

Küreselleşmenin Yükselişinin ve Gerilemesinin Analizi

The Analysis of the Rise and Fall of Globalization

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Abstract

Globalization is a term explaining the increasing connectivity and cross-border activity among nations in economic, business, trade, tourism, migration, and cultural activities. Globalization has been the most contentious concept that has been evaluated according to political biases and national interests. Therefore, this paper aims at analyzing globalization in context of conceptual evolution, dynamics and factors enlarging globalization, the evaluation of globalization and finally the reasons for the decline of globalization. Covid 19 pandemic and its interaction with globalization will also be scrutinized as well. The major outcome of the study sets forth that the actual evolution of globalization has taken place with capitalist progress. It has been a major force in the further progress of globalization Although we are in a declining process of globalization, it is clear that it will survive with humanity as long as human beings exist.

Key Words: Globalization, evolution, capitalism, impact, decline, Covid 19 pandemic.

Öz

Küreselleşme, ekonomik, ticari, ticaret, turizm, göç ve kültürel faaliyetlerde ülkeler arasında artan bağlantı ve sınır ötesi faaliyetleri açıklayan bir terimdir. Küreselleşme, siyasi önyargılara ve ulusal çıkarlara göre değerlendirilen en tartışmalı kavram olmuştur. Bu nedenle, bu makale küreselleşmeyi kavramsal gelişim,, küreselleşmeyi genişleten dinamikler ve faktörler, küreselleşmenin değerlendirilmesi ve son olarak küreselleşmenin gerilemesinin nedenleri bağlamında incelemeyi amaçlamaktadır. Covid 19 pandemisi ve küreselleşme etkileşimi de ayrıca mercek altına alınacaktır. Çalışmanın ana sonucu, küreselleşmenin gerçek evriminin kapitalist ilerleme ile gerçekleştiğini ve kapitalizmin küreselleşmenin daha sonraki genişlemesinde büyük bir güç olmuştur. Küreselleşmenin gerileyen bir sürecinde olmamıza rağmen, insanoğlu var olduğu sürece küreselleşmenin de var olacağı açıktır.

Anahtar Kelimeler: Küreselleşme, evrim, kapitalizm, etki, gerilme, Covid 19 pandemisi.

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Introduction¹

The concept of globalization has occupied a significant place in the world economic/politics literature over the last 40 years. It has become a new phenomenon after the 1990s when neo-liberal economic and political philosophy dominated almost the entire world. It has been perceived as a phase of historical evolution. Actually, the scientific discussion has later enlarged to cover some topics such as economic interdependence, income sharing, the new type of imperialism, its impact on politics, cultural and social etc. These discussions have taken place to reflect the positive, negative and undesirable sides of globalization

Globalization is a term explaining the increasing connectivity and the relations among nations covering in economic, business, commercial, international trade, touristic, cultural and other activities. It is a phenomenon that has existed in history, however the actual developments of globalization took place twice in the 1870-1814 period with the rapid growth of capitalism; the other was the one that started in the 1980s and continued until the 2008 global financial crisis, with the neo-capitalist approaches.

Globalization is connected with contradictory ideas. For example, it can be seen as a major force behind the progress, development and integration of the world from many perspectives, but; it can be viewed as the main culprit of environmental devastation, exploitation of the developing world, and suppression of human rights.² Therefore, the world of globalization has been the most contentious one that has been evaluated according to political biases and national interests. Considering all of the above, this paper aims to analyze the dynamics and factors affecting globalization, the impact of globalization, and the decline of globalization or deglobalization, finally the implication of the Covid 19 pandemic on globalization. On the other hand, there is no common understanding among the scholars whether globalization is still progressing or declining or whether we are experiencing a deglobalization process.

The major outcome of study sets forth that the evolution of globalization has taken place with capitalist progress and it has been a major force in the further progresses of globalization. Although we are in a declining process of globalization because of various reasons, it is clear that it will survive with humanity as long as human beings exist.

A narrative approach and qualitative research method will be utilized to make so-called analysis based on the author's knowledge as well as reviewed scientific sources.

