

How Economic Globalization Is Modifying Access to Resources.

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Globalization 101

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*“The first lesson of economics is scarcity: There is never enough of anything to satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics.” – Thomas Sowell.*

The quote above is by the notorious and highly respected American economist Thomas Sowell. From his book, *Basic Economics*, Thomas Sowell educates the layman on the intricate equations and concepts of economics in plain simple language. This quote is good example of an economic use of words. In just a couple of sentences, Sowell’s quote sets the stage for a crash course in economics and its’ supporting disciplines, as well establishing economics’ antithesis in many debates, the rapscallion brother of economics- politics. The contrast of economists and politicians is profoundly stated when we compare their “rule” books. The objective of a good economy is to be efficient with allocating resources and balanced in time management and selection. Intentional and Frugal stewardship. But because the world already starts off “unbalanced” due to scarce resources and imperfect knowledge of the future- labor, capital, workers, etc. available – discussing economic policies make for a complex and contentious topic. Then we have the daring and boisterous politician who sees economies as a matter of wills and not choices. We can have more resources, or will more space, AND will more money if we try hard enough and tinker here and there with property rights, monetary distributions, and taxes. Economies and politics are two separate spheres of globalization; however, they are deeply interwoven because policies regulate economies, and economies which regulate the political rhetoric.

In this paper, I would like to discuss the dimension of economic globalization as it relates to developing nations and their economic growth. I believe the correct position is to take Thomas Sowell’s “tragic vision” approach to economics, human nature, and the available

resources of our planet. I think, it is reality that has made the tragic vision view more accurate for the fact that it aligns with the nature of our reality. Reality is not here to grant our wishes- but to present us with options. Hence, while we defined economics considering academia, in the view of globalization, economics are defined as broader and transient processes taking place over international systems. Academic scholar and researcher Manfred Steger described economic globalization in this practical way,

“Economic globalization refers to the intensification and stretching of economic interrelations across the globe. Gigantic flows of capital and technology have stimulated trade in goods and services. Markets have extended their reach around the world, in the process creating new linkages among national economies.” (Steger, 2003)

Economic globalization had its humble beginnings in the 1950s, after World War II. After America and the allies emerged victorious from the second Great War, the need for comprehensive economic relief was evident. The political ramifications of winning the war and being hardly scathed put America in a unique position to introduce economic policies- “neoliberalism” or capitalism to its friends (to help increase their capital) and to its foes (to tax or manipulate their resources). Soon after, Western capitalistic ideals spread quickly around the world. The alternatives, were controlled and communist economies that were sourly rejected considering its perceived failure and corruption. By the 1980s things began to stabilize with free trade and currency exchanges being utilized. Therefore, with such an amazing turn around for the War-torn countries in just a matter of decades and lax economic policies- limited government intervention, privatizing public and state owned businesses, lowering taxes, and expanding trade- I think economic globalization has a substantial impact on a country’s development and viability.

Today, most countries are enjoying the grandeur and glamour of participating in the global economy. With little to no effort, technology can be used to buy, sell, invest, and move between institutions all around the world. Which ultimately brings stability to the investor and the investee country. The current technological advancements in our time, aid globalized economic processes because it brings us services and products to consumers, allows for convenient trading, and ensures that countries around the world are economically dependent upon each other- promoting a healthy amount of collaboration.

There are profound advantages to globalized economies or economic “liberation” as promoted by neoliberalism. If an entire trajectory of the desolated countries from WWI could be pulled from the ashes and rebuilt economically- we see it is a gift to crippling societies. But, just as there are advantages, there are disadvantages to consider. We must realize that there is no economic globalization without *resources* to sustain it. Resources are everything and anything in a country’s possession that allows it to produce a good or service. From the simple to the sophisticated, the international business sector depends on the resources from countries – developing countries especially- to create their products. Once we consider the colossal business and consumer sector that occupy our world (dominated by developed countries), and the amount of natural resources it takes to sustain them, we see how these poorer resource rich countries maybe more stressed then others.

There are a class of developing nations who are predicted to play a vital role in the global economy in the next 2 generations or so. These counties are designated the *N-11 countries*; Mexico, South Korea, Vietnam, Turkey, Bangladesh, Egypt, Indonesia, Iran, Nigeria, Pakistan, and the Philippines. Economists agree that they’re impressive track record for growth will surpass the correction dominant powers, “the combined economic potential of these nations

places them in a position to rival the G-7 countries.” (Cambell, MacKinnon, & Stevens, 2010)  
As such, they are in a similar situation of “rising” that occurred in Europe post WWII aided by economic policies.

