

# The global economic shifts since 1930

## economics essay



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Over the last 30 years the world economy has experienced various economic shifts. U. S the world largest economy had many conflict with Soviet Union especially during cold war (1945-1991). The tension between these two superpowers was mainly on political, military and economic issues. Each of these countries endeavored to establish relations with as many countries as possible in the world. US sought to have allies especially with Western Europe and many developing countries in Africa and Asia. It is the activities of these two superpowers that dictated many shifts in the world economy.

The recent economic up rise of China also has a apart to play in world economic shifts. China has sought to intensify its economic relations with many countries in the world. The nowadays flow of China goods and services especially to African economies speaks a lot about China efforts to create more economic relations with Africa which constitute a large market to many of her products. Many countries have become members of various economic and political blocs which have regional and international scope. Many economies have realized that they cannot make it on their own. International trade among members of various international bodies has been intensified. Great innovations have also occurred due to high competition among different world economies.

### Global Economic Shifts

Hill (1999) postulate that various global economic shifts have taken place over the past 30 years. The protectionism ideologies have no place in our current world economies. Many countries have liberalized trade and eliminated most of barriers to trade. Embargos, legal restrictions, tariffs and

custom duties have been lightened to allow free flow of goods and services. Capital flow among various world economies has also been intensified.

Trade and investment across world economies has greatly increased.

Developed economies like U. S, Germany, Britain, Italy, Sweden, Japan and Spain have been trading with developing economies especially with many

African and Asian countries which have deficit in capital stock. The integration of national economies to a global economic system is on

progress. All players in international trade are being aided to exchange goods and services in the easiest way possible in terms of time and cost.

Telecommunication has gradually been improved to ease communication among various people who are many miles away from each other.

Telecommunication systems have been improved a great deal. An economic agent in Africa can trade online with an economic agent in America.

Hill states that the liberalization policies and market mechanism have been embraced by many economies. Restrictions and regulations that hinder international trade have been reduced or scrapped off. Foreign investors are faced with fewer regulations from the host countries. Government controls have been minimized to a level that will ensure smooth flow of economic activities without compromising free market mechanism.

### Shifts and global economy

It is apparent that many global economic shifts have been characterized with great transport and telecommunication innovations. One of these

innovations is the development of microprocessor. The functions of computer's Central Processing Unit are incorporated in a microprocessor.

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Microprocessors have been used in information processing and carrying out various functions like calculations and arithmetic which has made work easy. Microprocessors have improved information processing. Huge data entered into a microprocessor can be

Processed into meaningful information in seconds. This has aided in making decisions concerning international trade.

The development of internet has also aided globalization of world economies. The internet simply defined as the worldwide interconnection of computers has converted world into a global village. Many economic agents in different economies have utilized trade opportunities offered through internet. An economic agent located in Asian economies can post his/her orders in the internet. These orders can be processed online by an economic agent located in U. S and transactions made online and international trade take place.

The development of jet air travel has reduced travel time. International trade on highly perishable goods like flowers has been made possible.

Transportation of goods and people has been made faster. International labor mobility has been improved and made faster.

The change in world order

The democratic revolutions against communism saw the fall of Soviet Union which was dissolved by the former Russian president Boris Yeltsin in 1991. East Germany was reunited with western Germany and communism rule was done away with. Communism rule could not withstand great revolution in

countries like Poland, Hungary Czechoslovakia, Romania, Bulgaria and Romania. The revolution against communism regimes was lead by political groups and civil societies who were opposed to the communism ideologies. U. S. policies to hinder expansion of Soviet Union in eastern and central Europe had succeeded. This marked the end of cold war. U. S economy has since sought to expand its economic and political relations with the countries which were under Soviet Union. She has been intensifying her support in terms of scientific and information technologies. Her culture has also been imparted to these countries. Many countries which were under Soviet Union have become independent. They are also no longer one political bloc. Ukraine, Lithuania, Georgia, Azerbaijan, Tajikistan, Belorusse, Estonia, Latvia, Kazakhstan, Moldova, Uzbekistan, Russia, Armenia, Kyrgyzstan and Turkmenistan are no longer under Soviet Union. Czechoslovakia also split into two states which are Czech and Slovakia republics. Yugoslavia was split in 1991 after Slovenian and Croatia declared their independence. Bosnia, Serbia and Montenegro were also formerly part of republic of Yugoslavia which was allied to Soviet Union. All these marked the disintegration of the powerful Soviet Union. Since then, U. S has become a superpower and she has a great influence to world economy.

Major non â€” violent demonstrations have occurred in China and Latin America. In China the civil activists have been pressurizing for more political freedom, extension of individual rights and shaping of national policies. They have been resisting forceful invasion and occupation by oppressive by communism regime. In Latin America many non-violent revolution have been witnessed. These revolutions have been pressurizing for political reform,

eradication of corruption and dictatorship. Non-violent demonstration in Ecuador saw the overthrow of Lucio Gutierrez as a president. This pressure has led to embracement of political systems which are more democratic. Free market economies have consequently been embraced in these countries. Free market economies on the other hand has encouraged global trade and eradicated many trade regulations.

### The cease of U. S Domination Era

In our contemporary that many multinational companies have U. S as their mother country. In fact 60 to 70 percent of international business has been dominated by U. S. originated companies. These constitute 2/3 of direct investments to foreign countries by the US. However things have changed especially by 2002. The world has seen the rise of multinational companies from some developing countries which have also offered employment to people of the host countries. China and Brazil has contributed to this by 30% and 7.6% respectively.

Mini-Multinationals corporations have also been on rise. Their involvement in global trade has been on increase. Some multinational companies have been specializing in luxury lifestyle groups i. e. quintessentially. Multinational company like Lingo 24 has been offering translation services in various languages with employees in European countries, China, New Zealand and Parma. China, Brazil, India and Russia are examples of economies which have remarkably challenged US dominance in international trade.

### China and India

Much of today manufactured goods, services and employees are offered by either India or China. In fact big multinationals corporations like Adidas, Reebok and Nike have China as their country of origin. China is rated number three in export of auto manufacturing in the world.

The chain of global innovation also has much to count on Indians. HP, Cisco System, Computer simulation with3D, Google principal lab in Bangalore, General Motors, Boeing Co. and Motorola are some of these innovations. These innovations are playing a great role in global economy.

### Russia and Brazil

These two countries have gradually been dominating raw materials supply. Russia is rated among the largest producers of gas, oil and aluminium which are spearheaded by Gazprom, Lukoil and RusAl respectively. The dominant producer of iron ore and soy is Brazil. DuPont, Dow Chemical Company and Monsanto Company uses soy beans from Brazil in manufacturing of chemical.

### Conclusion

It is apparent that for the past 30 years notable global economic shifts have taken place. Market mechanism has been developing in many economies of the world. The past world order with U. S and Soviet Union as contending super powers is gone. Great innovations in transport and communication sectors have made the world to be like a small village where transactions can be carried within a second. Regional and international blocs have been formed to enhance economic integration. The change in world order

following disintegration of Soviet Union has enhanced economic globalization. The period of US Dominance Era has been widely being threatened and in fact its existence have become a thing of past. Developing economies have registered big growth in global economic contribution. The futures that await the world is world of high quality goods and services, great integration and dependence, great innovation and inventions