

Worldwide and National Economics

Student's Name

Institutional Affiliation

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Economics is a rather complex domain that has a wide range of constituents and subdivisions. It is important to distinguish between national economic systems and the broader notion of worldwide economics. Both of the given concepts shape living conditions and prosperity in different parts of the contemporary world; thus, the significance of the observed notions is difficult to overestimate. Therefore, worldwide economics creates a sophisticated system which affects interrelated national economies, which can be roughly divided into capitalist and socialist ones.

Worldwide economics can be viewed as a unified global system, which is composed of a wide range of national economies. All of its elements are interrelated and interdependent. It is a complex network of relationships, oppositions, and unions, which shape the well-being of the contemporary world. A growing significance of international relations affects modern economics; therefore, "the convergence and intensification of the interdependencies of states and their economic entities is the main trend of the world economy" (Paweta & Kirillov, 2014, p. 1). The point is in the fact that the network of international trade relations, which has expanded across the world, makes national economies more dependent on minor changes in the financial systems of other states. For instance, oil price fluctuations in Venezuela can produce an impact on the economy of a wide range of countries which may not have any direct economic relationships with the given South American state. Even minor economic instability related to such an essential resource as oil can severely affect worldwide economics. Growing oil prices can make leaders of the global economy, such as the U.S. and China, raise their prices on other resources, which in turn will produce a recognizable effect on the entire world. The point is that

even minor changes in national economies can launch a chain reaction, which will affect worldwide economics.

When it comes to the question of national economies, there is an opportunity to state that the majority of them work according to the principle of private ownership. In general, such systems are viewed as free market economies, as they develop due to the continuous competition between companies and businesses of different scales. Such an economic approach is called capitalism. Societies that are referred to it are characterized by "an extended outward bifurcation into the owners of private enterprises on the one hand, and the – generally non-overlapping – laborers carrying out the production on the other" (Reuten, 2019, p. 34). The economics of capitalism significantly contribute to class segregation within a nation. At the same time, the primary feature of such an approach is that each citizen can reach wealth with the help of significant efforts and creative thinking. In such conditions, there appears a severe competition of businesses, which in turn boosts the development of national economies (Reuten, 2019). In addition, capitalism exists at the level of worldwide economics. The primary players of the global market are international companies, which frequently surpass national economies in their power and levels of influence. Their relationships and trade boost the development of both worldwide and national economic systems.

Numerous countries in the world refer to socialist and mixed economic systems. One of the most significant properties of a socialist national economic system lies in the fact that it is characterized by restrictions on private ownership in a state. Another essential feature of socialist economies is that they are determined by central planning (Kotz, 2008). The authorities of a socialist country set specific goals for their state's industries, as well as determine patterns of

creation and the distribution of their products. In such situations, a national economy is united according to the vision developed by the government of the state which establishes goals and develops a strategic course for an entire country (Kotz, 2008). A perfect example of such affairs can be the decision of a socialist state's government to focus on the development of agriculture. In this case, the observed domain will be prioritized by the given country. It will be supported with the help of significant investments and the activities in the given sphere, while exports related to it will be managed by the authorities or bodies which have been appointed by the government. In the vast majority of cases, socialist economic systems exist on a national level; however, international trade and engagement in worldwide economics are still essential factors for their profitability. A significant number of modern states refer to mixed economies in which elements of central planning are combined with features of a free market, such as restricted private ownership. The given approach makes economic systems of such countries more flexible; a perfect example is the Chinese national economy, which introduces both elements of central planning with patterns of market inherent to capitalism (Kotz, 2008). Such a state of affairs makes it one of the most powerful and influential economic systems in the contemporary world.

Consequently, a sophisticated system of worldwide economics is composed of a wide range of national economies. Even minor changes in the observed global domain can produce a substantial effect on economic systems of distinctive countries. Such relationships become even more recognizable and influential in the conditions of the contemporary globalized world. When it comes to national economies, there is an opportunity to distinguish capitalist and socialist systems. Capitalism is based on private ownership and free market competition; it also substantially expands on the international level. At the same time, socialist economies, the

essential properties of which are private ownership restrictions and central planning, are more limited to specific nations. Nonetheless, such economic systems are still excessively dependent on international trade and, thus, integrated into worldwide economics.

References

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