



# Globalization: Spatial Aspects and the Relation with Growth



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## ABSTRACT

The purpose of this study is to examine the phenomenon of globalization and its process through time till our present days and analyze the kind of relationship that has with growth. The study is concentrated on the European countries during the period 2000-2009. The measurement of globalization is being performed by specific indexes of globalization and thus the study uses KOF Index of globalization in order to compare data and descant the results. Globalization under different circumstances can either create inequalities and increase the space between rich and poor or can promote growth and decrease inequalities. In many cases more globalization does not mean more growth and vice versa. The way that globalization is being used can decide the process of nations. Because of this, corruption in European countries is another theme that this study examines in comparison with globalization's data. More corruption can lead globalization giving undesirable results and effects to local development and the welfare of a nation with the absence of anti-corruption politics of protection. In the end this study adheres in the opinion that humanity has to learn how to practice and use globalization in the way that a general development is the main object and not the development of few.

Key words: Globalization, KOF Index, Growth, Corruption

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## **INTRODUCTION**

The present work is going to examine the spatial aspects of globalization and its relation with growth. Nowadays, globalization is a phenomenon that is surrounding us and is being part of ourselves. In every day of our lives we can see and use it even without realizing it, through the satisfaction of our needs thanks to imported goods and services, but also through the facilities of a growing mobility across countries. Moreover, it is like we can make use of parts and ideas that are coming from various nations and through them we are able to understand and to know many sectors of their civilizations and their way of life. For example, we can drive German, French and Japanese cars that are produced by Mercedes, BMW, Opel, Peugeot and Toyota respectively, we can use Swedish technology and manufacturing through Nokia and Ikea, we can use services such as Switzerland's bank system and we can eat food from every place of the world such as for example American food through McDonalds. All these examples that we referred above are companies with globalized operations and with important role not only in their countries' national economies and growth but also in different other countries where important production' units are localized. It is like we all are exporting and importing parts of different civilizations and sharing them with each other.

In the beginning we will attempt to understand sufficiently what globalization truly means. In order to achieve it, this paper will include definitions and theoretical analysis about globalization, some historic information about this phenomenon and opinions and thesis on the positive or negative effects that it has in world's way of life. How, when and under which circumstances globalization was born, in which ways people made use of it and with what results and how it is shaped at present. Is globalization risky and untrustworthy or it is something that can save many? Is something that we have to fight against or something that we have to protect and pass by to our children? Some of the answers to these questions will be given through this paper and some will not, because globalization is a phenomenon with no specific definition and that is why it causes various points of disagreement among people's opinions.

In order to achieve our main objective, that is the examination of the relation, as well as its intensity, between globalization and growth especially for the European countries, it is necessary to have appropriate measures of these two components. As regards growth, understanding as economic performance, a lot of indexes are available but it is quite usual to measure the economic performance through income per capita and / or GDP growth rates (Hallak, Levinsohn, 2004). As regards globalization, the question is more complex. It is not so easy to propose a true measure of economic globalization, due to the fact that this phenomenon is a very complex one. Nevertheless, we are going to use the well-known KOF index of Globalization through which it is possible to rank the national economies through a three dimensions index that is the economic, the social and the political globalization.

It is crucial for the present study to consider very carefully how globalization (through indexes) can be evaluated and why KOF Index has been selected among all the others. For this reason, we have included in our research descriptions of the most important indexes in order to detect the true advantages of KOF Index. All the data and the graphs collected from KOF are effectively very useful for our research and they will be presented in details in this thesis. As we will see above, this index presents some advantages: its meaning and its interpretation are quite easy while the results are understandable and illuminating.

The objective of the present work is to examine the relation between globalization and growth, its nature and its intensity. There will be a short satisfactory approach of the meaning of the concepts of “Globalization” and “Growth” and in which extend and under what assumptions these two phenomena are connected to each other. For this, it is essential to develop a reflection on the exact expansion of globalization. In other terms, we will try through this thesis to find out where is the limit, how this is affecting a nation and in which extend, globalization should not be seen solely in terms of trade between nations. International trade is not a recent phenomenon. Most of the founders of political economy were already doing widely reference to international trade (Smith, Ricardo, Say, etc.). Nowadays and especially since the recent crisis, globalization has generated a large debate about its benefits and its dangers. The “globalists” and



“anti-globalists” defend with acuity their opinions and arguments about globalization. Through a brief review of their positions, we will attempt to show that globalization is a complex process characterized by two facets, a positive and a negative one, according to the way people are understanding and using it.

One of the main question that will be examined, concern the impact of globalization on national growth. In which extent the increasingly opening of the national economies contributes to the creation of revenues and to the national growth?

Also, we will compare data from globalization rates and corruption perceptions in order to find out if globalization has or not any impact in the corruption of European countries. This will provide us with some necessary information on the relation between globalization and corruption and if the first one increase or decrease the second (Das, DiRienzo, 2009). The results will help us to understand more the negative or positive impact of globalization to our lives (Torgler, Piatti, 2009)

Finally, we will end up to some conclusions about our theme. These conclusions will be leaned on the data that are presented in this work and on various references that could be used. We will show that globalization is not something good or bad but is something that can be characterized by the way that humanity is treating it. If people are aiming for prosperity and growth then globalization can be our ally, but if people’s priority is to create inequalities and despair then globalization can become our worst enemy.

## CHAPTER 1

### THE PROCESS OF GLOBALIZATION

#### 1.1. A glimpse in the phenomenon of globalization

Nowadays, Globalization is a phenomenon well known by everyone in our world and it is mentioned very often by Media and Press, in books and in people's conversations. Every person has probably created a definition in his mind on what globalization may be; but are we all know exactly what globalization is or our everyday life with all its followings, easy or hard, has created the illusion that we do? Sure globalization is one of the most "famous" subjects of discussion at present, not only in conversation among common people in streets, in cafeterias and in parks but also among various scientific groups such as economists, sociologists, psychologists, lawyers etc., but there is not a specific answer in the question "what is globalization eventually, in depth?".

Wherever this question takes place, it is followed by many different, sometimes even opposites, opinions and convictions that lead to nowhere. Phrases such as: "a globalizing world", "homogeneity", "global peace", "global economy", "a New World Order (NWO)", "globalization for the sake of humanity", "New Economic Policy (NEP)" and many more are some of the phrases are used nowadays and form the main topics that lead globalization at stake.

Globalization has made the world a "neighborhood". Borderless trades, free markets, new technology that allow people in different edge of the planet to communicate and to make contact in no time leaving with no meaning the space between them, sharing of culture and ideas are some of the effects that come to our minds when we thought of globalization.

Furthermore, entire governments and powerful international organizations through their political power and the power of the Press and Media, are adopting more and more every day this meaningful word, Globalization, as safety shield in their public statements in order to protect and give some excuse to their present and future plans. Maybe in the name of globalization, crimes, corruption, scandals and conspiracies are taken place in our world secretly and obviously in order some to

gain power and money. Who have profits against others through globalization and who suffers or maybe, if everyone is better with it is something that has to be analyzed and be researched.

## 1.2. Definitions

Even if globalization seems to be a well known concept, different definitions have been proposed, reflecting some divergences as concerned its meaning and its economic and not only consequences. The objective of the present work is not to enumerate all the definitions that have been proposed by international organizations, scientists and other analysts but through some of the most remarkable definitions to highlight the diversity and the complexity of this phenomenon.

- Globalization is defined here as a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy—in particular, the increasing structural differentiation of those goods and assets. (Philip Cerny in Simon Reich, 1998)
- “Globalization is a multi-dimensional process; it applies to the whole range of social relations – cultural, economic and political. Its effects can be seen in all aspects of social life from the food we eat and the TV we watch, to the sustainability of our environment.” (David Held, 2000)
- “Globalization is not a new social agenda for a better planet, but a fierce leap forward in uneven development dynamics...” (Frank Moulaert, 2000)
- “...the removal of barriers to free trade and the closer integration of national economies...” (Joseph Stiglitz, 2002)
- “space of flows” (Manuel Castells, 2008)
- “the world is flat” (Thomas Friedman in Philip McCann, 2008; in Dimitris Kallioras, 2012)
- “Globalization describes an ongoing process by which regional economies, societies, and cultures have become integrated through a globe-spanning network of communication and execution.” (Mohamed Ahmed Mohamed Salem, 2009)

- “The world globalization is also used, in a doctrinal sense, to describe the neoliberal form of economic globalization.” (Noam Chomsky in Mohamed Ahmed Mohamed Salem, 2009)
- “The process of globalization along with liberalization and privatization has been introduced with a view to integrate the world economy in order to facilitate faster movement of factors of production, produced goods through the expansion of world trade and reduce the transport expenditure, expansion of technology from one region to another and thus would contribute to the growth process of various countries across the globe. It was presumed to intensify the competition among the producing units of various countries and thus improve the efficiency through free market mechanism.” (Utpal Kumar De & Manoranjan Pal, 2009)
- “a catchall phrase for growing world trade, the growing linkages between financial markets in different countries, and the many other ways in which the world is becoming a smaller place” (Paul Krugman in Dimitris Kallioras, 2012)
- “the death of distance” (Frances Cairncross in Dimitris Kallioras, 2012)
- “allows companies to hold a gun to governments’ head” (George Monbiot in Dimitris Kallioras, 2012)

As we can see the meaning of globalization is not easy to summarize, it mainly depends on the optical through which this process is examined and as stipulated by the United Nations (1999), “the definition of globalization varies with the context of analysis”. Although, we could say that there are some specific points in which all of the opinions have an agreements, such as annihilation of the distance and strong affection (positive or negative) in our life. Globalization is not a phenomenon that can be analysed as one subject but has to be separated in pieces. Culture, economy, technology, society and policy are the sectors of people’s life that globalization has invaded with different results in each of them.

Already in 1998, Scott insisted on the fact that Globalization cannot be considered as a simple form of higher internationalisation. It is much more than an increasing process of internationalisation and for this author, the new globalization may be the rival of the old internationalisation (Scott, 1998: 124). It is important not to confuse globalization with internationalization and to understand the difference

between these two meanings. On the one hand in globalization the role of nation is weaker and all the national economies are integrated in a global one through foreign direct investments, trade, migration, technology and capital flows. There are no more borders between nations and people. On the other hand, in internationalization the nation is keeping its sovereignty but increase its relations with the other nations through international economic operations, treaties and alliances. A strong nation-state with financial links all around the world. As Herman E. Daly (1999) said “It is the effective erasure of national boundaries for economic purposes. International trade (governed by comparative advantage) becomes interregional trade (governed by absolute advantage). What was many becomes one.”

As we noticed from the definitions, there many that believe in the good face of globalization and others that think of it as a “plaque” for human civilization. The most important thing to give an answer is the dilemma: is the globalization something entirely positive or negative or it is characterised by the way that our world is using it? So, on the one hand are those in favour of globalisation and on the other those that are against. Of course each of them has important and interesting arguments about positive or negative effects of globalization that will be analysed in details in the following pages.

### 1.3. History of globalization

Before a more detailed analysis on the parts and effects of globalization in the way that we live nowadays, it is proper to share some important information on how and when this notion began making its presence felt. The duration of Globalization's history is not only a few years. Internationalized economies are not a new phenomenon but we can find traces through many centuries ago.

Although after World War II, mainly during 1960's, the term "internationalized economies" replaced by "globalization", according to Paul Hirst & Grahame Thompson, powerful and wealthy private institutions carried out systematic cross-border trading activities in Europe during Middle Ages. There are lots of examples for this during the 14<sup>th</sup> century such as: i) Hanseatic League: it was an organization that organized German merchants in Western Europe trading of agricultural products and activities such as manufacturing and iron melting. ii) Wandering merchants was responsible for the first organized trading of United Kingdom's products, wool and cloth, to Low Countries and elsewhere around West and Central Europe. iii) Around the same time and till the end of the 14<sup>th</sup> century many Italian trading houses and more than 150 Italian banking companies were occupied with multinational operation and exchanges (Paul Hirst & Grahame Thompson, 1996).

Very interesting are the information that are given from Michael D. Bordo, Alan M. Taylor and Jeffrey G. Williamson (2003) that support that globalization may has its root one hundred years before these first European trades, all along Asia during the Mongolian Empire, called "Pax Mongolica". It is possible that during those times Mongols to be so responsible for the transmission of ideas and technology in all Asia as for the plague that "conquer" Europe, Black Death, around 1350 AC that started from China and reduced the European population about 40%-60% and world's population from 450 million to 350-370 million in 1400 AC. Who would imagine the financial consequences that the Black Death had in Europe in the years that followed? Wages and per capita GDP raised, larger incomes, more wealth and better living standards took place. That is why, one third of population in Europe vanished but there were same capital, lands and trading products such as metals that were very expensive those times (Michael D. Bordo, Alan M. Taylor and Jeffrey G

Williamson, 2003). There were less people to be fed, so more money for the states and for wealthy organizations.

In contrast there are many that disagree more with the exact period of the existence of a global system in our world. Andre Gunder Frank and Barry Gills arguing that there was an organized world system 5000 years ago similar to ours today (Frank and Gills, 1993 in O'Rourke & Williamson, 2000), but Kevin H. O'Rourke and Jeffrey G Williamson with many others supports the idea that globalization began around 1913 AC (O'Rourke & Williamson, 2000).

Although, most of the analyzers of globalization argue that the beginning was in 1492 AC and in 1498 AC with Columbus' trip in discovering America and Vasco da Gamas' voyage around Africa towards India. These voyages that had as purpose to break the monopolistic trade of spices from Italian cities (Venice) and Arabic trades (around Egypt) is referred as the cause for the world's shape after 1500 AC (Bentley, 1996 in O'Rourke & Williamson, 2000). During and after that period, 15<sup>th</sup> – 16<sup>th</sup> century, colonialization expanded from European countries, Old World, to Asia, Africa and America, New World. Such long distance trading-voyages were expensive and dangerous but Europeans had advanced technology for that times (big advanced ships) and financial power from their states in order to assist their efforts. Many European countries such as Portugal, Denmark, England and the cities of Venice, Amsterdam (Venice of the North) and later Antwerp, used their colonies as human and material sources for their trades, which expanded more through Red Sea and Cape route (Michael D. Bordo, Alan M. Taylor and Jeffrey G Williamson, 2003). Silk, silver, cotton, spices and slaves were the "trading products" of European among Europe and colonies and the "tools" that were operated world's engine in those days. The existence of the Dutch and British East India Companies, the Royal Africa Company, the Muscovy Company and the Hudson Bay Company were held the fates of world's trade and financial prosperity of Europe in their hands during that era (Paul Hirst & Grahame Thompson, 1996).

Despite the theory that European civilizations discovered those wealth areas that made them their conquered-colonies, Michael D. Bordo, Alan M. Taylor and Jeffrey G Williamson (2003) informed us that there are many disagreements about this Eurocentric assumption. During that period, and some years before Columbus and

Vasco da Gama, Asia and specifically China, India and the Islamic world were more advanced than agricultural based European system; large cities, credit and monetary system, manufacturing production and expensive and luxury products such as silk, silver and porcelain were the cause of this.

During the period between 1500-1800 AC, in which Wallerstein believed that it was the time that a European world-economy was established based upon the capitalist mode of production (Wallerstein, 1974 in O'Rourke & Williamson, 2000), growth in Europe was increasing continuously substantiating that Old World's colonies were perfect sources for consecutive raw exploitation by every means and ways, making Europeans wealthier and the rest of the world "products" for their trades of goods and slavery. In order to show the magnitude of that kind of trade for Europe in those ages, Michael D. Bordo, Alan M. Taylor and Jeffrey G Williamson (2003) give us some specific information about growth: from 1500 AC to 1800 AC growth rate estimates around 1, 06% per year, 461 million in 1500AC to 954 million in 1800 AC. The importance of this number is that can characterize the whole period successful for the global economy due to the fact that international and intercontinental trades grew faster than population did, which rate was 0, 24%; it is very difficult to find another period of the modern world that this phenomenon can be a reality.

After 18<sup>th</sup> century, it is believed by many that globalization started to make its first steps with the name "internationalization". Industrial Evolution in combination with the already profitable trade and the connections with New World led global economy to the next level. As Paul Hirst and Grahame Thompson referred, that next level was the development of the closest precursor of nowadays multinational corporations (MNC), the international manufacturing. Powerful firms of those years, such as British firms, were operated as multinational producers in international activities in America, Africa, Australia and Asia due to the fact that those "new" continents could offered favorable and profitable chances for investments, "colonial investments". There is the thought that those intercontinental operations could be the precursor of the Foreign Direct Investments (FDI), due to the amount of products that were trading around colonies and the rates of organized development in materials and technology that took place (Paul Hirst & Grahame Thompson, 1996).



How this merely organized, on some periods and by some groups, first example of (European) global trading/financial system became a powerful socio-politico-economical network that rules everything at present and it is called “Globalization”, will be explained in the followings chapters of this thesis.

## CHAPTER 2

### MEASUREMENT OF GLOBALIZATION

#### 2.1. The necessity of a synthetic index

As we have already said above, globalization is a phenomenon that we cannot easily describe and so it is also difficult for the researchers to measure it. It is combined from various political, social and economic components which are hard to be analyzed all together simultaneously with 100% of success. The measurement can be taken place through indexes that can produce data from all sectors of globalization with as possible higher accuracy as it can be. In order globalization to be measured it is necessary researchers to create a synthetic index capable to combine all the data from the different variables into a smaller set of independent variables which will provide us with the whole amount of the information that we need, without losing the essential information from the original dataset. It is as Samimi, Lim and Aziz buang (2012) said: “The measurement of globalization is not an easy task, given that there is lacks of uniform and generally acceptable definition of globalization. There is variety of globalization measurement and no standard rule for measuring it. Many attempts have been done to measure globalization. Recently, researchers have tried to capture all dimensions of globalization in one index. They have selected the variables and indicators according to what they believe globalization is”.

#### 2.2. The alternative measures of globalization

In order to understand more about the tools that we can use for the measurement of globalization, we propose to present some of the well known indexes that are used today and to analyze them briefly in the following pages. In the end we will present the index which we used for this thesis, KOF index, and the reasons that led us in that choice.

**A.T KEARNEY/Foreign Policy INDEX OF GLOBALIZATION**

The rating for each country is calculated by formula 1 which involves the normalization of the variables and subsequent aggregation using an ad hoc weighting system. Through this operation the view of national economies can be presented clearly:

$$(ATKFP - GI) = \sum_{i=1}^j w_j \left[ \sum_{m=1}^m w_m \left( \frac{x_{imjt} - x_{mjt}^{min}}{x_{mjt}^{max} - x_{mjt}^{min}} \right) \right] \quad (1)$$

where  $i$  and  $t$  indicate country and time periods,

$m$  and  $j$  are within and between major component variables,

$w_m$  are the weights attached to each contributing X-value,

$w_j$  are weights attached to each component, min and max refer to minimum and maximum values of respective variables across countries in a given year (Almas Heshmati, 2003).

Every year, Foreign Policy and A.T Kearney partner to produce this globalization index collecting data for the most populated countries in areas such as Foreign Investment, International Travel, Internet Users and Servers, Remittances, Involvement in International Organizations and Missions the analysis tries to provide a measure of how well countries are playing the globalization game. The A.T. Kearney/Foreign Policy Globalization Index tracks and assesses changes in four key components of global integration, incorporating such measures as trade and financial flows, movement of people across borders, international telephone traffic, Internet usage, and participation in international treaties and peacekeeping operations. The countries ranked in the Globalization Index account for 96% of the world's gross domestic product (GDP) and 88 % of the world's population. Major regions of the world, including developed and developing countries, are covered to provide a comprehensive and comparative view of global integration. According to Parisa Samimi, Guan Choo Lim, Abdul Aziz buang "Kearney (2002, 2003) is the first attempt to introduce a multiple measurement for globalization. This index measures not only economic integration but also technological connectivity, personal contact,

political engagement. This globalization Index is calculated only for 62 countries (see more in (Caselli & Gemelli, 2008)). To build the index, like Human Development Index of UNDP, in the first stage the relevant variables have been selected by careful assessment. Then, by consideration of data availability, a proper measurement for each variable has been chosen. These variables are measured in different units that should be normalized. KFP use panel normalization to normalize the individual variables. Finally, a weighted sum of the normalized variables is calculated which gives a numerical score for each country in each year to determine country rankings. Weights are assigned based on construction belief. Variables are weighted double or single relative to others. The reason for a priori weights is that they have some normative significance. Some researchers believed that this approach is not reasonable (Andersen, Herbertsson, & Str, 2003; B. Lockwood, 2001). This index does not adjust the variables for geographical dimension. Therefore, the ranking of countries depends not only on their geographical characteristics but also on their policy stance towards globalization" (Parisa Samimi, Guan Choo Lim, Abdul Aziz buang, 2012).

