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Papanikos, Grēgorēs Th.

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## Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics  
Düsternbrooker Weg 120  
24105 Kiel (Germany)  
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)  
<https://www.zbw.eu/econis-archiv/>

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## The Future of Globalization

By Gregory T. Papanikos<sup>\*</sup>

*The future of globalization has been debated ever since the term was introduced. The recent shocks of the Great Recession and the pandemic seem to herald a new epoch in the trajectory of globalization. Moving away from the hyperglobalization of the 1990s and 2000s, the world appears to be transitioning into a phase of deglobalization. The concept of globalization is intricate and multifaceted. This paper delves into four aspects of globalization: economic, political, social, and cultural. Poverty alleviation should stand as the paramount objective of globalization, closely intertwined with economic growth and democracy. The latter is essential for implementing policies that channel the benefits of economic growth to those striving to break free from poverty. In conclusion, it's asserted that globalization, when coupled with democracy, can continue to foster poverty reduction. The end of this process is the total eradication of poverty.*

**Keywords:** globalization, hyperglobalization, poverty, growth, democracy, openness, international trade, exports, education, illiteracy, life expectancy

### Introduction

Globalization appears to be the panacea for numerous economic challenges faced by citizens worldwide<sup>1</sup>, echoing Socrates' self-identification. Its effectiveness becomes evident only when collective action by all nations yields superior outcomes compared to individual actions in isolation. Challenges such as poverty, climate change, peaceful coexistence, migration, among others, often necessitate unified global efforts. In this study, I delve into the future of globalization by scrutinizing past achievements, especially in addressing poverty.

The term "globalization" was coined in the mid-20th century, but the concept itself dates back to ancient times. In Papanikos (2016), I explored insights about globalization by examining Ancient Athens. Phrases such as "ecumenical world" and "cosmopolitan city" captured concepts analogous to today's understanding of globalization. These terms encapsulated more than just the free trade of goods; they signified that people and investors were drawn to Athens for both work and leisure, which encompassed aspects like education and culture. Even in contemporary times, the term "globalization" has evolved beyond merely free trade, as elucidated in the subsequent sections of this paper (see also James and Steger 2014).

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<sup>\*</sup>President, Athens Institute for Education and Research (ATINER), Greece.

<sup>1</sup>Socrates considered himself a citizen of the world, neither Greek nor Athenian as explained in Papanikos (2024). If citizens today adopted such a global perspective, many of the world's problems would be easier to solve.

It is well-known for Pericles' famous speech, "The Funeral Oration," delivered in 431 BCE, as referenced in Thucydides' "Peloponnesian War." Pericles proclaimed of Athens, "... it is open to the world; we never expel a foreigner from learning or seeing." The Greek term "κοινὴν παρέχομεν" is translated as "openness," though its meaning extends beyond mere openness. Literally, it conveys the idea that the city is made common or available to everyone. This concept transcended mere free trade. As elucidated in Papanikos (2016), Athens was an open city because it offered:

1. An eclectic culture that synthesized the finest elements from both Greek and barbarian cultures.
2. A comprehensive open-border policy that explicitly encompassed the importation of goods (e.g., wheat), services (like educators and artists), and the attraction of investors.
3. Democracy, intricately linked with openness.
4. Peace, fostering an environment of openness.

These issues were extensively discussed in my paper (Papanikos 2016), with some arguments from that discussion incorporated into this paper. Williamson (2002) examines the openness of global economies spanning the past two centuries, pinpointing four distinct epochs of globalization waves:

- (a) Anti-Global Mercantilist Restriction (1492-1820).
- (b) The First Global Century (1820-1913).
- (c) Retreating from Globalism (1913-1950).
- (d) The Second Global Century (1950-2002).

To expand upon this, two additional phases can be delineated:

- (e) Hyperglobalization (1990-2008).
- (f) Deglobalization (2008-2022).

The primary focus of this paper centers on the achievements of globalization in alleviating poverty. The paper is structured as follows:

The next section (Section Two) examines the impact of the Great Recession and COVID-19 on global economic growth. Section Three delves into the multifaceted concept of globalization, encompassing economic, political, social, and cultural dimensions that are intricately interconnected. A prime example of such interconnectedness is the relationship between politics (specifically democracy) and global economic growth, elaborated upon in Section Four. The overarching goal of globalization should prioritize enhancing the welfare of the world's less privileged citizens, aiming to diminish the number living in poverty. This objective is scrutinized in Section Five, demonstrating globalization's notable track record in poverty reduction. The question arises: can this positive trajectory persist? Section Six delves into the sustainability and future prospects of globalization. The paper concludes with final remarks in the concluding section.

## **The Impact of Great Recession and the Pandemic on World Economic Growth**

This section delves into the historical trajectory of global economic growth, emphasizing its pivotal role in the success of globalization. Indeed, the future trajectory of globalization hinges significantly on economic growth, which elucidates why globalization has often been synonymous with free trade. Economic theory posits that free trade is a catalyst for economic growth.

While sound government policies can bolster economic growth prospects, unforeseen events can introduce vulnerabilities to the economy. In the introduction, I referenced Williamson (2002), who meticulously examined globalization processes dating back to 1492, categorizing them into four distinct epochs. Building upon his framework, I've incorporated two additional epochs, recognizing the pivotal developments and challenges that have surfaced since the 1990s, significantly shaping the globalization landscape.

In 2003, Stanley Fischer delivered the Richard Ely lecture at the Annual Meeting of the American Economic Association, delving into the intricacies of "Globalization and Its Challenges." Two decades hence, it's pertinent to reassess the evolution of these challenges. Fischer highlighted poverty eradication as a paramount challenge. This paper underscores this very challenge.

The past two decades have been punctuated by events that have profoundly shaped the global economy. I will concentrate on two pivotal events that presented formidable challenges to the globalization process, listed chronologically with their onset years in parentheses: The Great Recession (2007) and the COVID-19 pandemic (2020).

While numerous events have unfolded in this period, not all wielded a significant global impact. For instance, developments such as Brexit (2020), the Russian-Ukrainian War (2021), and the recent conflicts in the Middle East (October 2023) may be of paramount importance but do not appear to exert a broad global influence. Conversely, the groundbreaking advancements in social media, artificial intelligence, and e-working during the 21st century have left indelible marks, profoundly shaping not only the economy but also politics, society, and culture. These transformative forces will be succinctly discussed in the subsequent section.

The onset of the Great Recession, originating in the U.S. and subsequently engulfing Europe by 2008, sent shockwaves across numerous countries. This crisis jeopardized the stability of the global economic framework and posed existential threats to pivotal institutions like the eurozone. The intricate interdependence among eurozone nations was so pronounced that even a relatively smaller economy like Greece could have precipitated the euro's collapse. I have delved into the ramifications of the Great Recession on Greece and the broader Eurozone context in prior works (Papanikos 2014a, 2014b, 2015, 2021).

