

Study Questions

The Global Economy: Connecting the Roots of a Holistic System

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

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

Terms to Consider:

“small is beautiful”

self-reliance

local

Questions to Consider

1. Self-Reliance
 - a. Explain the statement coined by E.F. Schumacher, the British economist of the 1970s: “small is beautiful.”
 - b. What does self-reliant mean?
 - c. What is the difference between self-reliant and self-sufficient?

Section 4.2 Impact #2: Unbridled Economic Growth

Terms to Consider:

steady-state balance

Herman Daly

economic growth

Gross Domestic Product (GDP)

unlimited growth

standard of living

Questions to Consider:

1. Economic Growth
 - a. What does the story of the hamster tell us about unbridled economic growth?
 - b. What is the definition of growth?
 - c. What does it mean there are limitations to growth? Do you agree?
 - d. Why have humans wanted to continually grow their economy through history?
 - e. What has changed with economic growth in the post-war years?
 - f. Who supported growth in the post-war years? Why?
 - g. What is Gross Domestic Product (GDP)? Why has it been used as a measure of the economy?
 - h. What was the debate about growth in the 1960 election between the Democrats and Republicans? Who “won” the debate?
 - i. Do you think the policy of unlimited economic growth make sense in the last 60 years?

- j. Explain the statement: "A growing economy tells us nothing about the quality of economic activity that is happening within it."
- k. Why do individuals support growth policies?
- l. How is the concept of growth seen differently using a systems/holistic approach?
- m. Why do people worry that it will be a disaster if the economy doesn't grow? Do you agree with this assumption?

Section 4.3 Impact #3: Rampant Consumerism

Terms to Consider:

consumerism

materialism

advertising

Protestant ethic

"infantilizing adult behaviors"

lifestyles

brand

first order choice

second order choice

Questions to Consider:

1. Consumerism
 - a. What is consumerism?
 - b. What is a consumer society?
 - c. What is one of the many paradoxes of capitalism regarding consumerism?
 - d. What is the goal of the advertising industry?
 - e. What are "infantilizing adult behaviors?" Why are these behaviors important to advertisers?
 - f. In what ways did/do advertisers seek to change children's and teens' behaviors?
 - g. Why do adults hold to a consumerist ethic? Do you think they are pawns to the advertising industry?
 - h. What are the "choices" we face as consumers?
 - i. Give examples of what first order consumer choices you would like and don't have?
 - j. Do you think we are healthier and happier with our increased consumption of goods and services?
 - k. Do you think consumer society is "totalitarian"? Explain.

Section 4.4 Impact #4: Increased Commodification

Terms to Consider:

commodification

commodity

marketable entities

Questions to Consider:

1. Commodification
 - a. What does commodification mean?
 - b. How did Karl Marx use the term?
 - c. How is money made from commodification?
 - d. How has Starbucks commodified coffee?
 - e. How has McDonald's turned its mediocre food (sorry McDonald's lovers) into a hot commodity?
 - f. How has women's work been commodified?
 - g. How has food been commodified?
 - h. How have funerals been commodified?
 - i. How has water been commodified?

Section 4.5 Impact #5: Concentration of Corporate Power

Terms to Consider:

corporations

state-owned enterprises (SOE)

chief executive officer (CEO)

hostile takeovers

corporate raiders

leveraged buyouts

Safeway

Pacific Lumber Company

lobbyists

Questions to Consider:

1. Corporations
 - a. Why is the author making a distinction between huge corporations and small to medium sized corporations?
 - b. How has corporate power become more concentrated under neoliberalism?
 - c. Why don't corporations like competition?
 - d. What is a "hostile takeover"? Why was the 1980s a time for these to take place?
 - e. The 1986 corporate takeover of Safeway Supermarkets was widely regarded in business circles as the most successful leveraged buyout of the 1980s.
 1. Do you think it was successful?
 2. Who benefitted in the buyout?
 3. Who was hurt in the buyout?
 - f. What do you think is a good lesson to learn from the Pacific Lumber Company takeover example?
 - g. What do you think has been the social and economic impact of the rise in corporate takeovers since the 1980s?

6. Impact #6: Rise of Externalized Costs

Terms to Consider:

external costs

externalities

price

subsidy

Questions to Consider:

1. Externalized Costs

- a. What are external costs?
- b. What are the different kinds of external costs?
- c. Do you think today's corporations are "externalizing machines?" Explain.
- d. Do you think that any activity that imposes a cost on society should be reflected in the price? Explain.
- e. What happens when a scarce resource comes free of charge?
- f. Who bears the cost of higher health care costs?
- g. From a systems perspective, what are the costs associated with a pack of cigarettes?

