

The foundational pillar of adam smith

[Literature](#), [Russian Literature](#)



Soon after the official end of the Second World War, the world witnessed a radical confrontation of the previously held foundational theories of economic liberalism. In many ways, this can be said to be a direct result of an emerging global order that divided the world into the "haves" and the "have nots." It became apparent that most of the conventional theories failed to work for the developing world. It, therefore, sparked off a new dispensation economic theories that sought to address these visible imbalances at all levels. Take trade as an example, developing countries essentially had all the endowments that made it possible for them to engage in primary commodity production in the phase of the abundant labor force. They were however limited by the discrepancies in the global market thus thwarting their efforts to fairly participate in the world market. This is the brainchild of the strategy of import substitution industrialization (ISI). In a subtle way, it may be a protectionist measure for infant domestic industries from aggression.

By and large by the mid-1970s, there was a renewed interest to critically scrutinize the policies that defined and informed the import substitution industrialization tenets of rent-seeking as well as the directly profit-seeking ideologies that were characteristic of the regime. Consequently, the implementation of concepts that had to do with effective protection, shadow pricing, domestic resource costs provided the opportunity for economic scholars to effectively quantify the deeper costs of the ISI policy strategies. Suffice to cite the South East Asian economic tigers as another case in point. The details of their success according to experts are living proof of the

sustainability of an export-led growth policy strategy. Building on this theoretical foundation, economic liberals were empowered to comprehensively conceptualize the changing trends and impacts of world trade and its drive towards integration and harmonization supported by technology transfer. To this end, towards the close of the 1980s, there was verifiable proof that the way out for developing countries can also be export-led growth. Overall, there was no place for negative few export amongst liberal economists. The trend is still going on, however, the point of caution is that in our contemporary experience it has become established that there are no guarantees in history.