

Study Questions

The Global Economy: Connecting the Roots of a Holistic System

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Chapter 5: The Economic Globalization Puzzle: Ten Pieces

Section 5.1 An Introduction to Economic Globalization

Terms to Consider:

economic globalization

Questions to Consider

1. An Introduction
 - a. What happened 1896-1914, the classical era of capitalism?
 - b. What is economic globalization?
 - c. What economic model(s) do(es) nations that participate in economic globalization practice?
 - d. What are the economic globalization puzzle pieces?
 - e. Who profits from economic globalization?
 - f. Why are the economic globalization puzzle pieces similar to the ingredients in the neoliberal stew?

Section 5.2 Puzzle Piece #1: A Reduction of Local Communities and Self-Reliance

Terms to Consider:

self-sufficient

self-reliance

Questions to Consider:

1. From Self-Reliance to Integration
 - a. What has happened to farmers with the push to economic globalization?
 - b. How does local or regional self-reliance undermine economic globalization?
 - c. How does the story of Africa during the heyday of imperialism (1870-1914) reflect the economic globalization trend today?
 - d. Explain why question c. is not particular to Africa in the late 19th century, but has been repeated untold times through modern history.
 - e. Explain why the political organization of sovereign (independent) nations seems well intact in the first decade of the 21st century, but their economies are no longer confined within the national structure alone.

Section 5.3 Puzzle Piece #2: Economic Growth

Terms to Consider:

growth

progress

Questions to Consider:

1. Growth
 - a. What are three important outcomes of growth?

Section 5.4 Puzzle Piece #3: The Promoting Network

Terms to Consider:

none

Questions to Consider:

1. Consumerism and Advertising

- a. What key requirement is needed for economic globalization to exist and expand?
- b. What kind of behaviors do consumer-focused values promote?
- c. Explain the following quote: "If the consumer isn't pleased, the product is disposable."

2. Media

- a. How has the world media system supported consumerism?
- b. What are the largest media conglomerates today?
- c. How have these media conglomerates solidified their hold on the industry?
- d. Why does it matter that there are so few producers of media?

3. Education

- a. What two points does the author make when she states that education is a supporter of consumerism?

Section 5.5 Puzzle Piece #4: Making the Rules of Economic Globalization: The World Bank and the International Monetary Fund (IMF)

Terms to Consider:

Bretton Woods

John Maynard Keynes

Harry Dexter White

General Agreement on Tariff and Trade (GATT)

World Bank

Robert McNamara

loans

International Monetary Fund (IMF)

Washington Consensus

Structural Adjustment Policy (SAP)

"golden straight jacket"

fiscal austerity

Christine Lagarde

Questions to Consider:

1. Introduction

- a. What is your reaction to the author's statement: "My argument is that the global economy should operate fairly, justly and sustainably, and bring prosperity and well-being to as many people as possible." Do you agree or disagree?
- b. What happened at Bretton Woods, New Hampshire in 1944? What was the purpose of the meeting?
- c. What three institutions were created at Bretton Woods?

2. World Bank

- a. What is the purpose of the World Bank?
- b. What impact did the policies of World Bank president Robert McNamara have in 1968?
- c. What impact did the global bond market as a new source of funding for the World Bank have on periphery countries?
- d. Who benefitted from the large-scale projects financed by the World Bank? Give examples.
- e. Why have smaller-scale, less-expensive, and locally-appropriate alternatives been largely ignored by the World Bank?
- f. Do you think ignoring these local projects is a good strategy for development?

3. International Monetary Fund

- a. What is the International Monetary Fund?
- b. How is the IMF funded?
- c. In what ways did the IMF change from its original Bretton Woods mission during the 1980s? Why did it change?
- d. What is the Washington Consensus?
- e. Since the debt crisis of the 1980s, why has the IMF assumed the role of bailing out countries during financial crises?
- e. What is the Structural Adjust Policy (SAP)? Do you think its policies are fair?
- f. What is a "golden straight-jacket?" What steps are indebted countries subjected to when placed into a "golden straight-jacket?"
- g. What are the consequences of standard IMF policy?
- h. What is fiscal austerity?
- i. IMF policy is designed to help what groups?
- j. Who usually benefits from IMF bailouts? Who does not benefit?
- k. In recent years, why has the IMF pulled back from its long-time recipe of enforced austerity and mandatory market opening?
- l. How have the World Bank and IMF policies hurt middle and periphery countries? How have they helped these countries? Which one outweighs the other?

