

## Study Unit 6: Global Economy

### Unit Objectives

1. To explain the global economy.
2. To identify the characteristics of global economy.
3. To explain the importance of global economy.
4. To identify different global economic challenges.

The **global economy** refers to the interconnected worldwide economic activities that take place between multiple countries i.e. it refers to the exchange of goods and services between different countries and it has also helped countries to specialize in products which they have comparative advantage.

Global economy is important to countries because it drives activity and financial markets. Multinational companies account for a large share of output and labour productivity growth and their presence in the financial market is large.

### Characteristics

It comprises of the following characteristics;

- Globalization
- Global network of trade
- Communication
- Migration
- Transportation

### The benefit of global economy include;

- Increased capital flows
- The growth of multinational companies
- Increased integration of global trade cycle
- Improved transport
- Increased communication
- Effective reducing of trade barriers between countries.

## **GLOBAL ECONOMIC CHALLENGES**

**1. Energy and environmental security** has emerged as the primary issue on the global agenda for 2007 consensus has recently been forged on the potential for LONG TERM economic national s security and societal damage from insecure energy supplies and environment catas people as well as the instance need for technology advance that law provide low polluting and security energy source

### **2. Conflict and poverty**

In avowed where boundaries and border shave burred and where seemingly distant threats can metastasize into immediate problems, they fought against global poverty has become fight for global security. Americans policy makers who rationally have viewed security treats as involving bullets and bores are increasing focused on the link between poverty and conflict

### **3. competing in a new era of globalization**

This is the new episode of globalization just another wave or aseismic shift while individual elements feel familiar, the combined contours are unprecedented in sale, speed and scope.

### **4. Global imbalances**

Today' interconnected world is uncharted territory. The world role hedge

Monica JOW the United States, nurses an addition to foreign capital while up-and --coming powers such as chins and oil experts sustain purposes of increasing magnitudes. Some way that the world is at tipping point where only dramatic shift in economic policy can alter the coming trajectory.

### **5. Rise of new powers.**

The rise of emerging power a group that usually includes the so called BRICS (Brazil, Russia, India and china) but sometimes is applied more badly to in include South Africa, Mexico and others is reshaping the global economy and more gradually, growing faster than the rest economies and are changing the structure of infraction production and trade; the nature and direction of capital flows and the patterns of natural resources consumption.

### **6. Economic exclusion in the middle east**

The middle east has before if what could be one of the greatest demographic gifts in the modern history a potential economic wind fall arising a young and economically active work force, today

young people aged 15-24 years old account for 22% of the region's total population the lightest regional average world with the right mix of policies, the demographic opportunity could be tapped to spur economic growth and promote stability.

## **7. Global corporations, global impact.**

The private sector is becoming a significant player indeed some might say the dominant player in shaping the global economic and development agenda, multinational corporations with operators that span the globe and in some case capacities and networks that match those governments and particular important role to play in helping to spread the opportunity and mitigating some of the risks of globalization.

## **8. Global Health Crisis**

From responding to the threat of pandemic the two efforts to control the spread of HIV/ AIDS, the world has begun to realize that globalization health issues are relevant for any citizen, regardless of nationality, residence or status despite improvements in the world's collective ability to battle with advances in medicine and technology, global health needs remain unmet, marketing the entire world vulnerable is health conscious.

## **9 Global governance statement**

Today's global challenges nuclear proliferation, the dead lock of global trade negotiations, the threat of pandemic and the fight against local poverty cannot be solved by yesterday's international institutions. To resolve the world's most pressing problems which touch all concerns of the globe we must adapt our global governance approaches to be more representative and thus more effective by empowering and enabling the key affected countries take an active role in generating solutions.

- Culture
- Technology
- Language barrier

## **Tutor Marked Assignment (TMA) study unit 6**

Identify the characteristics of global economy. Give examples to your answers.