

THE CRASH OF GLOBALIZATION AS A CONSEQUENCE OF MIGRATION AND THE COVID-19 PANDEMIC

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ABSTRACT

Globalization as an economic-political process, based on the freedom of movement of labor, capital, goods, services, information, solidarity between countries and the in recent decades, is imposed as a basic option for growth, development and increasing living standards. Globalists have never emphasized the negative effects of globalization, such as creating conditions for increasing drugs trafficking and other illicit things, human trafficking, creating conditions for increasing terrorism, creating growing disparities between rich and poor, and what is, no less important, exploitation of the underdeveloped by the developed. The migrant crisis has completely exposed everything that was proclaimed years ago.

Already “erased” borders have become stronger than ever (countries have literally fenced themselves off with multi-level physical barriers) [11], rigorous entry measures have been introduced, etc. A further collapse of globalization has been caused by a corona virus pandemic. The countries that most proclaimed freedom of movement made it impossible, there was a lack of solidarity in the equal distribution of medicines and other medical devices, especially vaccines. Thus, globalization is no longer a common interest, but the interests of nation-states have become the only interests and disregards for other countries and their interests. The aim of this paper is to show that globalization, as an economic and political process, results in the creation of wealth for the already rich and the poverty of the poor, as well as the exploitation of the poor by the rich. In addition, the paper should show that in case of crisis (migrant crisis and pandemic), globalization shows all its negative effects manifested by lack of solidarity, taking into account only their own interests, breaking trade and international trade chains, increasing prices of all products, etc. During this research, the method of analysis and synthesis, the method of induction and deduction and descriptive analysis will be used, and a conclusion will be made on the basis of all relevant data.

Keywords: Globalization, freedom of movement, Migrant crisis, pandemic SARS-Cov-2

INTRODUCTION

When it comes to globalization as an economic-political category, one gets the impression that the term has been completely explained and that there are no disputable elements that explain it. However, since globalization is explained by many theorists in different ways, it follows that there is still no comprehensive and common view of the overall globalist processes. Therefore, globalization is viewed multidimensionally [11] from several aspects, such as: economic, social, political, cultural, religious, legal, sports, etc. [1]. Globalization, as primarily an economic category, has also been the subject of study by classical economists such as Adam Smith, David Ricard, John Stuart Mill, and Karl Marx. Karl Marx announces globalization with the call “Proletarians of all countries, unite”. He wants the unification of all proletarians

and their joint and harmonious action in all countries, to fight for the same rights, for the interests of one national community to become the interests of another national community, for all workers to have the same global interests. At the same time, however, Marx points out that the uncontrolled global movement of capital and corporations around the world, wild capitalism and globalization are destroying the social and economic structures of individual societies [1]. Eric S. Reinert [5] points out that globalization, as implemented by the Washington institutions (IMF and World Bank) in practice represents the integration of rich and poor countries in both trade and investment.

However, this integration is not based on equal grounds, because rich and poor countries are integrated, **not with the aim of transferring part of the wealth of rich countries to poor countries, but quite the opposite, exploitation of the poor by rich countries**¹. Thomas Friedman [10] views globalization as the inevitable integration of markets, states and technologies, to the extent that it allows individuals, corporations and states to perform around the world faster, deeper and cheaper than ever before. The International Monetary Fund [2] views globalization as the growing economic interdependence of countries around the world, through the growing volume and diversity of cross-border transactions in goods and services and international capital flows, as well as through faster and more widespread technology. Regardless of the way in which globalization is defined, its positive and negative effects are best seen in the economy. The first of the positive aspects is that through globalization, economies of scale are increasing, which means lowering the prices of goods or services per unit of product. There are a large number of products or services with a low price, and the conditions are created for all consumers to be able to use these products or services and thus increase their standard.

Another positive effect is technological development and innovation. Technological development and innovation represent the accumulation of knowledge and the creation of a large number of sophisticated products or services, and when they are placed on a wide market, then they will be cheaper and more accessible to every consumer. Innovations are one of the most important factors in the competitiveness of the enterprises in modern business conditions [15]. The third positive element is synergy effects and cluster effects. They imply cooperation between companies around the world, interconnection and individual growth and development that would not be possible if they acted independently. This does not completely apply to the military industry, because certain technological achievements and innovations in this branch, due to the individual security of countries, cannot be the subject of joint development, except in some individual activities such as space exploration².