On the one hand we could say that A.T Kearney index's advantages are that it covers 96% of world's GDP and 88% of world's population (A.T Kearney Index 2007 contains 72 countries). Also it is very important the fact that it allows the comparison between countries and the comparison over time. But on the other hand, it has a very small database, only 64 countries are included in the index and there are insufficient matters that have to be revealed about who decides the weightings and which is the exact process of cultural trends' measurement. As the main criticism of the specific index is that it attaches higher importance in FDIs which can lead smaller countries to the top places of index's rankings and therefore it is suggesting giving more importance in the size of a country. For example, in A.T Kearney index of 2005, Singapore, Ireland, Panama and Malaysia were at the top 4 places and in A.T Kearney index of 2007 Hong Kong was at 1<sup>st</sup> place and Estonia and Jordan were among the top 10 positions. This is why the total trade of these countries was, as a percent, over the 100% of their GDP. A big surprise is the fact that China was not among the top 20 but stayed very low in 66<sup>th</sup> place. The small countries have to open up more in order to become competitive in a global range

and attract trade and foreign direct investments due to the absence of natural resources and the lack of space for agricultural industries ( Singapore).

### THE CSGR GLOBALISATION INDEX

The CSGR Globalisation Index was developed in 1997 by Ben Lockwood and Michela Redoano at the Centre for the Study of Globalisations and Regionalization of the University of Warwick (UK). The CSGR Globalisation Index was created by Ben Lockwood in order to find a solution for the criticisms of A.T Kearney Index.

The calculation of the data that this index is using is similar to A.T Kearney index. Firstly, it has to be decided which relevant variables should enter in the calculation. Next, the user of the index has to find quantitative measures of these variables, having in mind the data constraints. After that, these measures have to be normalized due to the problem of different average quantitative values ( different variables measured in different units). The next step is to calculate an (weighted) average of these normalised variables in order to find a score for each country in every year. Finally, these scores (numbers) are being used to exact country rankings. (CSGR globalization index, Wirwick University, last access in 25/1/2013)

The CSGR Globalisation Index considers three fundamental dimensions of globalization: economic globalization, social globalization, which is divided in two sub-dimensions, people and ideas, and political globalization. This index it was created in order to collect the data on all countries of the world from 1982. The overall globalization index has been calculated for 96 countries. The CSGR Globalisation Index therefore covers a larger number of countries than the A.T. Kearney/Foreign Policy Globalization Index, which, as said, is calculated for only 64 countries. Although CSGR index is more capable than A.T Kearney to analyze the multidimensional and complexity image of globalization, we could say that the database in this index is incomplete. Also, in the aggregation of each dimension's variables in A.T Kearney, the characterization of the weight is decided theoretically but in CSGR Index through statistical measurements. The most important similarity in these two indexes is the weight of the size of the countries. Smaller countries tend to be more globalized than larger ones. As Marco Caselli (2006) said " However, a

first reading of the results obtained with the instrument seems to support the stance taken by the authors of the CSGR Globalisation Index: a large number of smaller and less-population countries occupy the highest places in the classification.....In this regard and to concentrate on the CSGR Globalisation Index, I contend that, given the technique of weights assignment chosen, it is difficult to justify the inclusion of some of the variables in the index. In fact, the statistical procedure used entails the attribution of practically negligible weights to some variables”.

In this index the problem is the same as A.T Kearney index, smaller countries are at the top places of the globalization rankings. For example, the results of the CSGR index at 2002, 2003 and 2004 present Singapore (1<sup>st</sup> position) and Malaysia (17<sup>th</sup> position) high in rankings, among the top 20 places, but China(26<sup>th</sup> – 29<sup>th</sup> position), Spain ( 25<sup>th</sup> -27<sup>th</sup> position) and Japan ( 23<sup>rd</sup> – 26<sup>th</sup> position) to be under top 20 places. Also, it is difficult to understand the existence of some variables that are used by the index, which is using principal component weighting and controlling geographical characteristics for fixed countries.

### MAASTRICHT GLOBALIZATION INDEX (MGI)

The formula that Maastricht Globalization Index is using is:

$$\left( \frac{(V_i - V_{\min})}{(V_{\max} - V_{\min})} \right) \times 100$$

“In the last and final stage, a weighted sum of the measures is calculated to produce the final score, which is then used to rank and compare countries. The most globalised country has the highest score. Within each domain, every variable is equally weighted. The MGI scores are simply added, *i.e.*, all domains receive the same weight.”( Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010)

The Maastricht Globalization Index (MGI) was first appeared in 2003 by Pim Martens, Daniel Zywiets and Mohsin Raza and since then, despite some qualitative and quantitative changes, has sustained its original form. This index measures the economic, socio-cultural, technological, ecological and political dimensions of globalization with data of 117 countries. Also, this index can analyze various data

about the sustainability in the development of the countries. As Dreher, Gaston, Martens and Van Boxem (2010) stated “Many previous indices have a decidedly neoliberal focus on the economic dimensions of globalization. This may stem from the definition of globalization used. As argued earlier, the definition of globalization should refer to the process in its current state, including social, cultural and environmental factors. Hence, contemporary globalization is defined as the intensification of cross-national interactions that promote the establishment of trans-national structures and the global integration of cultural, economic, environmental, political, technological and social processes on global, supra-national, national, regional and local levels (Rennen and Martens 2003). Another objective of the MGI is to broaden existing analyses of globalization by including coverage of sustainable development.”.

On the other hand the Maastricht Index of globalization is considered to be valuable because provides a composite index that provides an inclusive view of globalization and fulfills conditions such as transparency, relevance and robustness. It is the only index that includes the variable of “environment” and of “trade in conventional arms”. This is referred also by Parisa Samimi, Guan Choo Lim and Abdul Aziz buang (2012) “The MGI index uses seven group of variables include global politics, organized violence, global trade and finance, social and cultural, technology and environment to cover all dimensions of globalization. This index is calculated only for 2000 and 2008 (Dreher et al., 2008; Martens, Dreher, & Gaston, 2008). This index is the only one that capture environmental dimension of globalization. MGI also includes geographical characteristics of countries in adjustment of countries”.

The big disadvantage of this index is that it is not clear enough the way that the values are calculated in order to understand more the construction and the operation of the index.

**NEW GLOBALIZATION INDEX (NGI)**

This index is using the following formula:

$$I_c = \frac{x_{ct} - \min(xt)}{\max(xt) - \min(xt)}$$

with  $x_{ct}$  = value of the variable X for country c in the year t,

$\max(xt)$  and  $\min(xt)$  denoting minimal and maximal value for the year t.

Using this equation, every value is substituted with a new indicator ( $I_c$ ) for country c, adopting a value between 0 and 1.

The New Globalization Index (NGI) was introduced by Petra Vujakovic in 2009. It includes some new variables which can take into account the number of the students that are studying abroad, for the social dimension of globalization, and the environmental characteristics and situations in the political spectrum, for political globalization.

The interesting point concerning the NGI index is related to the fact that gives the possibility to control the values about geographical distances among the countries and consequently it can protect the results from outliers contrarily to the other ones. Parisa Samimi, Guan Choo Lim, Abdul Aziz buang put clearly in evidence this aspect: “Vujakovic in 2009 has developed an index with five new variables to measure globalization. These variables are trade-mark applications by non-residents, portfolio investment stock, patent applications by non-residents, and environmental agreements (Vujakovic, 2010). Based on this index, globalization defines as a process that increases interaction and interdependence between economies, societies and nations beyond large distances. He has used a parameter to control geographical distances between countries. For constructing the globalization dimensions and variable weights, the principal component analysis is used. Dimensions and weights constructed in such manner reflect the statistical characteristics of the dataset.” (Parisa Samimi, Guan Choo Lim, Abdul Aziz buang, 2012).

Nevertheless, according to Petra Vujakovic (2010) himself, this index presents some limits as regards its usefulness: “The New Globalization Index (NGI) was



calculated for the period of 1995 to 2005. The annual normalization procedure that was applied to the data is not ideal for time comparisons in a sense that it cannot trace changes in score over time. Score values from year to year are not comparable, especially if the changes are small. Therefore, statements about how big the progress of globalization over the years is are not possible. On the positive side, however, the globalization index contains the same number of countries over the whole observed time period, which increases comparability of rankings significantly, as rankings are very sensitive to a change in number of observed cases”.

As we can see, although NGI index is difficult to calculate the changes, especially the small ones, of globalization numbers among the years, even if it can control the geographical values and has to offer two new variables which are effect social and political globalization. If time comparisons are not really pertinent, it means that we cannot examine with appropriate way, the temporal evolution of globalization for country by country. This is a true limitation.

### **GLOBALIZATION INDEX (G -INDEX)**

Globalization Index (G-Index) is a new innovative index, first published in 2001 by Randolph, which measures globalization through four dimensions: Economic, Socio-Technical, cultural and political. It calculates yearly data for 97 countries for all these dimensions and creates an overall globalization index for the period 1970-2002. “G-index has been introduced by Randolph, 2001 to measure the depth, breadth and richness of the interdependence between the national and the global economy. The major weigh of variables belongs to economic dimension of globalization. The main shortcoming of this index is partially publishing of the data (Randolph, 2001)” (Parisa Samimi, Guan Choo Lim, Abdul Aziz buang, 2012).

Although this index is created to measure globalization, it is focused almost exclusively on measuring the economic dimension of globalization as it concentrated, around 90%, on financial measurement and only 5% referred to telephone traffic and 5% to internet hosts. In determining the G-Index, the economic portion of the calculation leaned heavily toward exports (Eurostat, selected rankings, 2007). “The a priori weights of the “G-Index” lean heavily towards trade and exports, so that the components “international trade” and “service exports” make up 70% of

the overall index weight. These features are not to be at all neglected, because they raise the ranks of small trading nations that have huge (transit) trade volumes with respect to their internal economy.”(Marius C. Apostoaie, 2011). Small trading nations with high export rates, according to their GDP, are at the top places of its globalization rankings. Although, the G-index was concentrated on economic internationalization and liberalization, it was a noble first effort for a composite indicator of globalization but it was short lived and it did not updated since 2002.

### 2.3. The KOF Index of Globalization

$$\text{KOF Index} = \sum_{i=1}^n w_i \left[ \left( \frac{v_i - v_{\min}}{v_{\max} - v_{\min}} \right) \right]$$

where  $i$  indicates time periods,

$w_i$  are the weights attached to each contributing variable,

$V_i$ ,  $V_{\min}$  and  $V_{\max}$  are normal, minimum and maximum values of respective variables.

This index also separates globalization in three dimensions, political, social and economic and can give us important information for each of them and for their interplay. In comparison with the CSGR Index that also separates globalization in the same dimensions, KOF index gives more balance in their weights without the domination of the economic one. According to Axel Dreher, the creator of this index, Gaaston, Martens and Van Boxem (2010): “The overall index covers the economic, social and political dimensions of globalization. Globalization is conceptualized as the process of creating networks among actors at multi-continental distances, mediated through a variety of flows including people, information and ideas, capital and goods. It is a process that erodes national boundaries, integrates national economies, cultures, technologies and governance, and produces complex relations of mutual interdependence”.

The conceptualization of this index is based on the principle that globalization is a continuous process of opening the national and development of transnational bonding between different categories - and not only economic ones – of actors.

Even if geographic characteristics are not included in the model, KOF index is a very useful tool in order to measure globalization and its results can help us understand how globalization is behaved in our lives not only through variables that we had already anticipated such as capital, goods, technology and people but also through different variables such as ideas, information and culture.

As we have already said the KOF index is measuring the economic, the political and the social sector in order to propose a synthetic index of globalization. Each one of the three components are weighted: economic and social components have approximately the same weight: 36% and 37% respectively while the political component is limited to 26%. Even if economic globalization is very important, it is not anymore a dominant and exclusive aspect. The social aspect in which, as we will see below, the cultural proximity is integrated, is finally also important as the economic one.

More precisely, the measurement of Globalization is based on the following variables and data:

#### **A. Economic Globalization [36%]**

Economic globalization is characterized as long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges. "Economic globalization has two dimensions. First, actual economic flows are usually taken to be measures of globalization. Second, the previous literature employs proxies for restrictions on trade and capital. Consequently, two indices are constructed which include individual components suggested as proxies for globalization." (Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010)

#### **Indices and Variables Weights**

- i. Actual Flows (50%) are composed by Trade in a weight of 21% of GDP, 28% for Foreign Direct Investment and stocks, 24% for Portfolio Investment and 27% for Income Payment to Foreign Nationals (all the weights are percentages of GDP).
- ii. Restrictions that cover another 50% are consisting in Hidden Import Barriers with the weight of 24%, Mean Tariff Rate (27%), Taxes on International Trade 26% of current revenue and Capital Account Restrictions (23% of GDP).

In the two cases, we observed that the weight affected to each component is quite similar.

**Definitions for indexes and source of variables**

- i. Data on actual Flows
  - Trade (percent of GDP): Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product. Data are in percent of GDP and are extracted from the Data base of the World Bank (2011).
  - Foreign Direct Investment, stocks (percent of GDP): Sum of inward and outward FDI stock as a percentage of GDP. The source of these data is UNCTAD (2011).
  - Portfolio Investment (percent of GDP): Portfolio investment is the sum of portfolio investment assets stocks and portfolio investment liabilities stocks. Data are in percent of GDP. The source of these data is IMF (2011).
  - Income Payments to Foreign Nationals (percent of GDP): Income payments refer to employee compensation paid to nonresident workers and investment income (payments on direct investment, portfolio investment, other investments). Income derived from the use of intangible assets is excluded. Data are in percent of GDP. The source of these data is World Bank (2011).
- ii. Data on restrictions
  - Hidden Import Barriers : The rating declines toward zero as the mean tariff rate approaches 50%.
  - Taxes on International Trade (percent of current revenue): Taxes on international trade include import duties, export duties, profits of export or import monopolies, exchange profits, and exchange taxes. Current revenue includes all revenue from taxes and non repayable receipts (other than grants) from the sale of land, intangible assets, government stocks, or fixed capital assets, or from capital transfers from nongovernmental sources. It also includes fines, fees, recoveries, inheritance taxes, and non recurrent levies on capital. Data are for central government and in percent of all current. The source for these data is World Bank (2011).
  - Capital Account Restrictions : In order to have data for proxy restrictions on the capital account, an Index, which was constructed by Gwardney and Lawson in 2002, was used.

## **B. Social Globalization [37%]**

Social globalization, expressed as the spread of ideas, information, images and people. It is used to capture the interaction among people in different countries. “The KOF Index classifies social globalization in three categories. The first covers personal contact, the second includes data on information flows and the third measures cultural proximity.” (Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010).

### **Indices and Variables Weights**

- i. Data on Personal Contact (34%) are composed by Telephone Traffic (outgoing traffic in minutes per subscriber) in a weight of 25%, 4% of GDP for Transfers, Foreign Population in a weight of 21% of total population and International Letters in a weight of 25% per capita.
- ii. Data on Information Flows (35%) are composed by Internet Users in a weight of 33% per 1000 people, 36% per 1000 people for Television (television subscribers, telephone mainlines and radios) and Trade in Newspapers in a weight of 32% of GDP.
- iii. Data on Cultural Proximity (31%) are consists Number of McDonald’s Restaurants in a weight of 44% per capita, 45% per capita for Number of Ikea and Trade in books in a weight of 11% of GDP.

### **Definitions for indexes and source of variables**

- i. Data on Personal Contact
  - Telephone Traffic International: International voice traffic is the sum of international incoming and outgoing telephone traffic (in minutes per person). When fixed and mobile traffic is not available, fixed traffic is used. The source for these data is Telecommunication Union (2011).
  - Transfers (percent of GDP): Sum of gross inflows and gross outflows of goods, services, income, or financial items without a quid pro quo. Data are in percent of GDP and the source for them is World Bank (2011).
  - International Tourism: Sum of arrivals and departures of international tourists as a share of population. The source for them is World Bank (2011).

- Foreign Population (percent of total population): Foreign population is the number of foreign or foreign-born residents in a country. Data are in percent of total population and the source for them is World Bank (2011).
- International letters (per capita) Universal Postal Union, Postal Statistics database: Number of international letters sent and received per capita.

ii. Data on Information Flows

- Internet Users (per 1000 people): Internet users are people with access to the worldwide internet network. The source for them is World Bank (2011).
- Television (per 1000 people): Share of households with a television set. The sources for these data are World Bank (2007), International Telecommunication Union (2011).
- Trade in Newspapers (percent of GDP) United: The sum of exports and imports in newspapers and periodicals in percent of GDP. The source for these data is Nations Commodity Trade Statistics Database (2011). Data are provided by Statistical Division of the United Nations and correspond to those published in the U.N. World Trade Annual.

iii. Data on Cultural Proximity

- Number of McDonald's Restaurants (per capita): There were various sources for the number of the restaurants located in a country.
- Number of Ikea (per capita) . Also various sources.
- Trade in books (percent of GDP): The sum of exports and imports in books and pamphlets in percent of GDP. The sources for these data are UNESCO (various years), United Nations Commodity Trade Statistics Database (2011). Data are provided by the Statistical Division of the United Nations and correspond to those published in the U.N. World Trade Annual. (Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010)

The KOF Index includes some cultural indicators in the social globalization sub-index. The indicators that have been included are the number of McDonald's restaurants per capita, the number of Ikea outlets per capita and the number of

books traded as a percentage of GDP. This sub-index can indicate the extent to which cultural globalization matters for economic and social phenomena.

### **C. Political Globalization [26%]**

Political globalization, characterized by a diffusion of government policies. “To proxy the degree of political globalization, the number of embassies and high commissions in a country, the number of international organizations in which the country is a member and the number of UN peace missions a country participated in are used.” (Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010)

- Embassies in Country (25%)
- Membership in International Organizations (28%)
- Participation in U.N. Security Council Missions (22%)
- International Treaties (25%)

#### **Definitions for indexes and source of variables**

- Embassies in Country Europe World Yearbook (various years): Absolute number of embassies in a country.
- Membership in International Organizations CIA World Factbook (various years): Absolute number of international inter-governmental organizations.
- Participation in U.N. Security Council Missions Department of Peacekeeping Operations, UN: Personnel contributed to U.N. Security Council Missions per capita.
- International Treaties United Nations Treaties Collection: Any document signed between two or more states and ratified by the highest legislative body of each country since 1945. Not ratified treaties, or subsequent actions, and annexes are not included. Treaties signed and ratified must be deposited in the Office of Secretary General of the United Nations to be included. (Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem, 2010)



### **Advantages of KOF index over the other indexes**

Every year the researchers of the Swiss Federal Institute of Technology in Zurich try to update the KOF index with additional variables and options that can give us data from more countries and with better results. For example, the 2012 index introduces an updated version of the original index, employing more recent data than has been available previously. In addition to three indexes measuring these dimensions, KOF index can calculate an overall index of globalization and sub-indexes referring to actual economic flows, economic restrictions, data on information flows, data on personal contact and data on cultural proximity.

The KOF Index of globalization is able to calculate with 24 variables in comparison with A.T Kearney index ( 12 variables), CSGR (16), Maastricht (11),NGI (21) and G-Index (6) which means that can give us more options and more clear results. Also, the database of the KOF is the larger among the others because can produce data for 158 countries, while A.T Kearney includes only 64 countries, CSGR 96 countries, Maastricht 117, NGI 70 and G-Index 97. In addition, KOF index of globalization can produce data for more years than the other indexes, as it can calculate for the period 1970-2012 (CSGR from 1982, Maastricht from 2000 to 2008, NGI 1975-2005 and G-Index 1970-2002 without any further update). It can give the possibility to study the changes of globalization over the years and to compare the results of a country with others in comparison with NGI that cannot include small changes in calculation and comparison between countries and years . Globalization indices data can enter the higher levels of the index even if the value of a sub-index is not reported due to missing data by employing the weighted individual data series instead of using the aggregated lower-levels. Some benefits of KOF were stated also by Parisa Samimi, Guan Choo Lim and Abdul Aziz Buang (2011) "...it can concluded from the table that KOF is the best index for measuring globalization based on some feature of it. The first one is that it measures the level of trade and all types of foreign capital as well as restriction on them. The second one is that it measures social and political dimension of globalization more comprehensive than other indexes (to see detail of indicators Dreher 2005). The last one is that it calculated for large number of countries and longer period."

