

## A Philosophy of Opportunities for Commerce in 21<sup>st</sup> Century

**Dr. Sarita Rana\***

If you do not think about the future, you cannot have one, said John Galsworthy, a 1932 British Noble Laureate. It is important to take lessons from the 20<sup>th</sup> century and plan for the 21<sup>st</sup> century. Rushworth M. Kidder, an American Columnist involved setting goals for future and finding solutions for major worldwide problems of the environment, the North-South gap, nuclear arms race, East West Relations and Ethics. Like John Galsworthy and Rushworth M. Kidder, a tryst has been endeavoured in the present paper to take lessons from the past and set such sustainable goals which are measureable and attainable as well purely from the point of view of Commerce and Economics especially for the 21<sup>st</sup> century. For the purpose, first of all, it is imperative to peep into the 20<sup>th</sup> century.

### Chronological Historical Background –

The World War I from 1914 to 1919 was the first major global event of the 20<sup>th</sup> century. The impact of the World War on the then global economy was that it brought an end to the Classical Gold Standard characterised by the free flow of trade and capital across countries. Consequently the World War II was fought during 1939 to 1945. Moreover, in between the two World Wars, there was Great Depressions of the decade of 1930s. All these events were happened during the first half of the 20<sup>th</sup> century those influenced the global economy very adversely. There were extensive trade controls and retaliatory and competitive tariffs during this period. The devaluation of currencies and unpredictable changes in exchange rates reduced the employment and international trade. It is the time when John Maynard Keynes wrote his famous book ‘General Theory of Employment, Interest and Money’ in 1936. It is this Macro Economic Theory along with Fiscal Policy instead of Monetary Policy as a tool that tackled the critical economic scenario at that time.

When the World War II was going to an end and to prevent the recurrence of such chaotic conditions during the post-war period, 44 countries assembled in a United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, U.S. in July, 1944 and proposed three multilateral institutions, e.g., the IMF for maintaining a stable exchange rate, the IBRD for financing war-ravaged economies of the world and the ITO to ensure the expansion of global trade by liberalizing trade tariffs. As proposed by the Bretton Woods Conference, the first two multilateral institutions were set up at that time but the third one, i.e., the ITO could not be set up, rather another organization, i.e., General Agreement on Tariffs and Trade (GATT) was set up that ultimately converted into the WTO in the last decade of the twentieth century, i.e., on 1st January, 1995.

\* Associate Professor, Department of Commerce, University College, Kurukshetra University, Kurukshetra.

The most ill-fated events of the century were the dropping of atom bombs on Hiroshima and Nagasaki, the cities of Japan during the Second World War in August, 1945. Consequently, the formation of the United Nations Organisation (UNO) took place in October 24, 1945 for the maintenance of international order. The organization is currently called the United Nations (UN). However, the positive aspect of the century remained that it saw a great development of science and technology. The radio, aeroplane, stainless steel, tank, neon lamp, scooter, radar, film with sound, television, jet engine, nylon, transistor and computer were invented during the period. One must bear in one's mind that the development of commerce and trade is greatly dependent upon the development of science and technology. With the technological development, there were also certain developments in the field of commerce, e.g., a joint stock company, stock exchanges and E-commerce.

### **Objectives of the Study-**

The followings are the specific objectives of the present study:

- 1) To take stock and analyse the past century for its contribution.
- 2) To study the philosophy of economic development of some major developed and emerging economies.
- 3) To analyse the opportunities in commerce and trade in the new century.

### **Sources of Data and Methodology –**

Data have been collected from the socio-temporal context comprising facts, figures, information, events, experiences, i.e., more than memories of a teller of life histories. Therefore, relevant materials, past and present, have served as basis for study and analysis in this research work. The reliable, verifiable and measureable data have been taken into consideration. The familiarity with the concepts of social science and theory greatly helped in categorizing research data.

For the systematic, objective and quantitative description of the content of research data procured through written linguistic expressions; Content Analysis was applied as a research technique. Among different types of Content Analysis, value analysis has been used circumscribing the qualitative data by dividing the different important areas of the study.

