Spring Semester 2020:

Distance Learning Assignments: World

Each week, there will be a reading assignment from your textbook. For each assignment, you will need to read the assigned pages AND:

1. Write a 5+ sentence summary in your own words of the material covered in the reading.

2. Include 2 vocabulary definitions from the reading. The definitions should be in your own words.

3. You will need to email me at dalmasc@luhsd.net your summary and vocabulary. (both should be in the same email.) BE SURE TO INCLUDE IN YOUR EMAIL YOUR FULL NAME (First and last) AND Period AND THE TITLE OF THE READING ASSIGNMENT. (for example, US Reading Assigment Week One)

You can email throughout each week day (Monday through Friday) 8:15 a.m. - 3:00p.m. if you have any questions.
Email: dalmasc@luhsd.net

1. Economic Interdependence

Global economic interaction is not a new phenomenon. By 1600, European states were carrying on a brisk trade with lands all over the world. However, modern countries depend on one another more than they have previously. They do not just trade—they form trading partnerships. They rely on the same communications and transportation systems. They are served by the same corporations. Their economies are, in effect, intertwined.

The process of increasing the interdependence of the world's economies is called globalization. In a fully globalized world, goods and services, money, and information would flow freely across national boundaries. Today, corporations buy and sell goods whose parts often come from several different countries. Information travels across borders via the internet and other high-speed communications networks. This enables companies to control the production of goods from afar. It also enables multinational banks to make international financial transactions entirely online.

Creating New International Connections Although many associate globalization with the movement of things—goods, money, and information—the movement of people has played a significant role as well, creating new connections between different parts of the world. After World War II, people who had been displaced by the war, as well as those who were fleeing communism in Eastern Europe, sought better economic opportunities abroad.

Additionally, post-war legal changes in several countries helped increase immigration. For example, both the United States and Australia removed racial and nationality barriers to immigration. From the late 1940s until 1973, Australia ended its White Australia policy. The United States passed the Immigration and Nationality Act of 1965, which created a preference system for immigrants that favored professionals and people with specialized skills.

The British Nationality Act of 1948 granted citizens of British colonies the right to settle and work in the United Kingdom, enabling immigration from the Caribbean, Africa, and Asia. Although the act aimed to settle issues related to citizenship in the British Commonwealth, it also helped relieve post-war labor shortages.

The British Nationality Act allowed people from the former British colonies to move to the United Kingdom. This ship, filled with people from the West Indies, docks in England following the signing of the act.

In other regions, the need for labor drove changes to immigration law. West Germany and countries in northern Europe established "guest worker" programs to recruit workers from places with high unemployment, such as North Africa and Turkey. Initially, workers were meant to stay for only a limited time. Eventually, however, this changed because of the costs of hiring and training new workers. In the 1960s and 1970s, around 400,000 Turks immigrated to West Germany and remained in the country. Middle Eastern countries, such as Saudi Arabia and the United Arab Emirates, sought labor to build infrastructure with the oil wealth they had gained in the 1970s. They turned to South Asia to find workers for oil and construction jobs and to meet the growing demand for domestic workers. These countries remain reliant on imported labor. Today, around 90 percent of the Emirates' population is foreign.


New technologies, such as larger, more powerful jet engines, have made the transport of goods over long distances easier, cheaper, and faster than ever before.

In the same period that these major changes to immigration law occurred, developments in transportation began to better facilitate the movement of goods around the world. One of these major developments was the introduction of the jet engine in airplanes in the 1950s. In contrast to earlier engines, jet engines are faster and more reliable. Jet engines also reduced the cost to ship goods. In 1955, shipment costs were $3.87 per ton-kilometer shipped, but by 2004, the cost was only $0.30 per ton-kilometer.

Large standardized shipping containers have been essential to maritime shipping's dominance. They can accommodate large products and high volumes of goods. Since businesses began regularly using these containers in the late 1960s, the containers have also prompted significant changes to the transportation industry. Standardized containers were designed for use with multiple modes of transportation: trucks, trains, and ships. This eliminates the need to unload and reload goods. When a ship arrives in port, a container remains loaded and moves to its next transport vehicle. Using containers cuts the amount of time ships remain idle in port and reduces storage and loading costs.

Governments Work to Improve Economic Interactions Decreases in transportation costs were not only the result of new technologies. Deregulation, or the removal or reduction of government regulations, helped reduce costs as well. In the 1970s and 1980s, industrialized nations began to deregulate industries. This movement started in the United States. By eliminating and simplifying regulations, governments aimed to increase competition, productivity, and efficiency while lowering prices. The market, they hoped, would then regulate itself.