Following the Great Recession, while many economies grappled with recovery, another significant blow struck the global economy. The pandemic originated in China, likely towards the end of 2019, but its severity only became

glaringly evident a few months later.<sup>2</sup> This led to an unparalleled lockdown of national economies, profoundly impacting both domestic and international travel, as well as traditional working environments.

Teleworking witnessed widespread adoption, fundamentally altering the dynamics of labor supply. This shift gave rise to novel working paradigms, such as nomadic workers. These individuals no longer adhere to conventional office settings but leverage the internet to operate from locations thousands of kilometers away from their designated work bases. Termed as "virtual globalization," this phenomenon encompasses multifaceted dimensions, which I won't delve deeply into here. Nonetheless, I offer some insights in the subsequent sixth section, particularly when discussing the sustainability and prospective trajectory of globalization.

What, then, have been the ramifications of these twin events on global economic growth? Figure 1 illustrates world economic growth rates dating back to 1961. The repercussions of both the Great Recession and the pandemic stand out as the most profound economic shocks in this entire span. Historically, global economic growth had never turned negative until the Great Recession and the pandemic. Specifically, the world economic growth rate declined by 1.34% at the nadir of the Great Recession in 2009 and plummeted to -3.07% during the peak impact of the pandemic in 2020.

Figure 2 illustrates the average world economic growth spanning six decades, from 1960 to 2020.

During the 1960s, global economic growth stood at 5.2%, exhibiting relative stability within a range of 4% to 6%. However, the 1970s witnessed a decline to 3.83%, accompanied by significant volatility. Notably, in 1975, global economic growth plummeted to 0.65%, a consequence of the energy crisis triggered by conflicts in the Middle East.

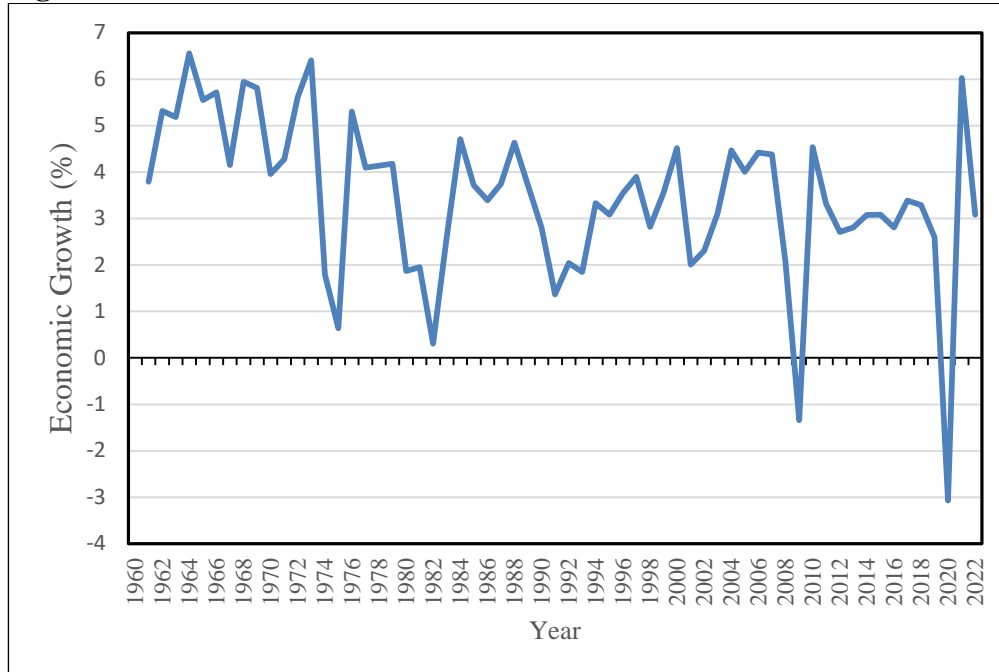
The 1980s marked another phase of subdued economic growth coupled with pronounced volatility. In 1982, the global output expanded merely by 0.3%,

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<sup>2</sup>In several studies, I have delved into the effects of COVID-19 on both the Greek and European economies and societies; refer to Papanikos (2020a, 2020b, 2021, 2022a, 2022b). Furthermore, various papers featured in ATINER's journals have explored different facets of COVID-19's impact on global economies and societies; consult Boutsioli et al. (2022a, 2022b). COVID-19 has profoundly influenced myriad aspects of global economies and societies. The economic repercussions, as depicted in Figure 1, are both staggering and unparalleled. Serving as an archetype of an external shock, COVID-19 has left an indelible imprint on every nation and facet of life. A comprehensive review of literature, albeit confined to publications in Athens Journals, offers insights into numerous studies elucidating its impact on the economy and tourism industry [Adejare et al. (2022), Jones (2022), Jones and Comfort (2020), Reid (2022), Tran (2023)], the Management/Finance [Gukiina and Lamunu (2021), Struwig and Watson (2023), Uwah et al. (2022)]. Health [Crescentini and Padricelli (2023), Galea (2022), Menekli et al. (2021), Mukherjee and Ray (2023), Shah et al. (2022), Stoyanov (2023), Uysal et al. (2020), Žegarac Leskovar et al. (2022)], Social/Media/Sports [Bäckman (2021), Cezar Dias and Moreira de Oliveira (2023), De Falco (2021), Fitzpatrick (2022), Jurić (2022a, b), Lust (2022), Mengü et al. (2021), Okaka and Omondi (2022), Osisanwo (2022), Polo Martín (2022), Regret Iyer (2023), Stefani (2023)], Education [Charalambous and Papademetriou (forthcoming), Güvercin et al. (2022), Jereb et al. (2023), Makgopa (2022), Oluwadamilola Uleanya and Mulliah Naidoo (2023), Rodari Meisner and McKenzie (2023), Turan-Güntepo et al. (2023)], Technology [Hassan and Bellos (2022), Ismaili and Ibrahimi (2021), Joolfoo and Hosany (2023)], and Law/Judiciary [Iancu (2023, 2021), Patraus and Ofirim (2021)].

