

THE EMPTY GLASS

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ABSTRACT

The term 'Global Economy' can be referred to the economic activities of both developed and underdeveloped nations and their impact on the world.

Keywords: Global Economy, Inflation, Nations, Ratio, Liberalization, Globalization, Privatization

THE EMPTY GLASS

"Is the glass half empty or half full" is a rhetorical question I am sure we have all come across at least once in our lives. Where the answer half empty portrays pessimism and half complete portrays optimism. But what if the glass was empty how would one perceive that 'As the end of everything?' or 'One is at its lowest before optimism comes in place?'

Taking 'The Empty Glass' as the name for my research paper I have tried to metaphorically illustrate a way how the Global Economy, after struggling so much, is still intact.

The term Global Economy refers to the economic activities of related economic activities of developed and economically robust nations and also the rest of the world but at a smaller level for them.

"Dear Optimist/Pessimist

While you were busy arguing whether the glass was half full or half empty I already sold the glass.

Sincerely Economists"

GLOBALIZATION

The dictionary definition of 'Globalization' goes something as 'the process by which businesses

or other organizations develop international influence or start operating on an international scale ' but that is where the question arises.

'Is this the only interpretation of Globalisation? ', 'Is there where the role of Globalization ends in the Global Economy? '

I perceive 'Globalization' as a term used to describe the affiliation of the largest economies of the world, how their cultures, traditions, populations, belief and most importantly cross-border trades go about.

Nations have built relations and partnerships with each other to facilitate all that is mentioned above. Scholars and Researchers have argued a lot about where it all began. Some go deep in our historical roots back to the 1400s when Europeans sailed all across the Atlantic and landed in China and India in search of spices. Whereas some thank 'Christopher Columbus for opening up commercial trade routes across the globe.

Whereas the other few see it in its modern form beginning no earlier than World War II. The term in itself got popular around the 1980s. Today it's used in both economic and political ideologies. Regardless of all the varied types of definitions, the term is all about the interdependence of nations.

Globalization from an economic point of view has helped numerous multinational companies today in earning lumpsum amounts of profits. Let's take an example 'Starbucks' a well-known coffee house, most of us today in present times have either used its products or tasted its delicacies. The company was set up in 1971 in Seattle Today it has several franchises all over the globe. MNCs such as Starbucks use Globalization to their advantage in 2012 after an Investigation it was found that Starbucks had not paid much tax to the Uk government But due to it being an MNC, it was able to use complex accounting rules that enabled it to have profit earned in one country taxed in another. The UK being a low-tax company was an advantage towards Starbucks.

From a Political Perspective 'Globalization' could be seen in changes in the democratization of the world, the creation of the global civil society, and moving beyond the centrality of the nation-state, particularly as the sole actor in the field of politics. The classic example could be the creation of 'The United Nations in itself.

Like a coin, Globalization could also be perceived as a two-faced object that lays down both a positive and negative impact on us.

POSITIVE	NEGATIVE
Globalization has provided businesses with a huge advantage by allowing them to import their resources from various parts of the globe.	Globalization though helps provide free trade to the world but is only restricted to the developed economies.
Multinationals are provided with jobs and opportunities to learn new skills. Globalization not only helps the nation or one with just one economic benefit but it also helps creates cultural diversity among the people. It is a source through which governments of different nations help each in case of any possible disaster.	Some multinational companies have driven out small local businesses to set up their firms and have also been successful in creating monopolistic market situations around. Some nations feel that they are losing control over their nation's sovereignty. Alongside that migration of people has increased tremendously thus leading to a conflict of ideologies.

Globalization is not only affected by our trade system or our cultural differences but also by current affairs going around the globe such as

Russo-Ukraine War

The war had originally started on 20th February 2014 which proves how the citizens have been living in fear for the past eight years. The heat between both nations started to rise in 2021. The basic idea of the war is how Vladimir Putin, the president of Russia, wants to evade Ukraine and re-establish a Russian Empire while preventing a democratic encirclement around Russia.

Both nations being significant producers of both oil and natural gas results in a 30% above price rate. The price rate has not only jumped for the respected commodities but also the global exports for wheat, food prices etc. IMF also reports how globally we will face a fast rate of inflation and prolonged growth.

BRITAIN'S ENERGY CRISIS

It certainly is not cheap being green. British Consumers face an eye-watering price high in their bills from October. Around £3,459 i.e., \$4,186 for an average household. Regulator Ofgem said

that with winter approaching the UK is in for a worse economic condition. Analysts suspect that in 2023 January the price cap when calculated or updated average bill went up to £5,386.

