

THE CONSEQUENCES OF GLOBALIZATION ON ECONOMIC AND FINANCIAL DEVELOPMENT ON EU ECONOMY

Assist.prof. Mădălina BADEA*, Ph.D.
„Carol I” National Defence University

Globalization may be the last stage of the dynamics of human society. It might take a century, a millennium or endless centuries and millennia. Globalization expresses and materialize in the area of human society, and systems development processes tend toward entropy zero, that is to extinction.

Keywords: globalization; crisis; unique market.

Great speed with which globalization has swept around the world has led some experts to consider that "... live deep transformations that will rearrange the politics and economy of the next century. There will be national economies, when this process is completed. All that will remain in the borders will be people who will compose the nations ... "¹.

In other words, everything related to economic activity belongs to a global economy, in whose nationality will be very difficult to identify. According to the same scholar, human welfare will depend on the success of large corporations and not the success of every nation. We believe that globalization is not a unique phenomenon of our time, but one with a long history.

Thus, each time has left its mark on what globalization meant. Thus, the International Monetary Fund (IMF) defines globalization as "a process that continued growth of the free flow of ideas, people, goods, services and capital leads to economic and societal integration. Most important factors in accelerating trade liberalization and globalization are information and communication technology development. "²

* e-mail: badea_mad@yahoo.com

¹ Robert Reich, *The Work of Nations*, în Mark Lewis, Robert Fitzgerald, Charles Harvey „The growth of nations. Culture, competitiveness and the problem of globalization”, Bristol Academic Press, 1996, p. 11.

² <http://www.imf.org/external/np/exr/glossary/showTerm.asp#91>: accessed 05/11/2012.

Currently among analysts contemporary international economic life, has outlined a broad convergence of views in assessing that the world has changed profoundly, that is a major political and economic transition and 90s decade was one - in many aspects - quite different from the previous one and very difficult on "administration" multitude of complex issues arising on the stage of international economic relations. The unique market is the most important achievement of the European Union, based on the four fundamental freedoms: free movement of persons, goods, services and capital. The abandonment of the barriers to the four freedoms is a gradual process that continues at present, the European Commission constantly monitoring new regulations, national regulations and practices to ensure that they do not impose new restrictions on these freedoms.

European Union and its unique internal market helped to fostering peace and prosperity in Europe, giving respect and common goals of these states. For the European Union, knowledge, innovation, intellectual property, services and efficient use of resources is now the key to competitiveness. In the new conditions of globalization, trade policy and international competitiveness whole approach needs to be readjusted.

Thus, the EU has a vested interest to support the existence of a strong multilateral trading system as the most effective means of managing international trade benefits all global actors, and now can determine global trade policy because it is still among world trade as shown in all global statistics.

After the signing of the Single European Act (1986) were gradually suppressed for 7 years until 1992, fiscal frontiers, technical and physical barriers to the four freedoms of the European Community. As regards free movement of capital, the Single European Act provided liberalization payment transactions, loans and investments, suppressing it, thus, restrictions on movement of capital (in terms of quantity, the banking and payment instruments). Full liberalization of capital movements was achieved mainly as a result of the Treaty of Maastricht (1992), which provides complete liberalization of capital movements as a precondition for the introduction of the euro in the European Union.

To date control capital movements was an instrument of macroeconomic policy in case of balance of payments imbalances, for most Member States.

EU policy has become increasingly diverse, covering a range of complex issues and a broad set of bilateral relations. Forces that shape trade policies are varied and different patterns emerge for the different problems in different countries and regions trade. Europe and globalization is an important issue especially relevant to us as the recent Lisbon Treaty, already ratified by the Parliament in Bucharest, aims to make Europe into an active factor in this

process. There are still many legitimate concerns that globalization has reduced the power of national governments to establish domestic rules according to needs and preferences.

While competition between countries, conducted in a regulated system may lead to discipline governments, and increased efficiency of public institutions, there is the danger of giving up many of the successes of state called "welfare", so the quality of labor and social standards, environmental protection and consumer protection are endangered.

The concept of global public goods suggests the need for multilateral international cooperation in a globalized economy. An effective insurance of the property requires developing and implementing internationally accepted rules and a consistent and adequate funding. Global income distribution inequalities occur as a result of income inequality between countries and between regions within countries.

This phenomenon can occur due to the fact that the poor get poorer, in absolute terms, while the rich become richer. Globalization can be good in general, but also creates adjustment costs for certain segments of the population, such as, for example, low-skilled workers in industrialized countries. As a result of globalization, countries may be exposed to international economic events and economic shocks.

The most compelling event of this type is the financial crisis. At such times there is a tendency in financial markets, international capital to invest only in quality segments of the economy.

