

Sustainable Development - The Premise of Economic Growth in Conditions of Globalization

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Abstract: Sustainable development is a relatively new concept applied to economic growth, in order to take into account, primarily, ecological aspects at the level of the Planet. This new concept was imposed because the conventional economy progress cannot ensure the needs of millions of people and undermining the possibility of future generations and ensure.

Vision on sustainable development strategies starts from the understanding that a country's economy is more than the sum of components, that changes into a subsystem or another is liable to changes, overview by virtue of interdependence existing between its dynamic components.

We need to market values, to serve the interests of the people, finding that paths that contribute to sustainable development. A sustainable economy will reconsider the important activities, which should be supported at the level of markets, those profitable both for employees and for the economy.

Keywords: sustainable development, economic growth, globalization, economic strategy

JEL Classification: O44, Q01

1. Introduction

The most common definition of sustainable development is certainly the one given by the World Commission on Environment and Development (WCED) in the report “Our Common Future”, also known as the Brundtland Report: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainable development follows and tries to find a stable theoretical framework for decisions making in any situation in which it is found a man /environment report, even if we speak about the environment, economic or social issues.

2. Literature review

After the Second World War, under the impulse of technological progress and continuous increase in global demand for goods and services, it has opened a new era of economic development whose main core was the economic growth process. For the first time, the concept of economic growth was used by the English economist Sir Roy Harrod (1939). Neokeynesian and neoclassical economists have perfected the theory of economic growth.

In the same period, the internationalization process of the economy was increased, reaching the stage of globalization or the global integration of goods and services markets, labor market and financial market.

Globalization is the process through which the geographical distance becomes a less important factor in the establishing and developing of cross-border economic, political and sociocultural relations. The relationship networks and dependences acquire a growing potential to become international and global.

Globalization appears different defined according to some analysts of the phenomenon. Thus, Martin Allrow believes that “globalization refers to all those processes through which the world citizens are integrated in one global society, global society.” Anthony Gidees considers that the “globalization can be defined as the intensification of world wide social relations which bind in such manner the distant cities, thus the events taking place are viwed through the eyes of other similar, occured many miles away and vice versa.” Emanuel Richter considers

that the “globalization is the global network that brought together communities from this planet, once dispersed and isolated, in a mutual dependence and unity of one world”

Real processes of sustainable economic growth and globalization of the economy is not in opposition with each other, there is an organic bound through which their interdependency is manifested.

3. Two interrelated trends in the contemporary world: economic growth and globalization

Economic growth means the real process by which a national economy has the ability to provide, on the long-term, increasing quantities of goods and services, respective the general trend of increasing in real terms of product and national income, on total and per capita, which does not exclude short-term oscillations by the trend.

Obtained in one or more long periods, economic growth generates a driving mutual relationship between economic processes and population that ensure the sustainable cumulative growth of global national product, human fulfillment and society as a whole. [3]

The interdependence between the macroeconomic results (gross domestic product and national income) and population evolves on the long term, each of these variables being subject to numerous socio-economic factors: objective and subjective, internal and external, direct and indirect, general and specific.

Synthetic expression of economic growth is the growth rate of the gross domestic product and national income, total and per capita, which is based on the volume and efficiency of the production factors used in the national economy: the amount of work and labor productivity, the amount of physical capital and its return, investments, innovations, technologies and scientific research, increasing the labor quality, reallocation of resources mobilized in the low-productivity sectors to high productivity, etc. [4]

The concept of growth places a great emphasis on the quantitative side, directly measuring of the national economy long-term results. This is why economic growth is used combined with the notion of economic development, referring

to the positive process of the quantitative and qualitative changes of the technical structures of social economy, the way of life, thinking and economic behavior of people, in efficient use of inputs and functional mechanisms of the economic system.

In the last three decades, economic theory has been enriched with a new concept of sustainable development, which aims to reflect the process that integrates economic growth, economic development, environmental balance, social justice and democratic ambiance, as indispensable sides of economic and social contemporary progress.

Globalization was manifested after the Second World War, knowing an important development in the last decades of the twentieth century, together with the full internationalization of financial markets.

Globalization limits the power of action of national states in terms of their ability to legislate and develop economic policies, as a result of creating an increasingly strong interdependence network between nation states and national markets. Globalization tends to encompass every sector of society, from economic to cultural, but first, it tries to establish some global features in the fields of politics, law and governance.

Globalization expresses the extension process of social, economic and political activities across national borders, so the events occurred or the decisions made in a certain area of the world tend to have meanings and to influence the lives of those in another corner of the world. The polarization of the world and the emergence of a new political order in the world, by creating the United Nations, have accelerated the emergence of institutions and agencies to ensure the legal and institutional framework for maintaining global peace and security, developing friendly relations among nations and achieving the international cooperation in order to solve international problems of economic, social, intellectual and humanitarian order.