But the question is why? Britain generates 40% of their natural gas and energy from the gas fields in the North Sea and the rest is imported from all over Europe. With the Russo-Ukraine war, both nations stopped their energy supply to other nations which resulted in a spike in prices for the Britishers.

SRI LANKAN CRISIS

The Sri Lankan Economy is going through a period of despair with riots happening due to a serious impact on their human rights with the shortage of food, healthcare, and pregnant and lactating mothers who need life support.

All of this is happening in this small country situated in the Indian Subcontinent due to multiple compounding factors such as tax cuts, money creation, the sudden shift to organic farming from biological farming, Easter Bombing and the COVID-19 pandemic.

The government finally declared a crisis in the country after 73 years in August 2021. The government declared a food emergency and a potential economic crisis.

COVID-19

Now most of us are aware of the nasty virus known as Covid -19 but here is a brief account of what it is: it's an infectious disease caused by the SARS-CoV-2 virus. Most people infected with the virus only faced minor respiratory health problems and mild coughs though some were seriously ill. This virus resulted in a large number of deaths. To protect the accountability and credibility of respective nations, a global lockdown was put into place, resulting in massive economic losses.

The Pandemic rightly proved us choosing profit over people results in death. A severe stock market crash was faced by the business world. With numerous businesses shutting down alongside a period of recession . And if that by any chance sounds less our economy also went down by 7% during the pandemic.

AFGHANISTAN: TALIBAN TOOK OVER

Afghanistan is officially the Islamic Emirate of Afghanistan with a population of 3.89 crores located in Asia. Taliban returned to power in Afghanistan in 2021, twenty years after their ouster by U.S. troops. Under their harsh rule, they have cracked down on women's rights and neglected basic services.

The nation is going through a severe humanitarian crisis, but the horrifying part is how the situation got worse because of a low economy. The citizens have faced millions of dollars worth of income loss, prices spiking, and the collapse of the country's banking sector. Thinking the situation could not get any worse but it did when by mid- 2022 the country faced universal poverty i.e. 97% of their population had to switch to their savings without a stable cash flow.

ENGLAND'S BANKING CRISIS'23

The banks of England again sought to stem a sharp sell-off in Britain's 2.1 trillion pound government bond markets on Tuesday expanding its emergency buying to inflation-linked debt. The downfall in the economy has resulted in havoc in the nation with an increase in recession risks for the broader economy.

The banks of Uk after facing thus another financial crisis are purchasing 'bonds' to seek a reverse for what it sees as "dysfunction" in the bond market.

INDIA: ICT TARIFF

According to a government official, India will respond against an EU law if it is used in response to an Indian appeal against a decision on ICT tariffs at the dispute settlement panel of the World Trade Organisation (WTO). The rule permits the EU to terminate concessions and apply trade restrictions.

The faulty dispute settlement panel of the WTO determined that India's tariffs on mobile phones and electronic parts violated the General Agreement on Tariffs and Trade. These conclusions were reached following the EU's 2019 WTO panel summons of India about the ICT issue.

