

# Goals of economics



**ASSIGN  
BUSTER**

## INTRODUCTION

Every country in this world has its own economic to develop their country and to rich their country. Each country has their own economic goals to improve their economic conditions. There are four major economic goals are price stability, economic growth faster than population growth, low unemployment of resources and equitable distribution of income and wealth. Every country, through its government, will endeavour to achieve this economic. It is very importance for every country to achieve these economic goals. By achieving this goals, the country economic will be stable and will develop the country. Moreover, more foreign investor will invests in their country if the countries economic is stable and good.

## CONTENT

Price stability is one of the importance economic goals that every country must achieve. What is price stability? Price Stability is the economic term used to refer to a situation where the general price level covering consumer goods remains unchanged or if it does change, it happens at a low rate so that it is not strong enough to make any significant influence on economic. In other word, price stability is the minimum fluctuations in the price of goods and services. Price stability is also a situation in which prices in an economy don't change much over time.

In the market economy, price changes are a common phenomenon depending on the demand for and supply of goods and services. It is not common for an economy to have price stability. Price stability would mean that an economy would not experience not experience inflation and

deflation. Every country has to maintain their price stability to minimise drastic price changes, to prevent inflation and to maintain the purchasing power of its currency. For example, if the price of the sugar increases, the consumer maybe will not buy the sugar. If the price of a goods and services keep increases and price is not stable, it will lead a country to inflation.

What is inflation? Inflation is a rise in the general level of prices of goods and services in an economy over a period of time. When the price level rises, each unit of currency buys fewer goods and services; consequently, annual inflation is also an erosion in the purchasing power of money. Purchasing power of money is a loss of real value in the internal medium of exchange and unit of account in the economy. Inflation's effect on an economy can be simultaneously positive and negative. Negative effects of inflation include a decrease in the real value of money and other monetary items over time meanwhile the positive effects of inflation include a mitigation of economic recessions, and debt relief by reducing the real level of debt. It is every important for every country to achieve this economic goal. Every country has to maintain its price stability of goods and services to avoid inflation and to avoid the country into debt. Achieving and maintaining a low and a stable inflation is a foundation for many of the economic and social objectives that most people would want to see achieved?

#### Economic Growth Faster Than Population Growth

Economic growth is needed to spur the people and to improve their standard of living, which is determined by the ratio between economic growths over population growth. Standard of living is a generally measured by standards

such as real, example like inflation adjusted income per person and poverty rate. Economic growth is a positive change in the level of production of goods and services by a country over a certain period of time. Economic growth is usually brought about by technological innovation and positive external forces.

What is population growth? Population growth is the change in a population over time, and can be quantified as the change in the number of individuals of any species in a population using “ per unit time” for measurement. If a country’s population growth grows faster than the economy, then there will be a decline in living standards and this will lead to many social and economic problems like inflation. If the population of a country increases, the country has also to increase its economy. The government has also need to increase the price of goods and services, therefore people have to pay more than the original price for a certain product. People with fixed income maybe could not afford or buy lesser the product.

Therefore, the country economic have to grow faster to support the increase population growth. If the economics of the country increase and stable, the government can support the increase population of the country and also to develop the country’s economy.

#### Low Unemployment of Resources

Low unemployment of resources is an important to ensure that available resources of a country is fully employed to produce more goods and services. What is unemployment? Unemployment describes the state of a worker who is able and willing to take work but cannot find it. The factors of <https://assignbuster.com/goals-of-economics/>

production or productive inputs are the resources employed to produce goods and services. They facilitate production but do not become part of the product as with raw materials or become significantly transformed by the production process as with fuel used to power machinery. There are four main factor of production of low unemployment of resources which are capital, land, labour, and entrepreneurship.

Capital is one of most important factor of production. In economics, capital, capital goods, or real capital are factors of production used to create goods or services that are not themselves significantly consumed though they may depreciate in the production process. Capital goods may be acquired with money or financial capital. Capital also generally refers to saved-up financial wealth especially that used to start or maintain a business. Land is one of the four factors of production. In economics, land comprises all naturally occurring resources whose supply is inherently fixed. Land has comprised with different type of natural resource like tin ore, gold, mineral resources and many more. Natural resource also comprise of air, water, wind and many more. Natural resources are fundamental to the production of all goods, including capital goods.

Labour is another factor of production of low employment. In economics, labour is a measure of the work done by human beings. Labour also refer as human capital that are referring to the skills that workers possess, not necessarily their actual work. The last factor of production is entrepreneurship. Entrepreneurship is the act of being an entrepreneur, which is one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods. Entrepreneurship is <https://assignbuster.com/goals-of-economics/>

a individual who is an entrepreneur can best be described as a risk-taker. Entrepreneur is the person who identifies as a need not met by the market as yet, new markets for existing product and new process by which products can be made.

High unemployment in a country will tend to have more economic problems and social problems. Such problems are, higher crime rates and corruption activities happen as people may resort to illegal means to get money. Other problem such as health problem and malnutrition as since some people will not earn enough to eat or to have a proper dish. Moreover, a high unemployment rate generally indicates an economy in recession with few job opportunities. The country must achieve these economic goals because they has to minimise the high unemployment. Low unemployment can increases the country economics to achieve a stable economics.