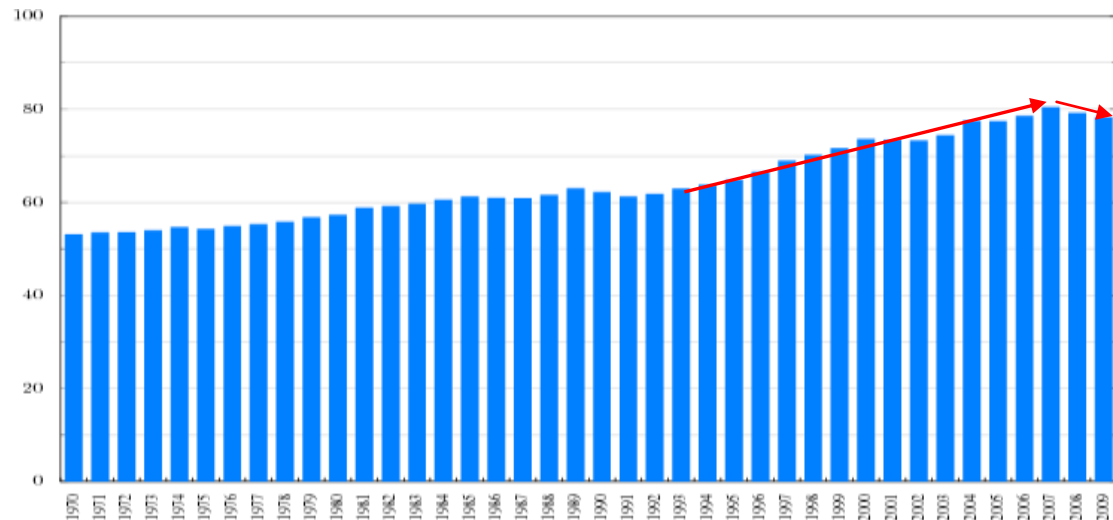
Finally, the most important difference that KOF has with the other indexes is that economic dimension of globalization is not the dominant sector, it has the same weight with social dimension, while this is the opposite in the others ( A.T Kearney, CSGR, G-Index) having as result the creation of weird rankings with small countries ranked in high positions due to high FDIs and open trade. Of course we could say that in some specific cases the results that KOF has produced at first are seemed to be also weird as for example If we observe the results of KOF Index of globalization in Tables 6, 7, 8 and 9 in the appendix we can see that although Belgium has not taken the top place in any of the three dimensions, it is ranked the world's most globalized country from 2001 to 2009; but in that case the reason that KOF gives these results it is probably not a mistake in the variables or the calculation but it is due to the singularity of the object (Belgium) and the connectivity that it has developed with the rest of the world ( Belgium is the centre of the European Union and its operations).

### **Disadvantages of KOF**

As observed for other indexes as well, extreme outlying observations and missing values could sometimes lead to unclear results. This is a quite inescapable fact with synthetic index based on so numerous (24 variables) and different components. The most important critic that can be done is the difficulty to adjust this index with the geographic characteristic of the countries. In other terms, natural handicaps are not taken into account.

As regards the economic globalization of Europe during a period of 39 years, 1970-2009 (Graph 1), we observe a general growing trend.

Graph 1: Economic globalization of Europe (1970-2009)

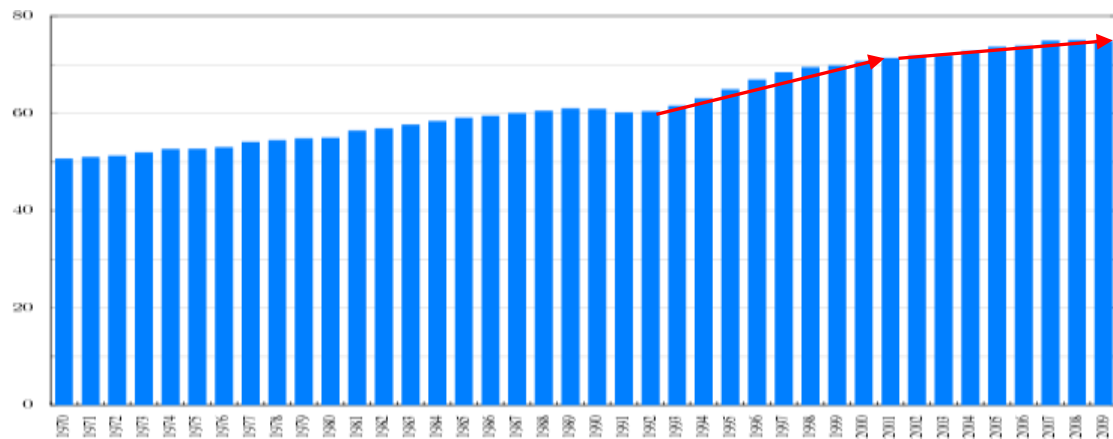


Source: <http://globalization.kof.ethz.ch/>

The most important thing to observe during the decade 2000-2009 that we study is that although there are some small exceptions, in 2002 and 2004, the European economic globalization followed a normal upward trend with higher peak in 2007. The financial connectivity of the European countries and the existence of the Euro, a strong currency, drove this trend upwards. In the last 2 years, 2008 and 2009, probably due to the global economic crises, Europe faced a lightly descending trend which corresponds to the premise of the crisis.

Considering the social globalization of Europe during the same years (Graph 2), we also observe a positive trend for all the period.

Graph 2: Social Globalization of Europe (1970-2009)

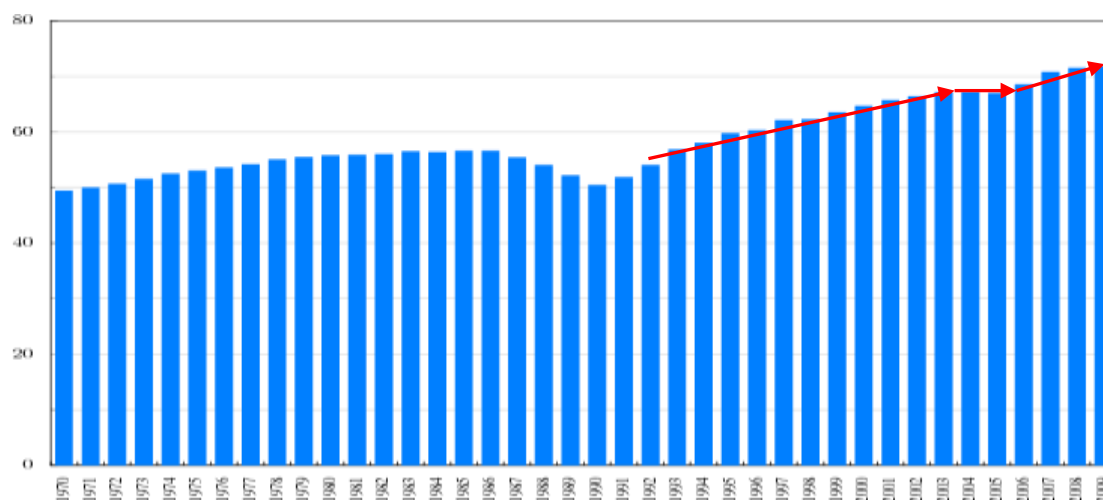


Source: <http://globalization.kof.ethz.ch/>

In Graph 2 we can see the social globalization of Europe during the same years. The difference with economic globalization, graph1, is that social globalization presents less decreasing periods and we could say that it is characterized by a continuously increasing trend with smaller of course rate from 2006 to 2009. This is of course natural because technology (in Transportation and in Media), especially nowadays, is developing with high rates every day. More and more people travel abroad with developed transportation means frequently or are able to communicate with citizens of other countries and learn faster news from the world through new or updated means of communication (Internet/ Skype, smart phones) and information (Internet, Press and e-Press, magazines, television and radio). Also, the cultural variables that KOF is using (McDonald's Restaurants and IKEA) tend to increase continuously establishing more branches in more counties.

Also, political globalization presents a continuously increasing trend (graph 3) during the years that we study in higher rates than previous decades and with some similarities with the social globalization.

Graph 3: Political globalization of Europe (1970-2009)



Source: <http://globalization.kof.ethz.ch/>

However we can observe a slightly sustainability during the years 2004-2005 and in contrast with economic and social globalization, political integration in Europe seemed to be in higher increasing rates, than before, at the last 3 years of the decade, 2007-2009. The development of the European Union during these years and the effect that one country member has to another has boosted the political integration. In addition, even the countries that are not member of the EU are in cooperation, as possible it can be, with European Union when they practice politics which effect Europe. As we can see, especially after 2006, the trend touches very high values. During these years (2007-2009) the global financial crises reached Europe and all European countries tried to cooperate in order to surpass it with the operation of many politics with financial and social background (they are still trying for this matter). This continuous contact among the political power of the European countries was, probably, the reason of the trend's process. The sustainability in 2004-2005 maybe it is due to the absence of reasons in that period for greater cooperation and interaction.

## 2.4. A brief comparison between the indexes of globalization

After the analysis of the KOF Index of globalization and the alternative ones, it is important and necessary to present some compared data in order to observe the differences that we referred previously. At first we chose using the data of 2004 because the specific year is in the middle of the period that we study, 2000-2009, so it presents data which can operate as “average” rankings expressing the main image of the decade. Also the specific year constitute a very good example due to the existence and the successful access of the data from all the indexes except NGI that only the data from 2005 were available. We exacted ourselves the data from the KOF index easily using the “Query Index” in the official site and we collect from former publications the CSGR’s data in the official site of Warwick University. The rest of the them were collected through other studies which were published at the past because the official publications were not obtainable any more due to the updates (A.T Kearney) or the range of the indexes ( G-index was not updated after 2002 so it would not present a good example and NGI’s last results were at 2005).

Table 1: Globalization rankings for 2004 from 5 indexes

Rank	KOF	CSGR	Maastricht	A.T Kearney	NGI (2005)
1.	Belgium	Singapore	Switzerland	Ireland	Ireland
2.	Netherlands	Belgium	Belgium	Singapore	Switzerland
3.	Austria	Canada	Austria	Switzerland	Netherlands
4.	Denmark	United Kingdom	Ireland	Netherlands	Belgium
5.	Sweden	USA	Netherlands	Finland	Malta
6.	Switzerland	Austria	United Kingdom	Canada	Cyprus
7.	Singapore	Sweden	Czech Republic	USA	Iceland
8.	Canada	Switzerland	France	New Zealand	United Kingdom
9.	Finland	France	Sweden	Austria	Austria
10.	Portugal	Denmark	Hungary	Denmark	Sweden
11.	Ireland	Ireland	Germany	Sweden	Denmark
12.	United Kingdom	Germany	Spain	United Kingdom	Canada
13.	Czech Republic	Italy	Denmark	Australia	Norway
14.	Hungary	Malaysia	Kuwait	Czech Republic	Estonia
15.	Spain	Finland	Canada	France	France

Source: <http://globalization.kof.ethz.ch/>, <http://www2.warwick.ac.uk>, Petra Vujakovic (2010), Marius C. Apostoaie (2011)

In Table 1 are presented the top 15 rankings of globalization for 2004 from 5 indexes. As we can see there are various differences between the results many of whom came of the specific characteristics of each index. For example, the existence of Malaysia in CSGR, New Zealand in A.T Kearney and Iceland in NGI shows the fact that the size of countries is important and the effect of economic dimension over the others in the overall globalization's results (smaller countries in higher rankings). In addition, it is surprising that Spain is among the top 15 only in KOF and in Maastricht index and USA only in CSGR and A.T Kearney index. Also it is weird enough that although Belgium, the most globalized country today, is in the top 4 places in most indexes, there is nowhere in the A.T Kearney, as Netherland in CSGR Index, but on the other hand interesting is the presence of Kuwait in the 14<sup>th</sup> place in the Maastricht index.

Of course different variables create different results, that is why it is difficult to find absolute similarities between the results, although there are countries such as Austria, Denmark and Switzerland that are around the same places, approximately, in all indexes. These examples are having very important role in order to understand practically the differences that can cause small changes in the variables which are calculating. With more specific and unambiguous variables we can achieve more real results.

## CHAPTER 3

### THE MODERN GLOBALIZATION

#### 3.1. Present meaning

In this study has been already described the evolution of globalization through the ages until 19<sup>th</sup> century. The most interesting thing to observe is the shape that it took in the recent years and especially after WWI and WWII that originally this phenomenon made its appearance as “globalization”. Reduction of trade tariffs, free borderless markets, and technological achievements that cause outburst in communication such as phones, computers and fibre-optic network, brought people of the world closer and made our lives easier.

According to the promoters of globalization, the optimists or positive globalists as David Held (2000) call them, globalization is the source of various positive things that have happened in our world. The potential of stretched social relations to improve the quality of life, the chance to come closer one to another and share our culture, ideas and understandings, the increase in living standards and the sense that we all belong to a global community that gives us responsibility over our global-home, are positive results of globalization. In addition, in order to encounter global crises such as for example global pollution, we have to take our share of responsibility and act through co-operations, as to reduce our unsustainable levels of consumption, and with technological help to outreach them. In the same way about the positive effects of globalization moves Joseph Stiglitz. According to him, the opening of international trades helped countries led to faster development, through increase in their exports, and finally in economic growth, which was the core of the industrialization and helped people live better. In addition international corporations, such as Nike, through the offering of factory-jobs in many people around the world, gave the potential of an income's increase and improvement of their living standards. Furthermore, the most important thing is that there was globalization in information, as more and more people got access to knowledge that could not have before. Also, globalization may have hurt localization from the view that open trades led to foreign industries and imported products prevailed in a country's local



economy supplanting local firms and products but this also create positive results: i) Foreign direct investments helped local economy with increase of growth and incomes and with the introduction of new technologies, access to new markets and the creation of new industries. ii) Imports from less developed countries gave the potential for poor people to buy cheap products. According to Washington Consensus, growth occurs from free markets. Privatization, liberalization and macro-stability are led to the attraction of foreign direct investments which creates growth (Joseph Stiglitz, 2002). From a different angle, Simon Reich refers that all these positives effects of globalization that cause an increase in growth, have never existed so fast, with such width and so organized before. Reformation of markets and the incapability of the state have taken place in the past but without the combined accompaniment of FDIs' explosion, the spread of democratic institutions and the growth of multilateral institutionalism. "Globalization thus characterizes an intensification and linkage of a number of old processes rather than the development of a new one" (Simon Reich, 1998). Furthermore, Juan Carlos Hulk and James Levinsohn (2004) believe that although more open countries can grow faster, open trade policies may promote growth but not without some other factors such as geography, county's institutional and organization of the state.

Globalization is divided in sectors: cultural, economic, political and technological. As Massey said, we all can taste food from all over the world, our jeans and generally our clothes are from foreign firms that have created them in some place away from our county, everyday more and more people travel abroad for shopping, for work or for just fun and we all can communicate through Internet with people in every edge of our planet (Doreen Massey, 1994). Nowadays we can smoke Marlboro, eat sushi, use Windows (Microsoft), take away pizza, read Cosmopolitan, wear Nike and Adidas, watch CNN, Hollywood and Bollywood, talk in English in every place of the world (Hutton, 1997 in David Held, 2000), drive Mercenes and Toyota cars and communicate with Nokia's mobile phone and Apple's i-phones and computers, generally we are leaving in a more and more homogeneous world, as Friedman said, in a flat world.

Nevertheless, is it that true? Is globalization something so good that it only creates potentials, possibilities and chances to have a better life or there are more

that we have to learn about this global phenomenon? Are we facing the absolute defeat of localization from globalization and as a result cultures, different ideologies, languages and countries' identification will be perished and mixed in one global way of life? Or as Massey believe globalization in every shape does not promote homogeneity but in contrast it can help local development and it is highlights the unique of a place mixing different cultures, ideologies and technologies in one place and producing with that way effects which would not have happened otherwise (Doreen Massey, 1994)? It is easy for someone to understand why a global connection and a global co-operation among countries are good for better living standards and resolving problems, if we thought of it as something pure and harmless, but the truth, nowadays, prove us the exact opposite. There is no good without evil, there is Yin and there is Yang, which are holding the balance in life, so is difficult to accept globalization as something that can only produce good for people. There are many people in our world that are against this phenomenon, such as pessimist globalists, traditionalists and "transformationalists" as David Held referred, or simply anti-globalists. They thing that globalization has lost its good intentions of making better the way of our lives and instead it creates inequalities among people. As McCann said, the world is not flat but more convex than we thought (McCann, 2008). According to Anthony Giddens (1999), globalization, that is a little of Americanization, creates winners, few that live in prosperity and losers, the majority that live in misery and despair. Nancy Birdsall (2002) wrote "Today's global inequality is mostly a matter of differences between rich and poor countries in past rates of growth. That brings us back to the main argument of globalization's proponents. It is countries that have successfully entered the global market and participated in globalization that have grown most.... Globalization is not the cause but neither is it the solution to continuing miserable poverty and haunting inequality at the global level". Even the most positive effect of globalization, namely the widespread of information and knowledge, have its "dark side". Moreover, the revolution of information may have offered many new windows for new players to enter the game of globalization but some have been closed out of it. Also some economies have not managed to get their right share of this global phenomenon, remaining out of the beneficial effects. The technological and information burst,

promotes a reorganization of the world economy and not an equal level of development, despite the economically productive knowledge (Rodriguez Pose & Crescenzi, 2008). Consequently, there is a growing divide between the haves and the have-nots with increasing numbers in Third World in dire poverty (Joseph Stiglitz, 2002). Despite the promises of poverty reduction that globalized world have given during the last two centuries, the numbers of people living in poverty has increased dramatically by 100 million, and maybe more, although the total world income has increased by 2.5% annually. As for the positive theme of “FDI”, Joseph Stiglitz (2002) complements accurately that without specific protectionist policies, foreign direct investments can destroy local ones due to unequal competition. On the one hand foreign investments may offer products in lower prices from the other local competitors, but on the other hand this only temporally as when they become a monopolistic market, they raise again the prices and increase their benefits. Of course is difficult a local firm to compete in working conditions’ level and the lower costs that an international firm can offer and that is because foreign investments can produce massive amounts of products with using lower costs for labors and having the favor of governments and its policies that can more easily to corrupt (Joseph Stiglitz, 2002). In addition Kevin H. O’Rourke (2001) explained the relation between globalization and inequalities within a country as he said “...the links between globalization and within-country income distribution are ambiguous. First, globalization affects factor prices differently in different countries, for standard Heckscher-Ohlin reasons. Second, different dimensions of globalization (e.g. trade versus factor flows) may have different implications for factor prices in a given country. Third, a given dimension of globalization (e.g. capital flows) may have ambiguous effects on factor prices in a given country, depending inter alia on patterns of complementarity or substitutability between factors of production. Finally, a given impact on factor prices can have different effects on inequality, depending on the distribution of endowments across individuals”.

Many that are against globalization accuse countries of the West that are responsible of all these inequalities because they pushed poor and developing countries to remove trade barriers, but they kept their own and prevent those countries to export their agricultural products which had as a result developing and

poor countries to be in need of export income. It is hypocrisy of the West World that led to a disproportionate share of benefits on the backs of the rest of the world (Joseph Stiglitz, 2002). David Held disagree with a “flat world” referring that even entire continents such as Africa are being excluded from the benefits that globalization has to offer. That is why many areas of the world are still suffering from illnesses such as AIDS and environmental problems (David Held, 2000). The thing is that in order to be achieved a healthy and profitable global economy all the players have to play with the same rules. It is not safe to be a part of a global competitiveness without mechanisms that can protect the poor from the rich. But free markets do not have control and protective mechanisms. Economies may have been internationalized but wealth and output remain in local and unevenly distributed level. Globalization treats the world as a single open competitive market and commercial considerations dictate the location of economic activities (Paul Hirst & Grahame Thompson, 1996).

So, who are these that control the fates of the world and how they act? Are entire countries of the Western World or is something more specific? Rodriguez Pose and Crescenzi stated that the irony is that the flat world is full of peaks because in our world only large cities have the proper environment for economic agents to thrive. As in elite sports only the a few professional and chosen players can succeed in playing. Those are mainly made of multinational firms and high-flying executives (Rodriguez Pose and Crescenzi, 2008). According to this, international and multinational corporations, but also banks and powerful politicians are the Great Powers that control which direction globalization will take, always for their benefits on the backs of the rest population. So we can understand now what Paul Hirst & Grahame Thompson (1996) referred that world’s trading system is not only an “economy” with specific laws and rules but “international economy” is a mix of economical and political interactions and decisions that are shaped and reshaped by the struggles of the Great Powers. Interesting is the question that they make “Are we currently witnessing a slightly different period of turbulence after the weakening of American hegemony in the early 1970s or the formation of an entirely new global system in which economic laws finally prevail over political power and thus can eschew a guarantor?”. At the same view Nancy Birdsall writes that another negative

of globalization is the fact that offers excellent opportunity for link between free markets and corruption. Corrupted leaders load and reload their foreign bank accounts burdening their taxpayers with debt, official and private. Free markets with the absence of protectionist policies make money laundering and tax evasion easier and cause huge problems to poor countries in defending their tax system. Globalization and free markets are not the main cause of all these but they give space for human failings and the willingness to corrupt the system at a cost of poor and powerless (Nancy Birdsall, 2002). Globalization is something overvalued and a “trick-word” that Great Powers use in order to confuse people and earn more power political or economic causing many spatial and social inequalities.

