

Free research paper on neo-liberalism

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The purpose of this research paper is to determine what the term neo liberalism means and the impact of neo liberalism in the modern day political economic and social agenda. This paper will assess the impact of neo liberalism in the United States of America as well as in any other country where global capitalism is in effect. It will provide an account of neo liberalism as a set of concepts and principles. The paper will seek explain how the various sets of principle that are part and parcel of the neo liberalism are being implemented by governments. It will also highlight the consequences of the implementation of neo liberalism on nations and people. This paper shall also concentrate on Africa as a specific research area. It shall seek to find out how neo liberalism is being implemented as well as its impact on the economy of these African nations. It will also narrow down its perspective and assess the impact of deregulation and privatization both in the United States and Africa.

Neo- liberalism is a type of philosophy that promotes economic principles and policies that encourage the provision of free markets, free trade areas as well as the deregulation and privatization of most of the sectors in the economy. Over the past twenty five years neo – liberalization has taken root in very many countries across the world more specifically in the United States of America. Neo liberalism is widespread in countries that have a democratic system of governance or capitalism as the economic structure. This is because democracy enables the provision of equal opportunities for all as whereas capitalism facilitates the existence of competition within a particular market.

In the United State of America, neoliberal economic policies have been

accepted with mixed feelings by the people. This is because the citizens are of the opinion that some of the policies serve to enhance the standards of living of the American citizens. There are also some policies that serve as a disadvantage to the citizens. It is imperative to take note of the fact that neo liberal economic policies encourage globalization. This is the carrying out of trade across the world through the provision of open markets, free trade areas as well as the formation of trading blocks. An example of a free trade area that is relevant to the United States of America is North America Free Trade Agreement this comprises of countries such as Mexico, U. S. and Canada.

The U. S. has realized some economic benefits as a result of being part of the North America Free Trade Agreement. One of the benefits that the country has been able to realize is the increase in the amount of revenues earned in the agricultural sector. This is attributable to the fact that the member states of this free trade area are allowed to trade eggs, meats, and corn without being subjected to any tariffs. As a result of this the U. S. have been able to increase the amount of revenues that the agricultural sector is earning. They have been able to increase the quantity of farm produce that is being exported to countries such as Mexico and Canada. This has consequently boosted the Gross National Product of the United States there enabling it to grow its agricultural sector. As a result of the increase in the exports to the two countries, the agricultural sector has been able to absorb a significant number of people that were formerly unemployed. This has led to the improvement of the living standards of many people that engage in agricultural business.

The United States has also been able to export various professionals to the two markets that are Canada and Mexico. This is because the literacy levels in the U. S. are relatively high and the number of professionals that remain unemployed upon graduation is alarmingly high. A country like Mexico has relative low literacy levels and this is attributable to the fact the country does not have an education system that is as advanced as the education system in the United States. This has led to a shortage in professionals such as health professionals and finance professionals. The shortage of these professionals is mainly as a result of the prevailing standards of living therefore majority of the people are not able to afford to access education. As a result of the situation in Mexico, the United States has realized an increase in the number of professionals that are export to the neighboring country. It is also important to take note of the fact that the professionals do not necessarily need to migrate and live in the neighboring countries as their service can be sought after by people from the neighboring countries while they are still situated in the United States. The North American Free Trade Area eliminates all the barriers of trade as well as trade regulations that are usually characteristic in many regions. This has enabled the United States to boost its Gross National Product through exporting of professionals to go and work in the neighboring countries.

The United States has also been able to reduce the cost of importing crude oil. Before the signing of the North America Trade Agreement the United States used to procure most of its oil from the Middle East and more specifically Iran. However with the provision of this agreement the United States is currently importing a lot of oil from Canada and Mexico. This has enabled the

United States to reduce its reliance on the oil produced in the Middle East. The United States has also come to appreciate this trade agreement and it is mainly because when their relationship with Iran deteriorated the United States was able to continue receive oil imports from countries such as Canada and Mexico. This has also enabled the economy of the United States to stay afloat after the United States stopped importing oil from Iran. It is also imperative to take note of the fact that Venezuela and Iran have stopped denoting their oil prices in dollars and this has had a negative effect on the value of the dollar.

The North American Free Trade area has enabled the United States to increase the amount of revenues earned from groceries. This is because this agreement has enabled the United States to increase the imports in chocolates, fresh vegetables and fruits. However the North American Free Trade Area has not eliminated tariffs on the importation and exportation of bananas.

The United States has also been able to receive a significant boost in the level of incomes that are realized through foreign direct investments. The United States has invested heavily in the banking, manufacturing and insurance industries of the two countries. The North American Free Trade Agreement has enabled the investors to realize lower levels of risk and this is attributable to the fact that some of these countries have guaranteed the foreign investors that they will be able to enjoy the same trading rights as the local investors. It has also served to encourage the members of this particular trade agreement to invest a lot more in their neighboring countries than in the other countries across the world. This has consequently led to the

increase in the levels of growth since the year nineteen ninety two when the North American Free Trade Agreement was signed. The levels of literacy in Mexico have greatly improved and this is as a result of the citizens being able to access high quality higher education from universities and institutions of higher learning in the United States and Canada.

