

# How globalization and liberal economic idea have influenced today's monetary

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Task How Globalization and Liberal Economic Idea have Influenced Today's Monetary Structure Introduction In accordance to the liberal economic ideologies, countries that are liberalized in terms of its undertakings take part in commerce and other related activities at domestic and international levels. In the utilization of liberal ideologies, a country's economy can substantially augment since it has the capacity to partake in numerous economic exchanges with different countries around the globe. Similarly, globalization aims at integration of different markets and economies around the world thus making the world a single system (Ognivtsev 1). Bringing together of the global markets, play a paramount role, in the enhancement of economic performances for the countries that are involved in this system. According to the concepts presented in globalization, various activities are integrated, which may comprise economic systems, product flow within different countries, as well as, services. Consequently, globalization directs to trade liberalization that leads to the growth of international trade for commodities, as well as, different services around these countries (Ognivtsev 1). Currently, it has become evident that the liberal ideologies within the economic context together with the fundamental concepts that emerge from globalization markedly influence the monetary structure of different economies around the globe. Similar to globalization, liberal ideologies offer appreciable support to the concepts of trade liberalization. In accordance to the liberal ideologies, it offers substantial support to openness within the global markets in relation to conducting trade. The ideologies encourage openness since it aims at reducing or eliminating trading obstacles. This implies that the elimination of these obstacles assists in the distribution of

commodities through international boundaries. Therefore, this indicates that the liberal economic concepts props up the thought that international trade places countries and populaces taking part in international trade at an advantage. The countries that participate in this trade also benefits from the commodities that are exported to different destinations or imported from certain countries, where the commodities or services are in surplus.

Consequently, these flows of commodities in and out of the trading system produce certain effects to monetary structure within the economy.

Globalization and liberal economic viewpoints have a similar goal, which is trade liberalization that ensures that a state realizes elevated growth rates in terms of foreign gains. These gains ensure that a country has a steady stream of capital within the monetary institutions thus influencing the monetary structure of these countries. Globalization together with the liberal thoughts has achieved this influence on the monetary structure through the flow of monetary resources from foreign countries. Interconnections of different countries that possess diverse comparative advantage have profoundly affected the monetary structure, since countries have the opportunity to purchase the commodities that they have no comparative advantage over (Ognivtsev 1). Monetary structure is regarded as an exceptional institutions structure that performs, contrary to other institutional structures. Monetary structure involves all diverse economic activities that deal with merchandise and services and depend on this exceptional institutional arrangement. The monetary structure bears the responsibility of offering steady stream of monetary resources to all sectors within the financial system. Therefore, situations that occur within the

economy and affect the supply of monetary resources can impose either positive or negative impacts to the monetary structure. Economic activities that enhance the flow or supply of monetary resources within the financial system augment the performance of the monetary institutions and thus the monetary structure. Countries involved in international trade with fewer barriers, possess the advantage of carrying out commerce transactions with other countries that undertake different economic activities, thus elevating foreign income. The foreign earnings flows through the financial system thus making the country maintain its monetary structure. The monetary structure is maintained through the supply of capital to different activities within the financial organization of certain countries. Utilization of liberal perspective concerning adjustment measures promotes globalization since they have a preference the internal measures that bear modest or no support for trade barriers. Absence of barriers that usually damage trade promotes globalization since countries can conduct commercial transactions without taking heed of imposed measures. Consequently, countries utilizing the internal measures also utilize the predetermined exchange rate thus ensuring that the monetary structure remains stable. Constancy of the monetary structures ensures that no fluctuations in value exist within the economy, a factor that may contribute to inflation as a short-term impact, and recession as a long-term impact. Under the internal measures, undertaken concerning the capital supply, which is the principal function of the monetary structure, the central bank of a given state has the ability, to alter monetary supply within the monetary institutions. The ability of the central bank to alter monetary allocations towards the monetary structure is

regarded as monetary policy. Correspondingly, the government may alter its expenditure in order to ensure that it controls the performances of the monetary structure through reduction of expenses and augment of taxes and vice versa. These have become the most widespread techniques of dealing with the supply of capital within economies in a globalized world. This has assisted in the maintenance of steady flow of monetary resources within, the monetary structures. Globalization coupled with liberal perspectives has led to development of other sectors within the economy thus adding to the economy. The resources obtained through these sectors are utilized in augmenting supply within the monetary structure through different monetary institutions. Work Cited Ognivtsev, Victor. Economic liberalization as a driving force of globalization: experiences of countries in North and Central Asia. 2005. Web. Feb 29, 2012. Available at < [http://www.unescap.org/tid/projects/globalize\\_wgvictor.pdf](http://www.unescap.org/tid/projects/globalize_wgvictor.pdf) >