GAINS AND LOSSES FROM GLOBALIZATION. CASE STUDY: EMERGENT ECONOMIES

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Abstract:The circumstances in which international trade takes place, as well as the contemporary trends of the world economy, determine states to decide on certain directions to which they are to orientate. This is also the case for emerging economies; whether we call them poorer countries, fast growing countries or developing countries, such as China, India, Brazil, Indonesia, Russia, South Africa etc., they have successfully overcome obstacles to the international economic and financial-monetary crisis, sometimes even better than developed economies.

The last decades have been characterized by the phenomenon of integration, a component of globalization. Emerging countries have opened up their markets, worldwide networks and interconnections have been created, which have led to significant improvements in the macroeconomic indicators of these countries, but also to a better visibility on the world market.

In the present paper, it is desired to obtain a balance sheet of the gains and losses of emerging economies in the context of globalization. For this, we will try to observe whether or not there is a relationship of interdependence between the phenomenon of globalization and growth and economic development (both quantitative and qualitative), we will analyze a series of social and macroeconomic indicators (such as gross domestic product, birth rate, level of foreign direct investment, export level and main categories of exported goods) and we will presenta situation of competitiveness for a number of emerging economies.

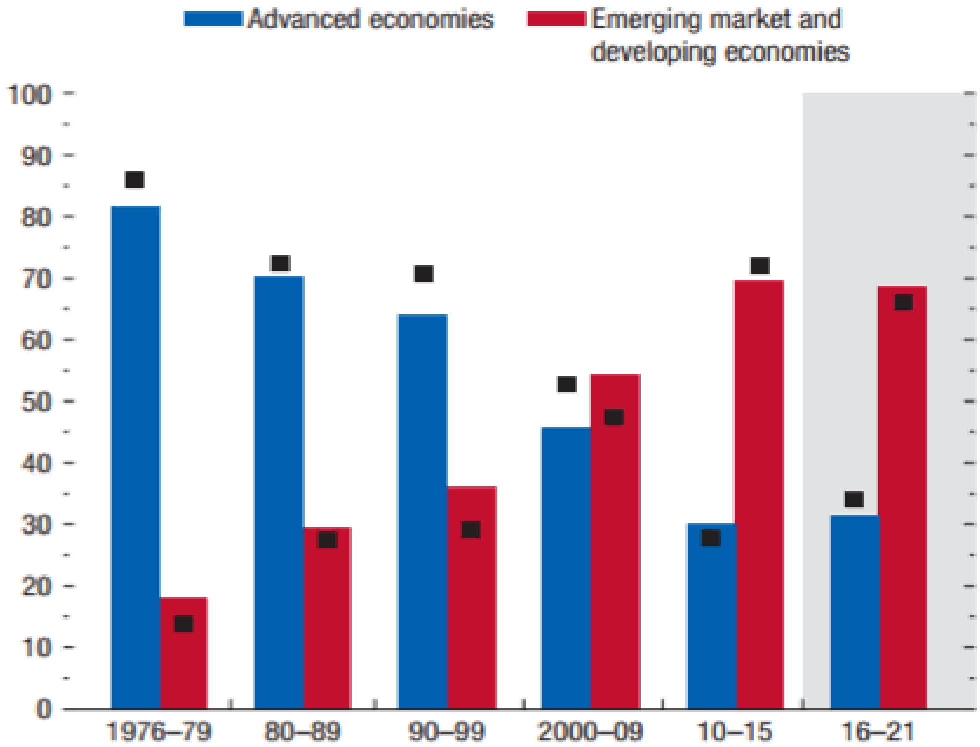
Keywords: globalization, emergency economies, economic growth, globalization index, global market

1. Introduction

This time, the international economic and financial-monetary crisis was triggered by a strong, economically developed nation, namely the United States of America. This has immediately led to a significant reduction in trade activity, in particular, and economic activity in general. But the situation did not scare emerging and developing countries because they have gone through such things in the 1990s, when Turkey, Argentina, Mexico or Brazil suffered from monetary-financial crises.

When we say globalization, we can also say China; And this, because during the period of international economic and financial-monetary crisis, the Chinese state seemed to maintain the stability of the international trading system steadily.

In fact, as we know, emerging economies have become more and more important, especially in the last 20 years. Today, if we say emerging economies, then we are talking about three quarters of the world's growth in production and consumption; This means doubling the value for that period.