However, there are other developing regions who are in economic infancy. Such as in many parts of India, where native textile business owners are trying to compete with global market textile manufacturers. They are in a bad situation with waste management, pollution, and lacking the education to improve, gain high skills, and high paid jobs. These business owners are focused and hardworking, but have little access to modern technology that have helped propel and sustain Northern economies as dominant today. Therefore, globalization has influenced business owners in developing countries to forsake comforts, and compete in an unforgiving market with competitors that are decades ahead of them in technology and size.

The dilemma that textile producers in India face are how to keep their livelihood cost efficient and lessen the pollution in their community. They are not presented with any “perfect” or “easy” answers. Simply options (tragic vision). But we should not despair to see countries wrestling in their economic infancy. We can look to N-11 countries, and suggest it’s not a perfect formula, but a possibility for them as well. The path to economic “rising” and prospering is sorely bitter but beneficial-

“Many of these N-11 countries have both profited from and been hampered by conditions imposed upon them by the World Bank and the IMF as they have sought to grow their economies. In the long run, it appears that the conditions imposed have ultimately contributed to their growth potential in spite of social and environmental issues that remain unresolved. We can see then that the landscape of actors on the world stage has shifted and continues to shift. The

global north will no longer have a monopoly on determining the economic policies of the future.” (Cambell, MacKinnon, & Stevens, 2010)

Nothing is settled yet, there are optimists who believe in “Bretton Woods Paradigm” and developing nations will benefit from the participation in markets. While those opposed to the idea say the gap of inequality, reoccurring economic crisis, will continue to happen because the dominant economic forces are squeezing these countries to their breaking point.

Ethics are an important part of policy creation. The economic policies that help promote or depress economic activity have consequences. Some consequences induce a discussion about the ethics of consumer driven markets and sustainable energy. Ethical considerations such as the planet, waste and pollution management, technology, animal cruelty, are all important factors to countries and their economies. Especially in developing countries, where they may not have a stable system to enforce laws and regulate safe/ethical business practices. Globalization researcher Muradian affirms that the immediate relief for economic growth is *perseverance*. He writes in the academic piece *Globalization and Poverty: An Ecological perspective*,

“Economic growth is seen as the best cure for the environmental consequences of economic growth. Based on empirical evidence, most economists perceive trade and global economic integration as engines of growth (Edwards, 1993). Therefore, globalization and [free trade](#) policies are compatible with sustainable patterns of development (Bommer and Schulze, 1999). Even if export expansion entails the increasing exploitation of natural resources, mainstream thought views export promotion as desirable because it allows both (1) the use of resources that would remain idle in the absence of trade and (2) the establishment and

enlargement of backward and forward links between primary and other sectors of the economy.”  
(Muradian & Martinez-Alier, 2001)

Muradian goes onto say, “while forested areas are generally expanding within developed countries, the rates of species extinction and deforestation are considerably high in poor regions of the world.” (Muradian & Martinez-Alier, 2001). I suggest these examples show a symbiotic relationship between the developing nations- who have resources yet lack advanced technology and reputation in the global market- with the dominant nations -who are led by establishing a universal free trade system, and a desire for resources to sustain their robust business manufacturing schedules. We should consider the benefits that developing countries are receiving and the negatives. Citizens in developing countries are open to trading with foreigners voluntarily and realize the best way to advance is to *persevere* and build.

In an interview discussing his research in India, Thomas Sowell spoke with a native business owner and his understanding of politics and economics, “As an entrepreneur in India put it: ‘Indians have learned from painful experiences that the state does not work on behalf of the people. More often than not, it works on behalf of itself.’”

This quote embodies the mindset of a businessman who relied too heavily on politics to ease his economic burdens, but things did not work out as he hoped. We must remember that economics is packaged with the political agendas wrapped in “policies”. Therefore, we must watch the economics and political dimensions very carefully because rarely do they serve the same interests. Economic analysts throughout history tell us that There are no short cuts to lasting wealth- politicians say the opposite. The slow, grueling, uncomfortable, and unforgiving grind of competition on a global scale is not easy. So why participate? I believe the entrepreneurs

in developing countries find it is necessary. Not to mention, as we look to the inspiring survivors of such Olympic afflictions after the Great War, we see their economic vitality now- Europe, Germany, Japan, and in 3 generations the wave of N-11 nations with them! We should not discourage people in developing countries from taking on the challenge to “rise”. There is plenty more information to learn about the impacts of the global economic policy on nations. I am content to think the realistic tragic vision of economic plights show a possible path of “rising” and less falling for developing countries. Therefore, it is not ultimately tragic but a trajectory to propel citizens to achieve independence, build, and prosper.



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