

ANALYSIS OF THE EVOLUTION OF THE GLOBALIZATION INDEX 2000-2019

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Abstract: *Globalization is not just a term but a process of global economic evolution. The process of globalization is initiated by the perspective of international economic conditions. During globalization, invariably, there are effects that may be favorable to the strong and less favorable to the small, in this category including those with limited economic opportunities, but also includes countries that do not have a large technological development, but have of mineral resources, primarily and other special nature. In this article, we have highlighted the main effects produced over time, which, although not treated as an effect of globalization, are in line with the entry of large multinational corporations. From here, the effects that are borne by those categorized small appear. In parallel, the authors investigated and found some evolutions even on the Romanian scene that are similar to the great globalization. Globalization has also influenced the evolution of GDP because due to the relations between states, trade represents almost 50% of the world's GDP. Globalization could pose a direct threat to the traditions of states to the detriment of cultural diversity and the lifestyle of citizens. This article aims at the evolutionary analysis of the globalization index in the period 2000-2019, focusing on the last part of the interval. Using statistical data, a comparison was made between several states that have been and will be true poles of power at the international level, especially in the context of globalization.*

Key words: *development, economy globalization, KOF*

JEL CLASSIFICATION: F6;O50

1. Introduction

Among the analysts of contemporary international economic life, a lot of opinions have emerged in the appreciation that the world has changed fundamentally (Martens et al., 2015), that it is in a major political and economic transition and that the period of the '90s was a fundamentally different from the previous and difficult one (Burlacu et al., 2021). regarding the administration and evaluation of the complex problems appeared on the scene of the international economic relations. Few topics are as controversial today as globalization (Sarbu et al., 2021). The downside of globalization is the attempt to bring together cultures with varying degrees of development (Brandl et al., 2019).

Such an attempt is difficult to order and complete, given that it is uncontrollable. People usually expect the worst (Radulescu et al., 2021). What is worth now will be lost and what will be in place can have negative consequences. But experts are trying to convince people that globalization is, in general, a force for change for their own good, but an irreversible force. The process of globalization of the world economy began in the mid-80s, but gained followers and other connotations in the '90s and especially recently.

This process continues to be strong today, although it has to face regionalist and nationalist conceptions (Czaika et al., 2018). In a broad sense, the globalization of the world economy can be

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defined as a dynamic process of increasing ties and dependence between nation states (Petricevic & Teece, 2019)., as a result of expanding and deepening ties. in more and more various spheres of economic, political, social and cultural life and with the implication that the problems become global rather than national, demanding in turn a more global solution and harmonization than national (Bran et al., 2020).

But approached from an economic and financial point of view, globalization can be defined as strengthening (Dreher et al., (2010), reinventing and harmonizing the links between national economies on a large, global market for goods and services, but especially the movement of capital of any kind (Bodislav et al., 2020).

A report by the International Monetary Fund presents the phenomenon of globalization of the world economy as the rapidly growing international integration of both goods and services and capital markets. Globalization has become a relentless process, unfolding at a fluctuating rate, but often very high, encompassing in its sphere directly or indirectly the multitude of world states (Negescu Oancea, et al., 2020).

From a strictly economic point of view, of the efficient allocation and use of resources, economic globalization appears as a rational phenomenon, able to provide a larger volume of goods and services using fewer and fewer resources, practically pursuing the efficient use of working capital in order to maximize numbers. of satisfied needs (Witt, 2019).

2. Interstate comparative analysis of the globalization index

Globalization is a complex set of processes aimed at achieving international integration at the economic, military, political, socio-cultural and security levels, leading to the standardization of living standards and development on a global scale (Caselli, 2012).

Since 2000, the phenomenon of globalization has evolved on all levels. Due to international trade, many countries have begun to accelerate in terms of economic development. Measuring the degree of globalization in different countries is done through indicators of globalization.

One of the most used indicators for measuring and identifying a state in the economic, political and social sphere is the KOF globalization indicator (Gygli, et al., 2019), which calculates sub-variables of economic flows, with a total of 23 variables. The development of global identity is no longer just a part of immigrants and ethnic minorities (Nastase et al., 2020). Today's people, especially young people, develop an identity that gives them a sense of belonging to a world culture, which includes an awareness of the events, practices, styles and information that are part of global culture (Siliverstovs, 2011).

By carefully analyzing the evolution of globalization in some states, we can observe certain aspects that may or may not be beneficial for that state because in addition to economic and social development, globalization can also create an imbalance (De Haan, 2017).

