

Trends and Risks of Economic Globalization

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Description

Economic "Globalization" is a historical process, the result of human invention and technological progress. It refers to the increasing combination of economies around the world, mainly through the movement of goods, services, and capital across borders. Globalization is the spread of goods, technology, data, and jobs across national borders and cultures. In economic terms, it defines an mutuality of nations around the globe fostered through free trade. The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international boundaries. There are also broader cultural, political, and environmental dimensions of globalization, reflecting technological developments that made it easier and quicker to complete international transactions both trade and financial flows. It refers to a delay beyond national boundaries of the equal market forces that have operated for centuries at all levels of human economic activity village markets, urban industries, or financial centers.

There are numerous indicators that illustrate how goods, capital, and people, have become more globalized.

- The assessment of trade (goods and services) as a percentage of worlds GDP raised from 42.1 percent in 1980 to 62.1 percent in 2007.
- Foreign direct investment raised from 6.5 percent of world GDP in 1980 to 31.8 percent in 2006.
- The stock of international claims (primarily bank loans), as a percentage of world GDP, increased from approximately 10 percent in 1980 to 48 percent in 2006.

The number of foreign workers has enlarged from 78 million people (2.4 percent of the world population) in 1965 to 191 million people (3.0 percent of the world population) in 2005. The global supply chain is made up of complex interconnected networks that enable businesses to create, handle, and distribute goods and services to people all over the world. Companies manage their supply chains to take advantage of lower production costs. A supply chain is a group of companies, people, actions, information, and resources involved in getting a product or service from the manufacturer to the customer. Natural resources, raw materials, and components are transformed into a finished product that is provided to the end customer through supply chain activities.

Value chains are linked through supply chains. Weather, customer demand, and massive orders placed by multinational organisations are all factors that influence supply and demand.

Understanding globalization

Organisations gain a competitive benefit on multiple fronts through globalization. They can diminish operating costs by manufacturing overseas, buy raw materials more cheaply because of the reduction or removal of tariffs, and most of all, they increase access to millions of new customers.

Globalization is a cultural, social, legal, and political phenomenon.

- Socially, it leads to greater collaboration among various populations.
- Culturally, globalization denotes the exchange of ideas, values, and artistic look among cultures.
- Globalization also represents a trend toward the expansion of a single world culture.
- Politically, globalization has convert attention to international organizations like the United Nations (UN) and the World Trade Organization (WTO).
- In terms of international law, globalisation has changed the way it is formed and enforced.

On distinct hand, globalization has produced new jobs and economic growth over the cross-border flow of goods, labor, and capital. On the other view, this development and job creation are not distributed consistently through industries or countries. Particular industries in different countries, such as textile manufacturing in the U.S. or corn farming in Mexico, have writhed severe interruption or absolute collapse as a result of improved international competition. Globalization's causes an idealistic, as well as adaptable, but the growth of a global free market has a innovative large corporations established in the Western world. It has a mixed influence on people, cultures, and small enterprises all across the world, in both developed and developing countries.

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