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## **SUSTAINABLE ECONOMIC DEVELOPMENT IN LATVIA WITHIN FORCES OF GLOBALIZATION**

### **Abstract**

The position of Europe in today's world economy is under pressure. Faced with an ageing population, lagging productivity, public deficits and other issues, Europe must react to avoid further economic decline. We must be better prepared to take up the challenges of globalisation, demographic change and environmental sustainability. This growth should be based on knowledge and innovation and anchor a competitive, high-employment and green economy that can compete on the global stage. We need to raise the discussion in the society, academic institutions about future of economy within the new context of rules. Capital market liberalization, policies in the developing countries, trade politics should be questions of economic discussion within large group of shareholders. Latvia is a small country that should look forward to find a sustainable way to provide economic growth.

***Key words: globalization, economic development, sustainability, global economies, Republic of Latvia***

When research is held in this topic it is important to put emphasis on key issue terms: sustainable development, globalization and forces of globalization. There is a chance to argue that there is no common ground to define all key terms included in this article. Author would like to suggest the version of United Nations that sustainable development is actions which meets the needs of the present without compromising the ability of future generations to meet their own needs. Author suggests that sustainable development should be considered in environmental, economic and social dimensions.

There are considerable amount of debate towards term globalization, its impact and scope of influence. Globalization is the general opening-up of all economies, which leads to the creation of a truly worldwide market. (Eurobarometer, 2009) United Nations define globalization as process of continuing integration of the countries in the world. (..) It includes integration of markets for goods, services and finance on a worldwide scale, growth in production across countries and its location in places where costs are lowest. (UN, 1999) In teh same time World Trade Organizations defines globalization as historical stage of accelerated expansion of market capitalism, like the one experienced in the 19th century with the industrial revolution. it is a fundamental transformation of societies because of the recent technological revolutin wich has led to a recombining of the economic and social forces on a new territorial dimension. (Lamy, 2006) The main engines driving global economic integration are internalization of production which is followed by changes in the structure of production, expansion of international trade in trade and services and widening and deepening of international capital flows. The important aspect is word 'international' that describe the scope of action. Global economy might move towards free trade of goods and services, free

movement of capital, technology and skills and with improvements in transportation and communications. It is important to bold that transportation and communications are factors that have and still foster development of globalization.

There exists no certain indicator for globalization. But there is also a gap in nowadays economic assessment by GDP. At the same time, this process is being accompanied by increasing economic integration at regional level, particularly within the European Union (EU) following the completion of the Single European Market and the recent enlargements accommodating countries in central and Eastern Europe. It is not that globalization is economically problematic, but it definitely raises a lot of questions about economical and political integration and speed we are growing towards it. If decisions are taken in place x would these decisions have economic impact on other places around world? It asks for regulation, sustainable approach and development of instruments that can be used to control these forces. Both have led to increased productivity, higher levels of real income and the creation of new business and employment opportunities, as production has shifted to areas of comparative advantage and as the most efficient companies have gained market shares. However, these processes have also led to an intensification of competition in EU Member States, as well as significant job losses in companies which have lost market shares and in activities where costs are lower elsewhere.

Important aspect that we can discuss in relation to the Republic of Latvia is sustainable development in future within these forces. Country needs to find its place within internalization of production, expansion of international trade in trade and services and widening and deepening of international capital flows, within aging population and demographic problems that require urgent attention. There is a need of increase of FDI and capital investments that would provide basis for increase in competitiveness.

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