Section 5.6 Puzzle Piece #5: Free Trade and the World Trade Organization

Terms to Consider:

free trade

Wool Act

World Trade Organization

General Agreement on Tariffs and Trade (GATT)

bilateral trade deals

rounds

Dispute Settlement Body (DSB)

WTO's Article III

Trade-Related Aspects of Intellectual Property Rights (TRIPS)

intellectual property (IP)

Toyoda Automatic Loom Company

Questions to Consider:

1. Free Trade

- a. Why is free trade called the ideological heart of economic globalization?
- b. What do you think of when you hear the term free trade?
- c. First free trade pattern: Why do newly industrialized nations protect their infant industries?

- d. Second free trade pattern: Why does the world's leading economy push for free trade?
- e. Third free trade pattern: Why do countries who specialize in a better and cheaper product than anywhere else usually favor free trade?
- f. Fourth free trade pattern: Why aren't periphery and middle nations able to protect their infant industries in today's economic climate?

2. World Trade Organization

- a. How was the General Agreement on Tariffs and Trade (GATT) different from the WTO?
- b. What were the GATT rounds?
- c. How was trade conducted before the WTO?
- d. What is bilateral trade?
- e. How is bilateral trade different from the trade conducted following the WTO rules?
- f. How many countries are members of the WTO?
- g. How is voting done in the WTO?
- h. Who wrote the rules of the WTO?
- i. Why did the U.S. support the WTO?
- j. What is the WTO's Dispute Settlement Body (DSB)?
- k. What happens to a member country that is not in compliance with the DSB?
- l. Why does the WTO have such power?
- m. What is controversial about WTO's Article III?
- n. What happened in the 1997 case between Chiquita Corporation and the European Union?

4. Trade-Related Aspects of Intellectual Property Rights (TRIPS)

- a. What is Trade-Related Aspects of Intellectual Property Rights (TRIPS)? What is its purpose?
- b. What is intellectual property? Find examples of intellectual property.
- c. What is a major criticism of TRIPS?
- d. Why don't indigenous farmers like TRIPS? What problems does it create for them?
- e. What is the Human Genome Project? How is it affected by TRIPS?

5. Critics of Free Trade

- a. What does the story of the Toyoda Automatic Loom Company tell us about free trade and protectionism?
- b. What do critics, such as commentator Thom Hartmann, say about free trade? Do you agree or disagree with his commentary?
- c. What does author Robert Kuttner say about free trade? Do you agree or disagree with his position?
- d. How have the nations of East Asia used the U.S.'s position of free trade to advance their interests? Have they been successful?
- e. Could the statements by Hartmann and Kuttner be true? Could the policies of free trade promoted by politicians and the mass media actually hurt the vast majority of Americans? How could this happen?

Section 5.7 Puzzle Piece #6: Privatization and Commodification

Terms to Consider:

Schmeiser v. Monsanto

Roundup Ready

genetically modified organisms (GMO)

genetically engineered (GE)

"blue gold"

bottled water

Cochabamba Water Wars

Questions to Consider:

1. Schmeiser v. Monsanto

- a. What does the case Schmeiser v. Monsanto represent?
- b. What is the relationship between GMOs and the Schmeiser v. Monsanto case?
- c. What lessons can be learned from this case?

2. Privatization

- a. What are the advantages of privatizing commonly held (communal) land? What are the disadvantages? Who benefits in this process? Who does not benefit?
- b. Why does the privatization process seem very logical and efficient to Westerners? What groups don't think that privatization is a good system?
- c. What happened with the privatization of the coal industry in the United Kingdom? Who benefitted? Who did not?
- d. What happened with the privatization of Gazprom in Russia? Who benefitted? Who did not?
- e. What happened with the privatization of Telemex in Mexico? Who benefitted? Who did not?