New World Order or simply NWO is the main name of the plan that these powers are having in mind to set in place in order to achieve their goals, “conquering” the world in their few small hands by the power of their pockets and their “tricks”. In many ears this could be heard as a science fiction game of conspiracies but the facts do not lie and if we all have open minds maybe we can trace them faster in order to react. Every day, more and more politicians and economists around the world in their speeches they keep using a lot this word without explanation of what exactly this New World Order is. So, NWO is the maximizing of the profits for the few and the rich that control our world, by any means necessary, even increasing poverty, healthcare problems, confusion, hunger, criminality and despair. That is why, if someone cannot have some of them such as health, good living standards, food and absence of fear for his life, he will be forced to obtain them in any cost in order to maintain his existence and to save his children’s lives. Those are mainly financial costs because, especially during global financial crisis like the one that we fight at present, decrease in incomes and increase in prices of products and services, materialize our needs and transform them in power of money; who ever has it, does not encounter these problems, who does not is forced to struggle every day. Where is the Global Peace that they say that are protecting when there are wars in Middle East about oil and natural sources, when thousands of children in Africa are dying every day by AIDS and civil wars, when decent people who have lost their jobs are searching for food in the garbage and when someone becomes a killer or commits a suicide so in developing as in developed countries, because he is at the edge of the

cliff due to the current global situation? This is the domination of Economic Globalization over all the other sectors (cultural, technological and scientific) which is controlled by the Political one.

The NEP, New Economic Policy, is the keystone that promotes the globalization thesis but also is the wheel that directs, according to power's willing destination, globalization to a specific destination: more control over people; As Frank Moulaert once said "The New Economic Policy at a local level is completely in tune with the 'liberal' stance supporting the globalization thesis.....The criticisms of this policy model are well known in academic circles...Politically speaking this approach can be earmarked as undemocratic since it is controlled by a small coalition of the city hall, regional authorities, and big business. Socio-economically speaking, when applied undiluted, NEP polarizes urban labour- markets by promoting the growth of high skilled jobs in the new activities and low-paid unstable jobs in the 'service annex'....NEP has also encouraged the proliferation of the dominant culture, including global consumption patterns, media symbols, and a Western bourgeois political ethos (human rights a' L'americaine')." (Frank Moulaert, 2000).

Finally, reaching at the edge of twine, it is important to be explained who specifically are the "heads" of those Great Powers that control Globalization's governance. We are all familiar with international corporations such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank) and Organization of Petroleum Exporting Countries (OPEC). In order to understand why these organizations were established and which their role is today is necessary to dedicate some space in this paper with important information and examples about their actions.

*IMF and World Bank:* Rewarded with Nobel Memorial Prize in Economic Science economist Joseph Stiglitz proceeded in an extensive and detailed description of these two international organizations. According to him, both of them established after WWII at Bretton Woods at 1944 from UN Monetary and Financial Conference in order to have the main role for the reconstruction of "destroyed Europe and to help in future the world by preventing similar economic crisis and depressions. On the one hand World Bank was responsible to help developed and developing countries with their true development (despite the fact that most developing

countries at that age were colonies and their development was depended from the willingness of their European “masters” countries). On the other hand IMF had the responsibility, by putting international pressure to the countries that could not achieve to bring out their part in maintaining global aggregate demand, by allowing their economies to be led in financial recession, to prevent future global depression. In times of big necessity it could also give loans to countries with “weak” resources in order to help them bring in balance their financial downturn. The main reason of IMF establishment was similar with United Nations’ founding, to maintain the global economic stability (UN founded for global political stability). Very important information is that IMF reports to the financial ministers and the central banks of the governments of the world, despite the fact that it was founded with money by taxes from citizens and does not report to the people that affect their way of life. All the decisions are produced from the major developed countries and only USA has the right for veto! During the years IMF has change the way that decides and operates; from an ideology that markets could be wrong to a new one that markets are above all. At first IMF founded with the belief that it should press internationally the countries to increase their consumption, reduce their taxes and follow more expansionary policies in order to help and stimulate their economies but today it is doing exactly the opposite and provide financial help only in countries that agree with low consumption policies such as raising taxes, decreasing incomes and raising interests rates. After 1980s both of these two organizations’ roles changed dramatically. The World Bank became IMF’s “tool” and despite its original role of helping countries in need with loans of specific structural importance such as for the construction of roads, it got power to give loans for” structural adjustment” and only after the approval of IMF. So World Bank was responsible of a country’s structural policies such as trend policies, labor markets and financial institutions and IMF about a country’s economic policies such as trade deficit, monetary policies, inflation etc., but because World Bank’s responsibilities had direct effect in all these, IMF became “the Captain” that controls even World Bank’s economic policies and decisions. As Joseph Stiglitz signalize, IMF in contrary of the reason that it was established, many times through its policies cause global instability and every time that a country was

In crisis, it did not managed to stabilize its economic recession but also many times made the situation worse (Joseph Stiglitz, 2002).

*OPEC*: according to their official site, "... the mission of the Organization of the Petroleum Exporting Countries (OPEC) is to coordinate and unify the petroleum policies of its Member Countries and ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers and a fair return on capital for those investing in the petroleum industry" ([http://www.opec.org/opec\\_web/en/](http://www.opec.org/opec_web/en/), *About us, Our Mission*).

Is what they are doing today same with the reason that this organization was founded? P. Hirst and G. Thompson (1996) give one very interesting example that can shows us the true face of this organization: During the crisis of 1970s which led to floating rate monetary regime, OPEC through raise of oil prices increased the variability of the international economy by creating crises in the inflation of the advanced countries, increase in the liquidity of the countries that were members of OPEC and forced countries of the Third World borrowing large amounts of money as loans, which led them to recession and dept crisis. This has as a result recession to the advanced countries as well and to the transformation of the USA from creditor nation to a huge collector of capital in order to use it to support its trade with Japan.



### 3.2. Spatial aspects of Globalization and the relationship with Growth.

Before the analyze of the relation of globalization and growth it is appropriate to explain the truth meaning of “Growth” and to be demarcated from “Development” that many people are confuse with.

Growth is a concept that is referred in a country’s national level of output and how it can be changed by an increase in the production of different sectors (goods and services), advances in technology and also increase in the quantity of valorized natural resources. One of the common measures of Growth is the GDP. Economic growth does not include the unrecorded economy, the informal and illegal (“black”) economic activities. This measure of Growth is quite often the object of critics but as mentioned by F. Lequiller<sup>1</sup>, this is due to the fact that “we expect too much from this trusty, though misunderstood, indicator... It measure growth but not destruction”. In fact this indicator does not take into account the reduction of natural resources while it ignores the social cohesion and the environment. It is important to remember that GDP has been built in order to evaluate the expansion of output of goods and services and nothing else.

Growth is not an appropriate measure of development because this concept has a wider meaning. According to Joseph Stiglitz (2002) “Development is about transforming societies, improving the lives of the poor, enabling everyone to have a chance at success and access to health care and education.”. Development is the improvement generally of living standards on the inside of a country or an area, in every sector such as the sense of right and wrong, the life expectancy, education, healthcare, environment, organization and productivity that can lead to economic growth. Development can be described more simplified as evolution or maturity of people and system of a place/country and as Bruce G. Carruthers and Sarah L. Babb said, economic development is a fundamentally relative and quite subjective concept, in the sense that what counts as “developed” changes over time (Bruce G. Carruthers and Sarah L. Babb, 2000). In order to measure development we can use Human Development Index.

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François Lequiller is the head of national accounts at the OECD, “Is GDP a satisfactory measure of growth?”, OECD Observer, No 246-247, Dec 2004-Jan 2005

Globalization, as we have already mentioned, is a phenomenon that has involved in every sector of our lives causing positive and negative effects with the way we use it. So it would be natural to correlate it with nations' growth rate. Many studies have taken place along time in order to be unraveled the perfect bonds between globalization and growth causing the birth of two theories: the neoclassical theory considers that, by allowing a more efficient allocation of resources, openness contributes to growth and on the other hand endogenous theory considers that openness can promote growth through other ways such as diffusion of technology, exploitation of scale economies and learning by doing. At the same time, a lot of analysts consider that globalization also causes inequalities among the people of a country and among nations as well.

According to the plurality of the opinions, globalization has positive effects on growth. International competitiveness, financial liberalization and openness are imperatives of economic globalization and contribute significantly in fighting poverty and inequality promoting further welfare. Also internationalization of education, telecommunication, tourism, international organizations and common actions for global themes play important role to this.

As Alexandre Ottoni Teatini Sales underlined, scholars have reached a number of different conclusions and theories. Some of them believe that financial liberalization (openness, economic globalization) has caused increase in growth rates in most countries and others that has increased the gap between rich and poor. This means that financial integration can increase growth rates in developing countries directly through "...domestic savings, reductions in the cost of capital due to better risk allocation, transfer in technology and financial sector developments..." and indirectly through "... a promotion of specialization, inducements towards better macroeconomic and other policies and an enhancement in capital flows." (Alexandre Ottoni Teatini Sales, 2007). Also Eswar S. Prasad, Kenneth Rogoff, Shang-Jin Wei and M. Ayhan Kose (2007) are ranging along the same thing as they refer that there are directly affections in reduction in the cost of capital, transfer of technology from developed to developing countries, rise and development of domestic savings and financial sectors, which are determinants of financial growth and indirect ones that in some cases could be more important, which include production specialization due

to better risk management and macroeconomic policies and institution with lots of improvements. Although it is difficult to find the exact relationship between growth and globalization, they have analyzed many channels, direct and indirect, through which globalized economic integration can promotes growth in the developing world such as:

#### **Direct Channels**

A) **“Augmentation of domestic savings”**: When the capital flows between rich countries of the North and poor countries of the South then both of them can see this as beneficial for their development as this reduce the “risk-free rate in the developing countries. The South has an increase in investments and the North can have higher return of capital.

B) **“Reduction in the cost of capital through better global allocation of risk”**: This means that both foreign and domestic investors have the same “risk-sharing” opportunities that can help minimize risks growth can be enhanced by the encouragement that firms can show for increase in total investments This has as conclusion lowering the cost of investments because domestic stock market can become more liquid, through an increase in capital flows, reducing more the risks.

C) **“Transfer of technological and managerial know-how”**: All the countries that are part of financial globalization can attract a very large number of FDIs that can give them the opportunity to study and copy new technologies and create, through them, more new ones accompanied with better management policies and practices .Following this way, these technologies can help productivity raise and boost economic growth.

D) **“Stimulation of domestic financial-sector development”**: Entry of foreign banks. According to this, foreign banks can help a domestic economy to access in international financial markets through their participation in a country’s economy. This would have two benefits: First foreign banks can help improve the way that domestic banking system operates and second, foreign banks can increase domestic competition as they introduce new technological improvements and new financial techniques and skills.

### Indirect Channels

A) **“Promotion of specialization”**: Financial globalization could help countries to scrimp international risk sharing reducing consumption volatility. In this sense, specialization would be encouraged and growth would be raised.

B) **“Commitment to better economic policies”**: National governments many times tend to institute high taxes policies on physical capital in order to gain more income but these policies also discourage foreign investments and thus reduce growth. Financial integration can play a very important role to this as it can change the domestic financial dynamics in order to relocate capital to activities more productive and prevent the government to establish unbeneficial policies (higher taxes e. t. c. ) because, at in macroeconomic level, such practices could have negative consequences for the country under financial integration.

C) **“Signaling”**: If a country has decided to enter in financial integration level then this can signify that it is going to have more friendly policies towards foreign investments in the future. Moreover, significant removal of restriction on capital outflows could possibly leads to increase in capital inflows. Some examples could be United Kingdom, Italy, Spain, Mexico and Egypt that managed to gain more capital inflows due to removal of restrictions on outflows.

Financial globalization can give more benefits to countries if they take some specific steps such as improving governance, transparency, and financial sector regulation all at once. In addition, in countries that are financially open and positive in a more globalized economy, “relative consumption volatility starts to decline.” This can happen, especially to industrial countries, when globalized financial integration can help in development of the domestic financial sector which can help to moderate domestic macroeconomic volatility. This means that globalized economy not only helps in enhancing of growth but also helps developing countries moderate their domestic macroeconomic volatility, especially by reducing consumption volatility relative to output volatility (Eswar S. Prasad, Kenneth Rogoff, Shang-Jin Wei and M. Ayhan Kose, 2007).

On the other hand there are those (Emma Aisbett 2003, Woolcock 2001, McMurtry 2002) that believe globalization, with its current form, does not promote growth but only helps specific sectors to be increased, letting others stay in low

levels of development. This is where MNC (multinational corporations), FDI (foreign direct investments) and entrepreneurship in general have their role. They believe that globalization and the increasing size of international firms are linked to each other and that these firms have significant implications to the political institutions' and markets' operation. Many critics of globalization are referring to it as Corporate Globalization because they believe that large internationals and multinational corporations are the rulers of global economy as well as the biggest beneficiaries of globalization.

According to Emma Aisbett (2003) " The WTO and GATT Uruguay Round Agreements have functioned principally to pry open markets for the benefit of transnational corporations at the expense of national and local economies; workers, farmers, indigenous peoples, women and other social groups; health and safety; the environment; and animal welfare. In addition, the WTO system's rules and procedures are undemocratic, un-transparent and non-accountable and have operated to marginalize the majority of the world's people". In other terms if international corporations have benefits from globalization then this means that everyone else, more specific the poor and the marginalized groups, has loss. Although trade and FDIs have strong relationship with growth and growth with reduction of poverty, it is very hard for someone to prove that whatever is good for globalized corporations is bad for the poor and for the national economies. The above author considers that these world class corporations are the most beneficiaries in globalization. Although a small percentage of local economic operations (indigenous groups), such as manufacturing, agriculture, healthcare, safety and small business activities, has raised its income due to financial integration there is a higher percentage that has not but instead has lost its traditions and its way of life due to the same phenomenon. If we believe that environment is approaching some critical level of degradation and all human consumption has very high cost in natural resources, then increased consumption by the rich would lead to decreased consumption by the poor and future generations. This tendency is happening more often in poor countries, or in countries where there are weak political institutions and divided societies (Woolcock, 2001, in Emma Aisbett, 2003). In addition Emma Aisbett (2003) refers that the most "terrified" thing in globalization

is the increasing power of these multinational corporations. "The larger and richer corporations get the more political and market power they hold". For this author the primary target is international corporations increasing their profits over poor nations and its people and that these large firms can gain and use their power on every nation because the governments are under the rule of financial integration. Globalization reduces the power of the local businesses and firms, as they are operating under conditions of imperfect competition taking into account that large firms have above the normal profits, and helps globalized corporations spread their influence in every corner of the world. "The ultimate subject and sovereign ruler of the world is the transnational corporation, operating by collective prescription and enforcement through the World Trade Organization in concert with its prototype the NAFTA, its European collaborator, the EU, and such derivative regional instruments as the APEC, the MAI, the FTAA, and so on. Together these constitute the hierarchical formation of the planet's new rule by extra-parliamentary and transnational fiat." (John McMurtry , 2002, p.202, in Emma Aisbett, 2003).

In the same, more or less, way G.T. Vinig and J. de Kluijver (2007), although they argue that it is difficult to spot the exact relationship between globalization and entrepreneurship having as sample all the countries, nevertheless they refer that if we examine the low GDP countries we can observe a negative impact between globalization and entrepreneurship. That is, probably, because an increase in the operations of multinational corporations can lead to decrease of the necessity entrepreneurship in low GDP countries. Maybe the victory over information asymmetry, through the reduce of the wide spread of technology, the costs of information gathering and gaining capabilities in order for an economy to become part of the global one, is one of the firms biggest plan to obtain more power through them over smaller ones. This of course can become a double-edge knife; on the one hand there are countries which although have low globalization rates through less developed domestic industries and weak domestic policies, sparking necessity entrepreneurship and can be shielded in the competition against international corporations (Uganda, Brazil, Argentina); on the other hand countries such as Croatia, South Africa and Poland that are in the same position are not capable for something like this. This may happen because the last ones do not have the potential

to be part of the global economy without giving the opportunity for Foreign Direct investments, they lack of “global connectedness”. Of course there are countries such as USA and Canada that gain from international business attention and give opportunities to their entrepreneurship for cross-border operations and countries such as France and Singapore that without national government support, they have extremely huge effect in their entrepreneurship due to the global interest on them. Multinational corporations can boost or sink a local economy through the way that a nation can handle it, so maybe there is something else that can fulfill our picture about this relationship (G.T. Vinig and J. de Kluijver, 2007).

A very interesting analysis has been taken place by Gary S. Becker, Kevin M. Murphy and Robert Tamura (1994) that in order a country to achieve growth it is more possible to aim not to something extraordinary or complicated (such as financial integration or a part in economic globalization) but to strengthen the inner land with investments in endogenous fertility. By increase in human capital and investments in every child and every family, societies can be saved across ages and countries can switch from the first “Malthusian” equilibrium to the second “Development” one if they have established policies that promote investments and prolonged good fortune. This is why, according to their opinion, there are countries that have grown more rapidly than others. An increase in human capital and an interaction between human capital and physical capital, family size and choice over birth rates and the important role of countries’ past and luck, they believe, that maybe is the key that can open the door for growth, prosperity and an increasing rate of a nation’s power. Roberta Capello and Peter Nijkamp (2009) are moving on the same tracks as they believe that higher growth rates could be achieved by local production systems. According to them, development in local economies can reduce production and transaction costs, increase innovative capacity and improve the efficiency of the production factors. In other terms they consider that development is first of all an endogenous process which is based on strong domestic organization of production and not so much on the availability of economic resources or to the outflows of the firms. A socio-economic and cultural system is, of course, required for the success of the local productivity through various important sectors such as a decision making capacity that could lead local productivity in development,

relational skills that can be obtained from local societies in order to generate more and more knowledge on old and new sectors, strong entrepreneurial ability and organized local production factors. If local economies combine all the above together with innovation, technology, external information and knowledge then they can promote growth from inner land to outer land.

Finally, in order to summarize the previous opinions we could say that globalization is a complicated phenomenon both in use and in description. As we meet difficulties to give a successful and comprehensive definition, so we cannot say with certainty that globalization promotes exclusively growth or inequalities. The only thing that we can be sure is that the results which it produces are depending on the way we use it and under the kind of socio-economico-political circumstances that it takes places. Better conditions lead to growth but worse lead to inequalities.

Taking into account the above analysis, we propose to examine both the evolution of globalization rates and rates of growth for the European countries, during the decade 2000-2009, in order to give some responses as regards the following question: is it possible, through an empirical study, to conclude that a globalized country (high KOF index) has systematically high growth rates while at the opposite, countries with low rate of growth presents simultaneously low level of globalization?

As we can see in Table 2, during the period that we are analyzing, the decade 2000-2009, in the first top 10 places of the globalization index there are no many and exaggerated changes among the years but few that would be under discussion. The first 5 places are belonged to Belgium, Netherlands, Switzerland, Austria and Denmark till 2004 when Sweden took the fifth place after Switzerland dropped in sixth position. In the years after, till 2009, nothing changed at the top except from the sudden appearance of Ireland in second place in the year 2009.