### **Analysis of the Past Century–**

Enthusiasm may search new opportunities and consistent passion needs to explore them. In a pluralistic society such as India, a geographical entity of continental proportions, some maladjustment is natural. The whole world, not merely India, is in the midst of socio-politico-bureaucratic changes along with new parallel generation of commerce and trade, revolutionary in character; having such implications those are resounding and reverberating far beyond the natural geographical domains. It is the right time to take a serious note particularly at the beginning of the twenty-first century. The century will be an age of a trinity of Electronics, Economics and Environment. The three Es directly or indirectly

influences the trade and aids to trade. The path of economic development with the help of technological advancements of electronics and of course, keeping in view the protection of the environment may be termed as Sustainable Development. In the 21<sup>st</sup> century, Sustainable Development is the buzz term. It is also very important that the sustainable development must lead to equitable distribution of resources in the global economy. The ILO Declaration of Philadelphia in 1944 says, "Poverty anywhere is a threat to prosperity everywhere." Later on Kofi Annan, the seventh Secretary-General of the United Nations also said, "Extreme poverty anywhere is a threat to human security everywhere".

The global economy in the twenty-first century depends upon the development and absorption of technological innovations. The research and fusion of technologies are, therefore, the essential elements of a successful industrial and logistic set up. The technology cannot be regarded as given at any stage. Any economy wishing to flourish, must be tech-friendly with a process of continuous innovations. However, the technology, howsoever advanced it may be, cannot achieve the desired set goals unless it is properly managed. In this way, the development of appropriate technologies and its effective management is the key to economic development of nations. It is definitely important to pin point here that electric power is at the centre stage of modern technological advancement. The technology and electric powers both are in the state of being inseparable. Therefore, hydro power is a link between the technology and environment. It facilitates the technology for the development of an economy on the one hand and protects the environment during the above process on the other.

The 21<sup>st</sup> century, *ipso facto*, is the age of information technology. Information technology is the use of computers to store, retrieve, communicate and manipulate data or information. With more innovations in information technology, new businesses are created. The technology has caused an explosion in commerce and trade to the extent that a new term has been coined, i.e., E-commerce. Electronic commerce is the base for modern leading-edge business and finance delivery systems. The explosion in the application of information technologies has converted the dream of conducting business electronically anywhere in the global community into a reality. E-commerce has been growing at an incredible pace and, therefore, it is no longer just a concept but a market force to be reckoned with. It has acted as a catalyst and entered into every walk of life. These days businesses are incorporating E-commerce into their strategic plans, business schools are incorporating it into their curriculum and software firms are marketing E-commerce solutions. Therefore, E-commerce has enabled new forms of business along with new ways of doing business.

### **Philosophy of Economic Development of some Developed and Emerging Economies –**

**Japan** - First and foremost lesson for India may be learnt from Japan. The U.S. devastated two cities of Japan – Hiroshima and Nagasaki, on August 6 and 9, 1945 respectively. Therefore, Japan dashed to ground and started its development race in 1945. India also got her independence in 1947. In this manner, India and Japan both started their development race almost at the same time. In fact, the upliftment of Japan dates back to the spectacular

social and economic growth in 1800s after the Meiji restoration when Japan became the first non-Western great power. No doubt, the Second World War lost a lot of economic gains of Japanese economy which were attained since 1868 but at the same time, nation's pre-war experiences also provided many invaluable legacies. During this second phase of economic development after the Second World War, millions of former soldiers joined a highly skilled and educated labour force to rebuild Japan. The high productivity growth in Japan played a key role in post-war economic growth. Besides, extraordinary savings rates along with the level of investment in Japan also played a significant role in high productivity growth. On industrial front, it is surprising that the industrial production in Japan reached the pre war levels by the mid 1950s. The product diversification was the key element in economic growth. The economy of Japan was also benefitted from economies of scale. By the mid 1960s, a new dimension to industrial development took place when many industries in the economy were opened up for the international competition. In agriculture sector, a remarkable reform was that the Japan blown the feudal system and dissolved the landlord class and therefore the land was directly distributed among the tenants for the purpose of raising productivity in the sector. The superior education system also made a great contribution in the modernisation of the Japanese economy. It is remarkable that the structural economic reforms also could not slow down the economic growth during 1970s and 1980s. Unfortunately, deflation started in the early 1990s in the Japanese economy. The Government of Japan tried to control deflation by adopting the policy of reducing the rates of interest. However, even near zero rates of interest could not control the deflationary tendencies in Japan's economy. The global economic recession of the late 20<sup>th</sup> century together with the global financial crisis of 2007 and 2008 also gave a set back to the Japanese economy.

