Michael Coats **International Economics**
00399339 **EC32008**

'Examine the trend towards globalisation that has taken place in the international economy over the past fifty years. What do you consider to be the main implications?'

Over the last fifty years Globalisation has occurred in the international community for several reason economic growth, economic development and globalisation its self have all had key factor to play in altering the economy of the world.

Although economic growth and development are similar in meaning, they have some essential differences. Economic growth refers to the increasing ability of a nation to produce more goods and services. Economic development basically implies that individuals of that nation will be better off and takes into account changes in economic and social structures that will reduce or eliminate poverty. Economic development can be measured in a number of different ways including the Human Development Index, a Gender Empowerment Measure, a Human Poverty Index and a Human Freedom Index. The United Nations Development Program developed all of these measures. The World Bank also has its own indicator called the World Bank Development Indicator. Globalisation can have both negative affects on a nation. It can impact on the levels of economic growth a country may experience, impact on levels of unemployment or it may impact on a country's quality of life.

Economic growth is the expansion of a country's productive capacity. This leads to a rise in total national output. Growth can occur in two different ways; the increased use of land, labour, capital and entrepreneurial resources by using better technology or management techniques and increased productivity of existing resource use through rising labour and capital productivity. While theoretically having an increasing national output means greater material welfare and a rise in living standards, it does not equate to having higher levels of well being for individuals in that nation. Economic growth can, in fact, have negative impacts on a nation including environmental degradation and the loss of traditional cultural values. It also may mean there is greater inequality between different classes in society, that is, the gap between the rich and the poor may grow. It is for these reasons that economic development measurements are also used.

Economic growth as a measure fails to account for other important social and economic factors such as the size of the black market, domestic work that is not given a financial value, the level of damage to the environment and inequalities in income distribution. Various indicators have been developed to compensate for the limitations of economic growth measurements. Rather than just measuring the economic living standards in a country, development indicators measure the welfare of individuals in that country. The main development indicator used is the Human Development Index (HDI). It was devised by the United Nations Development Program (UNDP) to measure the economic achievements of a nation in combining economic growth as well as social welfare.

Globalisation can impact a nation in a variety of ways. A positive effect of globalisation for many nations is that it allows for them to achieve higher levels of economic growth. With higher levels of trade, world output will increase which in turn should mean higher levels of economic growth followed by increased standards of living. This has been particularly true for rapidly developing economies such as Thailand, Malaysia, Korea and Singapore. They have seen phenomenal growth figures throughout the nineties, although many were sent back to recession in 1997 after the Asia crisis. However that nations which had been struggling with achieving sustainable growth and standards of living, may have been further negatively affected by globalisation. With countries such as Africa opening up their markets, they have been inundated with imports, but at the same time unable to sell their exports. This equates to lower levels of growth for these countries and lower standards of living.

Globalisation has also affected unemployment rates. It has created millions of jobs throughout the world. Twenty-seven million jobs worldwide are now related to exportation. Even with these jobs being created, unemployment is still a major problem for most countries. With increased competition from transnational corporations, domestic employers must remain competitive and to do this they seek improved efficiency. This may mean reducing the amount of staff they have. Also, globalisation has meant that new technologies have been developed to improve efficiency. When new technology is implemented it generally means some jobs are made redundant. Another reason domestic unemployment may rise because of globalisation is that free trade has made many sectors of the domestic market uncompetitive with the global market. An example of this is the European Union, which have subsidised their beef exports. This has meant cattle farmers in Kenya have been unable to compete and have been removed from the market.

Rates of inflation can also be affected with increased globalisation. A country with a high rate of inflation will be less competitive globally because their products will be priced higher than others, so they are less competitive. Governments around the world use monetary policy to control the rate of inflation for this reason. If a country is unable to maintain low levels of inflation then its export sector is at high risk of collapsing.

Globalisation also impacts the quality of life for nations. It seems that the poor keep getting poorer. When countries open themselves up to international competition governments must apply economic rationalist principles. They may cut government spending in essential areas such as health, welfare and education thus reducing the quality of life in this nation. Also, countries with minimal government regulation often attract large transnational companies. This could result in the exploitation of the workers and the environment in countries where quality of life may already be low.

To conclude, over the last fifty years globalisation has had many affects on nations, but it also depends on their government's policies and also on their economic status between economic growth and economic development.

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