

Chapter 19: Technological Advances and Economics in the Global Age: 19-4d Regional Trade Organizations

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19-4d Regional Trade Organizations

Regional trade organizations had come into being to promote growth, reduce the economic vulnerability of member states, and, less explicitly, balance American economic dominance. The twenty-seven-member European Union was the most successful (see [Map 19.2](#)).

AP® Exam Tip

Identify and explain the impact of several regional trade agreements.

The euro, a common currency inaugurated in 2002 and used in twelve member states, competed with the U.S. dollar for investment and banking. However, unequal levels of development among members became a source of crisis in 2009 when the world economic downturn devastated stock markets and increased rates of unemployment. Countries like Greece that had taken on more debt than the revenues produced by their shrinking economies could cover sought assistance from the rest of the EU, but the wealthier countries, led by Germany, proved reluctant to rescue them. Instead, they urged an austerity program of radical cutbacks in public expenditures. These measures increased unemployment, popular discontent, and resentment of immigrants who competed for jobs with native-born citizens. The idea of the euro, a common currency that symbolized Europe's progress toward unity, came into question since countries belonging to the euro zone were not at liberty to devalue their currency and thereby reduce their debt burdens. In 2016 a popular referendum in Britain, which had not adopted the euro, unexpectedly committed the government to withdrawing from the EU. While the terms of this *Brexit* (British exit) remained to be negotiated, concern arose as to whether other EU countries might follow Britain's lead.

Map 19.2

Regional Trade Associations, 2004

International trade and development are major concerns of governments in developed and developing countries. NAFTA, Mercosur, and the EU are free-trade areas. The other associations promote trade and development.





Do regional trade agreements signal increasing globalization or simply formalize linguistic and cultural connections with roots in earlier centuries?

Despite the EU's expansion, the North American Free Trade Agreement (NAFTA), which eliminated tariffs among the United States, Canada, and Mexico in 1994, governed the world's largest free-trade zone. Yet heated debate in the United States over illegal immigration across the Mexican border, as well as anti-Hispanic prejudice, limited popular enthusiasm for the agreement. Populist opposition to NAFTA and to immigration from Latin America was a contributing factor in Donald J. Trump's come-from-behind presidential victory in 2016. One of his initial acts as president was to authorize building a wall between the United States and Mexico. Immigration remained a prominent and contentious political issue during the Trump presidency.

The third largest free-trade zone, Mercosur, created by Argentina, Brazil, Paraguay (now suspended), and Uruguay in 1991 and subsequently expanded to include five associate members, visualized a parliament consisting of eighteen representatives from each member state. Other free-trade associations operated in West Africa, southern Africa, Southeast Asia, Central America, the Pacific Basin, and the Caribbean.

The Shanghai Cooperation Organization (SCO) formed in 2001 with China, Russia, and four former Soviet Central Asian republics as members. It originally pursued common security interests, such as combating separatist movements and terrorism, but the accession of India and Pakistan in 2016 and the observer status of Iran, a major oil exporter, and Afghanistan and Mongolia, countries with untapped mineral sources, lent plausibility to the SCO's twenty-year plan for reducing barriers to trade and population movement. Iran, which formally applied for full membership, posed a special problem insofar as both Russia and

AP® Exam Tip

Discuss the role of global organizations and multinational corporations in the economic system of the modern world.

China were involved in an American-led international campaign to curb its nuclear program. An agreement in 2016 to lift many economic sanctions in return for a 15-year cap on Iranian nuclear expansion eased that problem.

Diversity & Dominance

The Struggle for Women's Rights in an Era of Global Political and Economic Change

The struggle for women's rights has been one of the most important social movements of the twentieth and twenty-first centuries. Although we can identify fundamental similarities in objectives across cultural and political boundaries, women in less developed nations are forced to recognize that their objectives and strategies must take into account international inequalities in power and wealth.

In this section Gladys Acosta, a militant Peruvian feminist, discusses her recommended agenda for this struggle in the era after the fall of the Soviet Union and the rise of neoliberalism, the term used in Latin America to identify the free-market economic policies advocated by the United States. Among its chief characteristics are an end to the governmental protections for local industries, a reduction in government social welfare policies (efforts to hold down prices on staples and establish wage minimums, among other policies), a reduction in public-sector employment, a commitment to paying debts to international creditors, and the removal of impediments to foreign investment. Many Latin Americans believe that neoliberalism is a new form of imperialism. While written in the 1990s, this political manifesto deals directly with issues of great relevance today: international indebtedness, the social costs of austerity, and gender inequality.

Neoliberalism in Action

When I talk of neo-liberalism, I mean austerity measures, foreign debts, and increased liberties for all those who have the power of money at their disposal and the power of repression over those who make demands. We have now reached a new form of capitalist accumulation. The world's economic system is in a state of change and capital has become more concentrated and centralised. I would not go as far as to say countries don't exist anymore but national identities do certainly play a different role now. . . . If we look at the bare face of neo-liberalism from a woman's point of view, we cannot fail to notice its murderous consequences. . . . At the moment we're experiencing capitalism's greatest ideological offensive. It's all business: everything is bought and sold and everything has its price.

The Consequences of Neoliberal Politics

[W]omen play an important role in this ever-more internationalized economy because we represent, as ever, a particularly exploitable workforce. A number of

studies have revealed the existence of subcontractor chains who work for transnational companies “informally” and mainly employ women. Basically we are dealing with a kind of integration into the world market which often uses our own homes as its outlet. Obviously, this work is badly paid and completely unprotected and has to be done without any of those social rights which were formerly achieved by trade union struggles. . . . As it advances worldwide, this capitalism also encourages the expansion of certain kinds of tourism. A visible increase in prostitution is part of this, whereby women from poor countries are smuggled into large, internationally operated rings which exploit them. The reports of Filipina women traded on the West German market send shivers down our spines....

How the Adoption of Austerity Measures Affects Women’s Lives

It is obvious that foreign debt is one of the most inhuman forms of exploitation in our countries when one considers the ratio between work necessary for workers’ needs and work producing profit for employers. The experts have already explained how the prevailing exchange and investment structures have created international finance systems which keep whole populations in inhuman conditions.... Women in every household are suffering every day as a result of impoverished economies and those who are most exposed to the effects of foreign debt are women.

When it comes to shopping, caring for sick children or the impossibility of meeting their schooling costs, the illusion of “leaving poverty behind” evaporates. Yet the problem is not only of an economic nature because under such circumstances the constant tension leads to grave, often lasting exhaustion. The psychosocial damage is alarming. The adoption of austerity [under neoliberalism] measures means a curtailment of the state’s commitment to social services with a direct effect on women. Daily life becomes hell for them. The lack of even minimal state welfare presents women (and obviously children too) with crushing working days.

AP® Historical Thinking Skills

Making Connections *What has led to the rise of neoliberalism on the lives of female workers?*

Making Connections *In what ways do Acosta’s views of women and family and the views of Kollontai (Chapter 16) compare?*

Source: From Gladys Acosta, “The View of a Peruvian Militant,” in *Compañeras: Voices from the Latin American Women’s Movement*, ed. Gaby Küppers (London, UK: Latin American Bureau, 1994).

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