1 For more information about the globalization see Sertif Demir, "Küreselleşmenin Kritiği" (Citique to Globalization), in *Dünya Jeopolitiğinde Türkiye (Turkey in World Geopolitics)*, Hasret Çomak (Ed.), Hiperlink, İstanbul 2011, pp. 321-344.

2 Nebojsa Nakicenovic, Foreword in George Modelski, Tesselano Devezas, William R. Thompson (eds.) *Globalization as Evolutionary Process*. Routledge, 2008.

The Conceptual Evolution of Globalization

It is very clear that the concept of globalization has been used in its present sense for the last 40 years, but the roots of globalization can be traced back to early human beings. As early people started to migrate to farther regions with invention of tire and domestication of animals, they also caused the spreading of ideas, goods etc. Although these can hardly be deemed as globalization in current meaning, they were the seeds of globalization for the future conceptual evolution.

Regarding the definitions of globalization, it can vary according to political bias. From an economic perspective, Gilpin³ defines globalization as the “increasing interdependence of national economies in trade, finance, and macroeconomic policy.”

Globalization is a term explaining the increasing connectivity and the relations among nations covering in economic, business, commercial, international trade, touristic, cultural and other activities. However, there is no single acceptable definition by everyone.⁴ Nevertheless, there are pervasive features of globalization that are acceptable to all. These common features of globalization can be explained as being a process of sequential of events over time; presenting economic character and mostly a narrow concept focusing on markets; displaying multidimensional character with a strong historical component; and finally, exhibiting transformational structure.⁵ As stated, globalization is a process of integration of the economic, business, cultural, commercial activities among states.

As we can see from these explanations, globalization has been conceptualized as an instrument to explain the connectedness of economics in the world over time, However, there are some distinctive dynamics or factors that have played a significant role in its evolution.⁶

Dynamics and Factors that have affected Globalization

Key Historical Events

There is no consensus about the beginning of globalization. Although some claim that globalization existed with dawn of history, Guillén⁷ contends that

3 Robert Gilpin, *The Political Economy of International Relations*, Princeton, NJ: Princeton University Press, 1987, p. 389 cited in Mauro F. Guillén, “Is globalization civilizing destructive or feeble? A critique of five key debates in the social-science literature”, *Annual Review of Sociology*, 27, 2001, p. 3.

4 David Held and Anthony McGrew, *The global transformations reader: an introduction to the globalization debate*, Cambridge: Polity Press A., 2000, p. 2.

5 Modelski et. al., “New approach to globalization”, in Modelski et. al. (eds.), *Globalization as Evolutionary Process*, 1-8, Routledge, 2008, p. 2.

6 Ifren Sicangco Cruz, *Globalization = Poverty*, Business World, February 11, 2003.

7 Guillén, “*Is globalization civilizing destructive or feeble?*”, p. 4.

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literature supports the start of globalization with Western enlargement. Following are the factor or dynamics that have had some effects on the progress of globalization.

The migrations between inter-states, inter-continentals and inter-societies have gradually affected the globalization evolution in history. This has also increased the interactions between societies. However, based on civilization, human beings migrated for new opportunities. Historically, there are four main motives behind human migration. They can be classified as migrations for the conquest of new lands, for acquiring a better life, for religious aims, and migrations for curiosity and adventure.⁸ All these have to a certain degree played a role in the spreading of ideas, traditions, cultures, preferences, technologies etc.

Some key historical events have also triggered the suitable settings that led to spreading of different cultures and preferences, lifestyles, religious understanding etc. In these perspectives, the Mongol Empire established by Genghis Khan in 12th century over a wide area is one of the best examples that caused the early type of globalization wave. Findlay and Lundahl⁹ assert that conquest and occupation of new lands from the Chinese Sea until the Baltic Sea by Mongol Empire transmitted ideas, thoughts, commerce and transporting goods to thousands of kilometers. Similarly, the conquest of Istanbul by the Ottoman Empires in the 15th century has also affected the spreading of different cultures among different societies. First, it led scientists to move to Europe, they conveyed the knowledge, cultures, and ideas with themselves, which, to some degree, caused the birth of reforms and renaissance ideas in Europe. On the other hand, Crusades, which continued up to three centuries started in the 11th century, also affected the spread of different cultures and values between Islam, Jewish and Christian communities.¹⁰