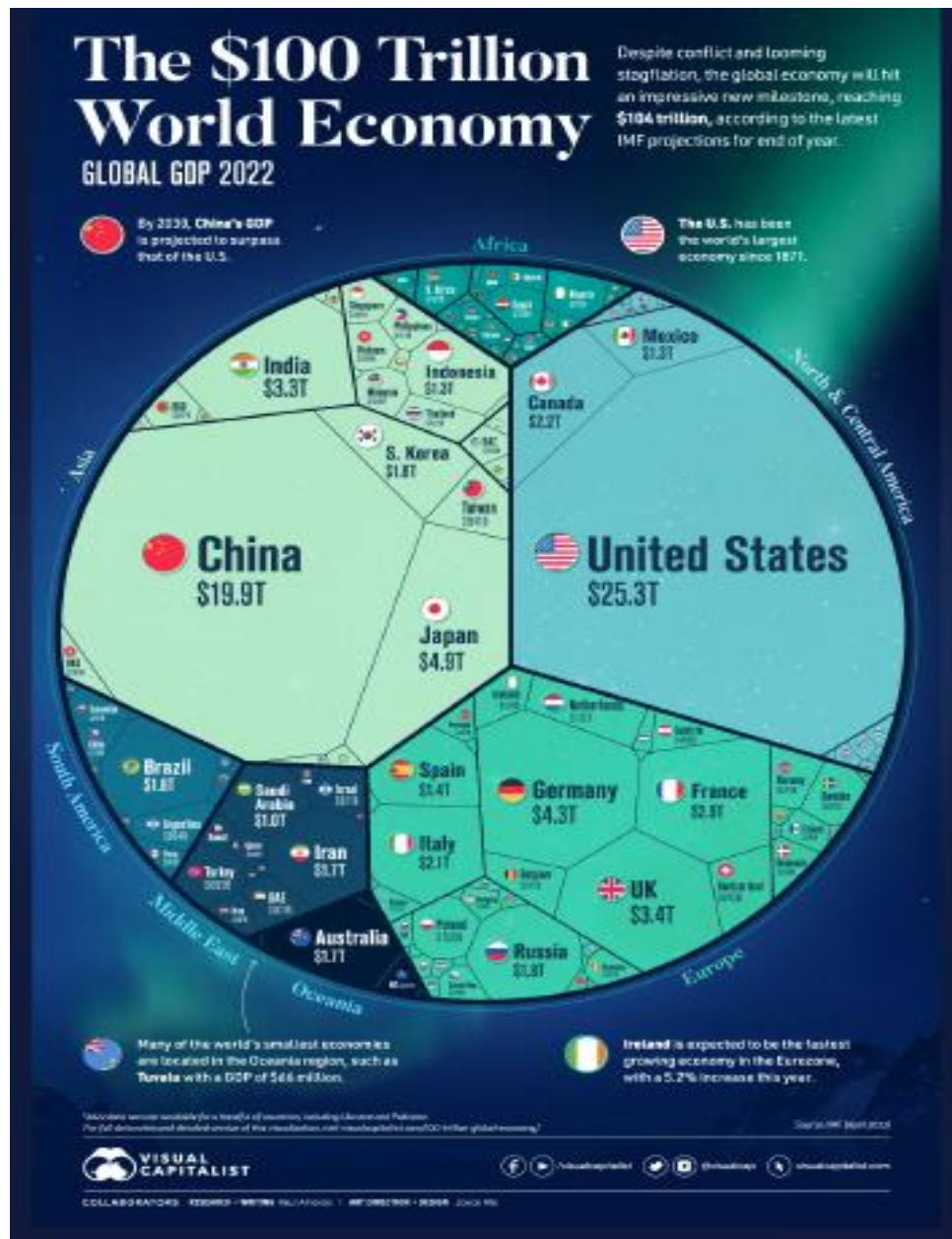
NATION RATIO

Most of us think that the Global Economy is run by the governments of the most powerful and developed nations across the globe. But that is not entirely true: a global economy is fueled by the financial sector. An argument that could be put up at this point is that governments control the economies of their respective nations. That is not wrong but the financial sector of economies can easily fund these governments.

GDP is a broad indicator of a country's economic output. It measures the entire market price of the ultimate product and services created in a country in a specific timeframe, comparable to 1 / 4 or a year. In addition, value conjointly takes into thought the output of services provided by the government, such as cash spent on defence, healthcare, or education.

Generally speaking, once GDP is increasing in a country, it's proof of bigger economic activity that edges staff and businesses (while the reverse is true for a decline). (Fig1.1)

Apart from the economy's financial sector, our daily trades also affect the global economy. Every trade we do as consumers, even something as small as purchasing a packet of bread gets added to the country's GDP which affects the economy globally. This proves that every single monetary decision taken by individuals matters on a large scale.



CARTEL GROUPS AND THEIR EFFECTS ON THE GLOBALECONOMY

A Cartel Group is generally a group of independent market participants who collude with each other to improve their profits and dominate the market. A cartel Group generally has less influence over the markets than a monopoly. They have a negative influence on consumers. Their existence leads to high prices of commodities in the market. Their behaviour also acts as a barrier for a new start-up to enter the market in the same field.

One Such Group is the (OPEC) Organization of Petroleum Exporting Countries is a group of 13 countries(FIG 1.2) that deal with oil and fossil fuels. Their goal is to exert control over the price of crude oil; currently, they own more than 50% of the global oil supply and 90% of proven oil reserves. This position acknowledges their influence on the prices of oil.

One such example of their influence is recently the group decided to cut out the oil to increase its prices as the world economy was going down. Petrol Prices have significantly risen due to the group's decision to help stabilise the price.

