

It's a flat flat world, or is it?

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The title has been taken from the book “The world is flat” written by Thomas Freidman. The title is a metaphor used to explain the fact that the world today is a level playing field in terms of commerce where every competitor has an equal opportunity.

However to me, the world isn't flat: Neither in the scientific nor in the economic sense. The geography of this earth pretty much describes the geography of the political and economic arena. I may start from my home with an idea that transcends and transforms into several patterns reaching out to far off places which eventually brings me back to the place I started.

To explain my idea, let me start by the geography of the earth. The land surface is never even. There are the mountains that reach high in the sky, plateaus grew but flattened out and the plains. All these landforms have various rivers flowing across them that eventually join the sea.

In the olden (golden) times, sailors traveled across these vast expanses of the sea in search of new lands and resources. My purpose of explaining such geography is that this very nature of our world can be translated in different kinds of people that determine economic systems. The mountains thus refer to the developed nations, plateaus may be thought of as developing nations and the plains as underdeveloped economies. We can think of the water flowing across the various land forms as capital and finance that has become highly mobile. So what globalization ultimately does is, it facilitates the water (capital) to flow across all these land forms (economies).

It is agreeable that globalization tries to provide equal opportunities for development in various economies and therefore flattens out the differences. But just as a developing nation can acquire facilities or technologies from developed nations, the same way the developed nations can use facilities such as cheaper labor from the labor abundant poorer economies. So it is not the case that only developing nations are growing, the developed nations still maintain their power. Thus there will always be the mountains and always be the plains.

A flatter world imagines itself where every aspect of economies would be identical. But the very fact that economy comprises of individuals, and every economy has its own different characteristics, they can never reach a stage where variables, such as growth per capita can be identical.

So the world has a course surface, not flat. But more than that, the world is round (even in the economic sense). Trade across nations is a process that moves in circles. In the global

meltdown for example, the loss of credit in one country caused the capital moving that was once flowing into India to not only stop, but the water reversed its currents. So it was one recession that caused the sailor, who travelled across nations in search of profitable domains to come back to his own country to pay back the expenses that were caused in this journey. (Had the world not been globalised, the sailor could have easily absconded and his fellow mates back home would never realize where he went)

Therefore, it's a coarse round world. And it need not be a bad thing. Globalization in fact enhances diversity, and diversity causes trade. Trade aspires to make every one better off. So relative growth need not matter as much as absolute should.