Supporters of deregulation argue that it increases competitiveness by reducing barriers to entry, making it easier for new businesses to enter the market. Deregulation has occurred around the world in industries such as agriculture, utilities, communications, transportation, and finance.

These union members are protesting against the North American Free Trade Agreement. Many unions feared that the creation of this common market would lead to jobs being moved to Mexico, especially, and Canada.

Deregulation of finance has allowed new firms to enter foreign markets as well. Companies now compete for clients on an international level. For example, the European Union permits banks and financial institutions to operate across member nations. This expansion has been further facilitated by the internet. Not only does the internet enable firms to serve clients regardless of location, it has reduced the cost of doing so.

In addition to reducing barriers to entry through deregulation, many governments have sought to limit barriers to international trade, such as tariffs. In doing so, they have embraced free trade, the unrestricted movement of goods and services across borders. This quest for free trade has served as one of the main drivers of globalization.

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After World War II, the United States and many European nations came to believe that free and open trade would benefit world economies and help prevent future conflicts among nations. In 1947, the first trade agreement to involve a large number of countries, the General Agreement on Tariffs and Trade (GATT), was signed. Initially adopted by 23 countries, GATT lowered tariffs on tens of thousands of goods when it came into effect in 1948.

The United States promoted free trade as a strategy to help European economies recover from the war and to keep nations out of the Soviet Union's sphere of influence. In 1951, six countries in Europe formed the European Coal and Steel Community to create a common market for those two products. A common market is a grouping of countries that promotes lower trade barriers among its members.

European success at stimulating trade sparked other moves toward free trade. In 1994, the North American Free Trade Agreement (NAFTA) went into effect. Under NAFTA, the United States, Canada, and Mexico agreed to create their own common market. Their purpose was to get rid of trade barriers, especially tariffs, on goods and services traveling from one of the three countries to another. The United States has since negotiated free trade agreements with more than a dozen other countries.

Similar agreements have blossomed among countries all over the globe, often with the help of the World Trade Organization (WTO). Founded in 1995 to replace GATT, the WTO is an international organization run by more than 150 member-nations. Its main goal is to reduce trade barriers throughout the world. It does so by offering a forum for countries to negotiate trade agreements and by providing a set of rules to guide international trade. If a trade dispute arises, the WTO will help settle it.

Trade agreements tie countries together in a dependent relationship. A key requirement for such an agreement is that all participants must be able to profit from that relationship.

The Role of International Financial Institutions Toward the end of World War II, the Allies, led by the British and Americans, established two international organizations, the World Bank and the International Monetary Fund (IMF), to develop the post-war monetary management system. The World Bank was founded to provide loans for post-war reconstruction in Europe, whereas the IMF initially worked to rebuild the world's battered international banking system. Although these institutions laid the foundations for the post-war recovery effort, their aims were also long term. They sought to promote economic cooperation by restoring and sustaining the benefits of global integration. Over time, their mandates focused less on recovery and more on development and support.

Today, the World Bank works to end extreme poverty and foster income growth by funding infrastructure development, supporting institution-building, and addressing social and environmental issues. The IMF continues to monitor and stabilize the international banking system, and it offers advice and technical assistance to countries seeking to modernize their economy. Additionally, it provides loans to countries experiencing a financial crisis, particularly related to the inability to repay a foreign debt.

Both institutions face criticism for imposing Western-style capitalism and one-size-fits-all solutions on developing nations without dealing with the negative social, environmental, and economic effects. Critics argue that the IMF, in particular, tries to dictate policy based on unrealistic assumptions about an economy with little regard for a country's sovereignty. Despite this, around 190 countries are World Bank and IMF members.

The Role of Transnational Organizations Some organizations work outside of government and across nations to affect change and influence government policy. Nongovernmental organizations (NGOs) are one type of such organization. NGOs are nonprofit organizations that often focus on issues related to antipoverty, education, health care, public policy, the environment, and human rights. These organizations function and provide assistance at local, national, and international levels. Funding for NGOs typically comes from both member contributions and grants from private foundations.

Greenpeace is an NGO that works to conserve the environment. The organization investigates and confronts environmental abuses committed by governments and corporations around the world.

The number of NGOs began growing in the second half of the 20th century, particularly from the 1970s on, and many address transnational issues related to globalization. For example, some NGOs, such as the Sierra Club and Greenpeace, are concerned about the effects of global trade on the environment. Other NGOs, such as Amnesty International, Oxfam International, CARE, the Global Fund for Women, and Save the Children, speak out on social issues associated with globalization, including poverty and human rights.