3. Privatization of Water

- a. Explain why water has become the "blue gold" of the 21st century?
- b. In what different ways has the privatization/commodification of water played out?
- c. What happened to the privatization of water in Cochabamba, Bolivia?
- d. Why are the big water companies changing their strategy and concentrating their operations and their investment on more secure markets in North America and Europe?
- e. Who owns the water in your locality? If your water is not privatized, are there any plans to do so?

Section 5.8 Puzzle Piece #7: Concentration of Power: Multinational Corporations and State Enterprises

Terms to Consider:

multinational corporation (MNC)

Questions to Consider:

1. Corporations

- a. What is a multinational corporation (MNC)?
- b. How have MNCs gained power in the last 30 years?
- c. Explain how MNCs have gained disproportionate world power?
- d. If we want more jobs in the global economy, is turning to MNCs the answer? Explain.
- e. How do corporations extend their influence?
- f. How have corporations influenced the global economy?
- g. How do corporations play one nation against another to their advantage? Who loses out in this interplay?
- h. Do you think that the power of global corporations needs to be curbed? If so, how?

Section 5.9 Puzzle Piece #8: Specialization

Terms to Consider:

specialization

comparative advantage

Eli Heckscher and Bertil Ohlin theory

efficiency

Questions to Consider:

1. Specialization
 - a. What is specialization?
 - b. What is comparative advantage?
 - c. What was the Eli Heckscher and Bertil Ohlin theory? Do you think it has merit?
 - d. Why is specialization a vital part of economic globalization?
2. Specialized Farming
 - a. In what ways are farms specialized? Why have they become specialized?
 - b. What has been the effect of economic globalization on farming?
 - c. Why has the number of farmers decreased?
 - d. List some areas of specialization that you see around you today? Is this area of specialization new?

Section 5.10 Puzzle Piece #9: Squeeze Labor

Terms to Consider:

Stolper-Samuelson theorem
outsourcing

Questions to Consider:

1. Labor
 - a. What is the Stolper-Samuelson theorem? How is it played out in the United States?
 - b. What has been the impact of adding two and a half billion people to the global economy? Where did these people come from?
 - c. Explain what Stolper and Samuelson mean when they say that owners of abundant resources gain from trade, while those with scarce resources lose? Give an example.
 - d. Why did Samuelson question the benefits of economic globalization for labor? Have the effects he theorized come into play in the U.S.?
2. Outsourcing
 - a. What is outsourcing? Who does it benefit? Who does not benefit?
 - b. What are some examples of outsourced jobs?

Chapter 5.11 Puzzle Piece #10: Military Hegemony

Terms to Consider:

hegemony
colonialism
imperialism
economic development
military power

Questions to Consider

1. Introduction
 - a. What is hegemony? What impact does it have on economic globalization?
 - b. What is the relationship between hegemony and economic stagnation?

2. Colonialism

- a. What is colonialism?
- b. What countries were engaged in colonialism?
- c. Who benefitted from colonialism? Who did not?

3. Imperialism

- a. What is imperialism?
- b. What countries were engaged in imperialism?
- c. Who benefitted from imperialism? Who did not?

4. Economic Development

- a. What is economic development? What is its purpose?
- b. What countries were targeted for development? Who targeted these countries? Why?
- c. Do you see modern development as a continuation of colonialism and imperialism? Explain.
- d. Has economic development been a success?
- e. Why were there numerous assassinations and coups in periphery countries in the post-war years?

5. Hegemony

- a. How did hegemony play out from 1990 to the present?
- b. What impact did the fall of the Soviet Union have on the United States? On the world?
- c. Why did the Bush administration (U.S.) call for the expansion of democratic institutions to authoritarian countries around the world? What was the result of this call?

6. Military Power

- a. Describe the size of the U.S. military?
- b. Why does the U.S. have such a large military?
- c. Do you think the U.S. military is oversized and needs to be reduced? Explain.