

Economics essays example

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The Evolution of New Global Economy: Who won and Who lost?

The video discusses about how globalization gave birth to new global economy where every day a lot of people gets better off. However, globalization does not offer only benefits, but also some painful truth associated with it i. e, Economic Crisis. It all started during 1980's when such a market was established where everyone had its stake but no one had its control. The global economy saw huge capital flows, intense competition, etc. However, by the beginning of 1990's US Economy started experiencing the ill effects of Globalization. By the end of 1992, courtesy global competition, US Government was under \$ 3 Trillion of debt and fiscal imbalance, which continued to harm the US Economy.

Then was the time for Presidential Elections, where Republican Candidate, Bill Clinton gained support of Labor Union and promised them of economic steps that are well needed to help the US Economy recover from deficits. He was a conditional and only supporter of NAFTA Agreement among US, Canada and Mexico, where he asserted that if some conditions like training and educating the American workers who lost their jobs and then if their skills are re-invested in the economy, NAFTA Agreement have more good things to offer for US Economy.

Soon after his victory in the Presidential Elections, Bill Clinton continued his full support to the NAFTA Agreement and despite of its continued opposition by labor unions around US, NAFTA became Law with support of republican senators. Soon, many foreign investors moved to Northern Mexico and established their factories there to export the produce to US Markets, which

were just few miles away. This saw a significant increase in wages of Northern Mexico Population and a guide for the Global Economy to adopt “Free Market System”. Soon, the financial markets went bullish and the investments started flowing to offshore financial markets of which “CAPLES” the pension fund scheme for pensioners was most popular for at one time holding 5% of mutual funds of French Market.

However, the Globalization finally showed its first negative side, when because of riots in Mexico, investors started flowing their money out of Mexico, and this was termed as “First Ever Financial Crisis of Globalized Era” and this was followed as a threat of Mexico defaulting on their debt and losing out. The US Economy, on the other hand, continued to flourish- it saw huge capital investments, a new range of entrepreneurs and a market that had no boundaries. The impact of free trade started to reach offshore countries especially to countries like India and China, which because of skilled and educative labor force became part of global trade. Just because of globalization, the world saw largest era of Human Migration and in particular the global prosperity was termed as “ Asian Miracle” as with almost every major south east Asian Country expanding by 10% per annum as a result of globalization and free trade.

However just like Mexico, it was now time for the Economy of Thailand, who because of its currency being pegged heavily against US Dollar, was forced to devalue its currency. As a result, the Economic Crisis in Asia started because of country as small as Thailand. This led the investors to loose their interests in South Asian Markets and as a result, \$116 Billion of capital was out-flowed from the South-East Asian Market.

Thus, we come to the conclusion that Globalization is just a way of adding additional opportunities but, on the other hand, as once the world gets interconnected because of it, it is sure to cause restlessness and lack of peace in the world. Bill Clinton, who came into presidential power as supporter of Free Trade, left saying “ Peace is more important for us”. Thus, whether we won or lost from the Globalization or if free Trade is good or bad, the question still remains answered.

Works Cited

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