**China** - It is quite interesting that the China also started its race of economic development in 1949 when it was founded as People's Republic of China. The main goal of the government was to restore the war ravaged economy of China during the period 1949-52. In agriculture sector, the steps taken by Japan were also, more or less, taken by China as well. An approximately half of the arable land of China was redistributed from landlords to such farm families those owned a little or no land earlier. At this time, the First Five Year Plan of China started from 1953 to 1957. During the Second Five Year Plan (1958-62) may be termed as the period of the Great Leap Forward when the policies of the First FYP was abandoned and spontaneous heroic efforts by the entire population. The period of 1966-76 may be termed as Cultural Revolution decade. During this decade, there were a few distinctive phases from economic policy point of view. The most impressive phenomenon about Chinese economy is that it is the fastest growing economy of the world since 1980s. The annual average growth rate has remained 10 per cent during the period from 1978 to 2005. In 2010, China became the world's second largest economy by the surrender of Japan from its 42 years old ranking. Like Japanese economy, great lessons may be taken from the history of the economic development of People's Republic of China.

**South Korea** - South Korea is also such a country which made the transition from a resource poor and low income nation to high income economy only over a span of three decades. The motivated education system has resulted for high technology boom and rapid economic development. The IMF once complimented for the resilience of the economy of South Korea against various odds and economic crisis by quoting low government debt along with high fiscal reserves to meet any financial emergencies. The period from 1960s to 1980s is a phase of rapid economic growth. In the early 1960s, the outlook-looking strategy was the responsible for the rapid industrialisation. The Government of South Korea gave various economic incentives to family conglomerates such as Hyundai, Samsung and LG Corporation. Despite all these facts, a sharp decrease in foreign orders and exports took place in South Korea in 1989 that adversely affected its industrial sector. By over emphasizing the industrial sector, the export-oriented development strategy left the rural sector relatively underdeveloped. With the beginning of the 21<sup>st</sup> century, Korean economy moved away from the centrally planned, government-directed investment model toward a more market oriented economy. These economic reforms pushed Korean economy to maintain as one of Asia's few expanding economies. Therefore, during the global financial crisis, South Korea was such a developed economy that remained largely unaffected. Therefore, South Korea poses an example of the most successful newly emerging countries by way of large-scale, heavy and export-led industries.

**Singapore** – In modern times, Singapore is a highly developed such a free market economy where state owned enterprises play a significant role in the economy. The stable political and highly attractive investment climate is the main features of the Singapore economy with inward and outward flow of the FDI both. Singapore has become a hub for particularly for wealth management and intermediary trade along with concentration of exports in services, electronics and chemicals. The success story of the Asian dreamland Singapore is also morale boosting since it is a country with virtually no natural resources but performed remarkably. There is a paucity of even land and water as natural resources. The credit for Singapore's economic development may be attributed to the pragmatic leadership of the late Lee Kuan Yew and his successors, effective public bureaucracy, public control of corruption, reliance on the best brains and of course, learning from other countries. Singapore has also taken great steps for promoting innovation, entrepreneurship and indoctrination of the labour force.

**Taiwan** - Taiwan is such an economy that was dependent upon the U.S. aid during the 1950s and early 1960s, has become a destination for foreign investors and an aid donor country by now. Historically, Taiwan has greatly benefitted from the flight of wealthy, well-educated, rational fraternity of China those who exiled or otherwise to come and settle on the island country. However, the sudden increase in population due to Kuomintang migration from the main land also affected the economy of Taiwan adversely. It is quite interesting to note that the first step that Taiwan took towards industrialisation was the land reforms in their economy. The dedicated planning process by the Government together with universal education played a chunk role in the advancement of the agriculture and industry in Taiwan. The Government also adopted Import-Substitution policy with the help of high tariffs to

protect the infant industry of the economy. The U.S. aid also assisted the Taiwan's economic reformation up to a great extent. After the 1980s, Taiwan's capitalistic economy got the status of one out of the Four Asian Tigers. The Asian Financial Crisis of 1997 also affected Taiwan very mildly. Taiwan joined the WTO in 2002. Taiwan is such an economy that may be termed as the economy of boom and bust. The Taiwan economy had also recovered very fast from the Global Financial Crisis of the first decade of the 21<sup>st</sup> century. The economy of Taiwan ranked the highest in the Global Entrepreneurship Index (GEI) for the year 2015 on account of its specific strengths.