It is also important to take note of the fact that since neo liberal economic policies encourage globalization, the United States has been able to be competitive in the provision of products. Most of the companies in the United States are now outsourcing most of their production to the countries where they can be able to access cheap labor. This has consequently lowered the cost of production in these countries as well as improving the levels of profits that are realized by these companies. These companies have also been able to compete with other leading brands in the world because they are able to outsource they development of their products to countries which have very advanced production facilities. This has facilitated to the development of high quality products at a very low cost of production.

Neo liberal economic policies have also had a negative impact on the economy of the United States. This is because there has been an increase in the number of people that are and remain unemployed. Most of the jobs have been taken away to countries that are offering cheap and affordable labor to the corporations in the United States. This has led to the rise in the population of people that are engaging in informal employment as well as the standards of living among majority of the citizens has deteriorated. As a result of this majority of the people have been supporting neo liberalizations economic policies however they are urging for the government to develop

laws that will ensure that their jobs are protected. The government of the other had is making effort to solve this situation because it appreciates that an increase in the population of unemployed people will lead to an increase in the levels of crime that will be prevalent in the United States.

Globalization has facilitated the United States of America too be able to have a larger market for its goods and products. This is because it is able to sell and distribute its products in many countries around the world. Globalization has also led to the development of multinational companies which play a significant role in the development of the economy of a nation. These multinationals are usually capable of employing a lot of people. One multinational corporation that is a fortune five hundred is capable of employing more than three thousand people directly and more than hundreds of thousands of people indirectly. This has significantly enabled the United States government to reduce the population of the unemployed people. A good example of a multinational corporation that has some of these characteristics is the Coca-Cola company which operates in more countries than the United Nations. The Budget of the Coca-Cola company is larger than the Gross National Products of many of the developing countries.

The increase in the rate of globalization has also led to the change in the business models of many companies in the United States. These companies have changed their business models in order for them to be able to take into account the international markets. The companies have been able to develop business models that take into account the international markets. This has consequently enabled them to realize an increase in their levels of income thus also impacting positively the Gross National Product of their

countries.

Neo liberal economic policies have also played a significant role in the African economies. With an increase in the number of countries in Africa that have been able to privatize most of their state corporation, there has been a significant improvement in the nature of services as well as the products that are offered by these corporation. The privatization has enabled the corporations that were formerly state owned realize a massive increase in their levels of income. The state corporations are now able to attract high quality professionals that are able to run the corporations as effectively and efficiently as possible.

It is also worth noting that the formation of trading blocks in Africa has also enabled the African countries to be able to conduct their trade in a manner that is more effective and efficient for their countries. With the formation of trading blocs such as the COMESA, ECOWAS and SADAAC African countries are able to facilitate the movements of their products from one country to another within the trading block without having to pay for any tariffs that are imposed on goods from other countries.

Globalization has enabled most of the African countries to be able to sell their goods in the international markets. African goods are usually exported to markets such as Europe, Asia and America. This has consequently resulted in the development of large multinational corporations in Africa such as the Dangote Group of Nigeria that are not based on the trading of mineral or natural resources. These large corporations have consequently led to the improvement of the living standards of the people that live close to these corporations. This is because with the development of a major corporation

with a certain community in Africa it leads to the provision of electricity as well as the development of roads and this leads to the development of the local town. The development of the local town will lead to the influx of more businesses in and around the town. This will lead to the provision of more job opportunities for the people from these communities as well as an increase in the number of people that will have disposable income.

Globalization has also resulted to the improvement in the levels of literacy in Africa. This is attributable to the fact that with the influx of multinational organizations in Africa majority of the Africans desire to work for these corporations. This is mainly attributable to the fact that they provide better working conditions as well as more compensation in the form of payment. In order to work for this corporation in most cases one has to have a good academic background. This has consequently led to the increase in the number of Africans that are in pursuit for academic excellence. Some of the multinational corporations facilitate their staff to obtain higher learning through provision of scholarships as well as sponsorship programs for their workers and the people living around the organization. It is also imperative to take note of the fact that when people start working for most of these multinational corporations their standards of living tend to improve significantly. As a result of this more and more people desire to work for these corporations in order to realize an improvement in their standards of living.

Over the years with the increase in the level of globalization most of the professionals that are being trained by the African countries are being lost to the western countries through a process that is commonly referred to as

brain drain. This usually happens because most of the corporations in the west are normally capable of remunerating their well employees better than the organizations which are found in Africa. As result of these majority of the highly skilled and multi talent Africans are usually offered better job opportunities in the western countries. This has had a negative impact on the African economies because they lack enough professionals to spearhead change, development and transformation in the African countries. Due to this the African countries have remained underdeveloped for a long duration of time and it is only recently that African professionals have started returning back to their countries.

The increase in the rate of globalization has led to many countries to start fostering trade relationships with each other. It is evident that countries are fostering strategic relationships and China has been very good at it. This is because the Chinese are offering to develop infrastructure in Africa at very affordable rates thus they are becoming more popular than the western countries. Many African countries are now looking towards the Chinese in order to ensure that they are able to form relationships that will improve their growth. The Chinese have branded themselves as friendly people who offer loans with no strings attached. This has enabled them to realize an increase in economic growth thus they are becoming an economic super power.

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