This can make market economies emerging and developing countries have no access to international capital in the short term. Now the reality of the crisis in the U.S. mortgage and energy insecurity perceived by markets illustrates such a context, which, however, did not become dramatically. Lately there have been various proposals on monetary and financial system to adapt to these challenges. These proposals can be grouped into three categories: prevention and crisis management, regional and global cooperation, reform of the institutional framework. There are also concerns about the vulnerability of the international financial system from abuse. A side effect of globalization on financial markets is that the system has become more difficult to protect against abuses such as money laundering and terrorist financing criminal activities, tax evasion, evasion of the rules. In this context of globalization and its threats, European policymakers felt that a unified effort will increase competitiveness and prevent the states to be passed those negative consequences of globalization. "European integration can be seen as an effort by the Western Europeans to control the effects of globalization. Rather than being forced to choose between national policy for developing

policies and relative anarchy of the world, Western Europeans invented a form of regional government to extend and strengthen the state borders between them and the rest of the world. "In relation to European integration, globalization is seen as an external threat which will create an environment that will require a much higher degree of integration. Thus, Europe will seek to achieve a union and "close".

Nation-state needs security offered by membership in the European economic bloc, as small economies can not develop in isolation, in a global market. European integration is a logical response to a world dominated by transnational corporations and global financial flows. Globalization has driven the European Union by encouraging the replacement of an economic space regions and nations with economies of scale independent Europe. Existence of European integration to globalization legitimizes the need for greater competitiveness and global trade patterns may justify the need for regional blocks. Globalization is an objective process that takes place with amazing speed, in nearly all countries of the world. This process was led and facilitated by advances ultrafast technology, especially in the computer. The objective manifestation of this process, any trader can supply those necessary to conduct business from where it is cheaper to produce and sell where they get the biggest income. Analyzed in terms of economic efficiency and resource allocation, globalization appears as a rational phenomenon, designed to provide increasing amounts of goods and services with material, financial and human fewer and cheaper. Globalization is very beneficial and advantageous for countries with high economic competitiveness: advanced technology, workforce performance, higher labor productivity, lower production costs. Under these circumstances it can be said that the main source of competitiveness is the capital. Rapid process of globalization has many advantages and economies that focuses global capital and where their head office transnationals.

Globalization is presented as a challenge and justification, as well as an incentive to deepen integration, competitiveness, trade liberalization. Dynamics of globalization seems to have had another dimension, namely, that of being presented new opportunities for the EU to take a leading role in global governance. A Union with a high degree of economic integration and a commitment to neo-liberal trade policies will benefit from the extension of global markets and global governance institutions dedicated to empowering the defense of neo-liberal principles. There is a causal relationship between globalization, conceived as an economic process, and integration. The EU is a necessary response to the inexorable integration of capital.

The idea for a close union, cohesive, is strengthened. But globalization can be conceived as a series of multidimensional processes that reduce separation from the rest of Europe, widening horizon for European players can access and transform Europe into a global space.

EU acts as an intermediary who negotiates in order to reduce tensions generated by globalization cleavages within or between nation states. It should not be seen merely as an aggregation of national states with an internal motor integration, but as an entity that help to accelerate the institutionalization of international instruments and global governance. The European Union is one of the most important actors in multilateral trade negotiations and is a frequent supporter of the WTO. The European Union is an important actor on the world stage, changing the way of life of Europeans and how the rest of mankind perceives Europe. Since 1998, the EU became the largest global trading bloc, with 21% of global exports of goods.

Analysts consider the effect of globalization, liberalization and exchange in terms of economic growth. But there is a negative effect, ie, increasing economic insecurity and inequality. Some analysts argue for a greater economic liberalization, whereas others want greater government control over the market. According to some authors, the European Union has emerged in response to increased competition in global markets and as a consequence and a cause of changes in the economic role of states. Political and economic influences at multiple levels of the Union broader world order.

Thus, in our opinion, the European Union has responded to the challenges of globalization and promoted, as a result, an increase in the phenomenon. It has become a crucial actor in the world economy. However, it is clearly different from other regionalist projects in the world, meaning that integration was broader, deeper and more institutionalized. Integration in other regions was more pragmatic and flexible. And as a final conclusion we emphasize that while the EU is part of the regionalization of the world economy, is both a specific type of regionalist project.

BIBLIOGRAPHY

- Bărbulescu George Jordan, *the EU's economic policies*, Triton Publishing, Bucharest, 2005.
- Bonciu Florin, *World Economy*, University Publishing House, 2009.
- Dobrescu Paul, *Guile Globalization assault on American power*, European Institute Publishing, 2010.
- Peica Cristina, *World in crisis, systemic errors*, Polirom, 2011.