2. Subsidy

- a. What is a subsidy?
- b. Make a list of the different kinds of subsidies.
- c. What are different kinds of detrimental subsidies?
- d. What different kinds of taxpayer subsidies do corporations get to provide jobs? Who does this benefit? Who does not benefit?
- e. What kinds of subsidies does Wal-Mart get?
- f. How do subsidies distort price?

Section 4.7 Impact #7: Build-up of Debt

Terms to Consider:

debt

consumer debt

student loan debt

default

Sallie Mae

SLABS

mortgage

foreclosure

national debt

trade deficit

Questions to Consider:

1. Consumer Debt

- a. How did families manage to keep spending in the 2000s even though their incomes were stagnate or declining?
- b. Why did so many women enter the workforce in the 1980s?
- c. What does it mean that homes served as a family's personal ATM? Did you or someone you know use a home as an ATM?

2. Student Loan Debt

- a. Why has student loan debt increased?
- b. Who loans students money?
- c. What has been the effect of the privatization of "Sallie Mae"?
- d. What are Student Loan Asset Backed Securities (SLABS)?
- e. Do you, your friends, your children, or anyone you know have student debt?
 1. Do you or they think it was/is worthwhile to incur the debt?
 2. Are they having difficulty paying it back? Explain.

3. Mortgage Debt

- a. What is mortgage debt?
- b. Why were/are so many people underwater on their mortgage?
 1. Are you or do you know someone who is/was underwater on their mortgage?
 2. What problems are you or they having?

4. National Debt/Trade Deficit

- a. How did the national debt in the U.S. (or your country if you have a large deficit) get so big?
- b. What argument does Tim Koechlin make in his article "The National Debt is Not Like Your Credit Card Debt?"
- c. What is a trade deficit?

Section 4.8 Impact #8: Emasculation of Labor

Terms to Consider:

labor productivity

Treaty of Detroit

regressive tax rates

progressive tax rates

cyclical unemployment

Questions to Consider:

1. Labor

- a. Do you think that Reagan was justified in his show-down with the union? Why did he do it?
- b. Why haven't workers' wages kept up with rising productivity levels?
- c. What was the Treaty of Detroit? Why did neoliberals want to break the Treaty?
- d. If workers' wages kept up with productivity rates, would they be higher than they are today? How much higher?
- e. What does it mean that the income from increased productivity has been transferred upwards? Where did the increases in productivity show up?
- f. What is the difference between regressive and progressive taxes?
- g. What does it mean that today three Americans in four pay more in regressive Social Security taxes than they do in progressive personal income taxes?
- h. Why do neoliberals attack the minimum wage law?
- i. Is unemployment today cyclical or structural? What is the difference between the two?

- j. What post-war policies had protected American workers from employers cutting wages? What has happened to those policies today?
- k. How have neoliberal free trade policies affected labor?

Section 4.9 Impact #9: Widening Social Inequality

Terms to Consider:

Gilded Age

GI Bill

poverty

marginal-productivity theory

1%

Questions to Consider:

1. Introduction

- a. What does President Reagan mean by the phrase "A rising tide will lift all boats?"
- b. Has continued economic growth closed the social gap? Explain.
- c. Over the last three decades, what structures are in place that contributed to the widening gap between the rich and the poor, even in the presence of enormous economic growth?

2. A Brief History of Inequality

- a. What caused the wide social gap in the Gilded Age? In the 1920s?
- b. What were the 3 legs of the domestic social compact of the postwar era (1948-1973)?
- c. What groups lost ground during the crisis of the 1970s?

3. Income Inequality by Percentages

- a. What happened economically to the top 1% in the last 30 years?
- b. What happened economically to the top 20% in the last 30 years?
- c. What happened economically to the 80-90% and below in the last 30 years?
- d. What has happened economically to high school graduate (nonprofessional) workers?
- e. What has happened economically to the bottom 30 percent of Americans – 100 million people – in the last 30 years?
- f. What has happened economically to those in poverty in the last 30 years?

4. Poverty, the 15% and Below

- a. What is poverty?
- b. What is the result of poverty in the U.S.?

5. Men and Neoliberal Policies

- a. In what ways has neoliberalism had an impact on men?
- b. What is the "marginal-productivity theory?" Do you think this theory has merit?

Section 4.10 Impact #10: Ascension of Dollar Democracy

Terms to Consider:

elite democracy

participatory

Santa Clara County vs. Southern Pacific Railroad

Citizens United v. Federal Election Commission

Questions to Consider:

1. Dollar Democracy

a. What is elite democracy?

b. What is participatory democracy?

c. Do you think that capitalism distorts democracy?

d. If you think there is a distortion, is there a way to remedy it?

Section 4.11 Concluding Insights

1. Do you think the 10 impacts of neoliberalism on American society are justified? Explain.