The global crisis itself summarized as: financial crisis, monetary crisis, economic crisis, food crisis, energy crisis and ecological crisis. For this the crisis of the years 2007-2009 is known as the greatest crisis in the world that has ever happened because the world was confronted with many troubling issue immediately.

Thanking to the globalization, as the exclusion of other countries by the crisis and exit from the crisis can not be personalized for different countries or regions of the world. The many of think is that this crisis was part of poor management of globalization. But in a world economy that already is maximized globalize and finance, one of the world leaders, economic experts and financial or academic circles no longer believed that this disaster could localized only in the U.S., or only in a large group of banks in different countries of the world... And not had an impact, directly or indirectly to economic growth and social problems of the planet in general ... actually seemed that the whole world was affected by this crisis.¹⁸

Accord to Indra Nooyi, president of the company "Pepsi - Cola", "This crisis was the first test of the real world dealing with globalization".¹⁹

Conclusion

The globalization has softened the feelings of isolation, which has felt the bulk of the developing world, and many people in the developing world has established business links creates opportunities outside the state borders, and to develop new types of social relations in the distance great.

The globalization creates related business outside the state borders, spread innovation and developing new types of social relations at large distances. Thanks to new information technology, cheap transport and communication, all these connections are possible and easily achieved. Diverse spread of information that influenced the world seem smaller and more accessible, this results in increasing people's personal aspirations. In particular, it is a matter of particular economies and societies in transition in accordance with their economic circumstances, civilization, cultural heritage and natural specifications and manufacturing, to promote such development, which will provide continuity with the developing trend contemporary global economic.

Today's national interest as a country are not sealing and isolation but rather the internal opening and democratization of social relations, thus building a more perfect discourse of governance and management with the citizens of each country.

¹⁴Selmani, Bedri.

URL:http://www.gazetashqiptare.eu/bedri_selmani/epoka_re_transicioni_e_konomia_globalizimi.html

¹⁵ Maloku, Fadil. 11. Nentor 2005.

URL:http://www.trepca.net/2005/11/051111_fm_globalizimi_ceshtja_shteti_t_dhe_kosova.htm

¹⁶ Ibid

¹⁷ Civici, Adrian, (2010), "Kriza financiare ... apo globale?", Tiranë, Fq. 24.

¹⁸ Civici, Adrian, (2010), "Kriza financiare ... apo globale?", Tiranë, fq. 23.

¹⁹ Ibid. p.24.

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