

**3. Capitalism has been the primary force shaping the global economy in the post cold war period. Illustrate.****Approach**

The question is asking you to illustrate it means it asks you to exemplify or to provide examples.

**Introduction**

Capitalism is often thought of as an economic system in which private actors own and control property in accord with their interests, and demand and supply freely set prices in markets in a way that can serve the best interests of society.

The political and economic systems of the capitalist USA and communist USSR were incompatible. Both sides wanted countries to conform to their adopted ideologies for their own gains. The Cold War was a political, economic, and military confrontation between capitalism and communism that lasted from 1945 to 1991, but it continues to influence our lives today. The so-called collapse of communism reinforced powerful North American- and Western-European-centred visions which continue to see 'Western' models of development or capitalism as the key to modernization world-wide.

**Body****CAPITALISM HAS BEEN THE PRIMARY FORCE SHAPING THE GLOBAL ECONOMY IN THE POST COLD WAR PERIOD**

- The global expansion of capital Post-Cold War Era has had varied effects on the global economy and state relations on a global scale. Undoubtedly the world has experienced significant lowering of trade barriers that historically inhibited cross border transactions.
- With the collapse of the Soviet Union in 1989 and the end of the cold war in 1991, the world became more interconnected. This is because the communist bloc countries, which had previously been intentionally isolated from the capitalist West, began to integrate into the global market economy.
- Trade and investment increased, while barriers to migration and to cultural exchange were lowered.
- The people's republic of china, already having moved towards capitalism starting in the late 1970s and facing public anger after the Tiananmen square protests of 1989 in Beijing, moved even more quickly towards free market economics in the 1990s. McDonald's and pizza hut both entered the country in the second half of 1990, the first American chains in China aside from KFC which had entered 3 years earlier in 1987.
- Stock markets were established in Shenzhen and shanghai late in 1990 as well. The restrictions on car ownership were loosened in the early 1990s, causing the bicycle to decline as a form of transport by 2000.

- The move to capitalism has increased the economic prosperity of China, but many people still live in poor conditions, working for companies for very small pay and in dangerous and poor conditions.
- After the end of the Cold War, Communism would also end in Mongolia, people's republic of Congo, Albania, Yugoslavia, Afghanistan, and Angola. Today there are only 4 remaining countries in the world ruled by communist single parties: China, Laos, Vietnam and Cuba.
- New policies and adjustments in existing institutions further institutionalized trends in political economy that developed during the Cold War and came to dominate US relations with Africa after it ended. These included close cooperation with international financial institutions in their mission to carry out structural adjustment programs, privatization of development assistance, the expansion of efforts to promote economic relations with Africa, and the effort to channel greater resources through investment funds in the Overseas Private Investment Corporation (OPIC).
- At the same time, economic recovery in the capitalist world, combined with increasingly globalized telecommunications, advertised the West's advantages far more effectively than any propaganda. It was capitalism's ability to outpace Soviet growth at key junctures that made ideological victory possible.

### Conclusion

When the Soviet Union collapsed 26 years ago, it was generally agreed that the West had won the cold war. This was affirmed by the prosperity and possibilities awaiting citizens of Western countries, as opposed to the political and economic stagnation experienced by those in Communist states. A natural conclusion, much repeated at the time, was that capitalism had finally defeated communism.