Table 2

KOF Index of globalization of European countries 2011 (%)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Albania	39.90	43.36	46.03	47.04	47.47	48.53	50.93	53.26	55.44	58.42
Austria	90.21	90.25	89.78	90.12	89.73	90.30	90.37	91.87	91.10	90.55
Belarus	45.07	46.21	45.90	47.73	47.88	47.33	47.49	48.51	49.70	52.67
Belgium	92.72	92.37	92.30	92.24	92.17	91.95	92.14	92.78	92.83	92.76
Bosnia and Herzegovina	52.11	53.26	53.39	54.39	56.61	56.20	61.87	63.59	62.26	61.85
Bulgaria	65.30	65.44	64.69	66.79	69.20	67.73	71.41	75.07	74.42	72.50
Croatia	62.94	64.49	66.29	68.67	72.92	73.68	74.61	76.08	75.96	75.88
Cyprus	66.09	67.20	67.45	69.66	76.46	76.32	76.91	87.32	86.94	86.59
Czech Republic	80.03	81.38	82.39	82.32	84.62	85.40	85.34	86.48	86.00	85.76
Denmark	89.77	89.78	89.08	89.04	88.86	89.65	89.36	90.03	89.34	88.10
Estonia	73.50	74.25	74.65	75.35	77.17	77.29	78.65	79.58	79.86	79.34
Finland	87.24	87.13	86.25	85.90	86.76	85.17	85.67	86.62	85.70	84.34
France	83.39	82.27	82.55	82.73	83.85	83.45	84.03	84.68	84.34	84.11
Germany	81.70	81.47	82.13	82.17	81.99	82.22	82.47	83.02	82.09	81.52
Greece	74.92	79.15	78.81	80.10	80.60	80.01	80.87	82.33	82.47	81.30
Hungary	80.87	81.95	80.92	80.91	84.62	85.29	86.57	86.90	86.90	87.37
Ireland	86.75	87.23	86.30	86.26	86.00	86.88	86.19	86.48	86.01	91.95
Italy	81.82	81.21	81.04	80.74	81.45	81.29	81.16	81.85	81.34	81.02
Latvia	61.10	62.67	63.48	64.61	67.45	68.29	70.20	70.64	69.85	66.26
Lithuania	59.13	61.10	62.31	63.18	64.93	66.31	67.31	68.85	69.79	66.56
Luxembourg	79.48	80.00	80.76	81.23	82.03	80.92	80.60	86.10	85.92	86.02
Macedonia, FYR	45.02	46.12	48.35	48.75	49.22	53.61	53.36	62.76	60.49	59.71
Malta	67.36	66.33	69.03	68.90	74.33	74.30	75.47	76.19	76.08	76.39
Moldova	52.51	52.10	51.75	57.26	57.13	56.99	59.34	61.98	61.47	60.93
Montenegro	63.72	64.29	64.10	63.08	64.29	64.51	68.09	68.76	69.69	68.66
Netherlands	91.81	91.38	90.44	91.29	90.52	90.52	91.00	91.93	91.50	90.94
Norway	83.15	82.96	81.75	83.31	81.70	80.36	81.76	82.56	82.29	83.19

Poland	72.74	71.76	72.87	75.10	79.72	78.17	79.96	81.00	79.73	80.81
Portugal	80.76	81.72	80.65	81.21	86.29	85.71	86.42	87.29	86.98	86.73
Romania	60.05	60.14	60.95	61.85	65.11	67.00	66.61	75.87	75.31	74.94
Russian Federation	63.80	64.95	66.29	66.93	66.84	67.05	66.99	68.01	65.65	67.34
Serbia	51.37	51.68	59.74	63.70	64.29	58.32	66.45	68.00	68.70	68.39
Slovak Republic	72.88	74.01	72.80	72.98	80.62	82.35	83.41	83.85	84.05	83.83
Slovenia	67.96	69.33	70.02	72.43	75.97	75.77	76.94	79.05	79.37	77.66
Spain	84.34	84.79	84.46	84.77	84.06	84.67	84.94	85.55	85.01	84.36
Sweden	88.65	88.21	88.48	88.45	88.80	88.94	88.89	88.80	88.46	88.22
Switzerland	91.10	90.30	89.88	89.61	87.36	87.85	87.40	87.88	86.32	86.63
Ukraine	59.31	59.62	59.82	60.54	61.87	63.17	63.96	65.92	67.26	68.48
United Kingdom	87.04	86.58	86.53	86.90	85.96	86.45	86.16	85.99	85.62	85.53

Source: <http://globalization.kof.ethz.ch/>

It is very important to say that all these countries are well-balanced, rich, with social and economic infrastructures and developed services or well organized external trading. On the other hand there are many changes below the first top places during the years probably due to political and economic factors, such as the openness of new profitable economies with cheap labor in Central and Eastern Europe after the fall of Soviet communist system and the appearance of the global financial crises after 2007 that effected the globalized countries through their connectivity among each other. Finland, Sweden, United Kingdom, Ireland, Spain and Portugal are usually the countries that completed the first dozen in the Table 2. Some very important facts are the appearances of Czech Republic, Hungary and Cyprus among the top 10 places after 2005. During this decade Greece holding the 19<sup>th</sup> and 20<sup>st</sup> position except from 2008, before global economic crises reach its borders, which achieved to obtain the 18<sup>th</sup> position.

Table 3

GDP of European countries in U.S dollars (in billions, current prices)

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Albania	3,64	4,065	4,435	5,747	7,313	8,158	9,001	10,7	13,003	12,168
Austria	192,63	191,84	208,27	254,43	291,81	305,51	325,26	375,6	416,12	382,766
Belarus	10,418	12,355	14,595	17,825	22,716	30,21	36,962	45,28	60,752	49,209
Belgium	233,36	232,69	253,69	312,29	362,17	377,91	400,17	460	509,41	474,105
Bosnia and Herzegovina	5,554	5,784	6,711	8,477	10,123	10,909	12,361	15,24	18,512	17,049
Bulgaria	12,904	13,869	15,979	20,668	25,283	28,894	33,21	42,12	51,824	48,569
Croatia	21,508	23,049	26,544	34,162	41,021	44,803	49,882	59,37	69,887	63,442
Cyprus	9,197	9,605	10,475	13,176	15,659	16,92	18,421	21,77	25,25	23,474
Czech Republic	58,803	64,376	78,425	95,293	113,98	130,07	148,37	180,5	225,43	196,151
Denmark	160,08	160,48	173,88	212,62	244,73	257,68	274,38	311,4	343,88	311,114
Estonia	5,675	6,238	7,319	9,84	12,026	13,906	16,798	21,99	23,883	19,226
Finland	122,15	124,75	135,66	164,57	189,31	196,12	208,14	246,5	273,23	240,283
France	1331,6	1340,3	1458,2	1796,7	2055,4	2138	2259,6	2587	2842,6	2631,92
Germany	1891,9	1882,5	2013,7	2428,5	2729,9	2771,1	2905,4	3329	3640,7	3307,2
Greece	127,6	131,14	147,91	194,99	230,34	242,7	265,32	311,2	348,67	327,331
Hungary	46,386	52,72	66,391	83,537	101,927	110,32	112,53	136,1	154,23	126,631
Ireland	97,811	105,79	124,04	159,43	187,19	203,63	223,88	260,3	264,89	223,678
Italy	1107,2	1124,7	1229,5	1517,4	1737,8	1789,4	1874,7	2130	2318,2	2116,63
Latvia	7,833	8,313	9,315	11,186	13,762	16,042	19,854	28,65	33,453	25,854
Lithuania	11,501	12,22	14,238	18,698	22,656	26,1	30,24	39,32	47,552	37,076
Luxembourg	20,328	20,216	22,659	29,214	34,136	37,724	42,592	51,39	58,039	52,08
Macedonia, FYR	3,589	3,437	3,763	4,769	5,523	5,996	6,568	8,176	9,89	9,336
Malta	3,963	3,919	4,303	5,126	5,648	5,989	6,374	7,502	8,578	8,093
Moldova	1,288	1,481	1,662	1,981	2,598	2,988	3,408	4,401	6,055	5,438
Montenegro	n/a	1,16	1,285	1,708	2,076	2,261	2,698	3,674	4,541	4,152
Netherlands	386,2	401	439,36	539,34	610,69	639,58	678,32	783,7	874,91	795,937
Norway	168,29	170,93	191,92	224,89	260,01	304,06	340,03	393,5	453,97	374,757
Poland	171,26	190,42	198,21	216,81	253,02	303,98	341,67	425,3	529,4	430,521
Portugal	117,64	120,44	132,75	162,24	185,64	192,18	201,98	232,1	253,11	234,691
Romania	37,333	40,586	45,985	59,466	75,795	99,173	122,7	170,6	204,34	164,344
Russia	259,7	306,58	345,13	430,29	591,18	763,7	989,93	1300	1660,8	1222,69
Serbia	8,661	11,433	15,094	19,546	23,651	25,234	29,332	38,96	47,669	40,142
Slovak Republic	20,482	21,117	24,538	33,342	42,242	47,976	55,915	75,14	94,712	87,461
Slovenia	20,082	20,522	23,185	29,189	33,87	35,773	38,983	47,37	54,865	49,181
Spain	582,38	609,63	688,73	885,53	1046	1132,8	1237,5	1444	1600,9	1459,42
Sweden	247,26	227,36	250,96	314,71	362,09	370,58	399,08	462,5	486,16	405,783
Switzerland	249,91	254,99	278,62	325,05	362,99	372,48	391,23	434,1	503,22	492,261
Ukraine	31,262	38,009	42,393	50,133	64,884	86,183	107,75	142,7	180,12	117,227

United Kingdom	1480,1	1471,1	1614,4	1862,3	2202,5	2283,3	2448,1	2814	2657,3	2180,65
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Source: www.IMF.org

In order to understand better the changes that Tables 2 and 3 are showing us, we created Table 4 with the rankings of the European countries during these years.

Table 4  
KOF globalization rankings and GDP rankings among European countries

Country	KOF globalization rankings 2000-2009										GDP rankings 2000-2009									
	00	01	02	03	04	05	06	07	08	09	00	01	02	03	04	05	06	07	08	09
Albania	39	39	38	39	39	38	38	38	38	38	36	35	35	35	35	35	35	35	35	35
Austria	4	4	4	3	3	3	3	3	3	4	11	11	11	11	11	11	13	13	13	12
Belarus	37	37	39	38	38	39	39	39	39	39	29	28	29	30	29	27	27	27	25	26
Belgium	1	1	1	1	1	1	1	1	1	1	10	9	9	10	9	8	8	9	9	9
Bosnia and Herzegovina	35	34	35	36	36	36	35	35	35	35	34	34	34	34	34	34	34	34	34	34
Bulgaria	26	26	28	28	27	28	27	28	28	28	27	27	27	27	27	28	28	28	28	28
Croatia	29	28	27	26	26	26	26	26	26	26	23	23	23	23	24	24	24	24	24	24
Cyprus	25	24	25	24	23	23	24	7	7	10	30	31	31	31	31	31	32	33	32	32
Czech Republic	17	16	12	13	11	10	12	12	11	12	19	19	19	19	19	19	19	19	19	19
Denmark	5	5	5	5	4	4	4	4	4	6	14	14	14	14	14	14	14	14	15	15
Estonia	20	20	20	20	22	22	22	23	22	23	33	33	33	33	33	33	33	32	33	33
Finland	7	8	9	9	7	12	11	10	13	15	16	16	16	16	16	17	17	17	16	16
France	11	12	11	12	14	14	14	16	16	16	3	3	3	3	3	3	3	3	2	2
Germany	14	15	13	14	16	16	16	18	20	19	1	1	1	1	1	1	1	1	1	1
Greece	19	19	19	19	20	20	19	20	18	20	15	15	15	15	15	15	15	15	14	14
Hungary	15	13	16	17	12	11	7	9	8	7	20	20	20	20	20	20	21	22	22	21
Ireland	9	7	8	8	9	7	9	11	10	2	18	18	18	18	17	16	16	16	17	18
Italy	13	17	15	18	18	17	18	21	21	21	4	4	4	4	4	4	4	4	4	4
Latvia	30	30	30	29	28	27	28	29	29	34	32	32	32	32	32	32	31	31	31	31
Lithuania	33	31	31	31	31	31	30	30	30	33	28	29	30	29	30	29	29	29	30	30
Luxembourg	18	18	17	15	15	18	20	13	12	11	25	26	26	25	25	25	25	25	26	25
Macedonia, FYR	38	38	37	37	37	37	37	36	37	37	37	37	37	37	37	36	36	36	36	36
Malta	24	25	24	25	25	25	25	25	25	25	35	36	36	36	36	37	37	37	37	37
Moldova	34	35	36	35	35	35	36	37	36	36	38	38	38	38	38	38	38	38	38	38
Montenegro	28	29	29	32	33	32	29	31	31	29	-	39	39	39	39	39	39	39	39	39
Netherlands	2	2	2	2	2	2	2	2	2	3	6	6	6	6	6	7	7	7	7	7
Norway	12	11	14	11	17	19	17	19	19	18	13	13	13	12	12	12	12	12	12	13

<b>Poland</b>	22	22	21	21	21	21	21	22	23	22	12	12	12	13	13	13	11	11	8	10
<b>Portugal</b>	16	14	18	16	8	9	8	8	6	8	17	17	17	17	18	18	18	18	18	17
<b>Romania</b>	31	32	32	33	30	30	32	27	27	27	21	21	21	21	21	21	20	20	20	20
<b>Russian Federation</b>	27	27	26	27	29	29	31	32	34	32	7	7	7	7	7	6	6	6	5	6
<b>Serbia</b>	36	36	34	30	32	34	33	33	32	31	31	30	28	28	28	30	30	30	29	29
<b>Slovak Republic</b>	21	21	22	22	19	15	15	17	17	17	24	24	24	24	23	23	23	23	23	23
<b>Slovenia</b>	23	23	23	23	24	24	23	24	24	24	26	25	25	26	26	26	26	26	27	27
<b>Spain</b>	10	10	10	10	13	13	13	15	15	14	5	5	5	5	5	5	5	5	6	5
<b>Sweden</b>	6	6	6	6	5	5	5	5	5	5	9	10	10	9	10	10	9	8	11	11
<b>Switzerland</b>	3	3	3	4	6	6	6	6	9	9	8	8	8	8	8	9	10	10	10	8
<b>Ukraine</b>	32	33	33	34	34	33	34	34	33	30	22	22	22	22	22	22	22	21	21	22
<b>United Kingdom</b>	8	9	7	7	10	8	10	14	14	13	2	2	2	2	2	2	2	2	3	3

After we observed carefully the Table 2, 3 and 4 we reached the conclusion that the most globalized countries are not them that we thought to be when we started our research over globalization. Table 4 shows that during 2000-2009 in the top 10 places of GDP of European countries were Germany, United Kingdom, France, Italy, Spain, Netherlands, Russia, Switzerland and Sweden or Belgium (Poland took 8<sup>th</sup> place only in 2008). After we combined the results of Table 2 and 3 in Table 4 we can see that it actually does not matter if a country has high GDP rates or how large it is when we include it in globalization measurement. All the largest countries of the Europe such as Russia, Germany, France, Italy and United Kingdom found it difficult to reach or even make their presence near the first 10 places in the globalization rates. Also, among the 5 countries with the higher GDP rates during the first decade of 2000, United Kingdom and Spain tried to reach the 10 most globalized ones and only for couple of years. On the other hand, we can see in Table 2 and 4 that countries which are not among the top 5, are leading the globalization index's data, for example: Belgium that is during the whole decade first in globalization measurement, it is between 8<sup>th</sup> and 10<sup>th</sup> place in GDP rates, Netherlands are between 6<sup>th</sup>-7<sup>th</sup> place, Sweden between 8<sup>th</sup>-11<sup>th</sup> place, Switzerland 8<sup>th</sup>-10<sup>th</sup>, Austria 11<sup>th</sup>-13<sup>th</sup> and Denmark 14<sup>th</sup>-15<sup>th</sup> place close to Greece ( in 2008 Denmark was in 15<sup>th</sup> place one under Greece).

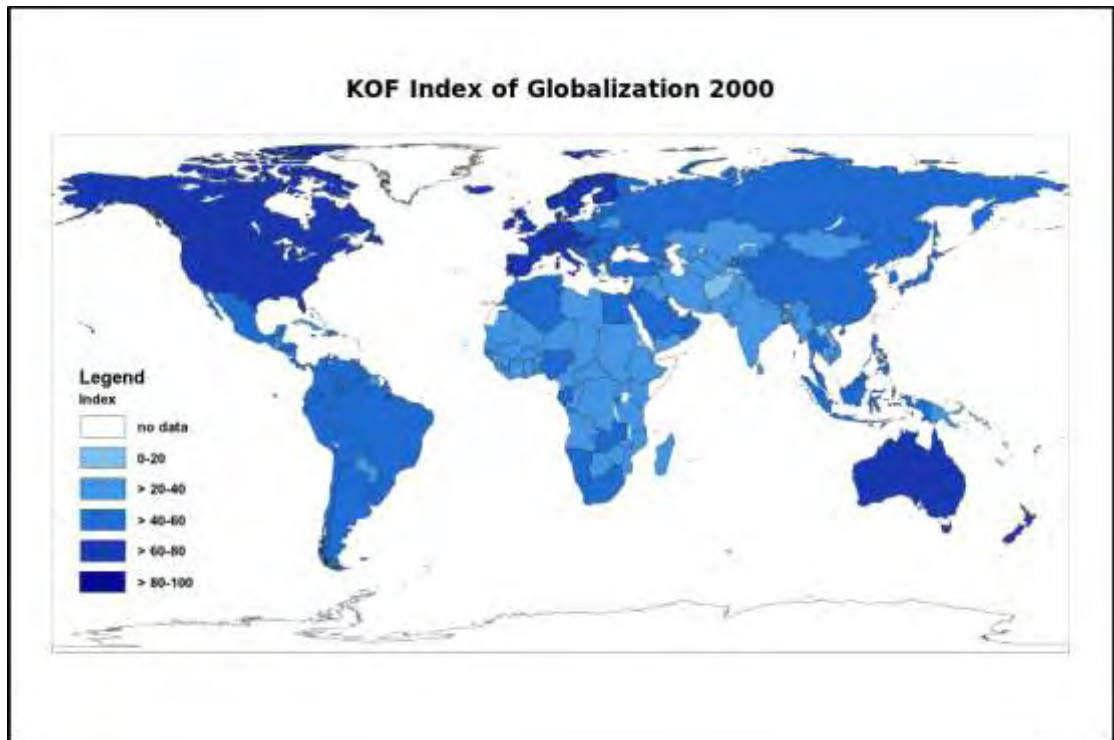
However, after analyzing Table 2, 3 and 4, we could say that all these data combined are giving us some strange and confused opinions about the results. So is

it true that small European countries are more globalized than large and wealthy countries of the entire world? Maybe the measurement is false or something else is happening? According to Petra Vujakovic, there is the critique that globalization measures do not distinguish globalization and regionalization: “To give an example, more than 70% of Austria’s foreign trade is restricted to the EU area, with about 30% of its exports and 40% of its imports flowing to and from its main trading partner – Germany” .... “A question can be posed on whether these small countries are in fact globalized or only very well integrated in their region.”. Only through trade and FDIs we could observe in details the connections of every country with the rest of the world, because trade can make large geographical distances to disappear and small distances to become unreachable: “For instance, the measured distance between USA and Mexico is larger than the one between Austria and Slovenia.” (Petra Vujakovic, 2010). Nowadays, European countries of course are open in international flows, products, services and ideas but we do not know the exact affection upon the rest of the world, according to Petra Vujakovic.

In the previous pages we referred to which European countries are more globalized and that GDP is not the main factor for their categorization. In this point it is necessary to show the process of globalization in Europe and in the world through graphs and some specific indicative examples to understand better why some countries managed to globalized more and why some others did not.

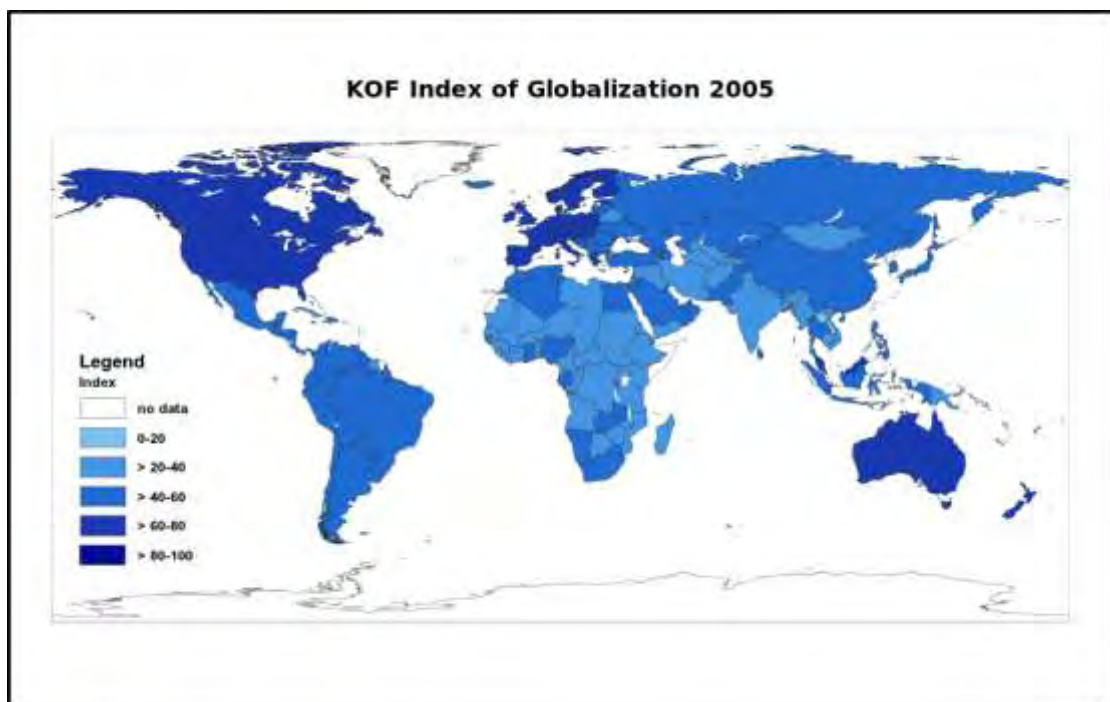
The evolution of globalization that graphic maps 1, 2 and 3 present occurred with fast rates during the years 2000-2009 reaching high values.

