THE PROCESS OF GLOBALIZATION WITHIN ECONOMIC DEVELOPMENT

Ia. Motorina, student
St. Petersburg university of economics (Russia, Saint Petersburg)

DOI: 10.24411/2411-0450-2019-10864

Abstract. This article considers the globalization of the world economy, the interplay between this process and the economic situation in Russia, as well as its role. In addition, stages (sequence of events) of economic integration, the impact of integration activities on the economy are also described. The article concerns various facets of the globalization process, both favorable and negative since it has been a confusing and contradictory occurrence.

Keywords: globalization, economic integration, world economy, integration processes, conception, standards of globalization.

The process of globalization of the world economy is a united area, which is based on the liberalization of international trade, the freedom of capital, information, labour, goods and services mobility. This process is associated with closer economic integration, in other words, it is the interpenetration of the economies of neighboring countries and merging them into one economic complex as a result of the establishment of economic ties at the micro and macro levels [1].

Globalization affected Russia later than the countries of Europe and North America (USA and Canada), since the dismantling of statism over the economic sphere had occurred in the early 90s of the 20th century. This expressed in the liberalization of trade and prices, the rejection of the prescriptive management of economic ties between Russia and foreign countries, the establishment of relations between us and international financial and economic institutions (International Monetary Fund - IMF, International Bank for Reconstruction and Development, World Trade Organization - WTO, etc.). Although It’s known that there were attempts to expand Russia's foreign economic relations in the 18th century and they continued until the beginning of the 20th century, this fact can’t be called globalization with certainty.

As mentioned earlier, globalization is a controversial process, so it’s impact on the Russian economy is unpredictable. Thus, the Russian economy has become more sensitive to the conjuncture of the world market (in other words, it is more susceptible to economic cycle, the level of demand / supply, exchange rate, etc.) and competitive behavior; in addition to this, our economy has become more dependent on government policies towards us (i.e. policies – cooperation, or the imposition of sanctions against us). All of this is reflected in the country's economic situation, such as the falling of world prices of oil provoked a drop in the ruble exchange rate, that subsequently resulted for Russia in a currency crisis in 2014-2015. And numerous sanctions of Western governments in the banking sector against Russian entrepreneurs forced the domestic business to look for an alternative in the Asian markets. In addition, globalization has a large effect on the labor market and labor mobility. The last factor is associated with high personnel turnover and the effect of globalization on employment; therefore, the issue of unemployment is raised as a source of international instability. Since globalization erases the boundaries between states, so state sovereignty and independence of countries in internal and external affairs suffer from it. Therefore, the role of Russia in this process is to defend its interests in front of other states, to protect domestic producers and consumers [2].

The process of globalization is impossible without economic integration, which is based on the international division of labor, since it is the cause of interaction between countries. In modern economics, integration at micro and macro levels is distinguished.
In the first case, an important role in this process is played by individual economic entities (firms, organizations) from different countries, which, interacting with each other, cooperate to the convergence of national economies. It is worth mentioning such an important concept as transnational corporations. This type of company has considerable power, and it determines the policy pursued by one state or another towards another state in many respects. TNCs are also a concentration of huge human resources (man and brain powers) and a source of state budget replenishment [3].

The macro level is characterized by direct interaction between states, in other words, agreements between national governments play an important role here. These accords (agreements) relate to the mobility of labor, capital (core and negotiable) and goods/services. They are contracted in order to create a single economic space, thus it contributes to the formation of close political ties that evolve into associations of countries according to their territorial location, or their cultural and mental similarities, such as the European Union (EU), the Association of South-east Asian Nations (ASEAN), Mercado Comun de Cono del Sur and etc. Economic integration according to Bela Balassa includes certain processes (stages):

- free-trade zone (it is area where contracting parties have free trade between each other without government interference, such as import quotas, tariffs and etc.);
- customs union (parties form one external border relative to other countries);
- common market (free mobility of agents of productions);
- economic and currency union (coordinated monetary and socio-economic policies);
- political union (single citizenship; single structure of law enforcement agencies).

The impact of integration measures (activities) is that economic integration contributes to the expansion of regional trade; growth of productivity levels, and as a result, cost saving; infrastructure development; stimulation in R & D (Research and Advanced Development), improvement of the standard of living. Thus, it seems fair to say that this process is an important part of building rapport and bringing countries closer together, establishing partnership relations between them. The factor of having common economic interests can play a decisive role in solving global problems, because it will be easier to interact.

Globalization of the world economy implies not only a single economic space, but also the dissemination of common ideas, the establishment of new international economic and political relations, and it also contributes to the redistribution of forces in the world. So, globalization is considered to be a complex process, the consequences of which can be opposite, in other words, they have both a positive effect and a negative one.

The benefits of globalization to the economy:

- increasing international competition and expanding the market leads to an increase in world production;
- the process of economy of scale of production, in theory, it can lead to lower costs;
- increased productivity due to the rational use of factors of production and the spread of advanced technology.

Negative effects of globalization [4]:

- unequal allocation of benefits leads to runoff of labor, capital and etc. from branch of manufacture;
- manpower mobility can result in a huge unemployment;
- social instability as a result of increasing dissolution between wage packet of skilled employees and unskilled;
- globalization enforces mass urbanization which can be a cause of mass conflicts, unsteady spreading of population;
- transfer the production capability of some firms from countries with high labor costs to countries with low wages can cause an unemployment or problems with national economies;
- changing with ecosystem, in the other word, it causes a destruction of a conventional economic tides.

In conclusion, it must be said that the transition of Russia to the information society? To which some countries came to in the XX century, is impossible without involving our country in the process of globalization, since this phenomenon is irreversible and inevitable, and it affects the whole world. In this
case, our delayed reaction led to the fact that we are “catching up” with part of the rest of the world. However, the main issue remains not our very susceptibility to globalization, but the fact of awareness of our actions. It is not known whether we can oppose this process, engage in self-isolation, or fully engage in it.

References

ПРОЦЕСС ГЛОБАЛИЗАЦИИ В РАМКАХ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ

Я. Моторина, студент
Санкт-Петербургский экономический университет
(Россия, г. Санкт-Петербург)

Аннотация. В данной статье рассматривается вопрос глобализации мировой экономики, взаимосвязь между этим процессом и экономической ситуацией в России, а также ее роль. Кроме того, описываются этапы экономической интеграции, влияние интеграционных мероприятий на экономику. Статья затрагивает различные грани процесса глобализации, как благоприятные, так и отрицательные, поскольку он представляет собой неоднозначное и противоречивое явление.

Ключевые слова: глобализация, экономическая интеграция, мировая экономика, интеграционные процессы, концепция, критерии глобализации.