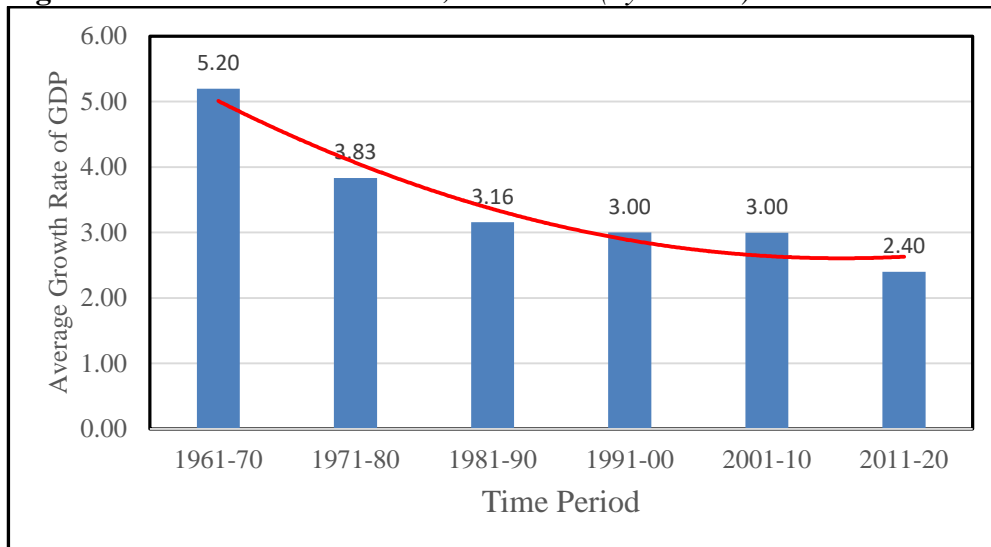
bringing the average growth for the decade to 3.16%. The subsequent two decades mirrored this trend, maintaining an average global growth rate of 3%. Yet, in 2009, a historic shift occurred: global output contracted by 1.34%, marking the first decline in the entire examined period.

**Figure 1.** *World Economic Growth, 1961-2022*



Source: World Bank.

**Figure 2.** *World Economic Growth, 1961-2020 (by Decade)*



Source: World Bank and Author's calculation.

In the most recent decade, the 2010s, global output saw an increase of merely 2.4%, marking the lowest growth rate among the six decades examined.

Interestingly, the impact of COVID-19 surpassed that of the Great Recession. By 2020, global output witnessed a sharp decline, contracting by 3.07%. This contraction stemmed from stringent lockdown measures implemented across national economies to curb the spread of the virus. However, 2021 painted a contrasting picture, with output growth surging to 6.03% — the third-highest growth rate recorded between 1960 and 2022. The only other years surpassing this were 1964 (6.56%) and 1973 (6.41%).

Figures 1 & 2 depict patterns that economists typically anticipate in prolonged economic growth analyses: pronounced year-to-year fluctuations underscored by the overarching trend in growth rates. The pivotal question remains: is the trajectory of growth ascending or descending? The polynomial trend line illustrated in Figure 2 suggests that global output growth commenced on a high note, as one might expect post a significant conflict or war. However, it appears to have stabilized around the 3% mark in recent times.

## **Facets of Globalization**

Globalization is a process wherein a nation-state collaborates voluntarily with other nation-states to achieve improved economic, political, social, and cultural outcomes. Fisher (2003, p. 3) defines globalization similarly, describing it as an "...ongoing process of greater interdependence among countries and their citizens."<sup>3</sup> Fisher acknowledges that a component of globalization is economic; however, he concedes that there are also noneconomic aspects to it. The definition I propose explicitly encompasses these noneconomic aspects of globalization.

The presented definition reflects an optimistic view of globalization. However, opponents of globalization perceive this process differently. They might define globalization as a phenomenon that compromises the sovereignty of a nation-state, subjecting it to the dictates of international markets and more powerful global political entities. Such critics argue that globalization undermines a nation-state's social fabric and culture. Advocates of this perspective push for de-globalization and a retreat from global integration through the political process. They regard the nation-state as the only legitimate authority to make decisions on economic, political, social, and cultural matters. At the most extreme end, some suggest complete isolation and insulation from the global order. The motivations behind such a stance can be economic, political, social, and/or cultural.

The most notable and unexpected example of disengagement from global involvement and world responsibilities comes from the U.S.<sup>4</sup> In 2016, the

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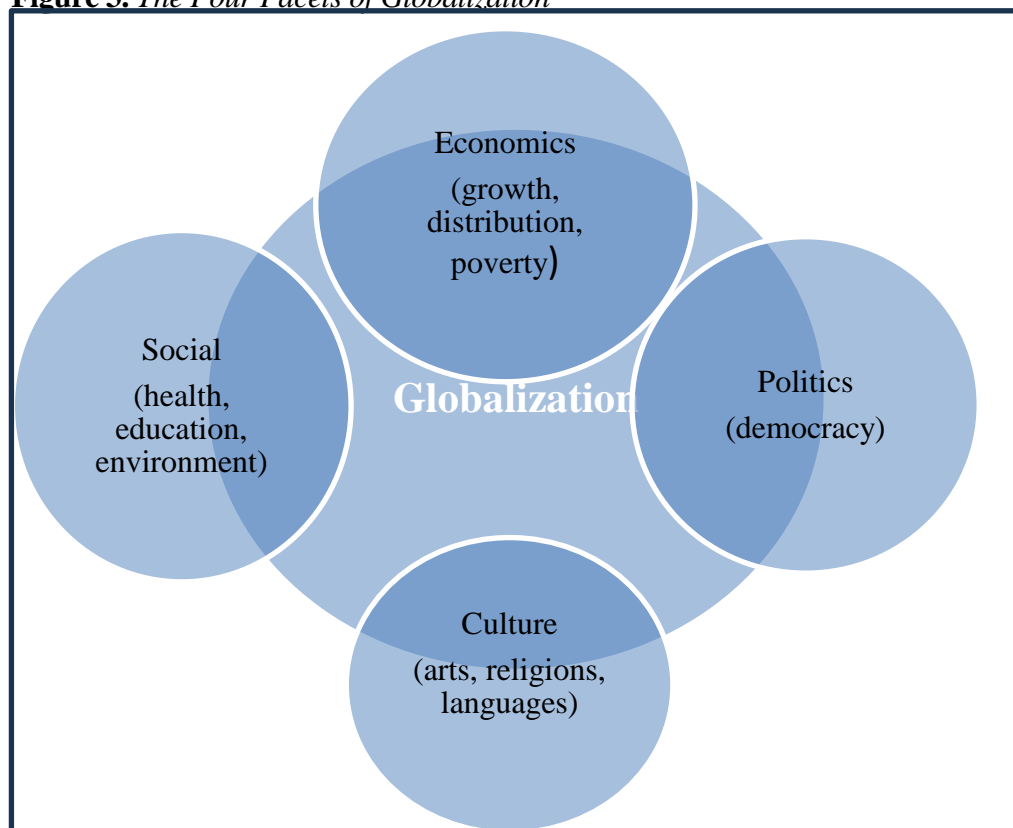
<sup>3</sup>In Papanikos (2016), I argued that while the concept of globalization has roots dating back to Ancient Athens, the term itself was coined for the first time in the 20th century.