However, some governments want to curb the growth and influence of NGOs, accusing them of being undemocratic and unaccountable to the public. Moreover, some countries have restricted the operations of NGOs that are critical of the government or that promote alternatives to government policy. For example, in Russia, NGOs that receive foreign funding and attempt to influence public policy must register as "foreign agents," leading the public to view them as spies or traitors.

Despite government attempts to limit the work of NGOs, new ones continue to emerge. In recent decades, the growth of NGOs has been bolstered by improved communications technology, which can link groups and people around the world, as well as the spread of democracy, which has enabled NGOs to operate more freely.

In contrast to NGOs, multinational corporations, also known as transnational corporations, are companies that have a home base in one country and operations in other countries. Multinational corporations are both central players in the globalization process and prime targets of globalization critics. These large companies promote globalization by moving goods, capital, information, and people across national borders to do business.

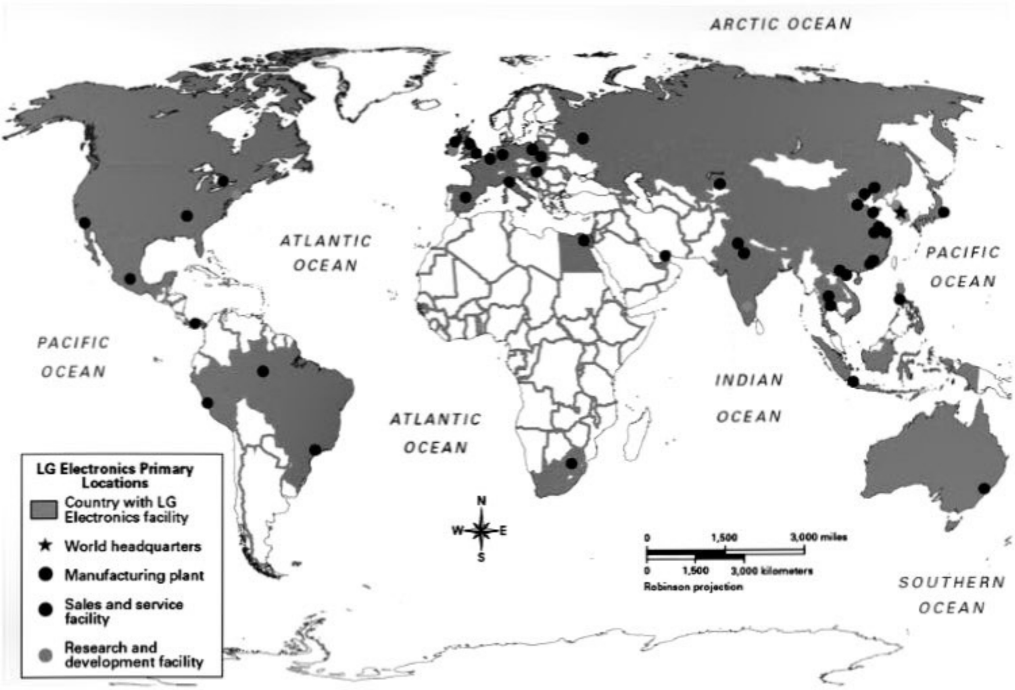
Multinational corporations are not a new concept. In the early 1600s, the English and the Dutch each formed an East India Company to carry out long-distance trade with Asia. Like these early multinationals, modern multinationals are often headquartered in one or two countries but operate in countries around the globe. However, modern corporations often conduct business by establishing subsidiaries, or companies they control, or by partnering with existing companies in foreign countries. Rather than focusing primarily on trade, corporations license their products for local production, open manufacturing facilities, and make investments to support their subsidiaries' growth. General Motors, for example, has subsidiaries and joint ventures with local car companies around the globe. It produces and sells cars in Canada, Brazil, and South Korea, and does so with local partners in Egypt, China, and Russia.

Critics fear that multinationals have become too economically powerful in too many parts of the world. These critics worry that in their search for profits, multinationals will move their operations to countries that are unable to protect their workers or the environment from abuse.

Supporters of globalization counter that multinational corporations generate trade, investments, jobs, and other economic benefits in countries where they do business. They also train workers in new technologies and business methods, increasing the host country's human capital.

In the 1970s, for example, Daewoo, a South Korean multinational, decided to expand its garment-making business to Bangladesh. The company invited 130 Bangladeshi workers to Korea to learn how to make shirts. Over time, 115 of those workers left Daewoo and used what they had learned to set up their own garment companies. Clothing soon became Bangladesh's leading export.

Locations of a Multinational Cooperation ▼



Although most multinational corporations are based in Western Europe or the United States, Asia has its share as well. LG Electronics is a large company based in South Korea. It makes televisions, computers, and other products, and began to expand overseas in the 1970s. The countries shown in color on this map all have LG Electronics facilities today.