Graphic map 1



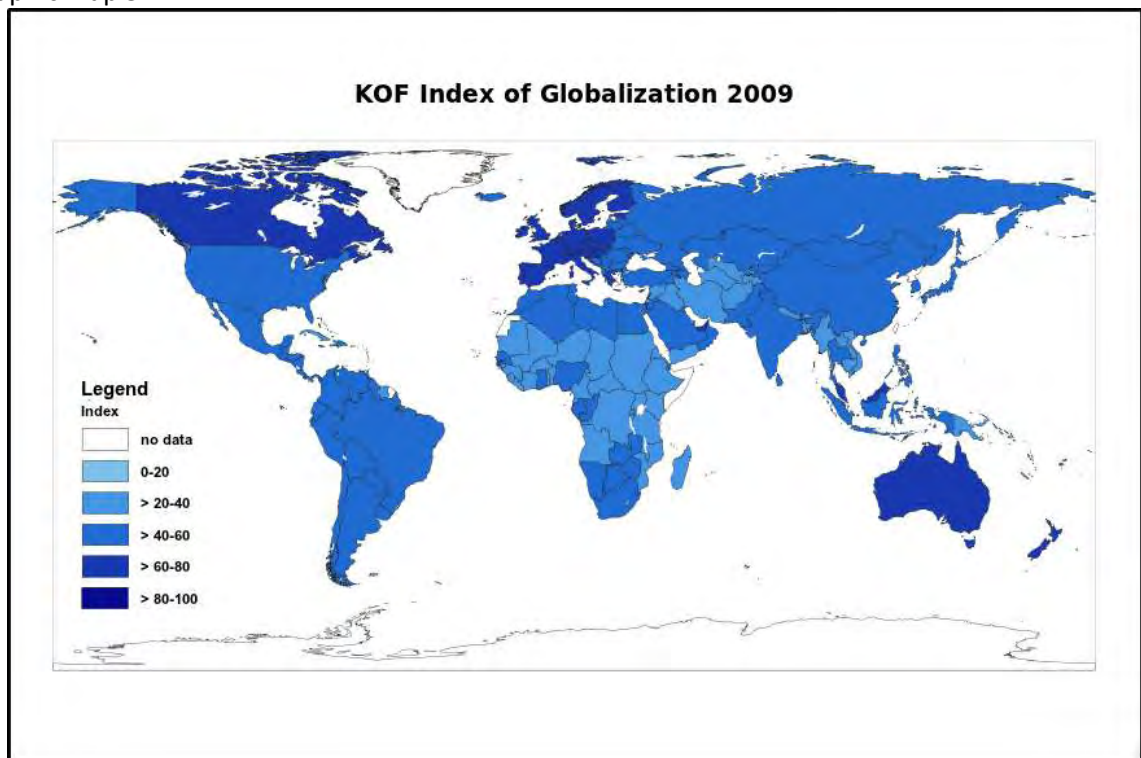
Source: <http://globalization.kof.ethz.ch/>

Graphic map 2



Source: <http://globalization.kof.ethz.ch/>

Graphic map 3



Source: <http://globalization.kof.ethz.ch/>

As we can see in Graphic maps 1, 2 and 3, there are many interesting changes in our “Global World” which have taken place during the last decade. In order to subscribe the most obvious we will separate them in two sections: A) Europe, B) The rest of the world.

**A) Europe:**

- *Greece*: It is very important to notice that Greece till 2000 was, according to Graphic map 1, in low globalization rate, specifically it is between the categories > 40-60 and >60-80 ( in 2000 its globalization rate was 74.92%). In the following maps we can see that through the next years Greece achieved to increase its globalization rate and to obtain a position among the most globalized countries in the world, having become part of the category >80-100 with globalization rate 81.30% in 2009. This continuously rising course of Greece caused by many important events such as the entry of the country in Euro zone and the acceptance of the Euro as its official currency in 2001-2002 (economic globalization) and the successful conduct of the



Olympic Games in 2004 that put Greece in the centre of the world's interest (social globalization).

- *Ireland*: The “Miracle” is a country which, although in 80s was poorer than Greece, caused the global economic interest during the decade 1990-1999, having very high growth rates and being the paradise for international corporations, which helped in the elevation of the Irish economy, due to very low taxation and cheap labor (such as Microsoft, Dell and pharmaceutical corporations from USA). In 2000 Ireland, as we can see in graph map 1, it is belong to the category >80-100, but in maps 2 and 3 has fallen in the category >60-80, although its globalization rate is 86,88% in 2005 and 91,95% in 2009.
- *Belarus*: In the graphic map 1 and 2 we can see that Belarus with globalization rate 45.07% in 2000 and 47.33% in 2005, it is in >20-40 category but in 2009 achieved to be globalized more and to enter in >40-60 category, having 52.67% in 2009. The example of Belarus is very important because it was part of the Soviet union. Eastern Europe is a special case due to its socio-politic temperament of the past. The Soviet communist system prevent FDIs entering in its societies promoting inward-oriented strategies which would create domestic accumulation of capital and domestic ownership class. Political decisions and social believes were the obstacles for the globalization of these countries. The fall of Soviet Union opened the way for Multinational Corporations to invest in new and profitable trades. Some of these examples were in Czech Republic the acquisition of Skoda by Volkswagen and investments of Fiat in Poland.

**B) The rest of the world:**

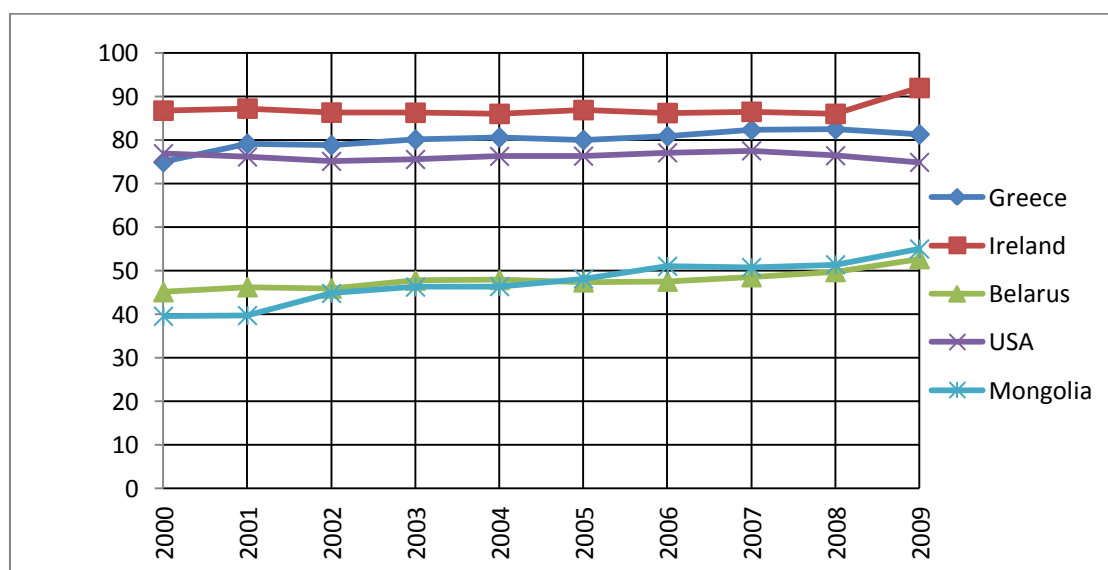
- *USA*: One of the “strongest” countries of the world. United States of America, it is always in the centre of the world's interest. As map 1,2 and 3 show, during the period 2000-2009 USA is a very globalized country which even in difficult times for its nation it keeps being part of the modern globalized world. Although its high globalization rate (76.86% in 2000, 76.29% in 2005 and 74.87% in 2009) we can see that in map1,2,3 this country is colored from dark blue, >60-80 category, to light blue >40-60 category. Maybe this is due to economic crises that began from USA through the “explosion” of the construction sector and the toxic loans (economic and political

globalization) and the results of the conduct of the wars in Middle East (Afghanistan 2001, Iraq 2003) that have changed people's opinion against USA (social globalization).

- *Mongolia*: Its globalization rate is raising steadily, from 39.52% in 2000 to 48.11 in 2005 and 54.97 in 2009. As we can see in the maps above, although in 2000 and 2005 it is in category >20-40 and it is distinguished in the middle of Asia, in 2009 climbed in >40-60. Mongolia also is an interesting example of globalization's expansion because is one of the links between Europe and Asia and because, as we already said in globalization's history (chapter 1, 1.3), Mongolia is considered by many the birthplace of globalization during "Pax Mongolica". It is natural that this specific country due to its location, between Russia and China, is having politico-economic relations with both of them. It was, also, under a communist system that prevented it to be more globalized. After the fall of the Soviet Union Mongolia failed in multinational support and a democratic system was established that till today is promoting westernization. English became people's second language and many FDIs, such as Starbucks and McDonalds, make their appearance in every corner of the country. (Jan Drahokoupil, 2008)

Graph 4 presents the process of globalization in these countries-examples during the 2000-2009. The data are presented in the Table 8 in the Appendix.

Graph 4: The process of globalization in 2000-2009 for five countries-examples(%)



We can see clearly that Belarus and Mongolia, that both of them were under the influence of the Soviet System, are around the same low globalization rates with ascending trend the last years and the others, west civilization, in high globalization rates with relatively descending trend after 2008 (except Ireland). This is of course a natural result from the openness and the modernization of new economies, such as the Central and Eastern Europe and Asia and the financial crisis in the countries of the West.

As a conclusion we could say that Europe includes the most globalized countries such as Belgium, Ireland, Netherlands, Austria, Denmark, United Kingdom, Sweden, Spain, Germany, France, Greece and more others that promote globalization all over the world. Their operations and their choices can exert influence over the rest nations in economic, political and social ways due to their globalization rate, having proportional impacts and consequences. This opinion can be easily proved by Table 8 at the Appendix of this thesis. As we can see, at the top 10 places of world's globalization index there are 9 European countries with only exception Singapore. This shows us that Europe, especially European Union, is playing the most important role about world's background, if Europe is strong then the rest of the world can be effected positively but if Europe is not going to get out of the crises which is hurting it nowadays, then the rest of the world cannot find stability and balance either. As Piening said " European Union is the world's foremost trading power, its biggest investor, its most important donor of development and humanitarian aid. It constitutes the planet's single largest market, has a GNP larger than that of the United States and its population-370 million people-puts it in third place after China and India.....to show the European Union for what it has increasingly come to be: a world power in its own right-not a superpower in the old Cold War sense of the term, but an economic power whose activities have come to have a significant effect around the globe." (Christofer Piening, 1997)

### 3.3. Globalization and corruption

Globalization has helped people to pay more attention to the way that countries are conducted their financial and political agreements and the degree of corruption that has managed to infiltrate in their social, economic and political systems ( Jayoti Das, Cassandra DiRienzo, 2009). Although globalization has increased the opportunities for corrupted operations and choices, there are many anti-corruption policies that a country can adopt in order to protect itself and become part of the global system. Lower levels of globalization indicate lower levels of corruption, theoretically, but in more globalized countries the new form of trade relationships can boost corruption more. Nevertheless, as countries continue integrating into the world economy, they can expose the weaknesses and the inefficiencies of their markets, through the adoption of anti-corrupted policies, in order to decrease the levels of corruption. Specifically, the policy makers, the leaders or the governments, have to foresee these opportunities, which will be created through the transaction in a more globalized environment and the new relationships, and try to reduce the attempts for corrupted behaviors (Jayoti Das, Cassandra DiRienzo, 2009). Also, Benno Torgler and Marco Piatti (2009) postulate “The other side of the coin shows that extraordinary wealth is also generated through corrupt activities. We find that a higher level of corruption is correlated with super-richness. It seems that in corrupt environments, wealth is often transferred into the hand of a small group of individuals. For example, experiences in Russia and Indonesia (under Suharto) have shown that a number of assets in the privatizations and expropriation process were transferred to “insiders” of the system in place. As Goldman (1998, p. 15) stresses, these people are not “Andrew Carnegies, Henry Fords, Bill Gates’ or even John D. Rockefellers”.

This specific and important aspect of globalization has lead in 1993, a group of experts to “take a stance against corruption”. They decided to create the Transparency International. This organization is based on one vision: “a world in which government, business, civil society and the daily lives of people are free of corruption”. In order to evaluate and follow the degree of corruption through the world, these experts have created an indicator: the Corruption Perceptions Index

(CPI). This index is a composite one through which countries are ranked according to how corruption in the country's public sector is perceived. It is a composite index based on surveys and assessments of corruption, collected by selected institutions whose reputation is well recognized. In Table 5 we can see the results of the index in 2009 whose data have been gathered during a period of 24 months. The higher the confidence range is the less corruption a country has. It is very interesting to combine these data with the Table 2 and understand what is the relation of globalization and corruption in Europe during the last year that this paper researched, in 2009. In order to achieve that we combined in Table 5 the results of CPI Index with the summarized rankings of 2009 in Table 4. According to Table 5, that year in the top 10 places in globalization rankings were Belgium, Ireland, Netherlands, Austria, Sweden, Denmark, Hungary, Portugal, Switzerland and Cyprus. In contrast, in corruption perceptions, in European rankings, Belgium is in 12<sup>st</sup> position, Ireland in 9<sup>th</sup>, Netherlands in 5<sup>th</sup>, Austria in 10<sup>th</sup>, Hungary in 20<sup>th</sup>, Portugal in 18<sup>th</sup> and Cyprus in 14<sup>th</sup>; only Denmark, Sweden and Switzerland are in top 3 ranks. The most important thing is that the rankings are higher for these countries in a global range ( 21<sup>st</sup>, 14<sup>th</sup>, 6<sup>th</sup>, 16<sup>th</sup>, 46<sup>th</sup>, 35<sup>th</sup> and 27<sup>th</sup> place respectively). As we observe in more detail the Table 5 we see among the others that Italy, Greece and Russia are having very high rates of corruption (63<sup>rd</sup>, 71<sup>st</sup> and 146<sup>th</sup> respectively in global rankings). After we have seen these data we could easily reach to the conclusion that globalization has no effect on corruption decrease. Countries that are having very high globalization rates in a global scale, cannot "liberated" themselves from the "corruption's slavery".

We cannot say that globalization promotes and boost the more and more increase of corruption but we could say that being globalized does not mean that a nation is pure. Having this in mind, combined with the specific circumstances that this thesis presents above in order for a nation to use globalization for good purposes (human rights, nation's welfare, boost of the inner nation), anybody can realize in which of the countries below, globalization is definitely having more distinct and trustworthy face.

Table 5

Corruption Perceptions Index 2009 and European globalization rankings 2009

Corruption perceptions 2009					European Globalization rankings 2009
Country/Territory	Global Rank	European Rank	CPI 2009 Score	Confidence Range	KOF Rank
Denmark	2	1	9.3	9.1 - 9.5	6
Sweden	3	2	9.2	9.0 - 9.3	5
Switzerland	5	3	9.0	8.9 - 9.1	9
Finland	6	4	8.9	8.4 - 9.4	15
Netherlands	6	5	8.9	8.7 - 9.0	3
Norway	11	6	8.6	8.2 - 9.1	18
Luxembourg	12	7	8.2	7.6 - 8.8	11
Germany	14	8	8.0	7.7 - 8.3	19
Ireland	14	9	8.0	7.8 - 8.4	2
Austria	16	10	7.9	7.4 - 8.3	4
United Kingdom	17	11	7.7	7.3 - 8.2	13
Belgium	21	12	7.1	6.9 - 7.3	1
France	24	13	6.9	6.5 - 7.3	16
Cyprus	27	14	6.6	6.1 - 7.1	10
Estonia	27	15	6.6	6.1 - 6.9	23
Slovenia	27	16	6.6	6.3 - 6.9	24
Spain	32	17	6.1	5.5 - 6.6	14
Portugal	35	18	5.8	5.5 - 6.2	8
Malta	45	19	5.2	4.0 - 6.2	25
Hungary	46	20	5.1	4.6 - 5.7	7
Poland	49	21	5.0	4.5 - 5.5	22
Czech Republic	52	22	4.9	4.3 - 5.6	12
Lithuania	52	23	4.9	4.4 - 5.4	33
Latvia	56	24	4.5	4.1 - 4.9	34
Slovakia	56	25	4.5	4.1 - 4.9	17
Italy	63	26	4.3	3.8 - 4.9	21
Croatia	66	27	4.1	3.7 - 4.5	26
Montenegro	69	28	3.9	3.5 - 4.4	29
Bulgaria	71	29	3.8	3.2 - 4.5	28
FYR Macedonia	71	30	3.8	3.4 - 4.2	37
Greece	71	31	3.8	3.2 - 4.3	20
Romania	71	32	3.8	3.2 - 4.3	27

Serbia	83	33	3.5	3.3 - 3.9	31
Moldova	89	34	3.3	2.7 - 4.0	36
Albania	95	35	3.2	3.0 - 3.3	38
Bosnia and Herzegovina	99	36	3.0	2.6 - 3.4	35
Belarus	139	37	2.4	2.0 - 2.8	39
Russia	146	38	2.2	1.9 - 2.4	32
Ukraine	146	39	2.2	2.0 - 2.6	30

Source:

[http://archive.transparency.org/policy\\_research/surveys\\_indices/cpi/2009/cpi\\_2009\\_table](http://archive.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table)

## **CHAPTER 4**

### **CONCLUSIONS**

We could say that there are various reasons why some countries are more globalized than others which cause positive or negative effects in the inequalities among them. Of course it is very important to understand why smaller European countries are more globalized than larger ones and maybe we can find the solution of this problem in every country's data, for example some countries have been placed in high rankings due to their social globalization, such as Greece and Croatia with their tourism, or due to their economic, such as Sweden, Netherlands, Switzerland or political globalization, such as Belgium, but it is more important to find the solution about the bad face of globalization in order to make the inequalities disappear.

On the other hand, despite the good and positive results that globalization's effects could have for the prosperity and the development of our world, dangerous economic policies from specific international organizations, namely from few "dangerous" minds, managed to take advantage of it and its power in order to promote only their benefits and transform this phenomenon into their ultimate wealthy weapon. Corruption is the steering wheel that make globalization create a few beneficiaries and many losers. As we saw in this paper globalization indeed under the right circumstances can promote growth and welfare but under others creates inequalities. Despite the range that globalization has taken in a nation's society does not mean that this nation is well-organized, rich or pure, it simply means that has a strong sector that allows it to make a good communication system with the near nations (regionalism) and good relationships with the rest of world, that together give as results the globalization rates. As conclusion we could say that although it is obvious the fact that inequalities are definitely among people, societies and nations causing benefits and suffer simultaneously to different part of this world, we cannot accuse all the blames to international and multinational corporation neither to globalization itself. As Ding said "Globalization presents both benefits and risks for a nation. The extent of these benefits and risk depends on



domestic policy” (Ding, 1998, in G.T. Vinig and J. de Kluijver, 2007). Financial globalization could be a phenomenon that could cause more and more good in our world if there was not any kind of corruption among people. Good macroeconomic policies, right domestic political institutions, good domestic governance and transparency of government operations can lead a nation to growth. That is because a country which already has achieved these important conditions can attract easier and more comfortable foreign direct investments. Through the establishment of a strong domestic market and a rightful financial system countries can promote growth without fearing the power of globalized corporations. Corruption has a strongly negative effect on foreign direct investments inflows and can sabotage a nation’s decisions and operations. According to our opinion every country has to find its own pace and way to become eventually part of globalization without becoming slave of FDIs and corporations. This paper has no intention to give advice to countries to revert in an archaic form of economic and social isolation but in order to open their markets and their systems to the world, protectionism must be taken and an organized and good background must be created. So if we believe that due to the ongoing of information, technological achievements and managerial advices we cannot avoid a certain amount of globalization, then we have to understand that in order to protect ourselves from the ugly face of the globalization, nowadays, a certain amount of actions have to be taken such as: control of corruption and change of weak policies, progress of transparency, the ability and skill to supervise our financial system and rule of law. In this “fight”, international corporations show political and economic power in order to take full advantage of the recourses and lives of the poor, having as their ally the phenomenon of globalization.

However, although they have the ability to manipulate better globalization according to their benefits, they can be beaten because people have the power to protect appropriately themselves and to invert the chances of globalization’s manipulation with many ways. A very simple example is that countries could control the inflows (products, knowledge, services) in such ways that they could manage amount and the kind of inflows that enter into their boards. Simultaneously, they could give in domestic firms the necessary support to produce local products and services that do not need to be imported but, in a better way, they can be exported

too. For example, in Greece they could reduce the import of Coca Cola's and Fanta's amount of refreshment drinks, German /Austrian/French/Chinese beers and Italian olive oil and could give boost and support for domestic products with similar use such as Epsa's refreshment drinks, Fix's beers and Greek olive oil. In such way, some local firms would be able to stand in a globalized competition and to support a nation's economic status, creating a strong and durable economic level in the country that could promote growth from inside to outside, without the existence of a "globalized corporate" danger.