<sup>4</sup>Economic theory suggests that under certain conditions, free trade benefits all countries involved. However, if these conditions are not met, some countries might benefit more than others, potentially at the expense of others. One such condition is the size of the economy; larger economies tend to benefit more from globalization than smaller ones. Given that the US is a significant economy, it's surprising that a president won an election while campaigning on reducing world economic integration. This is possibly the reason why he never delivered on his political promise to isolate the US.

Republicans won the election with a campaign focused on deglobalization and disengagement from global commitments. Their slogan, 'Make America Great Again,' encapsulated the U.S. intention to retreat from global political affairs. Prior to this, a significant example of disengagement was Brexit. In essence, Britain sought to separate its political decision-making from Brussels, emphasizing political autonomy rather than a complete deglobalization of its economy.

Figure 3 illustrates the four facets of globalization. I will address each facet individually and subsequently provide a summary, demonstrating that all four dimensions must grow proportionally for sustainable globalization. The four peripheral circles in the figure intersect with the central circle, symbolizing complete globalization. Each country determines its level of engagement with globalization, with some aspects being more globalized than others. This figure can be interpreted as reflecting a country's depth of engagement with globalization at specific points in time, such as Greece in the 1950s or in the 2000s.

**Figure 3.** *The Four Facets of Globalization*



Source: Author.

The intersections in the figure indicate the degree of integration. Generally, economic globalization tends to be more profound, followed by political integration, while social and cultural integration typically progresses at a slower pace. Taking Greece as an example, in the 1950s, the country was relatively isolated. Over time, it began to liberalize its economy, culminating in its full membership in the European Economic Community (now the European Union) in 1981 and adoption



of the euro in 2002. Nonetheless, many economic policies, including fiscal and industrial policies, remain under national jurisdiction. Despite some constraints, a common fiscal and industrial policy within the EU is still absent.

The EU is not only an economic union but also a political one, characterized by a common parliament elected through direct voting every five years by eligible EU citizens. Furthermore, EU member states are expected to uphold democratic principles, including the rule of law and freedom of expression. However, while member states maintain their distinct social policies, these must align with the overarching principles of a unified economic policy. For instance, Greece prohibits private universities, whereas Cyprus offers higher education through both public and private institutions. As depicted in Figure 3, cultural globalization remains the least integrated aspect, evidenced by the overlapping sections of the two circles. I can illustrate this point using the example of religion. Greece is recognized as a Greek Orthodox State. It's unthinkable that EU membership would 'force' Greeks to adopt a new religion. However, it raises an intriguing research question: How does globalization influence the religiosity of individuals?

### *Economic Globalization*

The term 'economic globalization' should be analyzed from both macroeconomic and microeconomic perspectives, as is common in economic theory and its applications. At the macroeconomic level, economic globalization implies policies that promote free trade, customs unions, and monetary and fiscal unions. A monetary union may include a common currency, as is the case with the twenty countries of the eurozone.

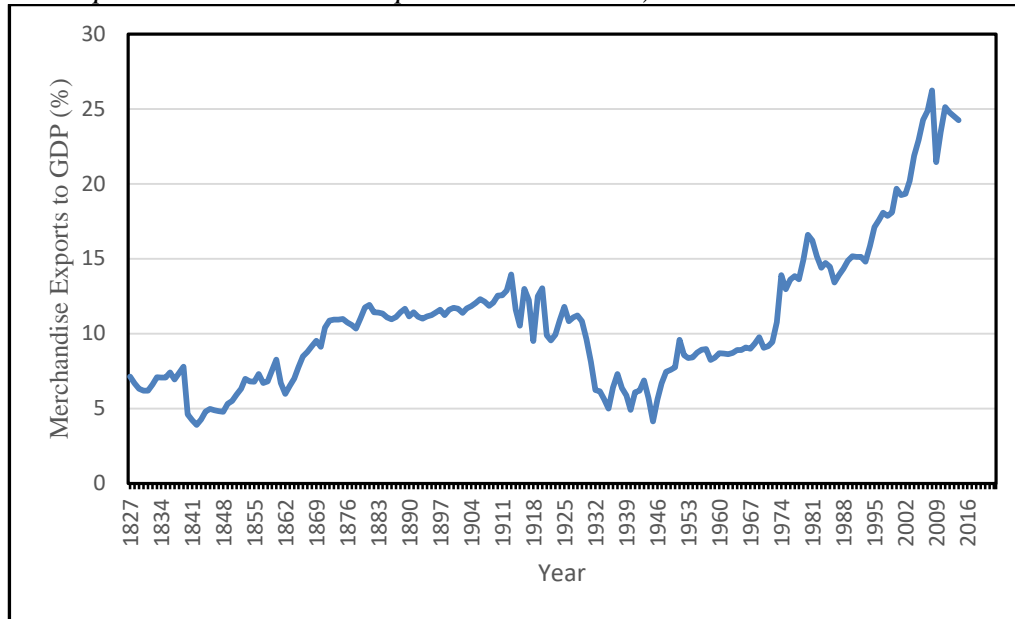
At the beginning of this century, I argued in Papanikos (2000, pp. 103–104) that there were three alternatives for the emerging global economy:

The first alternative is to return to some sort of national protectionism. The second alternative is the development of regional trade blocks and the third is global free trade. Most would agree that the second alternative is the scenario most likely to occur. However, it is quite possible that these alternatives are nothing more than sequential steps. For example, national protectionism is necessary to prepare national economies for regional free trade which, in turn, is an intermediate step towards globalization.

I believe this is precisely what has been occurring. The nation-state has been relinquishing control of its economy. As depicted in Figure 3, the economic cycle has been delving deeper into the realm of globalization. For instance, the Greek government could no longer resort to depreciating its national currency, as it had done on numerous occasions in the past, to counteract the effects of the Great Recession. Monetary and exchange rate policies were determined collectively by the eurozone countries. One might argue that I adhere to a linear theory of economic history, suggesting an almost continuous trend towards economic globalization. A basic indicator of this globalization is the ratio of world exports to world Gross Domestic Product (GDP).

