

PROGRESSIVE GLOBALIZATION OF THE CAPITAL MARKET

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Abstract: The economic meaning and role of international capital market is to redistribute resources in overall volume. Almost all industrialized countries have ramifications international capital markets. Non-residents have the right to purchase securities markets, and some securities issued in that country may be subject to parallel programs and foreign financial centres and international secondary market quotations subject. New electronic technologies to greatly increase the likelihood of capital markets, providing market participants momentary information, truthful about the state of capital markets in any country and enables faster data processing, according to the trends of liberalization of the economy. Thus, the tendency of globalization of markets industrial countries appears in association with an increasing number of other states.

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1. INTRODUCTION

The term "globalization" first appeared in the late '60s and was released by Canadian specialist in mass media theory, Professor Marshall McLuhan, Univ. Toronto and American specialist in "communism" problems, Zbigniew Brzezinski, Univ. Columbia. McLuhan extrapolated lessons of Vietnam and launched the phrase "global village".

"The world is becoming more global supermarket, in which ideas and products can be found everywhere at the same time. Globalization is not designed simply, the goal of increasing inter-community. It aims conscious awareness and intensity of the world as a single space. Globalization is what the Third World have called for centuries, colonization. Globalization refers to the process through which social relationships are relatively free of factors distance and borders, so that human life unfolds increasingly more comfortable a world seen as a unique place."³³ Globalization is important because of its impact on the human condition. It can generate rewards for those who managed to address their grievances on behalf of the marginalized in this process.

Globalization is the most characteristic phenomenon of contemporary social dynamics. It is manifested in all spheres of life - political, economic, cultural, and scientific. Economic fundamentals that underpin globalization are rather questionable: the constant growth of international flows - trade, investment and financial capital and the recent acceleration of the last two of them.

2. ANALYSES

³³ Bari I., Contemporary global issues, Bucharest, 2003, p.36

Economic globalization - four issues relate to economic globalization that indicates four types of flows across borders, namely: flows of goods / services, e.g. free trade, flows of people (migration), capital and technology. A consequence of economic globalization is to improve relations between developers same industries in different parts of the world (globalization of an industry), but also an erosion of national sovereignty over economic sphere. IMF defines globalization as "the increasing economic interdependence of countries worldwide through increasing volume and variety of transactions of goods and services across borders, international capital flows more freely and faster, but also a wider diffusion technology."³⁴ The World Bank defines globalization as "Freedom and ability of individuals and firms to initiate voluntary economic transactions with residents of other countries".³⁵ The goal is globalization accelerated, and the ultimate goal, total control of the economy and world politics by establishing a single world government. "All we need is a major crisis and the nations will accept the New World Order" - this was the belief of the last years David Rockefeller, which he expounded the Bilderberg Club and the Trilateral.

Goals in the process of globalization are established by large corporations. Scientists are those who provide education to justify these corporate objectives, the public and politicians these ideas and possibly introduce new laws that would lead to these objectives, the media propaganda to popular consensus and public support measures required corporate leaders.

From the methodological point of view, the globalization of capital markets analysis, an analysis of the facts and phenomena in their evolution was taken into account. In this longitudinal methodology was applied. In the last decade the global economy has led to the emergence of new factors, which relate primarily technological revolution, characterized by the widespread use of computer and new media communications. International market securities, especially equity and bond markets become global. On foreign exchanges are quoted daily million securities of U.S. companies. In the late 90s of sec. XX N.Y.S.E., Chicago Stock Exchange, N.A.S.D.A.Q. and other exchanges, operated 24 hours a day. Currently some foreign investors can buy or sell any shares available, day or night, depending on that, where it is listed on the moment - Tokyo, London, New York or elsewhere. It can be expected that dominate the market today that will integrate up so much, it will lose its national essence. We have the example when prices for "General Motors" in London and Tokyo in a great measure will appreciate the marketing in New York. Experts believe that in the near future prices "Hitachi" in London and New York will extend to gauge supply and demand to Tokyo. When talking about certain capital markets, developed country markets are understood industrially, but there are many other international centres of capital markets. Most investors are known by grants Canada (Toronto and Montreal where securities are quoted daily), some scholarships known in Mexico, Australia, Israel. In recent years, an increasing interest in the capital markets of Central and Eastern Europe. Some European experts believe that Russia's stock market will evolve over the next 10 years ancestry.