At the end of the Second World War, international capital transactions were strictly controlled by the government in most states. IMF and World Bank were conceived in order to facilitate international trade and investments in an environment characterized by the restriction of private capital flows. Controls on capital movements were gradually removed and off-shore financial markets, stimulated by the oil crisis of 1973, have developed rapidly. International capital

movements were accelerated in the early '80s, financial markets becoming truly global in the early 90s.

Globalization refers to the observable fact that, in recent years a greater part of the global economic activity runs between people and companies from different countries. The essence of globalization is actually a continuous decline of the economic significance of national political boundaries and an unprecedented intensification of economic relations and interdependence to the point where the difference between internal and external transactions is insignificant or disappears. [1]

Contemporary globalization process is the result of technologic and economic changes, as well as political and media developments, being inextricably linked to the modernization of the international community. Also, contemporary globalization is built on an extensive political democratization, which means that is associated with freedom of speech, freedom of religion, free press, the right to associate freely consented. But globalization entails the right of appeal, which in practical terms means its acceptance or rejection.

Globalization, as a process that removes barriers to free trade and integrate national economies, can be a potential welfare for all countries if repairs damage evident to the developing countries. [5]

Deepening of the interdependences from the world economy and transnationalization are processes that characterize the essence of globalization.

International interdependencies are boosted by the expansion of world trade in relation to the expansion of foreign investment capital and international capital flows dematerialization. Impact of world trade expansion on the process of deepening interdependence between states is manifested in two aspects: dependence on the outside of participating countries (external dimension of deepening interdependence) and dependence inside (internal dimension of deepening interdependence). [6]

The external dimension of deepening global interdependence is expressed by building of a complex network of trade-knots which sharpen the dependence on the outside of participating countries. Within the complex system of network-nodes it have been developed four main lines of force through which the world trade increases the interdependence between states: Western European network,

American network, Atlantic network (US, Western Europe) and Pacific network (US- South East Asia).

Emphasizing the internal dimension of interdependence between states consists in the internal penetration of national economies by increasing the share of imports and foreign investment in overall domestic demand for consumption and investment.

Heightened interdependence represents the lower floor of the globalization process, the upper floor being transnationalization of the economic activities. The core process of transnationalization is represented by the international investment flows generated by transnational corporations, which manifests itself as an engine of growth and as integrators agents' of the development process and economic sustainable growth.

4. Sustainable economic development - new global challenge

A special place in the global problems of world it is occupied by the environmental issues, whose study is important when it comes to environmental protection.

Due to their worsening, the importance of environmental issues grows day by day, reason for which many experts consider it as a priority, ahead of economic and social priorities. Endangering ecological balance messes all scales of values and, in limited cases, can lead to the very destruction of economic and social systems.

In order to solve the today problems facing humanity, we must address sectorial each issue separately but, in the same time, we must make an integrated approach to these issues in obvious connection between them. Unfortunately, it is not understood by all the countris need for participation of all countries to the problem solving global environmental issues (climate change, ozone depreciation, desertification, etc.). Thus, developing countries face serious environmental problems at local or national level, no longer having resources, especially material resources to contribute to the global problems solving.

It has become increasingly widespread belief, both in the developed and in the developing countries, that without taking effective measures to protect the environment will produce a series of changes in the environment, with global and irreversible character, which we will not be able to controll it. In this category

we include greenhouse effect, damage and destruction of the ozone layer, climate change etc. Apart from the overall effects, also are visible regional character effects, such as deforestation, extinction of species of plants and animals, environmental pollution, soil damage etc. To these are added the local urban pollution due to concentration of large masses of the population. Thereby appear particularly severe problems of air pollution, accumulation of municipal waste, hazardous waste disposal, water pollution, groundwater infestation etc. These are, in short, some of the reasons why environmental protection has become so present in our lives.

The current economic development in the forms we know is entirely destructive to the environment. It can be observed both a quantitative worsening pollution and a fundamental change of ecological problems. As prominent phenomena: local pollution are make place to global pollution, the amplification of the greenhouse effect being the most significant example. Ecological- economic interdependences are increasingly strong and reach ever more distant territories. A decision at microeconomic level influences, through the chain of causality, overall economic and environmental conditions, that are often ignored also due to inadequacies of the legal framework.

The main items to be considered at present are: the compliance with the “polluter pays” principle, the correction of the cracks in the ownership of natural resources and, equally important, the introduction and promotion of eco - industries and clean technologies.

We should understand that economic growth model dominated by the principle of maximizing private interest must be based increasingly more on growing interdependence, involving also the taking into account the general interest.