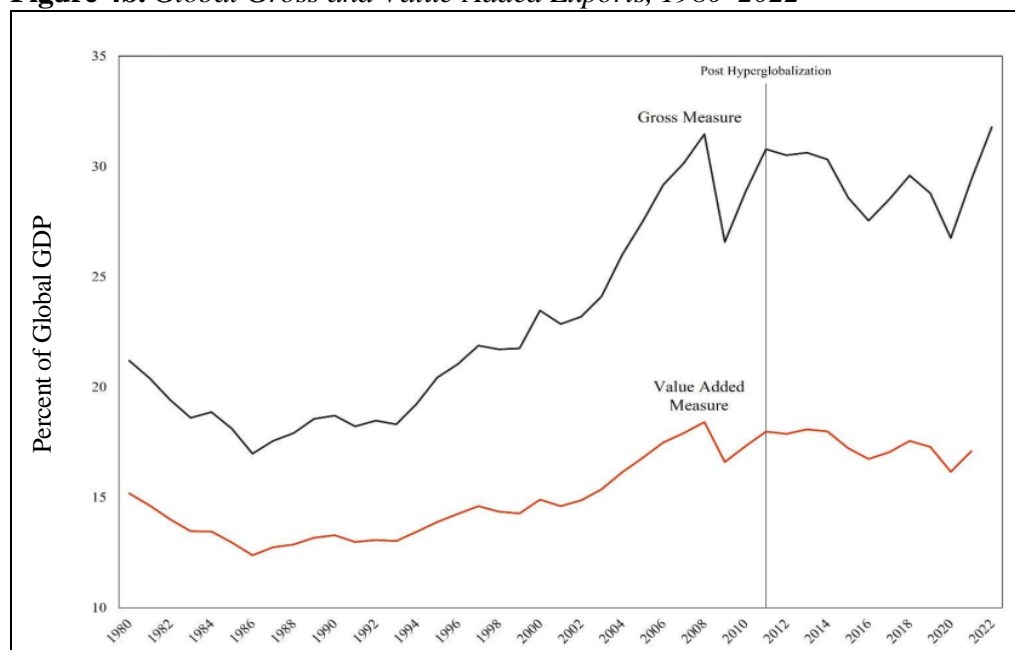
Have we experienced increased economic globalization? Opening national economies to greater trade in goods and services would manifest in data as a rise in exports relative to GDP. This encapsulates the essence of macroeconomic globalization. Figure 4a illustrates world exports as a percentage of world output from 1827 to 2016. Meanwhile, Figure 4b showcases both a gross measure and a value-added measure of world exports as a percentage of world GDP from 1980 to 2022.

**Figure 4a.** *Value of Exported Goods as Share of GDP, 1827 to 2014 (Estimates Correspond to Merchandise Export-to-GDP Ratios)*



Source: <https://ourworldindata.org/trade-and-globalization>.

The economic globalization of the 1990s and 2000s followed an almost linear trajectory. During the last decade of the 20th century, the pace of economic globalization was relatively slow. However, in the first decade of the 21st century, there was a significant increase in economic globalization. These two decades are characterized by a rapid surge in global exports. Subramanian et al. (2023) referred to this period as one of 'hyperglobalization.' Following the Great Recession and the pandemic, there has been a decline in economic globalization, though not at the rate one might expect after experiencing these two unprecedented events.

**Figure 4b.** *Global Gross and Value-Added Exports, 1980–2022*

Source: Subramanian et al (2023, Figure 1, p. 5).

There is also a microeconomic aspect to economic globalization. Levitt (1983) published an influential paper in the *Harvard Business Review* titled "The Globalization of Markets." Two decades later, Abdelal and Tedlow (2003) provided an evaluation of this paper.

Theodore Levitt discussed the concept of the "global corporation." He asserted that the future of business would belong to entities of this nature. Levitt extended his perspective beyond nation-states, emphasizing the profound influence of technology. In his own words:

A powerful force drives the world toward a converging commonality, and that force is technology. It has proletarianized communication, transport, and travel. It has made isolated places and impoverished peoples eager for modernity's allurements. Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new technologies.

The trend highlighted by Levitt has been accelerating rapidly. The advent of new internet technologies and social media platforms has furthered this "converging commonality." Globalization not only narrows the gap in national per capita incomes but also fosters shared tastes. This inevitably influences culture, or as Levitt himself articulates:

Worldwide communications carry everywhere the constant drumbeat of modern possibilities to lighten and enhance work, raise living standards, divert, and entertain. The same countries that ask the world to recognize and respect the individuality of their cultures insist on the wholesale transfer to them of modern goods, services, and technologies. Modernity is not just a wish but also a widespread practice among

those who cling, with unyielding passion or religious fervor, to ancient attitudes and heritages.

This reminds me of Marx's famous remarks in the Communist Manifesto. If one strips away the jargon, the essence remains the same. Marx writes in his Communist Manifesto:

The bourgeoisie, by the **rapid improvement** of all instruments of production, by the immensely facilitated means of communication, draws all, even **the most barbarian, nations into civilisation**. The **cheap prices of commodities** are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate **hatred of foreigners** to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, **it creates a world after its own image**. (bold added)

Marx was not opposed to globalization. He believed it was as inevitable as the revolution itself. To date, he has been 50% accurate in his predictions. I'd like to highlight the terms he employed. The swift progress we observe resembles hyperglobalization. It integrates 'barbarians' into civilization, makes commodities more affordable, and diminishes animosity towards foreigners. Now, we witness a shared culture, essentially crafting a world tailored to business interests. This transformation results from the expansive reach of businesses, aided by governmental support, representing globalization's political dimension.

If these dynamics were evident in 1983 — a time devoid of the internet, emails, social media, and artificial intelligence — their prominence today, four decades later, is undeniable to all. These changes have become indispensable facets of our lives. Interestingly, this shift occurred without any formal organization. Instead, it stemmed from grassroots pressures, from vast populations (whether termed consumers or global citizens), influencing the political globalization.

### *Political Globalization*

In most cases, it is people who advocate for globalization. They desire openness, the ability to travel around the world for pleasure, work, or sheer curiosity. Many great philosophers of ancient times traveled to acquire knowledge: Solon, Herodotus, Protagoras, Plato, and Aristotle, to name a few. As Aristotle would assert, education makes humans political animals. Eventually, people worldwide will seek to determine their collective future, whether at the level of a nation-state or through integrative entities like the EU or even the United Nations.

People desire the same human rights as everyone else. In democracies, citizens vote for and elect politicians who support globalization. Therefore, nations that prioritize freedom and adopt democratic political systems should be more receptive to international economic relations. Dictatorial regimes often stifle openness due to fears that their regime might crumble. Many view foreigners as threats to their societal norms, language, morality, religion, and other aspects that exemplify social and cultural globalization.

Below, I delve into the relationship between democracy and economic growth. If economic globalization fosters growth and democracy spurs economic advancement, one should anticipate a positive correlation between democracy and economic growth.

Never before has there been such extensive political engagement from global citizens. The future of political globalization appears promising because democracy's prospects are bright. As I contend in Papanikos (2022c), the promising trajectory of democracy hinges on education, an element deeply influenced by globalization. Education remains integral to what we term as social globalization.

### *Social Globalization*

By social globalization, I refer to a convergence of social policies, encompassing efforts to enhance education, health, and social welfare. This concept also extends to the natural environment, given its profound impact on society. Various global indices can measure these aspects.