From '80 until the late 90s of sec. Twentieth global capital markets have been some structural changes, most developed countries and developing countries have reformed Securities Market. After the years 1987-1988 investments increased in North America, Japan and Europe, and in global capital increased from \$ 48 billion in 1981 to 235

³⁴ FMI, World Economic Outlook, may 1997

³⁵ <http://ro.wikipedia.org/wiki/Globalizare>

billion in 2000. Since 10 years ago more than 2/3 of the international capital market resources were placed in developing countries, namely in Latin America, Southeast Asia and oil-producing countries.³⁶ Currently major borrowers on international capital markets means are banks and financial companies Cooperation Organization countries and Economic Development, and those who provide capital are - governments, local strength and international financial organizations. Internationalization of economic relations, broadening the allocation of resources needs to know-how lead to the development of the securities market. With the support of banks was founded International Association of Investment Clubs. Committee of Experts of the club, regularly performs comparative analysis of capital markets, and found that each capital market - is a specific body, establishment and operation of a greatly depending on state and private law, tradition, financial history the country. But in spite of difference in domestic markets, they have common characteristics:

1. High level of monopolization;
2. Increase the state's role as debtor, creditor and guarantor;
3. Increasing the role of institutional investors;
4. Tendency towards unification and internationalization.

To this end countries perform banking reforms, economic and credit systems, the stock exchanges. Currently investors can sell securities on a global market evolutionary process. Information technologies expand the possibilities of investors in financial risk assessment. The new methods for reducing the risk, investors can effectively monitor risks related to certain transactions. Deepening regional integration also occurs in Europe, North America, Pacific Ocean countries. There was a tendency to form single capital market services, which turned into an important source of mobilization of investment resources. Internationalization of the economy has achieved new quality content and reached such a volume that can speak globally-integrated economy. The globalization level of capital markets is illustrated by the volume of transactions of shares of foreign companies in the major financial centres. Also, a significant part of pension funds and insurance companies are invested in shares of foreign companies. Moreover, at present, a limited company is to obtain capital needs of the domestic market. Three major factors encouraging cross-border financing activities: **Deregulation phenomena**-is characteristic phenomenon of the 1970s and emerged as a result of the need to innovate and to undertake, made possible by eliminating authoritarian regulations on access to capital markets, the role of financial intermediaries and framing loans by nature, duration or subject matter.

Technology, rapid transmission of financial information around the globe has significantly increased the efficiency of financial markets. Securities can be monitored, analysed and traded using a computer in every corner of the world. Combining the power of computers with telecommunication networks has enabled accelerated integration, developing complex trading strategies and also generates enormous capital flows daily. Technology has become worldwide, a major agent of change for markets and industrial structures. Over 50% of long-term growth comes from technological changes that increase productivity and cause of new products, processes, industries.

Institutionalization - Three decades ago the majority of shares were owned by individuals, today, financial markets are dominated by financial institutions. While individual-shareholder tends to be limited and focus on shares of national companies,

³⁶ *Andronachi Diana, Determinant factors of the exchange rate on the capital market, p.16*

financial institutions have sufficient knowledge and power is seeking to profit by investing internationally.³⁷

3. CONCLUSION

The indisputable advantages that globalization gives them the able to use it namely widening markets for products and services offered by companies positive effect of selective use of global resources, the development of mass production, cheap and good quality by focusing production of global firms, increasing potential competition from other companies, globalization tends to grow more and more. To meet this trend comes and main creative forces of contemporary society: technological advances in transportation and telecommunications, enhancing international cooperation, development of management science, the majority of the world population use of international languages. The whole world recognizes that, due to the advantages and the forces that propel it, globalization cannot be stopped. However, to avoid social imbalances, it is necessary to participate in this process as many countries, helping them to minimize weaknesses grievances and frustrations facing those lines. Aid training at work is creative and good management of human, material and geographical environment available to underdeveloped countries. Countries with the highest economic internationalization experience of belonging west developed. The most used form of internationalization in the twentieth century was exported and the countries holding the largest share of world trade are those of the G 7 (49.50% of world exports is managed by the U.S., Germany, England, Japan, France, Italy, Canada). Benefits from the ownership of such share of world trade have allowed these countries to accumulate values that have propelled top line and direct capital investments abroad, as the internationalization of the economy. Yet globalization may generate negative effects? Yes, due to interconnections volatility in markets conditions may spread rapidly in space from one market to another.

Governments around the world have opted for almost 30 years to the free movement of capital. Globalization of financial markets boosts presence capital offer, select surpluses that connects either to credit and interbank consortium or to issue international securities, especially bonds, option sites and warehouses. Investors are still looking for outlets, industrialist's financial resources. Capital markets are now more complex and subject to unpredictable fluctuations which led to more people challenging financial euphoria and "disconnected" from the real economy. The globalizations of world markets continue to blur under specific differences between these themselves determine the *"homogenization of consumer tastes around the world"* in a market that becomes global.

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- 5 * * * <http://ro.wikipedia.org/wiki/Globalizare>

³⁷ Rusu Maria, The effects of globalization in the field of capital markets, p. 3