

Let's Schmooze

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The Global Economy

It can be interesting to look at the roots of today's global economy. These roots stretch all the way back to the Protestant revolution in Germany, where a novel idea was circulated to the effect that making monetary profits from the careful investment of one's resources could be a sign that one might be blessed, and perhaps headed for Heaven on that final journey.

That little thought had a lot of power in its day, and today, about 400 years later, our planet is dominated by what is now commonly known as western capitalism.

And that's why today we have so many corporations doing exactly that, i.e., bringing resources together ~pooling investors together as stockholders ~ and carefully investing those resources into various and sundry business ventures, to the end effect of earning profits to be returned to the originating investors, the stockholders.

These corporations have gotten big and fat practicing this western capitalism. They have gotten so big and fat, in fact, that we have a term for the really big ones ~ "multinational" corporations. These multinationals have become a very fundamental and dominant part of our global economy as they sell manufactured goods to the world, and in the process quietly enrich their stockholders.

However, there's a snake in this paradise. You see, given human nature, when everybody sees a "good thing," then everybody wants to jump aboard the wagon and get a piece of the action for themselves. We see this phenomenon within western capitalism itself. Ergo, an enterprising inventor launches a new, exciting product. Then ~ OOPS ~ lots of other people attempt to duplicate and sell it themselves, thereby

eroding the profits due to the poor soul who invented that new, exciting product in the first place.

Copyright and patent laws attempt to staunch this aggressive piracy, but as in our popular competitive football games, strategies of "end runs" and "punching holes in the defense" rule the playing field.

It's a real bruiser, and much of the time "everything goes" in the pursuit of winning the "game," and those "profits."

Globally, and historically, that's exactly the way it has played out. Capitalism started in Europe; then Americans brought it to a nice, full, roiling boil. Then Japan, and then Taiwan, and now China and India and other countries are jumping on the wagon to "get their piece of the action." And of course, the profits being earned by this new overseas competition are NOT lining American pockets.

It's just the continuation of a long, historic trend. As more and more undeveloped countries capitalize and industrialize, they will try to sell us their goods instead of buying our goods. The present situation will simply get more and more challenging.

In our next issue, we will look at how this historical, global dynamic is affecting the national American economy. Issues like trade imbalances & budget deficits easily come to mind.

~ *'til we meet again* ~