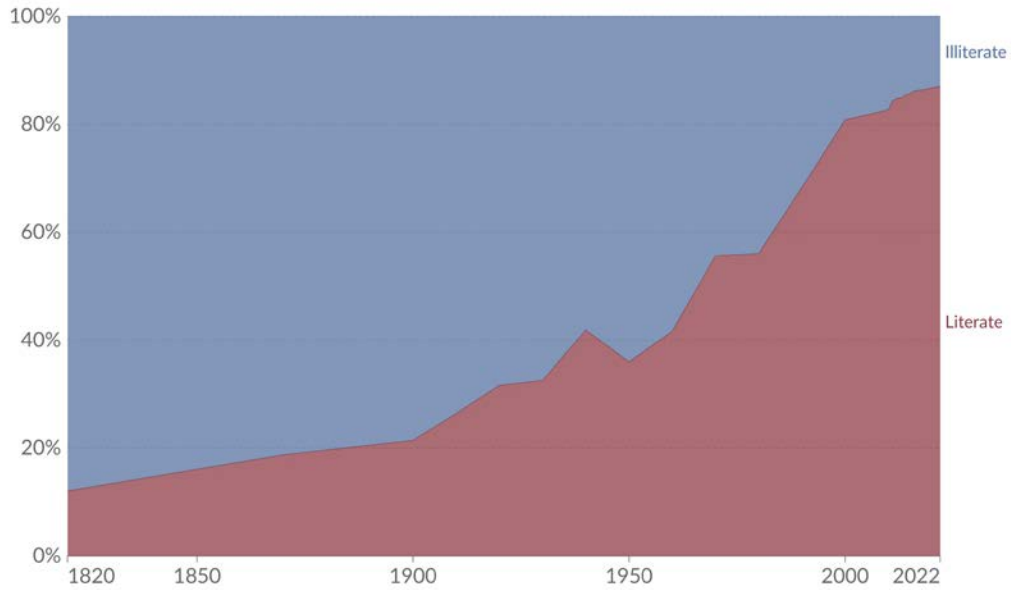
Educational achievements can be gauged by the percentage of the population that remains illiterate. Similarly, health and welfare indicators include metrics like life expectancy at birth.

Social globalization incorporates the preservation of the natural environment, recognizing it as a crucial component of the human ecosystem. While assessing the environment's quality and its implications for climate change, comprehensive long-term data spanning centuries is often lacking. Nevertheless, anecdotal evidence persists. Consider, for instance, whether London is cleaner today than it was during the 18th and 19th centuries or if the smog crisis of 1952 could recur today. Technological advancements have undoubtedly aided cities like London, as well as numerous others globally, in enhancing environmental quality without compromising economic growth.

Many believe that economic growth contributes to climate change, posing significant threats to both the environment and quality of life. Such apprehensions drive global concerns about globalization and economic growth. Consequently, some advocate for degrowth. However, I harbor reservations about this perspective. Addressing climate change demands collective global action, emphasizing the need for social globalization. The solution isn't necessarily reduced growth but rather a transformative growth that internalizes the social costs associated with climate change. Achieving this requires comprehensive globalization efforts.

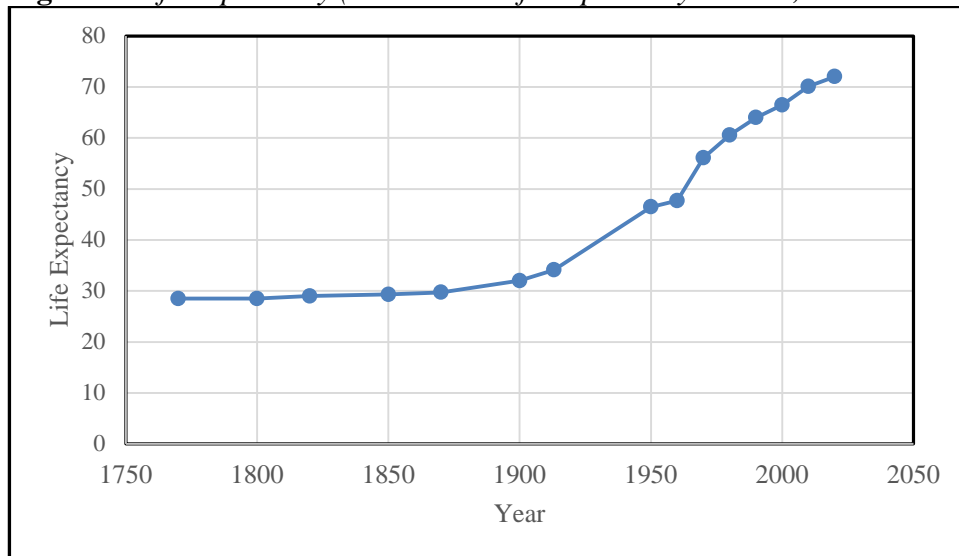
I employ two indices to highlight the significant advancements of social globalization: one pertaining to education and the other to health and welfare. The percentage of literate individuals has surged dramatically over the past two centuries (Figure 5). In 1820, the literacy rate stood at less than 20%, with an illiteracy rate exceeding 80%. However, over two centuries, these figures have reversed. Today, the literacy rate surpasses 80%, while the illiteracy rate has plummeted to below 20%. This represents a remarkable achievement indeed.

**Figure 5.** *Literate and Illiterate World Population (The Share of Adults Aged 15 and Older who Can Both Read and Write)*



Source: <https://ourworldindata.org/literacy>.

**Figure 6.** *Life Expectancy (The Period Life Expectancy at Birth, in a Given Year)*



Source: <https://ourworldindata.org/life-expectancy>.

Similar achievements can be observed in social globalization when considering life expectancy as an indicator of health and welfare. Figure 6 depicts life expectancy at birth since the 17th century. In 1770, it hovered below 30 years and remained relatively stagnant for about 150 years. However, during the first half of the 20th century, there was a notable increase. Life expectancy rose from 32 years in 1900 to 46 years by the 1950s. In the latter half of the 20th century and the initial decades of the 21st century—marked by economic hyperglobalization—life expectancy surged from 46 years in 1950 to 72 years by 2020.

*Cultural Globalization*

Culture is both a relatively vague and encompassing term. It can be described as the unexplained dimension of human behavior. According to the White (2022) culture encompasses variables such as language, ideas, beliefs, customs, codes, institutions, tools, techniques, works of art, rituals, ceremonies, and more. The concept also encompasses cultural values, which are socially determined and molded by tradition.

Nunn (2022) distinguishes between culture and tradition. While culture represents what individuals glean from their social milieu, tradition pertains to the transmission of this culture across generations.

In a rapidly evolving global landscape, culture may clash with tradition. Understanding the interplay between cultures and institutions becomes crucial when analyzing the effects of globalization, a relationship explored by Alesina and Giuliano (2015).

