

# Describe the world economies in the past 30 years

[Economics](#)



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Q1: Describe the shifts in the world economy over the last 30 years. What are the implications of these shifts for international businesses based in Britain, North America, and Hong Kong? Over the last 30 years the integration of global markets along with the accessibility of international products and services has grown exponentially. The overall affect of this globalization has yet to be realized, but in the short term for the middle and lower class echelon of the fore mentioned economies, globalization has been devastating.

In the first few pages of Chapter 1 "International Business (Competing in the Global Marketplace)" an example is given referencing the necessity for international healthcare due to the rising cost and inaccessibility to quality healthcare in the United States. The most interesting part of this example to me was the following statement. "Some insurance companies are starting to experiment with payment for foreign treatment at internationally accredited hospitals".

(Hill, 2011) Initially I found this statement comforting in the fact that insurance companies were thinking outside of a microeconomic healthcare model in order to better serve the people that they insure. On a larger scale this statement is disconcerting. It is disconcerting in the fact that everything associated in our healthcare system from equipment supply to the education and utilization of our medical professionals is either being mismanaged or financial gouged by government and the private market. As a result of the gauging, like any other business cheaper goods and services are being sought out elsewhere.

It is astounding that it is cheaper to fly to another country and have a major surgical procedure performed at a quarter of the cost than it would be if performed in the United States. " Globalization refers to the shift toward a more integrated and interdependent world economy. " (Hill, 2011) My concern is what does an interdependent world economy mean for the micro economies of each participating nation. Larger corporations clearly have an advantage and need for globalization from a profitable standpoint, but it is not just

corporations who have something to lose or gain from globalization. The globalization of markets from a trade perspective is a great thing for consumers. The globalization of production is a bad thing for most major industrialized nations. By globalizing markets and trade people are allowed to experience and purchase a multitude of goods and services that would otherwise be unknown on an international scale. Globalization also allows companies to tap into foreign markets a lot easier. At the same time, globalization of production hurts each country's job market in some form.

For example outsourcing-manufacturing production from the United States to countries that have a cheap labor force and fewer restrictions hurts the American workforce. In contrast countries that allow an influx of manufacturing from foreign countries become dependent upon those companies much like a drug user becomes dependent on a drug. When those companies leave for whatever reason the aftermath can be disastrous. A good example of this is the Malaysian market. " Manufacturing industry is an important engine of economic growth for the Malaysian economy. In 1987, it contributed 19.8% of the gross domestic product (GDP).

That contribution increased to 24.6% in 1990 and 44.8% per cent in 2001. ” (Tsen, 2005) Since foreign product manufacturing became such a huge part of Malaysia’s GDP they are subjugated to the changes in the micro economies in which the manufacturing corporations are dependent upon for sales. Most of the companies that the Malaysian manufacturing job market were subject to the micro economy of the United States of America. In 2008 a global financial crisis began to take shape and as a result the American consumer market infrastructure began to fail. As a result of these failing the Malaysian manufacturing market started to dissipate.

This dissipation is reflected in the importation and exportation of goods from Malaysia. The ADBI Institute stated in a working paper by Shankaran Nambiar “ Malaysia and the Global Crisis: Impact, Response, and Rebalancing Strategies”. “ Two economic indicators that show the impact of the current crisis are exports and the industrial production index. Export figures, which were doing well in the first three quarters of 2008, took a downturn towards the end of that year (Figure 3). In January 2008, exports increased by 10.4% (year-on-year), and more-or-less doubled to 20.9% in April 2008.

However, in October 2008, a negative figure was reported (-2.6%), only to decline more deeply as the months progressed. In December 2008 a decline was registered (-14.9%), which worsened in January 2009 (-27.8%). Imports, which tend to follow export trends rather closely in Malaysia, reported a similar pattern. Imports increased by about 11% (year-on-year) in February 2008 and exceeded 10% in the months of June and July 2008 (12.5% and 15.0%, respectively).

Again, the change in imports fell into negative territory from October 2008, falling from -5.3% in that month to -23.1% in December 2008 and dropping to -32.0% in January 2009. " (Nambiar, 2009) This huge drop in GDP production was a direct result of the Malaysian economy being a slave to the foreign marketplace, particularly the United States. The financial crisis of 2007 and 2008 directly rivaled the Great Depression of the 1930's, even more so because it became a Global Financial Crisis. It was just not the United States. It was Germany, France, Spain, Italy, Greece, and Japan. All of these countries are tied together economically and therefore are subject to the validity of the consumer marketplace micro and macro economically.

Britain, North America, and Hong Kong are tied together economically because of Globalization each other economy are become more dependent on one another. If one economy begins to falter for whatever reason, the effects are felt globally. Globalization brings along a new level of responsibility and morality, a level that must transcend ethnic, religious, and cultural barriers and focus solely on the stability of their micro economies, with an emphasis on macro economical growth. Globalization is a balancing act that governments and corporations must manage responsibly or financial disaster will most likely ensue.