Profound meaning of the globalization idea is the undefined, disorganized and propelled character of the world’s problems. Therefore, any event happened in an area of the environment, with negative consequences upon life, every experience of positive resolving of these “bad”, are an organization and cooperation information for overcoming of future similar situations. Hence results the need for a previsional responsible approach to natural environment problems, both at national and planetary scale.

The changes not only due to emissions of carbon dioxide, are manifested by the appearance of weather extremes- simultaneously or alternately namely: torrential

rains with large hail, droughts extended for two, three years, flooding of some areas of the open seas and oceans beaches (for the year 2070 is expected to increase with one meter the level of Planetary Ocean). As well we can observe the changes from the temperate zones, especially in the north, of the two middle seasons - spring and autumn - are with an increasingly high frequency, especially in the last decade; prolonged heat waves simultaneously with temperature of minus 70°C; increase the risk of disease due to the combination of harmful high temperatures with emissions caused by the greenhouse effect. In many cities around the world, in such situations, air becomes unbreathable and forcing the urban population wearing filter masks - Tokyo, New Mexico, Seoul and some cities in Europe.

Global warming is increasing the average temperature registered atmosphere around the ground and the oceans. Climate models developed by the IPCC (Intergovernmental Panel on Climate Change) estimates that the global climate will warm by 1.1 - 6.4°C during the 21st century. Estimates vary because of the fact that gas emissions, causing the greenhouse effect, evolution can not be predicted. Thus, the authors of the Stern Review consider that up to 20% of global GDP may be lost annually due to the constant rise in CO₂ in the atmosphere. [8]

A study realized by two American economists for Friends of the Earth shows that environmental overheating could cause global economic losses of about 11,000 billion pounds. According to the document, global economic production may be reduced at a rate of 6-8% until 2100, if gas fumes increases will continue. [8]

The cost can be reduced to 12,000 billion dollars if the global temperature increasing it is maintained at 2°C. The amount needed for climate protection measures to achieve reduction of 2° C would be 3,000 billion per year, according to a Tufts University study.

Association of British Insurers says that if no measures are taken and the world warms, then the worldwide costs storms will increase by 15 billion pounds per year. It was also calculated that in a hurricanes season the insurance losses cost would amount to 82 billion pounds, only in the United States. [7]

Urgent need to reduce emissions of greenhouse gases will create huge opportunities for SMEs, due to regulations designed for commercial and industrial use, which will generate a market of 950 million pounds by 2020. Companies who invest in restoring electricity will generate a market worth 800 million pounds. However,

companies producing biofuels for road transport business will reach 500 million pounds, while those focused on domestic energy efficiency, to 400 million pounds.

The extinction of species is another global issue facing today humanity and it is based on various factors: massive forest cutting, fires and damages caused by drought or very low temperatures leading to a continuous decline in forest area and the lack of concern for replanting it is obvious. For example, in 1950, Ethiopia forested area was estimated at 80% of the total, and now it was reduced to 5%.

The increasing of economic exchanges is faster than production, as World Bank analysts observed, in the European Union countries and the Americas. For the next 2-3 years is expected a sharp increase in the EU economy, taken per all the 28 member states. Also, the North American economy will slightly recover, like also Latin America. Also, the South-East Asia countries will continue their economic growth, led hovering China (with Hong Kong and Taiwan), South Korea, Singapore, Malaysia, Indonesia etc. For Africa, the recovery in economic activity is expected, based on the new restructuring plans and regional unification. African countries with the greatest economic success today are Ghana, Uganda, and Nigeria. [8]

2040 will be the year when globalization will be shorted by climate change. A study published by the Center for Strategic and International Studies shows that climate change will force world nations to be concerned about conservation of natural resources, which will become increasingly valuable, and conflicts will increase between population groups in search of safe zones where to live. The study shows that global warming affects not only the environment but also relations between countries so that peace world will be threatened.

5. Conclusions

Immediate and permanent problems of mankind in the context of globalization are: supporting the ongoing development of science; the food crisis and underdevelopment; degradation of the natural environment; rapid population growth; energy and raw materials; huge military spending; uptaking the planetary ocean and cosmos for the progress and people's wellbeing; inflation and financial economic and monetary crises; uncontrolled expansion of urbanization.

Globalization these problems is based on the uniqueness of the global economy and is linked by the fact that appear, to some extent, in nearly all countries, contain common technical, socio - economic, political and ecological elements, it is in a permanent and stronger interaction, causing chain propagation effects and requiring concerted efforts to solve them.

Knowing the serious problems facing humanity, the causes that determine them and their direct and propagated effects, in time and space, represents an essential condition to design and implement strategies and measures at national, regional and global levels to allow, in the foreseeable future, the overcoming of production factors current limitations in a living environment compatible with the natural environment. The sooner the convergent action of the world will engage quickly in this direction, the chances of success will be greater.

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