Global Economic Integration

The term globalisation can refer to many things, however it is the increasing economic globalisation between countries that is causing much controversy around the world. The emergence of a global marketplace is a fairly recent phenomena that is having huge effects on both developed and developing nations. There are many people and organisations that are all for this economic integration and also those who stand defiantly against it. Technology is playing a big part in this global dialogue by altering the scope of these economic transactions. Global economic integration generally speeds up when trade restrictions have been lifted between nations, allowing a freedom of trading opportunity that may not have been previously there. Those on the pro side of the globalisation divide argue that this can increase economic prosperity in all countries and leads to more opportunity among developing nations. Those who are anti globalisation give examples of where it has led to disparity. When economic transactions are more free flowing it does generally lead to a more efficient allocation in resources, but what exactly do we mean by economic efficiency, and who exactly is it that benefits? {mosgoogle center} There is something known as the principle of comparative advantage which refers to a situation whereby each nation shifts its resources to its more competitive and productive industries. Using this principle a country can enjoy the optimum allocation of resources to its most profitable industries while shifting its less profitable industries abroad. Supporters of this theory say that it gives all nations an opportunity as even those with no distinct advantage in any particular field can benefit through specialisation. The nature of these comparative transactions involves an opportunity cost, which is the value of the product that is forgone in order to produce or obtain the other product. In theory this allows a mutually exclusive and yet equally desirable opportunity between both parties who are involved in the transaction. A reason why this is such an important factor when talking about globalisation is that just like globalisation, opportunity costs do not have to apply just to economic concerns. Computing and the Internet have meant that technology now plays a crucial role when defining international opportunity costs between cultures. Because opportunity costs can be assessed in any terms, technology differences between countries must be considered when analysing these transactions. For example, a person who is doing a calculation on a pen and paper can only perform one at at time. Whereas a person using a computer can perform multiple calculations in the same time frame, and therefore will have more opportunity to do other things when they are finished. The person with the pen and paper is at a disadvantage as they will be busy for some time and thus foregoing the opportunity to do other potentially profitable things. The true cost of any action involves not just the economic cost but also involves the opportunity that is lost in performing the transaction. Technology differentials are the biggest factor involved in the manipulation of global economic transactions. These differences must be taken into consideration when analysing the potential advantage that one nation may have over another.