Another important event in globalization was the discovery of America with the arrival of Christopher Columbus on the Caribbean islands in 1492. This discovery of American increased the wealth of Europe and contributed to the capital accumulations. Alongside with the discovery of America, another important event was the discovery of the trade of the West with the Far East in the 15th century through the new sea-trade routes by traveling around South Africa by Magellan. It made it possible to find a new sea-trade route with Far East that was not under the Turks. These developments in the field of transportation have also contributed to the development of intercontinental trade. Therefore, these developments in this century can be classified as the first global wave.¹¹

8 Nayan Chanda, "Coming Together", Yale Global, 19 November 2002.

9 Ronal Findlay and Mats Lundahl, "The First Globalization Episode, The Creation of Mongol Empire, or the Economics of Chinggis Khan", p. 1-5.

10 Demir, "Küreselleşmenin Kritiği", pp. 321-344.

11 Ibid.

Technological Discoveries and Progresses in 19th Century

The discovery and invention of new technologies have also played an outstanding role in developing the globalization. The invention of telephone and telegraph in the 19th century, introduction of railways, advances in sea transportation; while bringing societies closer together, it has been a source of increases in trade and investment.¹² While the raw materials were transferred from the colonial countries to the main country for processing, the removal of the obstacles for the marketing of the manufactured industrial products started to be implemented in these periods. For easy access to raw material resources and processing them in developing capitalist countries, major economic powers, England, France and Germany invested in railway transportations in colonial countries. Again, the development of overseas transportation brought distant communities and countries closer at that time.

The emerge and Progress of Capitalist Development in Western World in the 19th Century

Globalization became a tangible fact after the Western world industrialized through pure liberal economics established by Adam Smith and David Ricardo. This industrialization period paved the way or necessitated more liberal foreign trades and commercial business which contributed to globalization. American capitalism made use of slave trade to meet the increasing labor scarcity. Approximately ten million people were brought to America and Europe as slaves. On the other hand, America's increasing wealth caused approximately 60 million people to emigrate from Europe to this country at the end of the 19th century.¹³ This global human migration, which took place at the end of the voluntary or slave trade, enabled the establishment of the richest and most developed country in the world.¹⁴

On the other hand, Europe achieved a huge capital accumulation by conveying the precious metals from America to the Western economy. Overall, the slave trade, the exploitation of the colonies, the technological developments and the capital accumulation obtained from the trade between states/countries have enabled Western economies to complete their takeoff phase.¹⁵ While technological development has increased the interdependence between countries, the invention of telephone and telegraph has contributed significantly to globalization by reducing the communication time. On the other hand, the marketing of the production required the removal

12 Birol Kovancılar ve Mustafa Miynat, "Altı Deli Gömleği ile Kleptokrasi Kışkacında Türkiye" (Turkey in the Clamp of Kleptocracy with Six Straitjackets), in *"Globalleşen Dünyada Türkiye'nin Yeri (Turkey's Place in the Globalizing World)"*, İstanbul, Kadir Has Üniversitesi, 1. Basım, Nisan 2004, p. 225.

13 Nayan Chanda, "Coming Together", Yale Global, 19 November 2002.

14 Demir, "Küreselleşmenin Kitiği", pp. 321-344.

15 Henwood Doug, "Beyond Globophobia", *The Nation*, 13 November 2003.

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of barriers to international trade in order to enter new markets. Between 1870-1914, there was an increase in production in the Western world at an unprecedented level in history. Colonial countries looked for new regions to find raw material resources for production and looked for new markets so that they sell finished products. The developments between 1870-1914 can be explained with the concept of globalization. Bear in mind, during this period, the openness in the economy and the level of economic relations between states were in the highest time in history. The world has never achieved such openness among states. However, with growing market sharing struggles, nationalistic policies resulted in WWI that ended the first global wave. Furthermore, the Great Depression forced nations to return protective economic measures. Countries responded to the Great Depression in 1929 by closing off their economies.¹⁶ This globalization wave is known as the first globalization wave. But, Hirst and Thompson¹⁷ define this global wave as the second one.