#### Equitable Distribution of Income and Wealth

Distribution in economics refers to the way total output or income is distributed among individuals or among the four factors of production. These economic goals it is important for every country to have a fair distribution of economic and wealth among its people. The gap between the rich and the poor in a country mist not is great or big. An equitable distribution resource allocation system has to be practice by the government of each country.

Wealth in economics is the net worth of a person, household, or nation, that is, the value of all assets owned net of all liabilities owed at a point in time.

In economics, income is the flow that is, measured per unit of time of revenue accruing to a person or nation from labour services and from

ownership of land and capital. This is a very important economic goal for the government to achieve because it encourage the less fortunate people to have education and to able stand on their own feet. It also reduce social problems such as theft, burglary, murder and many more, if the people are educate and have a good job. It is also to left people have fair chance in competing and surviving in a rigid social world.

## CONCLUSION

For a country to achieve a stable economic, they must achieve all the four economic goals. These economic goals can't be achieved by the government only, the people of the country also have to contribute they part to achieve all these goals. By achieving these goals, every country can have a stable and a good economic and to support the people of its country.

## Question 2

The globalization structure today has created a tendency which international trade has become an extremely importance economic resource for most of the countries in the world. Discuss how Malaysia has benefited from international trade.

## INTRODUCTION

What is international trade? International trade is an exchange of goods, capitals, and services across international borders and territories.

International trade is a principal not different from domestic trade as the motivation and the behaviour of parties involved in a trade do not change fundamentally regardless of whether trade is across a border or not.

Increasing international trade is crucial to the continuance of globalization. Without international trade, nations would be limited to the goods and services produced within their own border.

Malaysia's international trade experienced tremendous growth throughout the last three decades. The Malaysian government welcomed export-oriented industries, created a very positive investment environment in the country, and fostered close relations between government and private businesses. The government established a few barriers on the importation of goods and services, although it often opted for selective intervention and for protecting some sectors of the national economy. Over five years, Malaysia more than doubled its exports from US\$29.416 billion in 1990 to US\$74.037 billion in 1995. After the 1997 regional financial turmoil, Malaysia experienced economic recession, although this recession was much smaller and less destructive than that in South Korea or in Indonesia. Due to tough economic measures, Malaysia's exports recovered and reached US\$83.5 billion in 1999.

## CONTENT

### Total World Production

This is specialization by two countries by using absolute advantages as the basic to increase the total world production of goods and services between two countries. This will allow both or all the countries in this world to enjoy more quantities of good than before.



United States of America has long been one of Malaysia's largest trading partners, its exports to the United States has reaching 21.9 % in 1999, a year in which it was the United States' 12th largest trading partner. Trade between these two countries consisted mainly of assembled electrical goods and manufactured electronic product.

From the table above, international trade between United States and Malaysia have increases. By this international trade, Malaysia has imported all lot of assembled electrical goods and manufactured electronic product from the States. They have imported more quality electronic product.

Neighbouring Singapore is traditionally the second-largest export market with Malaysia, with the proportion of goods to Singapore reaching 16.5 % and dominated by electrical and electronic equipment, machinery, metals, and mineral fuels. Japan is in third place at 11.6%, and, once again, exports are dominated by electrical and electronic equipment, machinery and mineral fuels.

#### Improved Product Quality and Production Efficiency

Goods products for exports usually have better quality, finishing design, innovation, and pricing in order to be competitiveness. Most Malaysian imports originate from Japan, with the Japanese share of imported products, and consisting mainly of electrical and electronic equipment and machinery. Examples of products that are imported into Malaysia are Japanese cars like Honda, Nissan, Mazda, Suzuki and many more. Electrical and electronic equipment like popular brand Sony are imported into Malaysia. If quality products are imported into Malaysia, Malaysian will enjoy using quality and

better goods and services. Although imported products are expensive, Malaysian are enjoying to use foreign brand product than local product.

Malaysian exports shifted from the sale of agricultural products, raw and processed natural resources, and labour-intensive manufactured goods including clothing, footwear, and textiles to the sale of skill-intensive products, including electrical and electronic equipment and parts, and services. The proportion of exported electrical machinery, appliances, and parts including semiconductors, electronic equipment, and electrical appliance. The other important export products were commodities, chemicals and chemical products, manufactured metal products, and textiles, clothing, and footwear.

#### Increased Variety of Goods and Services

International trade has allowed every country to enjoy a bigger basket of goods and services from different parts of the world. International trade also has allowed a country to consume other country goods and services that can't produce itself. Other than enjoying Malaysian goods and services, Malaysian can also enjoy other country goods and services.

For example, instead of buying Malaysian made cars like Proton and Perodua, Malaysian can buy imported cars such as Toyota, Honda, Mazda, Nissan and many more. Furthermore, varieties of electrical products are imported into Malaysia such as Sony, Toshiba, Acer, Dell, Sharp, Panasonic and many more. Imported goods and services are more quality and long lasting than local goods and services. Malaysia also exports their local made goods to other in exchange of their local made product.

## CONCLUSION

Although Malaysia's industrialization and economic growth is highly dependent on international trade, the Malaysian government was less supportive of full economic liberalization than neighbouring Singapore. Malaysia has managed to maintain a positive trade balance, exporting more goods than it imports. Even during the recession of 1997 and 1998, the country had a large trade surplus of US\$4.0 billion in 1997 and US\$17.7 billion in 1998. International trade is not only to import or export goods and services to other country but it can bond the country's political and social. International trade is also to keeo maintain and grew a relationship or patternship between two country