Table 1. Globalization index between 2013-2019 in different countries

Country/Year	2013	2014	2015	2016	2017	2018	2019
USA	62,44	62,82	63,1	64,25	64,8	65,6	66,4
China	50,9	51,44	51,81	52,7	53,21	53,71	54,12
Japan	44,24	44,72	45,32	45,9	46,2	46,62	46,71
Germany	71,34	71,81	72,44	72,72	72,55	72,81	73,14
France	71,89	72,15	72,42	72,56	73,12	73,15	73,45
United Kingdom	78,25	78,44	78,71	79,22	78,64	78,54	78,42
Russia	53,9	53,72	54,22	54,66	54,21	54,12	53,66
Italy	42,68	43,22	43,15	42,88	42,66	43,22	42,88

Source: Swiss Journal of Economics and Statistics

First, it is clear that almost all the countries mentioned above have been characterized by an upward trend in the level of economic globalization (see Table 1). However, the United Kingdom is the exception with the highest value of economic globalization in 2000.

- **Romania**

For Romania's development to take place, the state would need sources of raw materials and markets where to sell its products (Bodislav et al., 2020). As it does not have very large quantities of raw materials, the best solution was to join the European Union. Statistical data from recent years show an improvement in the coverage of imports through exports in the EU (Jianu et al., 2019). However, the realities show us that the country cannot be cut off from the general picture of globalization, neither as an oasis, nor as a specific case and, even more so, as an EU member state (Angheluta et al., 2019).

Romania faces the same hopes and fears related to globalization as any other state. On the one hand, the decision makers chose to use the opportunities offered by the globalization process, and on the other hand to accelerate the development and efficiency of the Romanian economy and society (Profiroiu et al., 2019).

Therefore, Romania should be noted, to preserve its identity, values and traditions, using this process for its own interests because the cultural heritage becomes particularly significant as it reveals the link between globalization and cultural identity showing that as the processes of globalization progress, cultural identity and diversity are strongly asserted and defended precisely through its preservation.

- **USA**

Today's globalization is an American invention that began with America's initiative to create the IMF, the World Bank- a regime that would save the economy and the world from the threat of communism by creating a world market that would help each country develop its economy. Globalization has helped lift one billion people out of extreme poverty after World War II. (Dunning, J. & Lundan, S.M., 2010).

The United States also earned about 11%-19% of annual GDP. With the collapse of the Soviet Union in 1989 and the end of the Cold War in 1991, the world became more interconnected. This is because the countries of the communist bloc, which were previously intentionally isolated from the capitalist West, have begun to integrate into the global market economy.

Trade and investment have increased, while barriers to migration and cultural exchange have been reduced (Jacobs, J. P., et al., 2012). Currently, the Globalization process is considered to have affected the US Labor Market, leading to unemployment, wage inequality or low labor force participation rates, at least locally.

- **China**

The story of China's development over the four decades since the launch of reform and opening up is deeply linked to the process of globalization. Since 1980, China has undergone a series of reform policies aimed at transforming its economic system from a planned economy to a market-oriented economy by combining economic planning systems from socialism with a market mechanism from capitalism.

China has contributed to globalization by increasing cross-border flows of capital, goods and people. After its development and rise on the international stage, China is now well placed to play a constructive role in addressing the new challenges of globalization.

As the global economy shifts its focus to China, new opportunities are emerging for companies to enter the Chinese market (Jaumotte, F., et al., 2013). In other words, the impact of globalization on China's economic growth is already being felt. China is fast becoming the new

champion of economic cooperation, trade and globalization. As others withdraw from the forefront, Chinese companies seek to expand and grow in all corners of the world.

Since 2005, China has spent more than \$ 56 billion in sub-Saharan Africa, with significant investments in oil, platinum, copper, nickel, and manganese, and other extractive industries.

China's bilateral trade with African countries grew from \$ 10 billion in 2000 to \$ 125 billion in 2010 and reached \$ 300 billion in 2015, surpassing the United States as Africa's largest trading partner.

China's trade with Latin America also grew dramatically, reaching 1,500% between 2000 and 2010 through foreign direct lending and investment. Since the financial crisis, analysts and policymakers have often spoken of the need for China to step up and play a more active role in restructuring the entire global economic system.