CONTROVERSIES OF SCOPE ECONOMY AND TECHNOLOGICAL DEVELOPMENT IN THE CONDITIONS OF GLOBALIZATION

In the previous part of the paper, the basic positive effects of globalization are discussed. All three positive effects of globalist processes would result in a higher standard of living and consumer satisfaction if all countries of the world were on approximately equal economic development. But the reality is not like that. Not all countries in the world are on the same economic development, so they cannot specialize in the same products or services, on the one hand, and the production of all products and services does not have the same added value on the other hand. Developed countries specialize in the production of products and services that have greater or greater added value, and in these cases economies of scale give positive effects. Poor countries cannot specialize in the production of products or services that have high added value, and consequently they are left with the opportunity to specialize in the production of raw materials. Rich countries use such a situation and, in that way, perform classic exploitation. They sell products with high added value to poor countries, where they earn many times over, and they buy raw materials from them, which they pay for at minimum prices. When poor countries specialize in the production of raw materials at the beginning of international trade, such specialization brings increasing yields, but only to one point in the volume of production, and after that there are declining yields. For example: if a poor country chooses to specialize in wheat production as long as wheat production is done on land that yields competitive yields, the country will achieve a growing yield, but only until it starts producing wheat on lower quality land that requires high costs and then there are declining yields regardless of the amount of wheat it produces. The bottom line is that economies of scale do not operate in the exchange of products produced on the basis of natural resources as primary production. Thus, economies of scale, regardless of the increase of an economic factor in primary production, do not lead to a reduction in production costs per unit of output, if the costs of increasing that economic factor are greater than the effects on total

production. In this case, there is no reduction in costs per unit of product, i.e., there is a decline in yields. In order for economies of scale to produce cost-per-unit reductions, primary production products must be industrially processed and thus yields increase.

Therefore, developed countries from poor countries import raw materials or primary products produced on the basis of natural resources (primary products of agricultural production, ores, etc.), process them and achieve growing yields, and poor countries do not have the opportunity to engage in industrial production because developed countries do not allow the use of modern technology, which is in fact pure and unambiguous exploitation. The plan for the exploitation of mineral resources in Serbia by companies from developed countries (lithium, gold, bauxite, etc.) during 2020 and 2021 and 2022 continues to be a typical example of the exploitation of raw materials. It is not unknown that new technologies increase productivity and bring high yields. The application of new technologies is decided by developed countries that possess those technologies. Poor countries are forced to specialize and produce those products where very little new technology can be applied (usually manual labor) and where cheap labor is needed. If new technologies reach such a level of development that manual labor can be replaced by high-tech labor, then that production immediately moves to developed countries, and the rest of the work returns to underdeveloped countries where there is cheap labor. The best example of this type of relationship between the developed and the underdeveloped is the example of the USA and Guatemala [5]: on pajamas bought in the USA it was written: "Fabric, made in the USA, cut and sewn in Guatemala". high-tech fabric production, but not cutting and šivenje za što je bio sewing which required physically cheap labor. That is why cutting and sewing were done in Guatemala. After the development of laser technologies in the USA, production and cutting at a high technological level was enabled, but due to the low cost of labor, sewing was still done in Guatemala, so the same pajamas read: "Fabric made and cut in the USA, and sewn in Guatemala" [5]. Today's situation in Serbia is inevitably reminiscent of the situation between the United States and Guatemala. Namely, numerous factories from the automotive industry have started production in Serbia. Most of them are modular factories (they can be easily disassembled and moved to another location) which are engaged in the production of those products that can not be highly automated (winding cables for various consumers in the car, production of tires, as objectively dirty technology, production of parts that do not have high added value such as battery boxes, etc.). These products are delivered to factories around the world where the assembly and production of high-tech parts is performed, where the price of one working hour is far higher than the price of a working hour in Serbia, which is nothing but the exploitation of labor. In addition, such industries receive a very significant financial incentive from the Government of Serbia.

PARADOXES OF GLOBALIZATION AND KEYANIANISM

Globalists are of the opinion that globalization benefits everyone. The cruellest globalists say that the market regulates everything ("Lese fer"), that no plan or influence of the state is needed. This view is contrary to Keynes's theory [3] (John Maynard Keynes, whose most famous work is *The General Theory of Employment, Interest and Money*, published in 1936. This economic theorist advocated the influence of the state especially on the fiscal and monetary spheres. represented and applied until the 1970s, when it was criticized by certain economists, especially Milton Friedman, who believed that fiscal and monetary policy could not regulate economic cycles. However, the economic crisis that occurred in 2007-2008. year, when first of all the USA, and then the EU countries and other countries applied fiscal incentives to the banking sector, this theory and practice came to the fore. Globalists point out that globalization is the main cause of the development of China, India and South Korea, but they do not point out that these countries did not apply the methods recommended by global financial institutions such as the IMF and the World Bank. These countries used the free market, embraced new technologies, but at the same time developed their own innovative and technological resources and expanded their market around the world. Free trade advocated by globalists, solidarity between countries and the like is possible only between countries of the same or similar economic development. In every other case, there is exploitation of the developed over the underdeveloped. Measures that apply to developed countries are not necessarily applicable to underdeveloped countries and vice versa. Globalist policy starts exclusively from profit for the most developed and they do not realize that there must be different solutions for special cases, just as different diseases are not treated with the same drugs. Measures that benefit rich countries help them become even richer, and the same measures can help the poor become even poorer.

