

Activities/Critical Thinking Questions/Research Suggestions

The Global Economy: Connecting the Roots of a Holistic System

Dr. Denise R. Ames, Center for Global Awareness

Chapter 4. The Impact of Neoliberalism in the United States: Ten Consequences

Section 4.0 Introduction

1. Introduction

- Do you think the 10 impacts of the neoliberal agenda are all negative?
- What do you think are some of the positive aspects of the neoliberal agenda?
- Would you add any others to the ten consequences of neoliberalism? Explain.

Section 4.1 Impact #1: A Reduction of Self-Reliance and the Local Economy

1. Self-Reliance

- Tell a story of your own, your family's, or your friend's experience with self-reliance?
- In your opinion, what are the benefits and drawbacks of self-reliance? Which one outweighs the other?
- Write a story or poem, make a documentary, or put together a power point presentation illustrating the concept of self-reliance.
- Make a collage or paint a picture illustrating the concept of self-reliance.

Section 4.2 Impact #2: Unbridled Economic Growth

1. Economic Growth

- Conduct research to find examples of the concept of unlimited growth that is similar to the hamster story.
- Eat Some Peanuts!

Exponential growth combined with response delays can lead to overshoot. For a long time the repercussions of growth looked insignificant and there appeared to be no problem. Then suddenly changes in our environment and economy started to come faster and faster, until, with the last doubling or two, there is no time to react. You can personally experience the concept of growth and the sudden shift from insignificance to overload by just eating peanuts, if you're not allergic to them!

Imagine eating one peanut on the first day of the month, doubling the amount every day—two peanuts on the second day, four peanuts on the third, and so on. Initially you are buying and consuming an insignificant number of peanuts, a mere snack. But long before the end of the month you would experience exponential growth. On the 10th day you would need to consume less than a pound of peanuts but on the last day of the month you would consume more than 500 tons of peanuts. This is exponential growth! (Meadows and Rander, *Limits of Growth*, p. 22)

- What is your reaction to the "Eat Some Peanuts" story?
 - Perform the math computations to see how exponential growth works in this peanuts story.
- c. Conduct research to find out more about the work of economist Herman Daly.
- What does he mean by a steady-state economy?
 - Do you think it is possible to have this type of economy? Explain.
- d. Paul Samuelson wrote in 1967: "A growing nation is the greatest Ponzi scheme ever contrived."
- What does he mean by this statement?

2. Do you agree with his statement? Explain.
- e. Describe the debate about growth in the 1960 presidential election between the Democratic Party, John Kennedy was the presidential candidate, and Republican Party, Richard Nixon was the presidential candidate.
 1. Who "won" the debate?
 2. Is there a debate about economic growth in the elections today? Explain.
- f. Research alternatives to the Gross Domestic Product? (see Center the Global Awareness' lesson plan on Bhutan and Gross National Happiness for ideas)
 1. What are these alternatives?
 2. Do you think these are good ideas for a prosperous economy? Explain.
- g. Conduct research to find examples in which the economy grows but it does not contribute to human or environmental well-being.
 1. What do these examples tell you?
- h. Conduct research to find examples in which the economy grows and positively contributes to human or environmental well-being.
 1. What do these examples tell you?
- i. Write a story or poem about an economy that is not geared to continuous economic growth.
- j. Make a detailed list of all the all the personal ways in which you contribute to a growing GDP.
 1. How do you feel about your list?
- k. Conduct research to find ways in which non-monetary items are excluded from the calculations of the GDP. (helping your aunt do the grocery shopping, taking care of a sick sibling, etc.) Do your own informal survey and add these items up according to the monetary estimates that you think should be attached to them. What is the total? How could the items in this list be converted into contributing to the GDP? (i.e. Hire a service to do the shopping for your aunt.)
- l. Calculate the GDP of your household or school budget. Or take an imaginary country and calculate the GDP. $GDP = \text{private consumption} + \text{gross investment} + \text{government spending} + (\text{exports} - \text{imports})$, or
(Note: "Gross" means that GDP measures production regardless of the various uses to which that production can be put. Production can be used for immediate consumption, for investment in new fixed assets or inventories, or for replacing depreciated fixed assets. "Domestic" means that GDP measures production that takes place within the country's borders. In the expenditure-method equation given above, the exports-minus-imports term is necessary in order to null out expenditures on things not produced in the country (imports) and add in things produced but not sold in the country (exports).

Section 4.3 Impact #3 Rampant Consumerism

1. Consumerism
 - a. Discuss what it means that capitalism needs constant new sources of wealth in order to expand and grow.
 1. What are some of the new sources of wealth driving economic growth today?
 - b. Are you or someone you know avid consumers? What motivates you or your acquaintance to consume?
 - c. Conduct research to find out ways in which advertisers use psychological methods to manipulate human behaviors in order to get us to consume more.
 1. How do you feel about these methods?
 - d. Conduct research to estimate the reach of consumerism in non-Western countries, such as India, Korea, China, the Middle East, and African countries. Each student or group of students can select a different country.
 1. What is the impact of this increased world consumption on the environment?

2. What is the impact of this increased world consumption on the well-being of its people?
3. What is the impact of this increased world consumption on social/economic inequality?

Section 4.4 Impact #4 Increased Commodification

1. Commodification
 - a. What forms of commodification have you found in your daily life?
 - b. Has commodification made your life better and happier or worse? Explain.
 - c. Think of a product or even an imaginary product and explain how you would turn it into a more valuable commodity, the next Starbucks.
 - d. Select a product, such as bottled water or any other product, and research how it became a more valuable commodity through the commodification process.
 1. Who was behind the commodification effort?
 2. Write a report to record your findings.
 - e. What steps are needed to make an ordinary product, such as facial soap, into a valuable commodity?