The Economic, political and technological developments post-1945

The US emerged as a new power instead of England after WWII and designed a political and security order through UN, NATO and other regional security organizations. The US also established an economic order through newly founded economic organizations, IMF, World Bank, GATT which were outcomes of the Bretton Woods system. Bretton Woods was the name of liberal economic policies that had been accepted before the WWI ended. It designed a dollar-based international economy, which means the US dollar will be universal exchange money based on gold parity. Indeed, Western capitalism has achieved uninterrupted growth over a period of approximately 30 years, while rapidly eliminating the destruction of the war by applying Keynesian policies after WWII. During this period, the Keynesian economic model provided the demand-side economic development policies through involvement of the state in economic affairs via subsidies, incentives, huge investments etc.

While the Western economy made great progress until the 1970s, globalization developed at the same speed. Especially the revolutionary developments in the fields of communication and transportation increased the interdependence between countries and had an important effect on the rapid increase of world trade. The important global phenomenon in this period has been the Marshall aid of the USA to war-torn European countries, which used to rebuild Europe destroyed in the war. One of the most important conditions of this global economic aid was to request from countries to

16 Michael A. Witt, "The End of Globalisation?", November 22, 2016.

17 Paul Hirst ve Grahame Thompson, *Küreselleşme Sorğulanıyor*, Dost Yayınevi, 1996, p. 8, 21.

remove barriers to international trade. The international aids were utilized to foster the internationalization of production and consumption.

The emergence of Multinational Companies (MNCs) had a great impact on globalization thought as having an important power in the world economy. MNCs started to expand their activities beyond national borders and to dominate national states in terms of their activities. They also increased the economic interactions between states through foreign direct investments (FDI).

When the monetary system established in Bretton Woods collapsed in the mid-1970s, a new system ensuring the control of the international financial order was established. In addition, when the oil crisis that emerged in the same years turned into a world economic crisis and globalization partially declined. Western World; thanks to OPEC countries, which transferred their oil revenues to Western banks, they overcame the crisis with little loss. Western capitalist countries have tried to ensure the continuity of global trade by transferring the excess credit in their banks to underdeveloped countries. This indicated that the period of uninterrupted growth in the West has come to an end and an economic growth period that includes crisis and solution models has started. The neo-liberal economic model replacing the Keynesian model has widely been implemented in the Western world, decreasing state's power in the economy and trade unions' bargaining power, increasing privatization. The supply-side economics politics and money politics replaced demand-side economic policies.

During this phase, the Washington Consensus accepted at the G-7 meeting in 1980 has become the base of neo-liberal economic and political thought, lasting almost until today. Washington Consensus dictated the implementation of neo-liberal policies. While supporting countries in currency debt or in economic crises, all international economic organizations have requested neo-liberal policies be implemented such as monetary policy, privatization, decreasing wages, subsidies and incentives, and augmenting export-led growth models.

The Economic and Political Transformations post-1990

The collapse of the Soviet Union and the dissolution of the Warsaw Pact in 1990 have solidified the wide-acceptance of neo-liberal order around the globe. The coincidence of these Asian growth models with the collapse of the centralized growth model in eastern Block has made the neo-liberal market economy an inevitable growth model for all countries. Of course, major discoveries in the internet and computer sciences connected not only countries, but also individuals and communities. It also paved the way for global economic, business, cultural and social activities. They have become

milestones in spreading information, knowledge, money, in speeding the international business actions. Furthermore, technological advances in the second half of the 20th century further increased globalization. Overall, globalization has made use of quicker and cheaper communications and transportation. These, in turn, have depended on technological progress such as the internet and larger ships.¹⁸

After the collapse of the Soviet Union in 1991, globalization prevailed and neoliberalism was accepted as a prevalent economic system in the world. The success of the Thatcher and Reagan Governments by implementing monetarist economic policies in their own countries since the end of the 1970s has a great effect on the effectiveness of this view. Neoliberalism and globalization are now seen as intertwined and complementary models.¹⁹ On the other hand, some scholars set forth that neoliberalism will live forever and conceptualized this triumph as “The End of History”.²⁰

