



Introduction

GLOBALIZATION:

More Questions Than Answers

Boston, Massachusetts **Thanksgiving Day — 1956**

Another successful Thanksgiving: lots of good food and no ruffled feathers.

The uncles are taking half-hearted stabs at the last wedge of Boston cream pie (which, as everyone knows, isn't really a pie). And since it's 1956, no one is after them to clear the table or wash the dishes. They're free to sit around and talk about the same three things they talk about every Thanksgiving: beer, tires, and shoes.

Their conclusions? The same as last year and the year before: (1) Narragansett is a better beer than Knickerbocker, and Pickwick Ale beats Ballantine; (2) Goodyear versus Firestone is a toss-up; (3) Florsheim shoes shouldn't be mentioned in the same breath as Wright Arch Preservers.

And it's that last one — the discussion about shoes — that's pure New England.

All across mid-twentieth century America, uncles might have sat at Thanksgiving tables and discussed the relative merits of beers or tires or football teams. But only in New England did they know enough, or care enough, to talk shoes. . . .

If you lived in New England between 1860 and 1960, there was a good chance you knew people — family members, friends, neighbors — who earned their living from shoe manufacturing or textile production. Shoes and textiles put food on the table, covered the rent, kept the kids in clothes, and provided a good chunk of the tax base for municipal services.

There were also intangibles. New Englanders took a certain pride in supplying footwear and cloth to the world. It was what they did and, to a certain extent, it defined the region they called home.

Yet even as early as the 1920s, New England's shoe factories and textile mills were heading south — literally and figuratively. Lower production costs lured them first to the American South, and then ultimately to foreign countries where production costs were even lower. New England seemed destined to become an economic backwater with little growth and few prospects for the future.

But neither bad times nor good times last forever. After a long stretch of lean years the region's economy bounced back, thanks largely to a mix of high-tech, higher education, financial services, and health care. By the end of the 20th century, New England was faring better than anyone would have dared to predict after the shoe factories and textile mills closed their doors.

But there's no happily-ever-after in economic life. Things are always changing.

The transition to a more interdependent global economy has created a new set of challenges, and this time around the potential effects aren't limited to a particular region or industry. Go anywhere in the United States, talk to people in any sector of the economy — manufacturing, financial services, customer support, information technology, blue collar,

white collar — and it seems as if everyone is trying to figure out what comes next. Some are optimistic, others are apprehensive, and many still aren't sure what to make of it all.

Maybe it's too soon to know exactly how globalization will affect our lives and long-term prospects, but there are some early indications:

- If you're a consumer, things have never been better. You have access to an astounding selection of products and services from around the world, at prices that are more affordable than ever.
- If you're a worker in one of the wealthier developed countries, you may be working longer hours with fewer employer-paid benefits and less job security Maybe you're wondering if there's any real upside to globalization.
- If you're a worker in a developing country, you may be working long hours, with few employer-paid benefits, and little job security, yet you still might feel as if life is getting better for you.
- Education is more important than ever before. It won't necessarily guarantee you a good job, but without it your chances of finding one in the global economy are minimal.
- Adapting to change has become an essential trait for anyone who hopes to thrive — or even survive — in the global economy.

And beyond that?

Predictions are risky, but this much seems almost inevitable: The fortunes of people around the globe will become even more intertwined than they are now.

Less certain is how we'll handle the transition to a global economy. How will we cope with the challenges? How will most of us fare?

The early expert consensus seems to be that globalization will lead to greater prosperity. But how widespread will it be? Will most of the gains go to a few big winners, or will there be increased opportunities for more of us to live well and prosper?

And what about those whose lives are disrupted in the transition — friends, neighbors, family members, fellow citizens? Should we do anything — *can* we do anything effective — to help them find a new place in the economy?

As always, don't expect us to come up with answers for you, and don't expect us to tell you that globalization will be good or bad for you. You'll have to figure that out for yourselves.

But as you make your way through the following pages we hope you'll remember this basic tenet of economics: *We can't have it all; we have to make choices.*

Many of the choices related to globalization will be straightforward economic decisions. You make them every day when you decide how to spend your money.

But there will also be political choices and policy decisions that are less clear-cut — choices that require a balancing of interests; a blending of economic and political considerations. For better or worse, sound economic reasoning won't always be the primary factor guiding these decisions, but at the very least we can make every effort to assess the true costs and economic impacts.

And this is worth repeating: The choices are yours to make, because when all is said and done, you're the ones who will bear the costs. ■