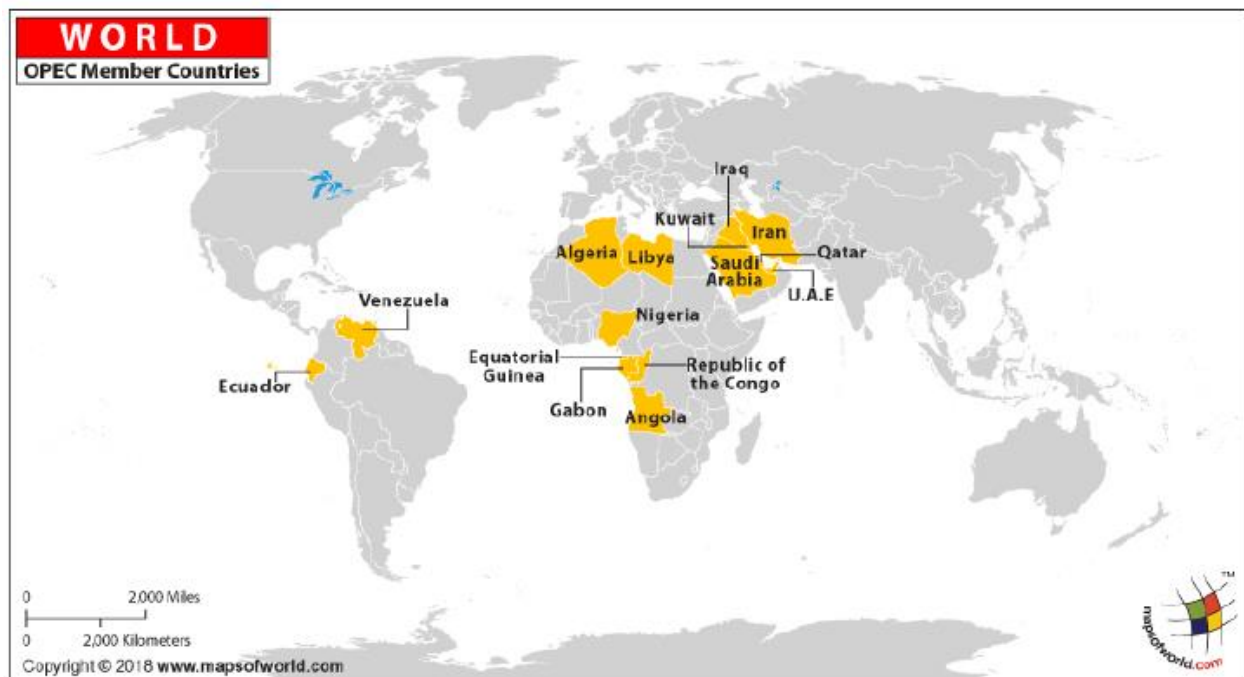


FIG 1.2

HUMAN CAPITAL AND GLOBALIZATION

Human capital illustrates the economic value of an employee's skills and experience. Education, training, intelligence, health, and qualities like punctuality and loyalty also count in the values

that an employee might offer to their employer. Human capital though is an intangible asset but is perceived to have a real relationship with productivity and the profitability of a firm.

Human capital reflects on the profitability and productivity of a company directly thus many companies believe in investing in them in order to correlate it with the economic growth of their company as investing in human capital is considered a prime way to increase economic prosperity.

A global workforce comprises crew operating across various locations, functioning across a wide range of work ethics and practices. Globalization has opened up new opportunities for corporations to sell their products in the international market and companies hire more qualified employees that can handle sales and marketing remotely under human resource management. As a result of globalization, employers can now recruit personnel globally. This particularly helps small businesses with limited resources to hire the best talents even if they do not live in the same city.

Though companies are now allowed to hire skilled workers from all across the globe asking nations to invest in them and asking their public to do the same. In order for a better future for their nation and our society as a whole, this advantage also comes with huge challenges for Human Resources. The HR department of all companies is expected to know about the labour laws of different nations, devise communication strategies, integrate diverse value systems and coordinate the activities of all employees to achieve company goals.

CONCLUSION

In Global Business, there is less chance that the world's nations will relapse into a state of conflict due to the greater intensity of these other flows of products, services, capital, people, and so forth.

The Global Economy today has transformed from a material based-economy to a knowledge based economy. The economy has seen many wars and military conflicts in the past and continue to do so in order to earn assets in the form of material wealth such as mine, land etc.

But today, apart from that the main source of wealth is considered knowledge. It's the knowledge that determines when the economist sold the glass in the midst of the world going through war, conflicts and famines.

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