- **Italy**

Italy's position in the global economy is, at best, ambiguous. It is the seventh largest economy in the world, but many in Europe have doubts about its ability to fully adapt to the rigors of the eurozone and its markets beyond. Italy's atypical position in international trade has intensified in the last two decades. Despite this, Italy benefits from a great workforce, both by the population and by foreigners who choose to work here. For example, the largest group of foreigners residing in Italy is formed by Romanians (1.2 million). Observing the evolution of the KOF index in Italy, it is observed that it has seen a great increase in the last 5 years.

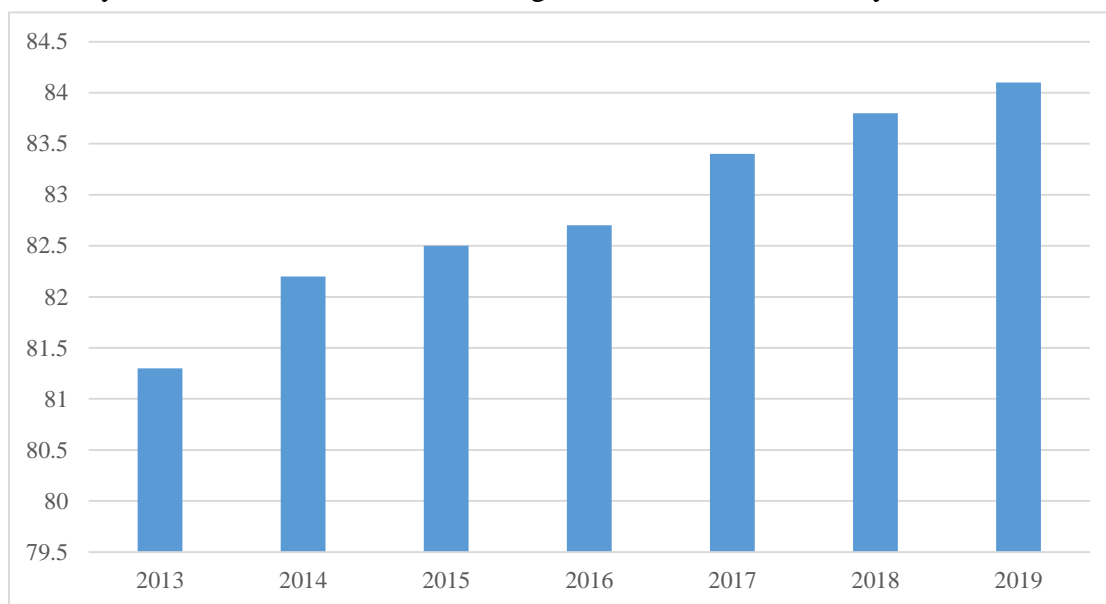


Figure 1. Evolution of the globalization index in Italy (2013-2019)

Soruce: <https://www.statista.com/>

- **United Kingdom**

Globalization influences all plans and issues in the UK, especially economically, it affects trade. Globalization means that domestic monopolies now face greater international competition. This leads to lower prices for consumers. This is especially visible in industries such as clothing, electronics and food - where the UK is an importer. One problem in the US and the UK is that many workers feel left behind by the process of globalization.

They believe that globalization allows companies to make more profit, but workers are struggling to find a new job that matches their previous jobs, in terms of job security, wages and loyalty. In many ways, globalization is not a new phenomenon for the UK economy. The United Kingdom has benefited from a more globalized world since the first exports and imports. During

the Industrial Revolution, global ties were important to enable the United Kingdom to import raw materials and export goods. The last decades are a continuation of this process of globalization.

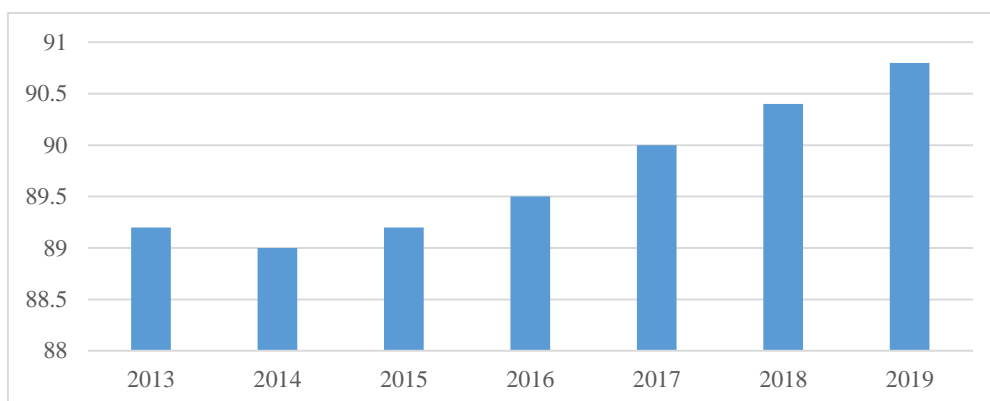


Figure 2. Evolution of the globalization index in Great Britain (2013-2019)