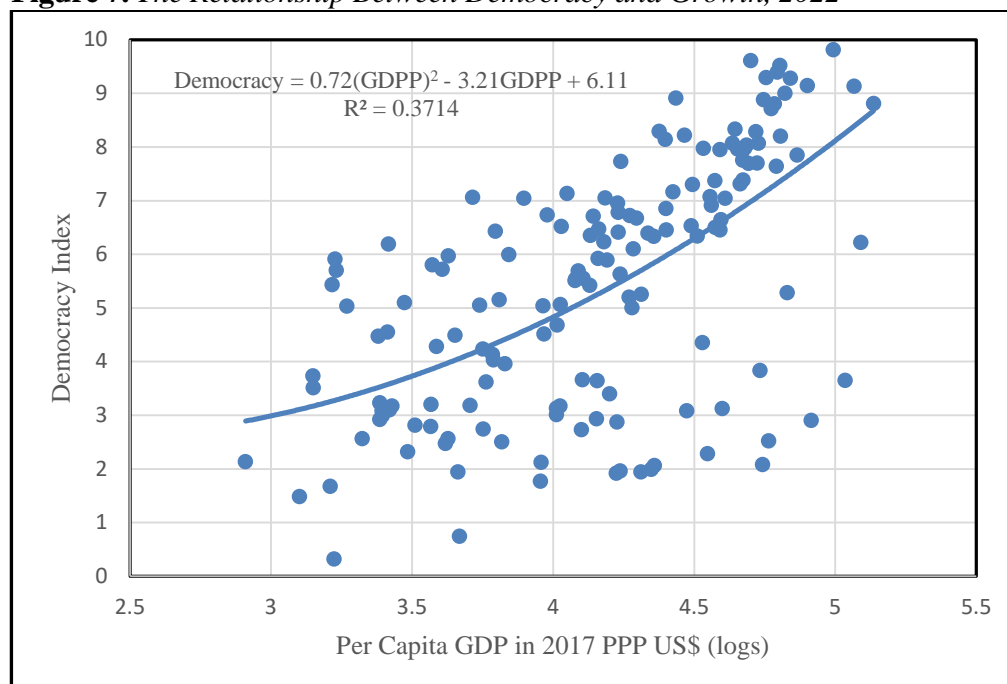
While culture remains immeasurable, numerous studies investigate its various impacts on economic and political processes. Democracy, for instance, can be viewed both as an institution and as a cultural element. Some cultures foster democracy and economic growth, while others hinder them. This forms a hypothesis open to empirical examination. Democracy, fundamentally a political process, can be contrasted, for example, by contrasting the democratic processes in pre-unification East and West Germany or the present disparities between North and South Korea. The correlation between democracy and economic growth will be explored in the subsequent section.

**Democracy and Growth**

Economic globalization is gauged by the percentage of exports relative to GDP. On average, increased economic globalization fosters opportunities for greater economic growth. However, achieving economic globalization necessitates appropriate policies. Ideally, effective policies are implemented transparently and with minimal corruption. Democracy emerges as a governance system that aligns with these criteria more effectively than other political regimes. Given this, one would expect a positive correlation between democracy and economic growth.

Figure 7 depicts a scatter plot correlating a democracy index with the logarithm of per capita output for 155 countries. A pronounced, actually nonlinear, relationship between democracy and economic well-being is evident.

From the preceding section, we discerned that economic globalization spurs economic growth rates surpassing population growth rates, leading to an increase in per capita GDP. Figure 7 further illustrates that democracy correlates positively with per capita income growth across a diverse array of nations. Based on these cross-sectional data, it suggests a longstanding relationship between the two variables.

**Figure 7.** *The Relationship Between Democracy and Growth, 2022*

*Source:* The democracy index was obtained from the Economist Intelligence Unit. The per capita GDP data are from the World Bank. With both datasets available, a sample comprising 155 countries was analyzed.

The observed nonlinearity in the graph is intriguing. It suggests that as democracy strengthens, the rate of increase in per capita income might accelerate. Conversely, the opposite could also hold true, which is likely the case. As per capita income rises globally, citizens across countries increasingly advocate for democracy. This perspective seems plausible. Democracy can be viewed as a luxury good; for those struggling with basic needs, establishing a democratic political system might be a secondary concern. Additionally, as incomes elevate, literacy rates, as highlighted in the previous section, tend to rise. Literacy serves as a foundation for robust institutions, which in turn can sustain democratic governance.

Impoverished individuals typically face economic challenges. Addressing poverty stands out as one of the paramount accomplishments of economic globalization. This topic will be explored in the subsequent section.

### Poverty Alleviation

Those who advocate for globalization generally have economic globalization in mind. They support it based on economic theories and numerous empirical studies that uphold the primary hypothesis of globalization: using economic growth as a means to alleviate poverty. Fischer (2003, p. 2) articulates this perspective as follows:



As far as economics is concerned, the big challenge is poverty, and the surest route to sustained poverty reduction is economic growth. Growth requires good economic policies. The evidence strongly supports the conclusion that growth requires a policy framework that prominently includes an orientation toward integration into the global economy. This places obligations on three groups: those who are most responsible for the operation of the international economy, primarily the governments of the developed countries; those who determine the intellectual climate, which includes this audience but also government and nongovernment organizations and individuals; and the governments of the developing countries who bear the major responsibility for economic policy in their countries.

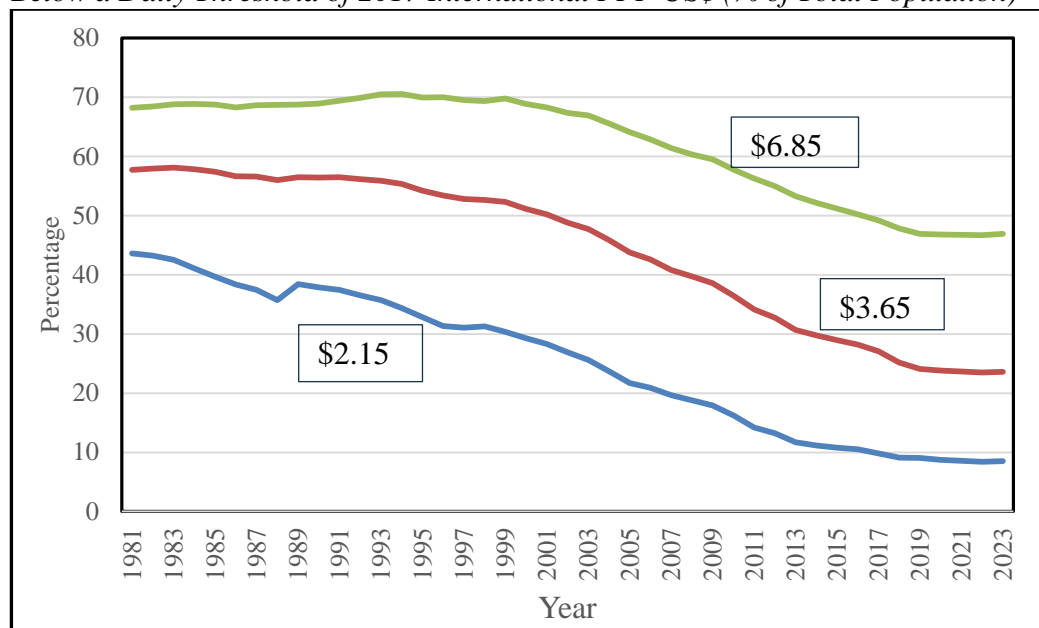
Poverty is quantified by the number of individuals living below a designated income (or consumption) threshold per day, typically defined as the absolute minimum subsistence level. Presently, the World Bank designates this threshold as 2.15 US dollars from 2017, adjusted for Purchasing Power Parity (PPP) variances.