Although the economic developments after WWII had been conceptualized as globalization, the collapse of the Berlin Wall in November 1989 was the beginning of the golden era of globalization. The developments in the telecommunication system (computer-internet-mobile phones) and their application in the banking field, export-based growth models, tight model of integration of European states in 1993 fostered globalization. It was the overlap and compatibility of rapid technological developments involving the field of communication and informatics with neoliberal economic policies. The new position of the interconnected world has been defined as the second global wave. The biggest feature of this wave of globalization has been the institutionalization of globalization through, IMF, World Bank, World Trade Organization, and G-7 Summits. The key economic feature of globalization is the spread of the sovereignty of international capital and the increasing MNCs activities accordingly. The political dimension of the global wave is the existence of a unipolar balance that resulted in the collapse of the Soviet Union and the USA to dominate world politics alone, In terms of political consequences. As a result, globalization has led the role of the state to diminish, increased cross border economic interdependence, integrated financial markets, accelerated the movement of information technology, and dictated governmental policy sets and developed a common culture.²¹

The Evaluation of Globalization

Globalization has been the most contentious conception in terms of its implication on nations, communities and individuals. As globalization is the

18 Michael A Witt, The End of Globalisation?, November 22, 2016.

19 Thomas Friedman, *Lexus ve Zeytin Ağacı, Küreselleşmenin Geleceği*, Çev; Elif Özsayar, Ankara, Boyner yayınları, 3. baskı, 2003, p. 31.

20 Francis Fukuyama, *The End of History and the Last Man*, New York, Free Pres, 1992.

21 Neelam Kumar Sharma, “Globalization And Its Impact On The Third World Economy”, *Crossing the Border: International Journal of Interdisciplinary Studies* I(15), December 2013, p. 22.

general term describing all forms of the globalizations such as economics, political, cultural, social etc., the impact of globalization will also cover all types. Economic globalization covers international trade, international capital flow, international labor flow and foreign direct investment. The IMF (International Monetary Fund, 2000 cited in Rahim et al.²² delineated four elementary features of globalization: Capital and investment movements, trade and transactions, dissemination of knowledge and the migration and movement of people. On the other hand, Held et al²³ views that globalization can be expressed in three pillars: commercial, productive, and financial globalization.

Regarding the impact of globalization, it has brought vast opportunities for nations and people. In essence, people and countries have been closer owing to reciprocal interdependence through high rate of trade exchange, technologies, information and investments,²⁴ immigration, and labor exchange. Global development contributes significantly to bringing the capital and new technologies to countries that are in need. Besides, MNCs contribute significantly to economic growth and competition through technology and capital transfers. The lack of resources due to insufficient domestic capital is also overcome by MNCs' direct investments.²⁵

On the other hand, there is a debate on whether globalization is the cause or cure for poverty (Rahim et al., 2014: 9). Optimistic asserts that globalization increases wealth and decreases poverty while pessimistic argues that globalization increases wealth but not on equality, the rich countries share the most of wealth. It is also argued that the political fragmentation and disintegration (actor proliferation) brought about by globalization push the states into a weaker position. It is widely accepted that one-power authority is replaced by multiple authorities.²⁶

The general impact of globalization can be seen on the diminishing state power and their right of sovereignty. In economic perspectives, globalization can reduce states' competency in three ways: through trade and economic integration; financial markets; and the competition for employment.²⁷ In order to be competitive in international business, nations

22 Rahim et al., Globalization and its Effect on World Poverty and Inequality, *Global Journal of Management and Business*, I(2), 2014, p. 9,

23 David Held et al., *Global Transformations. Politics, Economics and Culture*. Stanford: Stanford University Press. 1999 cited in Rafael Henrique Dias Manzi, "Economic globalization in the global post-crisis of 2008: limits and deadlocks", *Brazilian Journal Politics and Economics*, XXXIX (3), <https://doi.org/10.1590/0101->

24 Sharma, "Globalization And Its Impact On The Third World Economy", p. 23.

25 Bozkurt Güvenc, *Globalleşen Dünyada Türkiye'nin Yeri (Turkey's Place in the Globalizing World)*, İstanbul, Kadir Has Üniversitesi, 1. Baskı, İstanbul, 2004, p. 101.

