

Free international political economy essay example

[Parts of the World](#), [Europe](#)



Globalization

Globalization in its simplest definition is an increase on the levels of international trade, communication and investment which is advocated for and fostered by the growth of the internet and new technology developments. To a larger extent, globalization is openness of national boundaries to the world through technology. There is a great interaction between the growing levels of poverty and the increasing gap between the rich and the poor; inequality. This can be explained by identifying factors that determine economic growth. These fundamental indicators of economic growth are, coordination of public and private sectors which involves integrating micro and macro-economic policies, establishing a sound institutional framework, accumulation of human and physical capital which should be combined with technological development and lastly, having good governance, social cohesion and political stability.

The absence of any of the above factor causes reduced economic growth. Globalization causes disparities between the rich and poor in the sense that despite the boundary openness, each nation has specific problems while globalization attends to broader aspects. This can be explained by looking at facts such as a quarter of the poorest countries in the world endured famine in the past 3 decades while no rich country had the experience. Infant mortality is still high in poor countries while it has been reduced in rich nations in which 3 million of these children dying in poor nations are overcome by pneumonia. Statistics claim that, if the growth rate in Africa had been increased by 1.5%, deaths of up to 0.5 million children could have been avoided.

Eurozone Debacle

These debacle is based on economic foundations that include facts such as rich nations are allowed to borrow at low rates, some nations such as Greece have been borrowing heavily at low rates while it pays back in dollars. Upon such actions, the economic market has labelled Greece as a nation unable to pay back. Greece, Spain and Portugal have social safety nets that are very extensive in addition to production capacity that does not match spending. In addition, while all European countries run on high deficits, the demand for Greek goods is absent unlike it is for Germany.

There is economical variations between the North and South of Europe. The North consisting of Finland and England has unique goods and demand for luxury goods, technological innovation, outstanding infrastructure and high industrialization. On the other hand, the South of Europe in this case Spain and Greece have laughable taxation, and goods that can be produced by most countries around the world. These products are textiles, agriculture and tourism. In addition, there are highly vulnerable to global economic fluctuations. In addition, the southern nations are bothered by immigration. There are millions of illegal asylum seekers in this region and their deportation has been crippled the European Union Humanitarian laws which causes the governments to spend a lot of national money in attempts to block the illegals and paying their benefits. Europe also faces complications due to the social unrest developing from the population, for instance, Greece has a 10 million population.

China and India in the Global Economy

Shanker demonstrates that China is a global powerhouse that rivals the world dominance and its rise to power has really upset the international order. On the other hand, India has been more of a back office operator that has been ignored largely and its rise to power has been approached with fascination by the West. The difference in this development variations rises from the reforms, economic situations, similarities and differences and social instabilities. Looking at China, there has been notable reduction in corruption and a balance at economic and social and cultural growth. India on the other hand has approached economic growth with self-preservation rather than ideology. In addition, India has a virtual conspiracy of silence and other aspects such as distrust of the private sector.

Looking at China whose GDP and Per Capita GDP stands at \$2. 7 trillion and \$2, 010 respectively while India has \$906 billion and \$800, on the same order, it is evident that India is not that badly off especially after consideration the potential that they are yet to capitalize on. This is because, China homes a fifth of the world's population while India takes a sixth. India's growth has been coming closer to that of China while its population younger and growing first an indication that it has a higher chance to maintain their growth. In addition, India has more of international support such as the West a factor that China is missing.

The Emerging Market

The countries that have established their names as emerging markets include Brazil, India, China, Turkey and Russia. This nations have mid to low

level GDP per capita economy experiencing industrialization and rapid growth. They also have the potential to influence the globe's economy while they also attract high levels of FDI bearing in mind their possibility of attracting significant returns despite the fact that they miss the efficiency or standards of regulation like the developed economies. The countries listed above have qualified as emerging markets due to their global and domestic implications. Going by a GDP/Capita basis, Turkey, Russia and Brazil have strong economies as compared to that of the world. China and India have theirs lowers due their massive populations.

Brazil has emerged due to higher exports than imports of goods despite a slightly higher service importation of services, they have a wide range of natural resources while they have reduced their unemployment levels.

Russia on the other hand has raised with a shift from a globally-isolated, central planned economy to a rather globally integrated and market based economy. In addition, they have a wide range of exports, reduced unemployment and abundant natural resources. Looking at this two as examples, these nations are emerging markets through advocating of their natural resources, reduction of unemployment, increasing exportation and a market-based approach to the economy of the globe. They are however faced with challenges that at times will slow them down such as social, cultural and political issue such as corruption.

Regionalism

Regional trade blocks before and during the 1990s were brought up to minimize the effects of communism, remove trade barriers, reconstruct

economies of most nations and also modernize industrialization. An example is the GATT that employed tariffs for stipulation of trade among the European economies while it corresponded with the international organizations. The field of agriculture did not benefit as much as there was a failed liberalization on agricultural products, governments sought to eliminate surplus of fisheries and other product. That was in the 6 Rounds. The Kennedy and Tokyo round sought to address NTBs. They argued that the GATT had failed in establishing a body that would solve conflicts while it concentrated on good trading leaving investment and service trading out of the picture. The biggest reform come with the Uruguay Round in which foreign investment restrictions, service trading such as insurance, copyright infringement and reforming the agriculture and textile industries. Currently, this trading blocks are being adjusted and reformed such that they can liberalize global trade barriers thus making exporting and importing not only easier but cheaper as well while there is improved emphasis on improvement of economies to developing countries.

Global Financial Crisis

The occurrence of the global financial crisis occurred after a course of historical actions. It begun an ideology in the 1970s in which the globe believed that economic stability was approaching and also the free market approach. It was followed by corporate gambling that in which financial institutions looked at short term objectives, then in 1999, the banking sector was reformed from being separated into investment and commercial bank. In 2000, conglomerates financial institutions came up that believed they were

too big to fail which was then followed by the U. S's Fed Reserve Bank to maintain an interest rate of 1% thus increased borrowing and expenditure. By 2005, the home equity debt had raised to \$1 trillion.

This was followed by investors such as China, Japan and Germany quitting to invest in the U. S. At this time, recession is almost there even as the Fed attempts to intervene by raising borrowing rates. The aftermath was the Great Recession as there was a massive explosion of lax monetary policy, moral hazard, old fashioned greed, poor corporate governance and reckless financial innovation in 2008. In addition, on the 29th of September the same year, the U. S's stock market had plummeted to \$1 trillion while the current and fiscal accounts deficits soured. Finally, in 2008-2009, up to 8-10 million jobs were lost in the United States.

Works Cited

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