So, eventually, globalization is not good or bad, advantage or disadvantage but it can be characterized only by the policies and the decisions that few can take. Globalization is a slave of modern capitalism, in which anyone who has power, financial or politic, in order to govern and control people's lives according to his willingness, use it by all means and without hesitation on the world's back. As Joseph Stiglitz said, we cannot go again in the pre-globalization era so we have to force it to work for the benefits of everyone. We can do this with the establishment of global public institution that would have a more humanistic orientation, which could take care and defend the needs of the majority and would be out of the range of corruption. Only under these circumstances could the "Globalization" fulfill its original reason of her creation, that is to bring people closer, to promote development without inequalities and to benefit first the whoever needs to and after the ones that do not. Globalization was always a double-edged knife in the hand of humans' societies; someone with a knife can cut an apple or kill a man, it is in his decision after all. So, in order to protect our lives, our families and our global home, we have to try changing the way we thinking and acting and take the proper decisions when we need to. Globalization is humanity's creation for connectivity, growth, profit and better way of life but has years now lost its purpose of existence due to inequalities and unfair treatment that many people have suffered and are still suffering from that were caused by wrong use of this phenomenon by its own creator that preferred corruption over right and justice and pure profit over the lives of some of our own kind. This is why in this paper globalization is believed to be something bad and untrustworthy for our world and we would be relieved if it just stop to evolve more in the years that are coming.

In other words, if we all realize in what fake world we truly live and who are those that are playing with our lives, then our fate will be in our hands, if we achieve to obtain it from them by chasing our dreams and wiping out everything that cause us suffer in the past. Only then the new generations can transform this damaged world into a paradise.

## APPENDIX

Table 6

KOF Index of economic globalization of the European countries 2000-2009

Code	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ALB	Albania	33.54	37.50	40.92	41.78	45.25	45.22	49.86	54.19	59.24	65.44
ADO	Andorra	.	.	.	.	.	.	.	.	.	.
AUT	Austria	88.04	87.90	87.32	87.69	87.32	87.20	87.00	89.36	87.55	85.97
BLR	Belarus	47.84	46.71	44.36	43.28	44.50	41.94	42.32	41.55	42.08	46.66
BEL	Belgium	94.96	94.68	94.26	94.13	93.60	92.68	91.79	92.49	92.29	92.15
BIH	Bosnia and Herzegovina	51.06	51.75	51.22	52.15	55.68	52.19	65.75	68.46	64.79	61.49
BGR	Bulgaria	62.99	62.46	59.09	63.39	70.79	65.60	74.04	81.49	77.50	75.17
CHI	Channel Islands	.	.	.	.	.	.	.	.	.	.
HRV	Croatia	55.28	56.65	59.68	64.24	71.69	72.35	74.17	75.49	74.02	72.87
CYP	Cyprus	66.24	67.86	68.67	73.54	87.22	86.59	86.80	87.67	86.54	85.84
CZE	Czech Republic	78.28	78.81	81.00	80.14	86.37	87.31	85.94	87.47	85.81	86.32
DNK	Denmark	91.76	90.69	90.17	89.24	88.49	89.55	88.86	90.23	88.80	86.00
EST	Estonia	86.66	87.24	87.93	88.95	90.94	91.04	90.34	91.16	89.77	88.39
FRO	Faeroe Islands	.	.	.	.	.	.	.	.	.	.
FIN	Finland	89.24	88.44	87.31	86.46	86.39	86.12	86.80	87.73	86.49	83.26
FRA	France	73.74	70.52	71.54	72.04	74.79	73.02	74.44	75.11	73.39	72.41
PYF	French Polynesia	.	.	.	.	.	.	.	.	.	.
DEU	Germany	77.47	75.90	76.50	76.75	75.89	75.56	76.04	76.49	74.34	72.51
GRC	Greece	76.77	73.96	71.04	74.65	75.35	73.70	75.10	76.80	75.87	74.01
HUN	Hungary	79.91	82.96	80.68	79.23	89.28	88.51	89.55	89.70	88.67	90.50
ISL	Iceland	75.48	75.78	72.90	77.30	78.23	77.62	80.23	79.43	78.07	76.24
IRL	Ireland	96.69	96.67	94.54	94.39	94.59	94.80	92.75	93.48	92.58	93.27
IMY	Isle of Man	.	.	.	.	.	.	.	.	.	.
ITA	Italy	79.84	77.72	76.69	75.44	77.63	76.91	76.59	77.68	76.18	75.18
LVA	Latvia	67.38	70.71	71.84	73.30	78.22	78.90	80.18	81.44	79.55	68.59
LIE	Liechtenstein	.	.	.	.	.	.	.	.	.	.
LTU	Lithuania	67.69	71.23	72.59	74.12	76.27	78.31	79.21	81.76	79.27	70.83
LUX	Luxembourg	97.64	97.64	97.16	98.04	98.87	95.91	94.10	94.35	94.33	94.62
MKD	Macedonia, FYR	48.22	47.95	51.44	53.62	53.85	63.95	60.20	69.81	63.79	62.22
MLT	Malta	76.51	73.20	79.82	78.86	91.40	91.44	91.48	91.59	91.74	92.22
MCO	Monaco	.	.	.	.	.	.	.	.	.	.
MNE	Montenegro	69.85	71.42	70.90	68.11	71.42	71.77	80.59	84.01	85.75	82.53
NLD	Netherlands	96.08	94.36	93.31	94.61	93.40	92.91	93.00	93.63	92.34	91.90

NCL	New Caledonia	.	.	.	.	.	.	.	.	.	.
NOR	Norway	82.23	81.02	77.08	81.24	76.78	73.30	76.26	77.36	75.43	77.02
POL	Poland	58.23	55.07	57.86	62.27	74.24	69.08	72.30	75.27	71.66	73.96
PRT	Portugal	82.67	84.65	81.49	82.18	83.41	82.76	84.13	84.16	83.71	83.53
ROM	Romania	51.33	50.48	51.67	53.39	61.67	65.10	61.66	71.88	69.64	69.19
SMR	San Marino	.	.	.	.	.	.	.	.	.	.
SRB	Serbia	51.32	50.47	50.92	52.60	53.95	54.95	57.48	60.43	62.61	60.41
SVK	Slovak Republic	71.12	71.39	66.91	66.67	85.68	84.53	85.87	85.82	84.75	84.06
SVN	Slovenia	64.34	65.12	65.92	71.61	76.76	77.23	78.67	82.31	81.97	77.47
ESP	Spain	81.37	81.30	80.65	81.31	79.20	79.82	79.95	81.06	79.24	78.74
SWE	Sweden	89.99	89.01	88.55	88.44	89.00	89.33	89.02	89.40	88.84	88.97
CHE	Switzerland	90.78	88.16	87.47	86.88	80.86	82.28	80.94	81.78	77.63	78.38
TUR	Turkey	57.47	59.71	56.93	59.19	61.06	61.79	59.43	60.38	56.12	59.25
UKR	Ukraine	55.32	50.95	51.90	51.07	54.00	56.24	57.48	60.55	62.70	67.38
GBR	United Kingdom	81.11	79.65	79.28	79.70	77.77	78.85	78.59	78.09	77.22	77.73

Source: <http://globalization.kof.ethz.ch/>

Table 7

KOF Index of social globalization of the European countries 2000-2009

Code	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ALB	Albania	31.43	35.00	38.35	37.88	35.12	37.03	38.18	39.52	40.05	40.15
ADO	Andorra	74.16	74.05	73.95	73.89	74.50	75.08	75.46	75.84	75.84	76.26
AUT	Austria	87.36	87.61	87.23	87.77	87.29	88.75	88.94	90.64	90.16	90.28
LR	Belarus	48.29	51.52	52.88	57.56	57.17	57.43	56.72	57.37	57.59	60.91
BEL	Belgium	89.08	88.43	88.85	88.82	89.14	89.45	89.22	89.46	89.64	89.74
BIH	Bosnia and Herzegovina	46.55	45.89	46.65	47.49	49.33	50.39	50.16	50.59	50.40	51.41
BGR	Bulgaria	52.43	53.13	54.24	55.28	55.24	56.84	57.60	59.85	60.70	60.08
CHI	Channel Islands	.	.	.	.	.	.	.	.	.	.
HRV	Croatia	66.54	66.81	67.44	68.09	69.56	70.28	69.87	70.56	70.79	71.20
CYP	Cyprus	73.29	73.91	74.40	75.18	78.57	78.11	78.38	92.54	92.19	91.75
CZE	Czech Republic	79.56	80.17	80.73	80.98	81.26	82.22	82.85	83.36	83.89	83.33
DNK	Denmark	85.67	86.37	85.31	86.62	86.16	86.90	87.02	86.91	86.81	86.18
EST	Estonia	70.10	69.99	70.13	69.92	70.06	69.73	72.96	73.75	73.96	73.69
FRO	Faeroe Islands	51.81	52.23	52.33	52.51	52.87	52.78	52.78	52.60	52.64	52.28
FIN	Finland	82.54	82.63	82.62	81.89	82.01	81.25	81.07	81.73	81.69	80.78
FRA	France	83.35	83.50	83.40	83.72	83.55	84.03	83.75	84.53	85.28	85.64
PYF	French Polynesia	68.05	67.86	68.23	68.54	68.79	68.83	68.33	68.24	66.20	67.16

DEU	Germany	80.52	81.24	81.89	81.53	81.90	82.47	82.16	81.88	82.08	82.16
GRC	Greece	63.36	77.07	78.16	78.22	78.71	79.09	78.89	80.00	80.89	80.33
HUN	Hungary	75.39	75.06	74.74	75.06	75.57	78.27	80.29	80.67	81.14	80.58
ISL	Iceland	83.17	83.61	83.61	83.88	83.07	82.72	79.71	80.14	80.69	68.95
IRL	Ireland	76.59	77.30	77.01	77.35	76.19	78.17	78.67	77.29	77.62	91.43
IMY	Isle of Man	.	.	.	.	.	.	.	.	.	.
ITA	Italy	74.32	74.50	75.06	75.73	75.84	75.47	74.65	74.47	74.58	74.49
LVA	Latvia	66.04	67.10	67.63	68.29	68.61	69.32	70.42	69.10	68.63	68.96
LIE	Liechtenstein	75.71	76.08	76.26	76.37	76.56	76.16	76.21	76.21	76.21	76.39
LTU	Lithuania	60.48	61.56	63.48	63.13	63.36	64.90	65.97	65.84	65.59	65.55
LUX	Luxembourg	76.55	77.23	80.11	80.14	80.92	80.82	80.58	81.20	81.06	81.14
MKD	Macedonia, FYR	57.17	58.11	59.80	58.15	59.78	60.90	62.72	65.57	64.75	63.58
MLT	Malta	74.35	74.65	76.21	75.85	76.42	76.32	77.24	77.51	77.07	75.91
MCO	Monaco	.	.	.	.	.	.	.	.	.	.
MNE	Montenegro	59.11	59.11	59.11	59.11	59.11	59.37	60.34	58.79	59.11	59.10
NLD	Netherlands	85.43	85.66	85.77	86.28	86.41	87.16	87.20	87.61	88.47	87.86
NCL	New Caledonia	71.26	71.18	71.75	71.70	72.03	72.87	72.39	72.62	72.88	72.42
NOR	Norway	80.07	80.03	80.82	81.26	81.47	80.96	81.31	81.64	82.06	82.27
POL	Poland	73.34	73.27	73.69	74.77	75.85	76.22	77.48	77.03	76.96	77.42
PRT	Portugal	70.37	70.49	70.70	71.31	84.72	85.17	84.84	85.22	85.00	84.49
ROM	Romania	49.23	49.58	49.98	50.50	50.96	52.48	54.21	67.81	68.66	68.71
SMR	San Marino	.	.	.	.	.	.	.	.	.	.
SRB	Serbia	63.51	62.30	63.22	63.84	63.82	63.48	64.02	64.76	65.38	66.19
SVK	Slovak Republic	73.35	74.09	74.35	74.13	74.60	80.50	80.70	81.40	82.41	82.32
SVN	Slovenia	69.72	70.90	70.11	70.43	73.59	72.39	73.20	74.07	74.23	73.76
ESP	Spain	81.10	82.04	82.16	82.58	82.77	82.85	82.58	82.30	82.64	81.19
SWE	Sweden	82.38	82.31	83.14	83.00	83.08	83.00	83.32	82.64	82.58	82.13
CHE	Switzerland	90.56	90.62	90.36	90.02	89.91	89.80	89.72	89.84	89.74	89.42
TUR	Turkey	45.47	46.17	45.96	45.85	46.67	62.10	59.22	63.01	64.05	64.15
UKR	Ukraine	52.83	55.22	54.90	55.98	55.94	56.67	56.81	57.18	58.18	57.02
GBR	United Kingdom	85.77	85.80	86.03	86.63	86.34	86.91	86.18	86.21	86.07	85.50

Source: <http://globalization.kof.ethz.ch/>

Table 8

KOF Index of political globalization of the European countries 2000-2009

Code	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ALB	Albania	60.81	63.41	64.06	67.39	68.15	69.49	70.54	71.55	72.06	74.69
ADO	Andorra	17.55	18.08	18.84	19.36	19.87	20.37	22.21	22.49	24.03	24.03
AUT	Austria	97.27	97.27	96.83	96.83	96.56	96.81	97.08	97.08	97.36	97.30
BLR	Belarus	36.65	37.96	38.09	39.93	39.35	40.43	41.54	45.58	49.05	49.30
BEL	Belgium	94.78	94.78	94.50	94.50	94.50	94.50	96.75	97.91	98.13	97.91
BIH	Bosnia and Herzegovina	61.48	65.86	65.99	67.32	68.27	70.05	73.15	75.34	75.62	77.23
BGR	Bulgaria	86.85	87.09	87.35	87.91	86.88	86.19	87.41	87.80	89.67	86.45
CHI	Channel Islands	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
HRV	Croatia	68.44	72.09	73.83	75.65	79.39	80.37	81.97	84.77	85.99	86.72
CYP	Cyprus	55.62	56.73	55.88	56.43	58.49	59.50	61.06	79.42	80.03	80.28
CZE	Czech Republic	83.13	86.67	86.68	87.27	86.97	87.25	88.06	89.53	89.28	88.43
DNK	Denmark	92.85	93.35	92.91	92.22	93.23	93.70	93.39	94.19	93.70	93.75
EST	Estonia	60.06	62.24	62.63	64.18	68.16	68.92	70.53	71.79	74.50	74.81
FRO	Faeroe Islands	1.55	1.55	1.55	2.65	2.65	3.20	3.48	3.48	3.48	3.76
FIN	Finland	91.17	91.73	89.92	90.83	94.04	89.45	90.67	92.04	90.29	90.89
FRA	France	96.86	96.86	96.64	96.20	96.86	97.11	97.77	98.21	98.21	98.21
PYF	French Polynesia	3.48	3.48	3.48	3.48	2.65	3.48	3.76	3.76	3.76	3.76
DEU	Germany	89.28	89.53	90.29	90.60	90.61	91.11	91.83	93.74	92.86	93.15
GRC	Greece	88.80	89.32	90.55	90.36	90.58	90.11	91.70	93.33	93.89	92.80
HUN	Hungary	90.01	90.35	90.07	91.58	91.03	90.81	91.36	91.89	92.65	92.70
ISL	Iceland	72.56	72.53	72.79	70.43	51.39	51.64	52.75	54.13	72.12	74.08
IRL	Ireland	87.41	88.24	88.08	87.64	88.02	88.27	87.75	89.83	88.84	90.85
IMY	Isle of Man	1.0	1.0	1.0	1.0	1.0	1.27	1.27	1.27	1.27	1.27
ITA	Italy	95.23	95.61	95.61	95.23	94.74	95.65	96.78	98.15	98.15	98.43
LVA	Latvia	45.34	45.19	45.95	47.28	50.83	52.09	56.01	57.83	58.10	59.18
LIE	Liechtenstein	28.03	28.55	28.28	27.98	28.53	28.23	28.78	29.31	29.31	29.31
LTU	Lithuania	45.29	46.37	46.37	48.03	51.40	51.65	52.69	55.21	62.60	62.06
LUX	Luxembourg	58.41	59.42	58.87	59.42	60.23	60.23	61.86	81.60	81.16	80.99
MKD	Macedonia, FYR	23.27	26.52	27.78	28.60	27.78	28.86	30.51	48.97	49.83	50.71
MLT	Malta	44.70	44.95	43.82	45.15	47.62	47.62	50.71	52.90	52.90	55.06
MCO	Monaco	25.04	25.57	25.82	26.63	26.88	27.96	28.77	33.65	33.08	34.16
MNE	Montenegro	61.75	61.75	61.75	61.75	61.75	61.75	61.75	61.75	62.43	62.99
NLD	Netherlands	94.96	95.40	93.09	93.80	92.37	91.97	93.62	95.74	94.64	93.98
NCL	New Caledonia	3.76	3.76	3.76	3.76	3.48	3.76	3.76	3.76	3.76	3.76

NOR	Norway	88.81	89.84	89.56	89.12	88.84	89.32	90.03	91.09	92.15	93.06
POL	Poland	92.04	92.82	92.57	93.39	92.83	93.59	94.14	94.64	94.89	95.17
PRT	Portugal	92.89	93.64	93.65	93.96	92.53	90.58	91.84	94.57	94.35	94.35
ROM	Romania	87.57	88.59	89.48	89.75	90.05	90.31	91.13	92.89	92.67	91.79
SMR	San Marino	32.31	32.86	33.12	33.67	33.39	33.64	34.20	35.03	31.75	35.30
SRB	Serbia	34.18	38.24	67.05	78.94	79.33	55.67	82.40	83.14	81.92	82.59
SVK	Slovak Republic	74.67	77.54	78.80	80.13	82.16	81.97	83.86	84.61	85.40	85.65
SVN	Slovenia	70.50	72.94	75.61	76.41	78.25	78.54	79.84	81.59	83.07	83.49
ESP	Spain	93.06	93.56	93.01	92.71	92.66	94.01	95.22	96.40	96.40	96.68
SWE	Sweden	95.70	95.48	95.99	96.21	96.65	96.87	96.65	96.74	96.30	95.86
CHE	Switzerland	92.33	92.83	92.55	92.80	92.78	92.81	93.09	93.58	93.56	94.12
TUR	Turkey	89.58	90.86	90.58	91.11	90.44	90.70	91.47	88.33	93.43	93.21
UKR	Ukraine	74.10	77.92	77.85	80.22	81.25	82.07	83.16	85.81	86.54	86.32
GBR	United Kingdom	97.09	97.31	97.31	97.31	96.81	96.37	96.65	96.65	96.65	96.43

Source: <http://globalization.kof.ethz.ch/>

Table 9

KOF Index of globalization of the world 2000-2009

Code	Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BEL	Belgium	92.72	92.37	92.30	92.24	92.17	91.95	92.14	92.78	92.83	92.76
IRL	Ireland	86.75	87.23	86.30	86.26	86.00	86.88	86.19	86.48	86.01	91.95
NLD	Netherlands	91.81	91.38	90.44	91.29	90.52	90.52	91.00	91.93	91.50	90.94
AUT	Austria	90.21	90.25	89.78	90.12	89.73	90.30	90.37	91.87	91.10	90.55
SGP	Singapore	85.61	87.13	86.92	87.84	86.97	82.45	87.37	88.44	89.14	89.17
SWE	Sweden	88.65	88.21	88.48	88.45	88.80	88.94	88.89	88.80	88.46	88.22
DNK	Denmark	89.77	89.78	89.08	89.04	88.86	89.65	89.36	90.03	89.34	88.10
HUN	Hungary	80.87	81.95	80.92	80.91	84.62	85.29	86.57	86.90	86.90	87.37
PRT	Portugal	80.76	81.72	80.65	81.21	86.29	85.71	86.42	87.29	86.98	86.73
CHE	Switzerland	91.10	90.30	89.88	89.61	87.36	87.85	87.40	87.88	86.32	86.63
CYP	Cyprus	66.09	67.20	67.45	69.66	76.46	76.32	76.91	87.32	86.94	86.59
LUX	Luxembourg	79.48	80.00	80.76	81.23	82.03	80.92	80.60	86.10	85.92	86.02
CZE	Czech Republic	80.03	81.38	82.39	82.32	84.62	85.40	85.34	86.48	86.00	85.76
GBR	United Kingdom	87.04	86.58	86.53	86.90	85.96	86.45	86.16	85.99	85.62	85.53
CAN	Canada	88.35	87.92	87.45	86.85	86.87	86.00	86.24	86.33	86.09	85.52
ESP	Spain	84.34	84.79	84.46	84.77	84.06	84.67	84.94	85.55	85.01	84.36
FIN	Finland	87.24	87.13	86.25	85.90	86.76	85.17	85.67	86.62	85.70	84.34
FRA	France	83.39	82.27	82.55	82.73	83.85	83.45	84.03	84.68	84.34	84.11
SVK	Slovak Republic	72.88	74.01	72.80	72.98	80.62	82.35	83.41	83.85	84.05	83.83
NOR	Norway	83.15	82.96	81.75	83.31	81.70	80.36	81.76	82.56	82.29	83.19
AUS	Australia	81.32	81.55	80.99	81.46	81.13	80.78	81.56	82.04	80.28	81.59