How does globalization mitigate poverty? If economic globalization leads to a GDP growth rate in each country that exceeds what would otherwise occur, then there's a greater national output to distribute. This indicates an economic potential. Whether this potential translates into poverty reduction hinges on how the additional income generated by globalization is distributed. If the improvement in income distribution is intrinsic to the globalization process, then there may be no need for government intervention to redistribute this surplus income. Conversely, if it's not intrinsic, governmental action might be essential to allocate income to those below the poverty income threshold.

What does existing evidence indicate? Does economic globalization indeed reduce poverty? Figure 8 illustrates the percentage of individuals living on less than a fixed amount of US\$ PPP per day. In 1981, 43.61% of individuals lived on less than 2.15 US dollars daily. This percentage rose to 57.74% when the threshold increased to 3.65 dollars and further to 68.2% with an income threshold of 6.85 dollars daily.

Interestingly, despite the surge in economic globalization, the poverty rate remained fairly consistent over two decades for the upper threshold of 6.85 dollars. In fact, there was a marginal increase, with the percentage of individuals living on less than 6.85 dollars daily in 2000 surpassing the 1981 figures. However, the poverty rates decreased for the other two income thresholds.

**Figure 8.** People Living in Households with Consumption or Income per Person Below a Daily Threshold of 2017 International PPP US\$ (% of Total Population)



Source: World Bank, United Nations and Author's Calculations (retrieved 14 December 2023).

1. [https://pip.worldbank.org/poverty-calculator?src=EAP,SAS,SSA,LAC,MNA,ECA,OHI,WLD&pv=2.15&oc=pop\\_in\\_poverty&on=Population%20living%20in%20poverty&os=millions&od=Population%20living%20below%20the%20poverty%20line%20\(2011%20PPP\)&tab=table&ppp=2017](https://pip.worldbank.org/poverty-calculator?src=EAP,SAS,SSA,LAC,MNA,ECA,OHI,WLD&pv=2.15&oc=pop_in_poverty&on=Population%20living%20in%20poverty&os=millions&od=Population%20living%20below%20the%20poverty%20line%20(2011%20PPP)&tab=table&ppp=2017)
2. <https://blogs.worldbank.org/opendata/march-2023-global-poverty-update-world-bank-challenge-estimating-poverty-pandemic>
3. <https://unstats.un.org/sdgs/report/2022/goal-01/>

One might conclude that during the initial phases of economic globalization, the most impoverished segments of society benefit more than other income groups. This trend is evident from the slopes of the three curves spanning from 1981 to 2000. Post-2000, the decline in the percentage of people living in poverty steepened, and this decline was evenly distributed across all income groups. Notably, post-2000, the three lines display nearly parallel trajectories, indicating consistent slopes.

By 2023, projections suggest that fewer than 10% of the global population will live on less than 2.15 dollars per day, 23.6% will subsist on less than 3.65 dollars, and less than half will live on less than 6.85 dollars daily. If these patterns persist, economic globalization might eventually eradicate the number of individuals living below the 2.15-dollar daily threshold.

However, is this trajectory sustainable? What lies ahead for those currently living in extreme poverty due to globalization? The subsequent section delves into whether the commendable historical achievements of economic globalization can be maintained in the future.

## **The Sustainability of Globalization**

Is globalization sustainable? Can it continue to yield positive outcomes as it has since the latter part of the 20th century and into the 21st century? The answer is unequivocally yes. The sustainability of globalization hinges on how its four facets evolve and address any adverse effects. Globalization necessitates continuous change. Such transformations may not benefit every societal group uniformly. Certain groups might experience a decline in absolute or relative terms. For instance, some might witness stagnant incomes, reduced political influence, or shifts in social and cultural dynamics due to globalization.

The four facets of globalization are undeniably interconnected, with the nexus between politics and economics being paramount. This intersection manifests in various forms. Economic policymaking inherently fuses politics with economics. While the economy operates autonomously to some extent, governments play pivotal roles in wealth distribution through taxation and other mechanisms, aiming to address objectives like poverty alleviation. If a harmonious equilibrium between economic and political dimensions is maintained, globalization's prospects remain bright. Over time, the social and cultural dimensions will likely adapt and evolve in tandem.

This perspective offers a long-term analysis. The trajectory of these changes may not always follow straightforward paths. The benefits of globalization are not always predictable, especially when scrutinizing year-to-year fluctuations. There may be periods when globalization yields unfavorable outcomes, prompting certain nations to reconsider their involvement. However, the broader consensus will likely reaffirm globalization's inherent benefits.

Consider the unforeseen progress made in just two decades: hyperglobalization contributed to reducing global poverty from 30% in 2000 to less than 10% in 2020. Fischer (2003) posited that one of globalization's primary challenges lies in poverty reduction, a feat also achieved in education and healthcare sectors. These advancements pave the way for democratic governance. Indeed, democracy often emerges as countries achieve economic prosperity, robust health, and widespread education. When these elements coalesce harmoniously, globalization stands poised for sustained success and a promising future.

## **Conclusions**

Five primary conclusions emerge from the discussion and descriptive evidence presented in this paper:

1. If past trends serve as an indicator, globalization appears to have a promising trajectory for the future.
2. The most significant accomplishment lies in poverty alleviation. By the close of this century, the complete eradication of absolute poverty may become a reality.

3. Subsequent to poverty reduction, political globalization may facilitate an expansion in democratic governance.
4. Sectors such as education, health, environment, and other social domains are likely to progress, given their interdependence with economic and political globalization.
5. For cultural globalization to flourish, individuals worldwide must have the freedom to choose their religions, languages, customs, and other cultural facets. Cultural globalization does not necessitate a single culture, although some degree of homogenization does occur.

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