26 Kovancılar ve Miynat, "Altı Deli Gömleği ile Kleptokrasi Kısacasında Türkiye", p. 250-51

27 Kat Wall, "The end of the welfare state? How globalization is affecting state sovereignty", *Global Policy*, 2012.

are supposed to take strict measures to limit wages, to decrease the general price level, to design a taxation system, reduce the competency of the welfare state.²⁸ These will lead to a reduction of the nations' power.

On the other hand, globalization has some disadvantages for developed countries as well. It diminishes the power of labors and trade unions, increases of employees' power; degrades the accepted social norms between laborers and employees. Additionally, it will be very hard to raise taxes to finance social spending because of the mobility of capital and capable workers.²⁹ However, these disadvantages are facts not just for industrialized countries but also for developing countries.

On the other hand, globalization has led to the growing role and power of international organizations in international politics and the economy. They have become too active in international politics and the global governance concept has been invented to reflect the power of IOs and civilian initiatives. Global governance is a term that can hamper state power and has the potential of violating the sovereignty of states. Besides, IOs have reached a capacity to change international law at the expense of nations.

Globalization can also increase the power of developed nations and MNCs at the expense of poor countries, because of technological advances, innovations, high-productivity³⁰ and comparative advantages. Another critique of globalization and liberalization has been referred to their inability to produce solutions to poverty, unemployment and underemployment, human deprivations, hunger, social tension, inequality, dislocations of millions of people, inequality and environmental degradation.³¹

An important criticism of globalization is on the income distribution among poor and rich countries. It is strongly argued that globalization has made the rich countries richer and the poor countries poorer. Various studies on the subject assert that the difference between rich and poor countries has increased even more in the globalization process.³²

There are increasing studies expressing that the world is in deglobalization or in decline. The following section will focus on the deglobalization/decline process of globalization.

28 Ibid.

29 Dani Rodrik, *Has Globalization Gone Too Far?*, Washington DC: Institute for International Economics, 1997; and Rodrik, *The Debate over Globalization: How to Move Forward by Looking Backward*, Cambridge, Mass.: Harvard University, 1998, both cited in Pablo Bustelo and Iliana Olivé, "Economic Globalisation and Financial Crises: Some Lessons from East Asia", *The Indian Journal of Quantitative Economics*, 1999. p. 3.

30 Sharma, "Globalization And Its Impact On The Third World Economy", p. 23.

31 Ibid, p. 23, 26-27.

32 Nayan Chanda, "Coming Together", Yale Global, 19 November 2002.

The Decline of Globalization/Deglobalization

Globalization has become a major trend until the global financial crisis occurred in 2008. It has become a tool of neo-liberalism and American hegemony after the 1990s. A huge importance is attached to globalization. Even globalization is also deemed as a sequential process of modernity. Of course, the evolution of both globalization and modernity has overlapped, nevertheless the logic is too assertive. It is very clear that although globalization is in decline, modernity continues with new formation without being affected by globalization. So, these have been the outcomes of debates resulting from overemphasizing the concept in various perspectives.

Regarding the decline of globalization, there are four key reasons that account for. They are the 2008 global financial crisis, the growing anti-globalization attitude from developing countries, the decline of American unipolar hegemony and new-mercantilist policy of the Trump Regime and finally Covid 19 pandemic.

Not now, but before the 2008 crisis, there was growing concern against globalization and neoliberalism. After the crisis, the concerns have been deepened. It has made economists remember the rediscovery of the states' role in economics and interventions in the economy.

Although the orthodox theory (classic liberal doctrine) that financial liberalization leads to global economic efficiency based on the similarity with free trade is contradicted with the economic crisis that occurred in the 1990s and 2000s in many countries around the world.³³ As Stiglitz³⁴ argues that the free movement of capital, which means liberalization in the trade, is profoundly different from that of free trade in goods and services. Because the decision of capital flows can be based on asymmetric information, agency problems, adverse selection, moral hazard and incomplete capital markets.

In short, to prevent any crisis related to capital flow, capital flows require a more controlled financial design. Furthermore, the Keynesian and the post-Keynesian also put forward that free movements of capital at the national and international markets are prone to crises because of the insufficiency in management of capital flow.³⁵

Looking at the failures of the recent globalization in 1914, it mostly stemmed from the competitions between major powers of European nations.