DEU	Germany	81.70	81.47	82.13	82.17	81.99	82.22	82.47	83.02	82.09	81.52
GRC	Greece	74.92	79.15	78.81	80.10	80.60	80.01	80.87	82.33	82.47	81.30
ITA	Italy	81.82	81.21	81.04	80.74	81.45	81.29	81.16	81.85	81.34	81.02
POL	Poland	72.74	71.76	72.87	75.10	79.72	78.17	79.96	81.00	79.73	80.81
EST	Estonia	73.50	74.25	74.65	75.35	77.17	77.29	78.65	79.58	79.86	79.34
NZL	New Zealand	80.40	79.91	79.62	78.61	78.74	78.49	79.23	79.16	79.33	78.30
SVN	Slovenia	67.96	69.33	70.02	72.43	75.97	75.77	76.94	79.05	79.37	77.66
MYS	Malaysia	74.03	75.57	76.27	75.78	76.79	76.34	77.28	77.55	77.16	77.43
ISR	Israel	67.67	71.64	71.99	72.28	72.59	73.51	73.42	74.02	77.37	77.23
MLT	Malta	67.36	66.33	69.03	68.90	74.33	74.30	75.47	76.19	76.08	76.39
HRV	Croatia	62.94	64.49	66.29	68.67	72.92	73.68	74.61	76.08	75.96	75.88
ARE	United Arab Emirates	70.74	71.39	71.10	72.71	73.98	73.94	74.64	75.55	75.98	75.69
ROM	Romania	60.05	60.14	60.95	61.85	65.11	67.00	66.61	75.87	75.31	74.94
USA	United States	76.86	76.11	75.09	75.54	76.24	76.29	77.07	77.53	76.40	74.87
CHL	Chile	67.43	69.39	68.67	69.98	71.96	72.79	73.07	74.40	74.18	73.31
ISL	Iceland	77.59	77.85	76.87	77.96	73.00	72.71	72.83	73.06	77.48	72.95
BGR	Bulgaria	65.30	65.44	64.69	66.79	69.20	67.73	71.41	75.07	74.42	72.50
KWT	Kuwait	67.47	67.73	67.47	67.58	67.96	68.54	69.36	71.04	70.44	71.42
JOR	Jordan	65.75	67.09	67.27	68.07	68.22	69.64	69.98	71.70	71.54	70.47
TUR	Turkey	61.41	62.83	61.66	62.58	63.39	69.49	67.75	68.69	68.86	69.99
BHR	Bahrain	66.43	67.36	67.80	68.34	68.35	67.57	68.11	68.29	68.43	68.83
MNE	Montenegro	63.72	64.29	64.10	63.08	64.29	64.51	68.09	68.76	69.69	68.66
UKR	Ukraine	59.31	59.62	59.82	60.54	61.87	63.17	63.96	65.92	67.26	68.48
SRB	Serbia	51.37	51.68	59.74	63.70	64.29	58.32	66.45	68.00	68.70	68.39
PAN	Panama	64.02	64.65	62.95	63.59	64.50	64.29	65.30	66.56	67.30	68.24
RUS	Russian Federation	63.80	64.95	66.29	66.93	66.84	67.05	66.99	68.01	65.65	67.34
LTU	Lithuania	59.13	61.10	62.31	63.18	64.93	66.31	67.31	68.85	69.79	66.56
QAT	Qatar	53.09	54.44	54.69	56.00	56.35	56.82	63.80	66.65	67.06	66.52
LVA	Latvia	61.10	62.67	63.48	64.61	67.45	68.29	70.20	70.64	69.85	66.26
URY	Uruguay	61.55	61.82	60.02	61.99	63.32	64.30	64.40	65.01	65.69	65.71
PER	Peru	56.56	56.75	56.44	57.35	58.80	60.27	61.72	64.29	64.84	64.52
ZAF	South Africa	61.56	63.20	63.34	62.91	62.34	63.26	64.15	65.32	65.38	64.41
THA	Thailand	58.04	60.36	59.88	59.26	60.39	61.25	62.43	62.71	62.37	64.15
JPN	Japan	58.42	58.25	58.28	59.76	60.07	60.42	65.31	65.86	64.06	64.12
LBN	Lebanon	62.23	62.23	62.43	62.86	69.25	70.25	70.66	64.30	64.48	64.10
SLV	El Salvador	56.41	57.52	59.21	59.57	61.47	61.22	62.84	63.58	64.56	63.70
MUS	Mauritius	50.37	55.62	53.15	57.26	56.17	61.96	66.45	68.16	68.72	63.39
CRI	Costa Rica	61.23	60.18	60.14	62.33	58.79	61.69	63.26	64.84	63.66	63.09
KOR	Korea, Rep.	58.46	60.55	59.93	59.99	61.09	60.11	61.04	63.03	62.82	62.38
SAU	Saudi Arabia	57.69	58.29	58.41	58.63	58.95	58.54	58.09	59.34	62.27	62.34
BIH	Bosnia and Herzegovina	52.11	53.26	53.39	54.39	56.61	56.20	61.87	63.59	62.26	61.85

OMN	Oman	57.54	59.69	55.53	55.59	56.78	58.11	58.30	60.88	60.71	61.79
HND	Honduras	53.62	54.13	56.34	57.78	58.23	59.21	60.76	61.64	62.17	61.44
JAM	Jamaica	59.65	58.04	57.24	58.83	65.67	61.53	62.83	63.88	63.32	61.33
MAR	Morocco	51.70	54.49	55.84	57.26	55.78	58.87	58.54	60.26	60.33	60.99
MDA	Moldova	52.51	52.10	51.75	57.26	57.13	56.99	59.34	61.98	61.47	60.93
GTM	Guatemala	49.26	50.49	50.92	50.88	57.28	59.26	60.42	61.23	61.17	60.86
GEO	Georgia	45.17	46.42	47.16	48.31	50.72	50.66	54.26	59.59	61.08	60.57
MEX	Mexico	58.45	57.54	57.78	57.27	57.14	59.32	58.54	58.85	58.70	59.95
MKD	Macedonia, FYR	45.02	46.12	48.35	48.75	49.22	53.61	53.36	62.76	60.49	59.71
TUN	Tunisia	55.25	56.27	56.97	57.00	57.92	60.08	59.19	60.11	60.17	59.51
CHN	China	51.56	54.31	55.30	56.17	58.38	60.53	59.42	60.54	59.35	59.36
EGY	Egypt, Arab Rep.	53.97	54.52	54.60	53.94	55.23	57.81	58.52	59.51	59.16	59.35
BRA	Brazil	55.92	58.41	58.60	57.66	58.65	59.03	58.80	59.70	58.72	59.35
KAZ	Kazakhstan	49.94	51.26	51.89	52.70	53.24	54.83	54.53	58.15	58.05	59.11
ARG	Argentina	64.36	62.27	63.01	61.72	62.22	60.32	60.16	60.16	59.85	58.93
ALB	Albania	39.90	43.36	46.03	47.04	47.47	48.53	50.93	53.26	55.44	58.42
TTO	Trinidad and Tobago	60.00	61.61	56.98	56.64	55.38	57.13	57.80	57.54	57.77	58.33
BRN	Brunei Darussalam	51.83	50.64	49.32	49.63	49.63	49.61	49.39	49.89	57.97	58.03
NGA	Nigeria	52.46	52.13	51.39	53.26	52.71	54.46	55.72	58.43	57.76	58.00
PRY	Paraguay	46.80	52.39	51.67	52.47	54.64	55.44	56.19	56.49	55.78	57.52
AZE	Azerbaijan	45.14	46.23	48.57	50.44	52.96	56.25	56.48	58.48	57.64	56.92
PHL	Philippines	56.09	57.02	57.36	56.61	59.59	59.14	58.86	58.08	56.49	56.70
BRB	Barbados	50.43	51.09	52.11	52.47	52.55	56.63	57.62	58.14	54.86	56.54
COL	Colombia	50.36	51.31	51.34	53.07	53.36	52.87	56.73	57.45	56.04	56.32
IDN	Indonesia	53.60	53.38	50.66	51.54	54.47	56.74	57.48	57.18	56.44	56.26
KGZ	Kyrgyz Republic	53.55	52.24	51.56	49.41	51.92	52.38	56.62	58.74	56.56	56.11
NAM	Namibia	52.70	53.71	55.23	53.73	56.71	55.38	54.11	56.70	56.42	55.69
GAB	Gabon	50.26	46.28	45.31	44.22	50.67	51.12	52.63	53.26	53.92	55.54
NIC	Nicaragua	52.88	52.38	53.15	54.42	53.82	52.29	54.52	54.88	54.26	55.11
DOM	Dominican Republic	52.20	54.45	51.28	51.68	56.12	56.27	59.19	60.50	55.41	55.06
MNG	Mongolia	39.52	39.68	44.77	46.23	46.35	48.11	51.00	50.72	51.35	54.97
GHA	Ghana	49.69	49.77	50.90	52.99	55.37	54.29	52.39	54.12	52.36	54.93
DZA	Algeria	50.01	49.36	51.41	51.81	53.21	54.42	54.59	49.22	52.18	54.87
SEN	Senegal	47.82	46.52	49.46	50.26	51.18	49.79	51.48	52.57	53.10	54.48
ARM	Armenia	47.23	47.41	46.22	47.61	49.46	51.52	52.73	52.77	52.98	54.27
ECU	Ecuador	53.86	52.99	52.75	56.82	58.13	58.45	58.08	57.85	55.45	54.16
GRD	Grenada	44.34	44.51	45.01	45.67	45.67	46.16	53.71	53.94	53.61	54.02
FJI	Fiji	52.14	54.67	54.82	55.10	55.30	55.33	57.56	56.82	55.68	53.90
BOL	Bolivia	55.51	54.80	52.33	52.77	54.39	54.90	55.36	54.66	54.37	53.79
ZMB	Zambia	52.47	52.46	53.55	53.23	56.22	54.41	55.87	56.56	55.00	53.77
GUY	Guyana	59.16	60.81	55.93	55.64	54.77	54.04	58.30	56.63	54.36	53.18
WSM	Samoa	49.56	50.62	50.68	51.38	44.96	45.51	52.69	52.78	52.70	53.12

BLR	Belarus	45.07	46.21	45.90	47.73	47.88	47.33	47.49	48.51	49.70	52.67
LBY	Libya	48.64	50.07	45.12	45.94	46.21	46.53	46.62	46.56	53.54	52.50
BWA	Botswana	49.93	49.54	51.26	51.25	50.56	49.15	53.63	54.38	51.40	52.22
PAK	Pakistan	47.06	48.51	51.30	49.75	49.47	50.94	51.58	52.97	52.58	52.17
GMB	Gambia, The	47.89	48.34	48.93	49.98	49.92	49.28	50.24	50.41	51.30	51.93
IND	India	44.75	45.45	46.15	47.21	47.43	49.41	50.93	52.02	51.97	51.88
SWZ	Swaziland	46.89	44.54	48.96	47.73	47.74	45.59	48.18	47.20	47.42	51.71
COG	Congo, Rep.	39.64	39.35	40.50	41.24	46.73	47.90	46.84	44.78	44.56	51.48
BHS	Bahamas, The Antigua and Barbuda	51.46	51.73	50.47	50.27	51.09	51.91	51.75	52.45	51.18	51.47
ATG	Venezuela, RB	46.27	46.81	47.23	48.23	48.27	48.96	50.44	51.31	50.01	51.21
VEN	Zimbabwe	59.92	59.54	59.21	60.73	56.95	57.13	56.08	54.45	53.11	50.89
ZWE	Djibouti	46.68	46.13	45.40	46.95	46.88	46.32	47.97	47.66	48.91	50.88
DJI	Sri Lanka	38.94	38.34	36.94	37.58	45.94	45.47	47.62	48.11	48.70	50.17
LKA	Kenya	49.22	50.02	49.73	51.31	50.01	50.58	52.42	52.81	51.67	50.14
KEN	Mauritania	43.96	44.46	45.47	46.19	47.10	47.14	47.41	48.44	47.96	49.38
MRT	Mozambiq ue	38.70	39.29	39.64	39.71	40.83	41.82	41.97	45.13	51.19	49.25
MOZ	Cuba	44.14	44.57	45.89	44.52	47.34	48.23	48.68	49.33	48.79	48.98
CUB	Belize	44.64	46.30	45.36	45.88	46.13	46.74	46.99	47.92	48.57	48.64
BLZ	Togo	47.11	48.22	47.22	48.07	47.83	48.78	49.13	48.23	48.11	48.25
TGO	Seychelles	43.29	40.04	39.43	43.40	44.86	47.41	48.64	48.75	47.53	47.93
SYC	Cote d'Ivoire	45.41	45.83	45.69	45.80	45.66	45.87	47.45	47.56	47.07	47.89
CIV	Suriname	43.74	43.76	45.03	44.70	44.90	45.15	46.05	47.90	47.76	47.87
SUR	Uganda	41.39	41.46	46.34	46.71	46.78	46.64	47.28	47.41	46.63	47.77
UGA	Vanuatu	34.24	35.60	36.03	38.52	45.18	43.12	44.09	45.77	46.96	47.62
VUT	Vietnam	44.57	45.48	46.26	40.87	40.92	46.60	47.13	47.26	47.83	47.61
VNM	Cambodia	38.13	38.77	39.93	40.72	42.28	43.08	45.13	47.40	48.56	46.98
KHM	Papua New Guinea	39.04	38.95	40.31	39.16	39.75	45.13	47.35	47.61	47.72	46.81
PNG	Yemen, Rep.	40.33	40.40	43.65	43.51	42.14	41.91	43.25	47.96	47.27	46.67
YEM	Mali	36.28	37.35	38.69	42.92	43.62	42.88	44.62	45.97	47.33	46.65
MLI	St. Lucia Cape Verde	37.16	39.58	42.60	43.52	44.38	43.47	46.30	44.75	44.94	46.51
LCA	Cameroon	42.41	43.20	43.26	43.06	42.29	43.07	44.55	46.06	46.20	46.31
CPV	Guinea	46.56	46.58	42.95	44.02	42.37	44.52	41.84	44.54	45.95	46.10
CMR	Palau	39.45	39.21	41.37	41.43	44.31	43.68	42.70	44.43	45.52	45.81
GIN	Burkina Faso	39.07	40.56	39.29	41.85	37.80	41.92	42.81	43.16	43.99	45.73
PLW	Angola	35.64	35.87	35.87	35.99	36.57	36.74	45.50	45.61	45.52	45.72
BFA	Benin	38.64	38.58	39.13	40.02	40.40	41.34	42.15	43.11	43.42	44.87
AGO	Aruba	43.82	44.40	44.21	44.87	44.24	45.67	46.30	47.65	45.56	44.42
BEN	New Caledonia	36.71	37.04	36.67	37.43	40.49	40.56	41.44	45.72	44.41	44.27
ABW		45.51	45.52	45.49	45.51	45.48	45.80	45.55	45.21	44.92	44.14
NCL		43.41	43.36	43.69	43.66	43.75	44.35	44.07	44.20	44.36	44.09

MDG	Madagascar	31.80	33.34	33.06	34.00	42.34	40.52	42.40	42.90	43.68	43.86
GNB	Guinea-Bissau	33.15	34.85	34.28	40.71	40.46	34.66	36.18	37.13	37.23	43.47
SYR	Syrian Arab Republic	36.63	36.60	37.33	37.91	40.12	40.43	41.98	42.45	42.00	42.77
LSO	Lesotho	40.85	40.23	41.77	41.59	41.58	41.44	41.13	41.16	46.54	41.98
KNA	St. Kitts and Nevis	38.02	38.34	38.66	38.55	38.03	37.66	38.20	41.02	41.18	41.31
MDV	Maldives	40.28	40.01	39.98	40.25	39.88	41.18	41.83	43.01	41.95	41.23
PYF	French Polynesia	41.41	41.30	41.51	41.69	41.50	41.87	41.68	41.64	40.43	41.00
TCD	Chad	25.58	27.41	33.07	33.16	39.03	38.78	39.84	39.98	39.24	40.98
MAC	Macao, China	40.58	40.56	40.11	39.73	39.38	39.46	39.40	40.02	40.73	40.88
BGD	Bangladesh	33.78	34.60	35.37	35.35	36.99	38.12	39.46	40.95	40.94	40.72
MWI	Malawi	35.66	38.08	38.09	39.12	40.12	39.68	39.90	41.01	43.80	40.69
IRN	Iran, Islamic Rep.	35.55	35.55	40.66	41.53	38.44	38.83	40.99	39.07	39.06	40.68
DMA	Dominica	38.40	38.62	39.02	39.68	39.62	40.33	40.33	40.76	40.45	40.64
VCT	St. Vincent and the Grenadines	39.28	40.24	40.79	41.56	41.69	42.43	42.96	42.88	41.47	40.32
TJK	Tajikistan	23.87	24.21	25.04	27.16	26.67	28.97	31.17	32.19	39.86	40.23
RWA	Rwanda	26.60	28.91	29.25	29.82	30.61	33.48	34.55	36.08	38.31	39.54
IRQ	Iraq	38.43	36.55	35.39	34.93	34.26	35.96	36.30	38.16	39.71	39.52
TZA	Tanzania	31.38	31.78	32.93	34.68	36.67	37.50	37.86	39.63	38.75	39.41
SLE	Sierra Leone	30.07	29.39	29.94	30.33	37.99	37.90	37.45	38.26	37.87	38.55
NER	Niger	32.45	31.78	32.45	32.47	33.31	33.73	36.15	35.02	35.51	38.19
NPL	Nepal	35.82	36.24	36.61	34.76	35.13	36.83	37.01	36.87	36.86	37.43
ETH	Ethiopia	31.83	32.37	32.21	37.15	39.30	39.40	39.42	39.30	38.26	37.20
TKM	Turkmenistan	31.69	34.64	34.52	35.17	34.97	35.20	35.46	36.28	36.44	36.85
SDN	Sudan	31.66	32.76	33.50	34.46	35.29	36.25	37.55	37.09	37.38	36.78
BMU	Bermuda	35.91	36.00	36.00	36.02	36.55	36.64	36.30	36.39	36.39	36.73
UZB	Uzbekistan	27.93	28.85	30.16	31.75	31.82	32.88	33.97	35.96	35.75	36.72
ZAR	Congo, Dem. Rep.	30.02	30.87	31.68	32.97	33.22	30.83	30.59	37.17	38.32	36.59
HTI	Haiti	26.40	25.26	28.96	32.20	32.70	35.63	35.79	36.13	36.30	36.55
CAF	Central African Republic	27.07	27.21	26.79	26.87	26.81	31.62	34.95	32.33	33.40	35.94
BDI	Burundi	25.83	25.46	25.05	26.74	27.55	28.50	29.13	34.57	34.38	34.93
STP	Sao Tome and Principe	29.11	29.24	29.64	30.57	30.92	31.23	32.50	32.64	32.95	33.83
MMR	Myanmar	29.27	29.94	30.43	32.62	31.91	32.79	37.26	33.31	33.60	33.56
LBR	Liberia	30.46	30.71	29.28	29.65	29.25	30.86	31.62	32.11	32.39	33.16
WBG	West Bank and Gaza	28.43	28.86	29.28	30.47	30.62	31.88	32.41	32.62	32.83	33.13
COM	Comoros	25.93	27.16	27.23	28.40	27.46	28.62	29.56	30.29	30.91	31.64
AFG	Afghanistan	20.00	19.93	20.01	23.51	23.75	27.67	27.97	30.01	30.58	31.35

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BTN	Bhutan	23.41	24.09	24.46	24.75	25.61	26.52	27.37	27.18	28.15	28.85
ERI	Eritrea	23.01	24.04	24.54	26.43	26.39	26.57	26.68	26.96	28.50	28.33
SLB	Solomon Islands	29.12	29.19	29.14	29.45	29.56	29.96	30.15	27.09	26.98	27.03
LAO	Lao PDR	19.44	20.38	20.52	20.52	20.02	21.45	22.44	23.12	25.61	26.35
GNQ	Equatorial Guinea	21.68	21.90	22.73	24.15	24.01	24.45	24.90	25.34	25.44	25.89
KIR	Kiribati	23.69	24.01	24.12	24.00	24.35	24.36	25.15	23.75	25.61	25.70
TMP	Timor-Leste	.	.	22.29	22.29	22.36	19.77	27.96	28.25	21.09	23.43

Source: <http://globalization.kof.ethz.ch/>

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