

How does the current
global economy lack
diversity?



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“ The metabolic connection between so many organisms provides biological synergies, nutrient availability to plants, checks on disease or insect outbreaks, etc.”

Diversity in the global economy is essential to sustain a balance and support the variety of****. However, the current global economy suffers from a lack of diversity in a variety of ways. The wealth distribution throughout the population is not diversified. For every dollar of new wealth that has been created in the United States since the financial crisis, 93 cents has gone to the top wealthiest 1%of the population.[1]Of all stocks globally, 84% are owned by the richest 10% of Americans.[2]Workers are suffering from the disappearance of middle-class jobs due to the lack of distributing wealth among society. Meanwhile, the top executives of companies are rewarding themselves with mega-million-dollar compensation packages.[3]Lastly, CEOs of large US companies last year made as much money in one day as average workers made over the entire year.[4]Further lack of diversity occurs with banks ignoring the macroeconomic impacts of their activities. They only will finance things that are profitable in the short term, like fossil fuel prospecting, instead of financing something like low-carbon infrastructure. Low-carbon infrastructure does not have short-term profitability but has profitable results in the long-term as well as being environmentally conscious.[5]Lastly, annual global spending is not diversified. Various areas of the world have their priorities, for example some of these priorities are cosmetics, cigarettes, alcoholic drinks, military spending, and pet foods. These priorities cost upwards of eight, 50, 780, and 17 billion US dollars, respectively. With these priorities, areas such as basic education, water and

sanitation, reproductive health for women, and basic health and nutrition for all are neglected. However, costs to resolve these issues and provide universal access to these basic social services would only cost a total of 40 billion US dollars.[6]

Efficient Economic Cycles - How does the current global economy lack efficiency?

The global economy does not utilize resources efficiently. A summary presented by New Economics Foundation concluded that many natural resources are in a severe decline, even though they were previously recognized as infinitely abundant. This is due to emerging economies around the world that strive for an abundant lifestyle filled with material items. These material items are created by industries that neglect the limits of resources.[7] Further with the improper use of resources, the production and distribution of these resources are not planned properly, and further waste handling of expired items. Localizing economic activity is disregarded. [8] Apples are shipped from England to south Africa to be waxed, and then flown back to England to be sold to consumers. Tuna fish are caught on the east coast of America, flown to Japan to be processed, and flown back to America to be sold to consumers. The whole process involves incredible quantities of waste.[9] Only with a full cost accounting system, a true cost accounting system will we begin to understand that goods that are shipped from 10,000 miles away are far more expensive than goods produced locally. If you shorten the distance between producers and consumers, you're cutting out your food miles, you're cutting out your emissions, you're cutting out your oil dependency.[10]

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The global economy relies on continuous growth, which is not efficient. Historically, industrial growth was destabilized by agricultural collapse as both processes required the same resources: labour and land. This was before the coal period, however when coal was introduced it allowed the industrial growth to no longer rely on land to provide productivity, like growing fuelwood and fodder for horses. This allowed agriculture and industrial growth to work alongside each other, but this later became at the cost of the natural world as both practices relied on continuous growth and endlessly sacrificed the natural world to achieve this growth, to this day.

[11]Growth is a measure of the conversion of nature into cash, and commons into commodities. “ When every aspect of life is commercialised and commoditised, living becomes costlier, and people become poorer.” An old, living forest does not contribute to growth, but when the forest is clear-cut, and the trees are sold as timber, that is growth. Water as a common that provides for all and is shared freely does not create growth. However, when Aquafina builds a factory, mines the water, and fills plastic bottles with it, the economy grows. These two examples show that nature is at the chopping block of growth. This is not an efficient process.[12]

Self-Regulation - How does the current global economy lack self-regulation?

(what process in our society don't self regulate, think how nature is self-regulatory but our capitalist society isn't with the processes we have created)

Things like it doesn't account for environmental degradation

- We produce things but don't have a use for them once we don't want to use them anymore
 - Waste created by one time use products
- We extract fossil fuels, burn them, and don't have a way to counteract the pollution created by this
- The financial industry, specifically in the US
- The banks reserve ratio.
- In a system as large as the global economy, self-regulation is vital to ensure that different areas are functioning correctly. Unfortunately, many facets of the economy lack this key idea of self-regulation. The financial sector in the United States in particular is an example of poor or nonexistent self-regulation. The recession of 2008 was a result of subprime loans failing. Such volatile loans should have never been on the market, yet due to a complete lack of self-regulation by the banks and other financial institutions, the loans failed and the economy tanked. Another example of poor self-regulation is the 90% reserve ratio of banks. Private banks essentially run the economy and control the money supply with the reserve ratio. The massive creation of money coupled with said money being invested in non-productive areas leads to both a loss in the money's value as well as possible economic instability. Lack of self-regulation in the financial sector is what initiates economic collapse.
- Josh Ryan-Collins, " Part Two: What's wrong with our financial system?" *New Economics Foundation* , April, 2013, <http://b.3cdn>.

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Resiliency through Self Renewal – How is the current global economy susceptible to disturbances?

“Disturbances occur in all ecosystems, natural or not. The stronger ecosystems are more resistant to disturbances and are able to bounce back quicker.” (lecture 5 slide 7) Mass agricultural and farming practices have led to the economy being susceptible to disturbances. The transition from hunting-gathering communities to fully industrialized agricultural practices put a great stress on farmers and land. It caused farmers to have a loss in income as many products grown were exported and the money was not circulated back to the farmers.[13]The National Farmers Union stated that “since 1988, agricultural exports have almost tripled, but net farm income (adjusted for inflation) has fallen by 24 %.”[14]The land used for farming continuously experiences a loss of nutrients from the soil due to the exportation of food and removal of farm animals from agricultural lands, as well as practicing monoculture creates a loss of biodiversity increased risk of insect overtaking.[15]This impacts the global economy overall as it decreased farmer’s income, and puts the crops at risk which could lead to a loss of *** and therefore exportation would not take place which would decrease the agricultural contribution to the global economy.

In NAFTA, environmental laws have been redefined as trade barriers, thus placing the global economy susceptible to disturbances as environmental

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degradation effects the global economy.[16]Further, the acts and agreements are not diversified, harming certain economies and overall the global economy. NAFTA has created economic success for the United States, boosting growth by 0.5% per year and creating jobs as well. However, NAFTA is not bullet proof. While it created jobs, it also caused a loss of manufacturing jobs in the US, causing US manufacturers to move to Mexico where the labour was cheap. This led to various companies degrading the Mexican environment in order to keep costs low.[17]NAFTA allowed the US to import government-subsidized farm products into Mexico. This created competition amongst these low prices and local farmers in Mexico, eventually causing them to go out of business. These unemployed farmers were then targeted by US companies via the maquiladora program, where the US companies work close to the border. This is where the US companies close to the border employ Mexican employees for cheap and export products back to the US. This was 30% of Mexico's work force.[18]FIPA, Foreign Investment Promotion and Protection Agreement, is another agreement that has potential to cause disturbances in the global economy. FIPA is widely unfair with regards to Canada versus China.[19]For example, FIPA permits investors in China to purchase assets in Canada, but it prohibits Canadian investors to purchase similar assets in Canada.[20]It also ignores a reservation designed to preserve aboriginal rights in Canada, which is a ** that is included in all of Canadas other similar trade and investment agreements.[21]This trade agreement puts Canada's economy, and in turn the global economy, at risk of disturbance as it undermines Canada and gives China the leeway to overuse, take advantage of, and *** Canada's economy.

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