Source: <https://www.statista.com/>

- **Germany**

Like all other developed economies, Germany enjoys strong integration into the global economy. There are, however, great challenges in shaping globalization in a positive way. These include, above all, increasing protectionism, trade imbalances, reform of the world trading system or the distribution of globalization gains. In order to promote global integration in the future against these difficult circumstances, Germany could take action on three levels: at national, European and international level.

At the international level, the EU and Germany could attach the greatest importance to constructive proposals for the further development of the world economic order. This is especially true in times when the US is no longer a reliable partner, and China is increasingly becoming a serious competitor, which does not always play by the same rules.

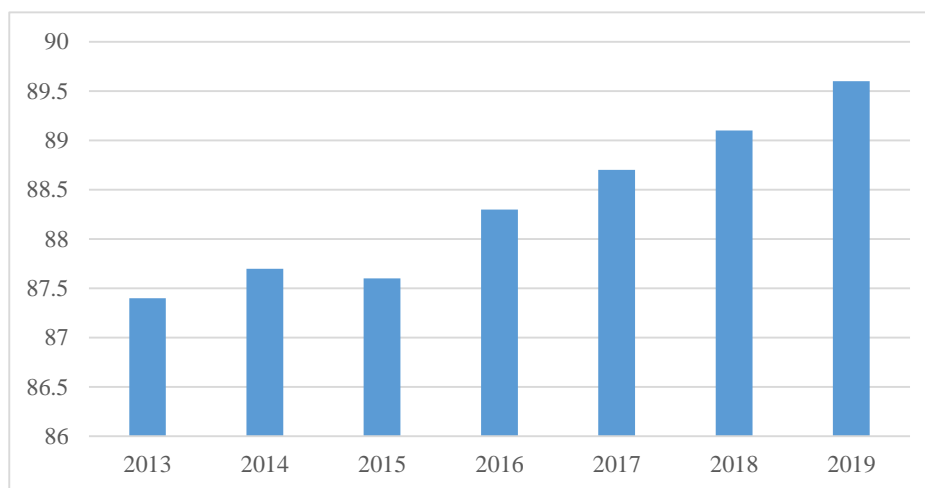


Figure 3. Evolution of the globalization index in Germany (2013-2019)

Source: <https://www.statista.com/>

3. Conclusion

Globalization is a complex system or phenomenon, sometimes ambivalent, even contradictory, which has been viewed and analyzed differently by those who have assumed this risk or responsibility. Beyond these analyzes, globalization remains a real, living fact that we must face, regardless of our will or choice. It is believed that the greatest danger that globalization can pose is the dehumanization of some of those whose wave it simply swallows.

Conquered by the market, doped by television, sports or the Internet, the globalized world is living at the same time against a general crisis of the meanings of life, a global cultural and educational disaster, a worrying but sure symptom of the barbarization of the society of the future.

The study of this article concludes that globalization, under current conditions, will continue and is an irreversible process. It is even necessary, taking into account the perspective of humanity, depending on the evolution of the population and the depletion of natural resources. At present, the national wealth of many countries is based on the use of resources in small, developing countries, let's say in a conventional term, which do not have the capacity to exploit and capitalize on the resources at their disposal.

That is why, in this context, some situations are presented that lead to the conclusion that Romania is also in this perimeter, of the states that, through the activity of large corporations, cannot ensure a convincing evolution in the socio-economic field and as a consequence. it is embedded in debts that can lead to even worse deterioration of living standards. The study refers to some international developments to justify the fact that in the case of Romania the situation will be similar. The short study refers only to the negative effects felt by the little ones, but it can be extended by using data series and macroeconomic models that give meaning to the assessments that the authors derived from this study.

Measuring the degree of globalization is done through indicators of globalization. They allow comparisons between different areas of globalization for a large number of countries. The values of the KOF globalization indicator calculated for Romania (2010-2019) show a slight increase ranging between 63 and 75 respectively. Although the KOF globalization indicator shows that globalization is increasing due to the economic and political sector (in 2012-2019) in Romania the increase of the degree of globalization is given by the political and social sector. The political component, the component with the highest values, is in a slight but steady decline (between 2012-2019), while the other two components, social and political, are growing since 2016.

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