Section 4.5 Impact #5: Concentration of Corporate Power

1. Corporations
 - a. What do we find when we look at the corporate consolidation issue from a systems/holistic perspective?
 - b. Conduct some research to find examples of corporate takeovers since the 1980s?
 - c. One of the U.S. presidential candidates in the 2012 campaign, Mitt Romney, owned a company that conducted corporate takeovers.
 1. Conduct research to find out more about his company and what takeovers they completed.
 2. What were the consequences of these takeovers?
 3. What is your opinion about this takeover culture?
 4. Who benefits in this takeover process? Who is hurt?
 - d. In 1999 the Pacific Lumber Company, taken over by Maxxam, agreed to American activist Julia Butterfly Hill's requests to create a 3-acre (12,000 m²) buffer zone around a 600 year old growth redwood named Luna. Hill had been living in the tree for just over two years and agreed to leave the tree in exchange for the creation of the buffer zone. (Julia for 738 days between December 10, 1997 and December 18, 1999, lived in the tree, affectionately known as "Luna," to prevent loggers of the Pacific Lumber Company from cutting it down. She is the author of the book *The Legacy of Luna* and co-author of *One Makes the Difference*.)
 1. Conduct research to learn more about Julia Butterfly's two year tree sitting protest.
 2. Do you agree with her form of protest?
 3. Was she able to achieve the results she wanted because of her protest?
 4. How would you have protested (or not protested) against logging of old growth forests?

Section 4.6 Impact #6 Rise of Externalized Cost

1. Externalized Costs
 - a. Looking at a McDonald's hamburger from a systems/holistic perspective, why should its price be \$200?
 1. Do you agree with this approach?
 2. Would you pay \$200 for a hamburger?

- b. The external costs that corporations shift to the public to pay are well-hidden and difficult to uncover. Despite the difficulty, conduct research to find some of the external costs that companies shift to the public (health care costs are good ones).
- c. Discuss the question of who is responsible for paying these external costs.
 - 1. How would accounting rules need to change to incorporate these external costs into a company's accounting system?
- d. What is a sugar tax?
 - 1. Do you think there should be a "sugar tax?" Why or why not.
 - 2. What are some items that would fall under this sugar tax?
- e. What hidden costs does Wal-Mart externalize?
 - 1. What would happen to their prices if they internalized these costs?
 - 2. Will you still shop at Wal-Mart in light of this new information? Explain.
- f. Factor Wal-Mart's externalized costs into their products and see how the prices would need to be adjusted. Figure out a formula for doing this.
- g. What would happen if profits from big box retailers were shifted from elites and were instead circulated in local communities and directed to local businesses?
 - 1. What do you think would happen to prices?
 - 2. What do you think would happen to workers' wages?
 - 3. What do you think would happen to local communities? Where would you shop? Why.

2. Subsidies

- a. Conduct research to find subsidies that the government gives to certain companies in your local community.
 - 1. Why do these companies or industries receive subsidies?
 - 2. Does it help to create jobs in your community?
 - 3. Are there any protections for the community if these companies decide to take their subsidies and then leave?
- b. Conduct research to find some examples of externalities that you encounter in your daily life?
- c. Conduct research to find some examples of subsidies that you encounter in your daily life?

Section 4.7 Impact #7: Build-Up of Debt

1. Debt

- a. Are you or someone you know in debt?
 - 1. Write a story about how you (or a family member or friend) got in debt and are trying to get out of debt?
 - 2. Are you having difficulty paying back your debt?
- b. Do you or someone you know have a student loan?
 - 1. If so, who did you borrow the money from?
 - 2. What interest rate are you paying?
 - 3. What are the terms of the loan?
 - 4. Do you think it was a good idea to take out a student loan to pay for your education? Explain.
- c. Conduct research to find out if the national foreclosure rate has eased in the past few years.
 - 1. Has the foreclosure rate eased in your state? In your community?
- d. What is our national debt today?
 - 1. Do you think this is too high? Explain.

- e. Conduct additional research to find out more about our trade deficit and current accounts deficit.
 - 1. Use graphs to explain the changes in these figures.

Section 4.8 Impact #8: Emasculation of Labor

- 1. Labor
 - a. Write a story or a play about your job situation and/or your friends. Cover some of the following points
 - 1. If you have a job, have you received a raise in the last four years?
 - 2. Do you know someone whose job has been outsourced?
 - 3. Are you looking for a better job?
 - 4. What hours are you working?
 - 5. What hours would you like to work?
 - 6. Do you have benefits with your job?
 - 7. Are you using your education in your job?
 - 8. Are you treated respectfully in your job?
 - b. Do you think that men today are having a more difficult time finding jobs than women?
 - 1. What are they doing about it?

Section 4.9 Impact #9: Widening Social Inequality

- 1. Inequality
 - a. Do you think that the more divided a society becomes in terms of wealth, the more reluctant the wealthy want to spend money on common needs?
 - 1. Do you think this is true? Explain.
 - 2. What do you think are some of the common needs that the wealthy are reluctant to spend money on?
 - b. Do you think the emphasis on social inequality should be a major concern for Americans today?
 - c. What do you think are some solutions to the widening inequality in the U.S. today?

Section 4.10 Impact #10: Ascension of Dollar Democracy

- 1. Dollar Democracy
 - a. Find example of the way in which "dollar democracy" is being played on the political stage.
 - b. Conduct research to find out how much money is spent in local, state, and national elections.
 - 1. Who gives all this money to candidates and parties?
 - 2. What do they want in return for their donations?
 - c. Do you think something should be done to curb the influence of money on elections and the political process?
 - 1. Do you think that there are obstacles getting in the way of solutions?
 - 2. Do you think this is a significant issue today?