**Vietnam** - Vietnam, partitioned in 1954, was reunified on 30<sup>th</sup> April, 1975 after the Second Indochina War or popularly known as Vietnam War (1954-75). During the period 1976 to 1986, the war ravaged economy struggled to break the vicious circle of poverty. In 1986, Vietnam adopted political and economic reforms, called as *Doi Moi* in the country by switching from the centrally planned economy to Socialist-oriented market economy. The Bilateral Trade Agreement took place between Vietnam and the U.S. on 13<sup>th</sup> July, 2000 that proved a major landmark in the economic history of the Vietnam. In 2001, the Vietnamese Communist Party launched a ten year economic plan that gave more space to the private sector with the prime role of the State. The economy attained 7 to 8 per cent growth rate in the following period. On January 11, 2007, Vietnam joined the W.T.O. and became 150<sup>th</sup> member of the multilateral institution. With these efforts, Vietnam remained one of the fastest growing economies of the world thereafter. Though the Vietnamese economy could not perform significantly but made much progress within a relatively short span of the period by switching over from low income country to middle income country. It may be asserted that once upon a time, the world's poorest economy has reached to the state of full bloom currently. The World Economic Reform once called Vietnam as one of the stars of the emerging markets. The success story of the Vietnamese economy may be attributed to trade liberalisation and public investment in both human and physical capital formation by following its own indigenous strategy for economic development.

**Cuba** – Cuba may be termed as one crop (sugarcane) planned economy primarily dominated by the State run enterprises. The ratio of public and private sectors unemployment had been 91 to 8 per cents in 1981 that became 76 to 23 per cents in 2000 respectively. It is primarily poverty and unemployment stricken economy converted into middle income economy. The economy rebounded in the period of the first decade of the 21<sup>st</sup> century on account of two main reasons, i.e., trade liberalisation and heavy subsidies from Venezuela. Cuba is also a country where the economy may not be so sound but the World Health Organisation heralded the country's state-controlled universal and free health care system as a model for the whole of world.

Besides above all, there are other countries also like Germany, U.K., France, Italy and Scandinavian countries like Finland, Sweden, Norway and BENELUX countries comprising Belgium, Netherland and Luxembourg whose economies, being either among top 10 economies or the best countries to live in by taking many factors of life into consideration.

These countries may also teach lessons for the economic development of the developing world and particularly for India.

### **Conclusion and Opportunities of Commerce and Trade -**

The strategies for economic development may be categorized into two parts. First type of strategy may be borrowed from the developed countries. The second type of strategy may be indigenous based keeping in view the strength or resources of one's own economy on the one hand and weaknesses on the other. It seems that the Indigenous Strategy may be the best keeping in view some experiences of world's exemplary economies. The first and foremost task before any economy is to break the vicious circle of poverty with the help of its own resources based indigenous strategy for economic development. The technology including information technology along with clean energy will always remain at the centre stage of the development of the economy and expansion of commerce and trade.

Economics and Commerce has been the second important subject since ancient period only after the health sciences or medical. The opportunities for expansion of commerce and trade lies in exploring the development path of various developed as well as the emerging and fast growing economies of the world. It is quite amazing that most of such economies started their development process in the mid or second half of the twentieth century. Many countries made such a progress in economic development that they reached up to the second or third highest economies of the world leaving behind many developed countries. The different economies broke their vicious circle of poverty by adopting their indigenous path. However, one among the most common factor is the political will that shaped these economies in a planned manner. Many other common factors among some of the economies have been that agriculture and industries both were focussed equally. Many economies started their growth process from the land reforms. The arable land was redistributed among the actual farmers or tenants instead of the feudal class of landlords to increase the productivity of the sector. Agriculture has been considered as the backbone of the industrial sector being provider of raw materials and labour as inputs to the industries and consumers for the finished products of the manufacturing sector. A balance has to be maintained between agriculture and industry by keeping in view the backward and forward linkages. Another common factor found that many governments gave priority to the human capital formation instead of physical capital formation and stressed the importance and gave the priority to education and health. The example of Cuba is remarkable keeping in view the health of its natives. The development of entrepreneurship is the key to transform an economy in this regard. An outward looking approach for trade or aid or lessons of development or having one's vision open may also go a long way. Above all, as it was mentioned earlier also, the political will may be considered the foremost requirement of any economy irrespective of the capitalist or socialistic economy.

Keeping in view the aforesaid recommendations, such a path for economic development is the need of the hour that takes care of the future generations while depleting

natural resources. Therefore, it is the sustainable development that needs to be focussed for the expansion of commerce and trade in the present era. In essence, if electronics and environment are to be the life and blood of the 21<sup>st</sup> century then Economics and Commerce must surely be the backbone of the nation.

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