33 Philip Arestis and Ajit Singh, "Financial globalisation and crisis, institutional transformation and equity", *Cambridge Journal of Economics*, 34, 2010, p. 234.

34 Stiglitz, Joseph, "Capital Market Liberalization, Economic Growth and Instability", *World Development*, XXVIII(6), 2000, 1075-86 cited in Arestis and Singh, "*Financial globalisation and crisis...*", p. 233.

35 Arestis and Ajit Singh, "*Financial globalisation and crisis...*", p. 233-34.

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It originated from international politics and economic rivalry, although there were some issues with the capitalist growth model which carries the risk of crisis in itself. The second globalization that started in the 1990s has failed because of an unregulated or international financial system evolved on the free market, deregulation, and free capital flows.

This crisis has demonstrated that the Western model neo-liberalism, financial structural design, the unregulated or poorly supervised economic policies requiring minimum state intervention are no more acceptable as global solutions and are no longer fit as a sole prescription to the countries, namely developing countries.³⁶ On the other hand, economic policies set forth by the IMF and World Bank for the countries demanding financial assistance on the “conditionality” accepted at the Washington Consensus, such as ensuring price stability and budgetary discipline, tight macroeconomic policies, liberalization of trade and privatizations, are no longer acceptable to fund-demanding countries.

The acceptance of neoliberalism as the sole prescription to all economic issues and disregarding other economic rhetoric have also demonstrated a lack of endeavors to find alternative economic thoughts. Likewise, Wade³⁷ contends that globalization resulted from the hardwiring neoliberal norms and institutions into economies and accepting them as unchanging truth as an alternative set of principles have not arisen. Bear in mind, the new-left government came to power in England and Italy and other countries after the 1990s and 2000s have embraced neoliberalism as a perfect solution to economic growth. So, the difference between the central right and central left has almost disappeared, the new populist right in Western countries and radicalism in Islamic countries have flourished to fill the gap of ideological thoughts resulting from the communism in 1990s and later inefficiency of neoliberalism.

Another reason for the decline of globalization has been the trade war between China and America, As the US has seen the Chinese economic growth through globalization as a threat to its global hegemony, President Trump initiated a trade war with China to diminish Chinese competition advantages in international fields. Of course, this has adversely affected globalization which was in progress through the internationalization of trade, technology, capital, labor and knowledge. The Sino-US trade war can be considered a turning point for deglobalization in terms of trade. Because, the US-China trade war has considerably fostered the risk of protectionism,

36 Dullien et. al. (Edts.), *The Financial and economic crisis of 2008-2009 and developing countries*, United Nations, New York and Geneva, December 2010, p. 5-6.

37 R. Wade, “Is the Globalization Consensus Dead?”, *Antipode*, XXXX1(1), pp. 142-165 cited in Sabina Tuca, *The Evolution Of Economic Globalization During The Current Global Crisis*, CES Working Papers, V(4), no date, pp. 645-653.

evaluating the market sentimentality and deteriorating global risk appetite. Additionally, the attitude of the US has led other countries to see the taxation of imported goods as a tool of protectionism to achieve unilateral benefits.³⁸ The US has focused on preventing China from becoming a global economic and military leader; therefore, it has taken all measures, without thinking about whether they obstruct globalization or not. This protectionism can be weighed as new-mercantilism in the eyes of the world.

Another reason regarding the decline of globalization stems from the growing anti-globalization attitude mostly from developing countries. As discussed, not all nations have benefited from globalization at an equal proportion. The industrialized countries are the ones that took advantage of globalization. Moreover, as stated by Walden Bello³⁹ the emergence of economic deglobalization or decline had started earlier before the financial crisis. This means that developing countries have constituted an adverse perception of globalization because of, at least, its non-equal shares.