Source: World Economic Outlook: Gaining Momentum?, International Monetary Fund, 2017, p. 67

Figure 1: Contribution to Global Output and Consumption Growth (Percent)

Figure 1 shows the contribution to increased global production and consumption for both developed and emerging and emerging countries since 1976, but also with forecasts for the period 2016-2021.Thus, it can be noticed that the situation of the developed economies was not favorable, even if it was a descending trend up to the level of 2015; In contrast to these, there were emerging and emerging states, which seem to have benefited for several decades. Predictably, the next 5-6 years seem counterbalanced in favor of developed economies.

The opening of national borders and the increase of international trade are characteristic of the globalization enjoyed by emerging countries as well. But at the same time, external factors can also create problems; So this time the crisis in the case of emerging economies was based on external factors and not some internal ones.We are talking about the drastic decrease of the capital resources of their trading partners, the reduction of expenditures, but also the consumption within the developed countries as the main partners of the developed economies.

At the same time, American investors in the global financial markets have also disappeared, loans and securities have depreciated (for example, it is considered that the depreciation in 2007-2010 has reached several trillion dollars worldwide, of which almost one Trillion was registered by the United States of America).

An immediate reaction was the diminishing of exports from the emerging territory, but also a decrease in investments, not only from the foreign side, but also from the domestic investors, as a precautionary measure, the whole monetary-financial and banking system being characterized by prudence.

2. Globalization and emerging economies

Measuring the effects of increasing globalization makes it necessary to analyze the causal relationship between the economic development of a nation and its degree of globalization. Below we present the globalization index for a number of relevant states for our analysis:

Table no.1

Global index of globalization for 2014 for selected economies

Rank	**Economy**	**Globalisation Index**
1.	Ireland	**88.87**
2.	Netherlands	84.73
3.	Belgium	83.57
4.	Switzerland	79.41
5.	Austria	76.07
...	...	...
30.	Romania	58.04
...	...	...
33.	Japan	55.24
34.	South Africa	50.92
...	...	...
36.	South Korea	45.89
37.	Russia	43.79
38.	Mexico	42.46
39.	China	41.06
40.	Brazil	40.34
41.	Argentina	33.52
42.	India	31.08

Data selected by author within Globalization report 2016 – Who benefits most from globalization?, Gütersloh, p. 9

As we can see in the table above, according to the globalization index calculated by Prognos AG, the ranking is driven by economically developed countries, not necessarily large-scale. We have the first place in Ireland with an index of 88.87, followed by the Netherlands (84.73), Belgium (83.57), Switzerland (79.41) and Austria (76.07).

Highly developed economies are at the center of the list, while the emerging economies are at the end of it. South Africa ranks 34th, South Korea ranked 36th, the next 5 positions being occupied by Russia, Mexico, China, Brazil and Argentina. The top-end is India, with a general index of globalization (it is made up of three economic, social and political sub-indices) of 31.08.

For sub-indices, the situation is not the same. Thus, economic sub-indices bring Ireland, the Netherlands, Belgium, Switzerland and Hungary into the top five positions, the social one in Austria, Switzerland, Holland, Ireland and Belgium, and Italy, France, Austria, Belgium and Spain politically. It is very important what indicator we use to decide who has gained the most from the intensification of globalization. Then, if we take as an indicator the absolute increase in per capita income as a result of the increase in globalization between 1990 and 2014, then the globalization champion is Japan (if we weigh with purchasing power, Finland becomes Finland) and last ranked India.

What has globalization have done for emerging economies in the last decade? It also brought advantages and disadvantages; large outlets, the possibility of obtaining foreign investments, access to international financial markets, but also weaknesses to external crises due to the interconnection of markets.

These issues need to be carefully considered by national governments and participants should learn a little; For example, that their domestic markets should be developed much faster to absorb the output of final goods and services to a higher degree in special conditions, when commercial partners can not do it (We remember the context of the current crisis). Why is domestic demand so small? The answer is a concise one: domestic consumers prefer savings rather than investments. In addition, Asian countries are still subordinated to exports from Europe and America, not being independent.

3. Conclusions

We remember that world production and consumption involve a network interconnection, a nation-based system, and therefore a change in commercial transactions will involve and affect all participants, from manufacturers, vendors and suppliers to final consumers.

At the same time, an international trade requires at least two parties involved; Most of the companies have a dual position (being both exporters and importers), so government interventions of a commercial nature (the imposition of quotas, quantitative and qualitative limitations, the introduction of various taxes, etc.) will not only affect foreign producers but also Those indigenous. The situation is similar in the case of interconnection between developed and emerging and developing countries.

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