MIGRANT CRISIS AND THE COVID-19 PANDEMIC AND THE CRASH OF GLOBALIZATION

Migration is a social phenomenon that has been known since ancient times. They are Migration is a social phenomenon that has been known since ancient times. They are caused by various reasons, and the most well-known are voluntary economic migrations, which can be within one country or international migration. In modern times, demographic experts distinguish four basic types of migration [8] seasonal migration (in search of seasonal jobs-construction work, tourism services, agricultural production, 2. migration from rural to urban areas, 3. migration from urban to suburban areas, and international migration. All European integrations since their inception (ECSC, EAEC, EEC and EC) and even the EU in its formal basis of creation have been aimed at creating a community to preserve world peace and full solidarity. It is paradoxical that the founding countries of the EU have never viewed Russia as a European country, although a significant part of its territory belongs to the European continent, but they have viewed it as an adversary or enemy. Therefore, the real goal of these integrations is not only to preserve peace and solidarity, but to create a block towards the eternal enemy - Russia (we only recall the Napoleonic Wars, World Wars I and II). The migrant crisis has shown all the fragility and unprincipledness of the EU as an organization for preserving peace and solidarity. EU countries are divided over how to overcome the migrant crisis, taking into account only their interests. Hungary was the first to ban the physical entry of migrants, building physical barriers, which were later joined by other countries (Austria, Slovenia, Croatia), although they had previously condemned the procedure. Thus, global processes that have been promoted over the years as the free flow of people, capital, knowledge of goods and services have simply been abandoned without any explanation. The most significant consequences of the migrant crisis that affected the collapse of globalization are contained in the following [8]: 1) abolition of freedom of movement of people – full establishment of border control by all means, including physical barriers at several levels, 2) suspension or establishment of control of goods and services, 3) increasing the possibility of terrorists entering with migrants, 4) increasing public spending on receiving migrants, 5) fully clear and unambiguous expression of non-solidarity among countries that have advocated solidarity and the removal of all barriers at national borders, 6) growth of the gray economy, 7) increase conflicts between the domicile population and migrants, 8) selectivity in the reception of migrants-highly educated, as well as those for performing unskilled jobs are welcome, others are not [8]. The migrant crisis is not over, and in 2019, the whole world faced a shock [12] caused by a pandemic caused by the SARS-COV-2 virus. This pandemic has dealt a very strong blow to the economies of the whole world, especially to the health systems and the health of the population. As much as the migrant crisis has negatively affected the process of globalization, COVID-19 has completely destroyed the basic principles of globalization and shown that globalization is not the process promoted, but rather the process of enriching the rich, impoverishing the poor and exploiting the poor by the rich.

The negative effects of coronavirus are reflected in increased health and economic risk which is manifested in the deterioration of the macroeconomic framework in the world [14]. This conclusion is imposed for the simple reason that developed economies have moved their production to less developed countries (China, India, etc.) using their raw materials and cheap labor, but also their technologies. The fight against COVID-19 meant locking the region, and the state as a whole [7], [12]. This lock resulted in the disruption of supply chains, thus increasing transport costs, lack of parts for the production of certain products in developed parts of the world, and thus slowing the growth of the global economy [9] and falling GDP almost worldwide. Aggregate supply is very affected because certain economic entities, due to lack of parts, locking regions and countries, the need to maintain physical and social distance, reducing the number of employees due to infection reduced or completely suspended work, which caused major problems in the globalized world due to supply chain disruptions. and production [6].

Simultaneously with the reduced supply, there is a drop in demand, an increase in prices and a drop in productivity. Paradoxically, the pandemic had some positive consequences [4]. They primarily refer to the family, because one of the measures in the fight against COVID-19 was working from home. Tele working and mobile work provided workers with the opportunity to adapt their time and place of work to their needs [16]. In this way, families spent more time together than ever before, getting closer and solving problems together.

CONCLUSION

The decades-long advocacy of globalization as an economic process that benefits everyone has proved to be an unsustainable concept. The spread of globalization processes simultaneously expands and encourages the negative aspects of globalization, such as increasing the gap between rich and poor while exploiting the poor by the rich, creating opportunities to increase terrorism, creating opportunities for easier trade in opiates and other illicit drugs, various infectious and other diseases. Migrations in the second decade of the 21st century, as well as the SARS-COV-2 pandemic, have shown that globalization, advocated decades ago, can only exist as long as it does not threaten the interests of rich and developed countries. The mentioned migrations, and especially the pandemic that causes the COVID-19 disease, have annulled the basic principles of globalization, which are reduced to the free movement of capital, goods, services, information and similarly. The cure for the pandemic was in the locking of certain regions and countries as a whole, which consequently caused the rupture of retail chains, reduced supply of semi-finished products and parts produced in less developed and underdeveloped countries, reduced aggregate supply and aggregate demand, price and falling productivity. So, everything that globalists have been advocating for years in a short period of time has been called into question, which has led to a real economic war between countries, protecting only their interests in the absence of any solidarity and satisfaction of their interests.

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