The final reason for the decline of globalization is related to the Covid 19 pandemic.⁴⁰ It has also had an impact on the decline of globalization. Nations took sharp measures to spread the pandemic. The lockdown of economies has adversely affected the national and global production and supply chain system. The Covid-19 pandemic has a significant difference from the previously transmitted diseases in terms of fast spreading ability and mutation process, high fatality rate and adversity impact on the economy in general in a global sense. In order to contain the coronavirus outbreak, most countries have implemented a lockdown policy for all economic and social activities, curfews, travel restrictions, border closure etc. Pandemic has unexpectedly decreased the international trade, capital, information and people flow in the first half of the year 2020, strengthening uncertainties about the future of globalization.⁴¹

Due to lockdowns and restrictive measures, the pandemic has led to economic recession, high rate of food inflation in developing countries, jobless of million people, poverty etc.⁴² additionally, because of diminished international mobility and trade, supply chains system interrupted,

38 Alicia García Herrero, "From globalization to deglobalization: Zooming into trade", February 3, 2020, p. 40.

39 Walden Bello, *Deglobalization: Ideas for a New World Economy*, Zed Books, 2004 cited in Postelnicu et. al., "Economic Deglobalization – From Hypothesis To Reality", *Economics*, II (17), 2015, p. 6.

40 The part of Covid-19 and Globalization of this paper has been presented under the headline "Globalization and Covid-19" Abstract Book, Anatolian Congresses 6th International Social Sciences Congress, Van – Turkey, 21-23 May 2021.

41 Steven A. Altman and Phillip Bastian, The State of Globalization in 2021, <https://hbr.org/2021/03/the-state-of-globalization-in-2021>.

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international production significantly decreased. There were also considerable retreats in globalization dynamics in 2020.

Nevertheless, nations have continued their economic and business activities, regarding the limitations of pandemics. DHL Global Connectedness Index, measuring globalization via international trade, capital, information, and people flows, has also demonstrated the decreasing cross border activities with pandemics.⁴³

Despite the falling of cross-border activities, global business is not disappearing, but the landscape is shifting, with important implications for strategy and management (Altman and Bastian, 2021). Besides, there are increasing cross-borders trends on digital services, data, ideas, health products and e-commerce, with the increasing vaccination campaigns. Finally, globalization has shifted from conventional structure to post-Covid-19 design. This new design consists of economic, business and commercial activities, focusing on varying trading structure, digitalization, new strategy and management. Additionally, fragmentation of the global production system which means every country produces some part of internationalized production also strengthens the globalization around the world which covers virtually 60% of the global trade containing intermediate goods and services.⁴⁴ Therefore, countries still favor globalization as its benefits surpass its drawbacks. Overall, the pandemic had significant adverse effects on globalization in the beginning, but international and national endeavors have insisted on sustaining globalization dynamics for global production chains.

Conclusion

This paper aims at analyzing globalization in evolution, dynamics, implications and Covid 19 perspectives. It connects national economics through international trade, capital, labor, knowledge flows. Globalization has appeared in parallel with the Western economic development based on capitalist doctrine and its further derivation models. In these perspectives, two main globalization waves took place in the world, in 1870-1920 and in 1990-2008. The first globalization wave coincided with the first capitalist/liberalism growth model, the second one overlapped with neoliberalism and free market approach. The technological revolutions in the telecommunication area have utmost importance in the growth of the second global wave with neoliberalism rhetoric.

Globalization has positive and adverse implications for nations and their economies. In general, rich countries benefit from globalization more

43 Altman and Bastian, *The State of Globalization in 2021*.

44 Postelnicu et.al., *Economic Deglobalization...*, p. 6, 10, 11.

than developing countries. However, globalization can help developing countries in terms of resources, technology, innovations, productivity, modern management and business styles etc. The key issue here is managing capacity to increase the benefits and diminish disadvantages of globalization.

The wars, protectionist policies, unregulated neoliberalism and economic crises can hamper or totally obstruct globalization. In this context, four major reasons account for the decline of globalization since 2008. These are the 2008 global financial crisis, the growing anti-globalization attitude from developing countries, the new-mercantilist policy of the Trump Regime and finally the Covid 19 pandemic. After the 2008 financial crisis, the necessity of a more regulated and sufficiently supervised financial structure grows. Finally, global business is not disappearing due to the pandemic, it tailored to function toward strategy and management. Globalization is still a valid phenomenon despite its decline.

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