I. Globalization Theories

A. Neo-liberal Theory.

B. Assumption: world is in the process of becoming completely integrated system, a global village

1. Inevitable (unavoidable) historical process

a. historical determinism

b. social evolutionism

2. Process is driven by technological development

3. Resistance to this process is irrelevant.

4. Countries:

a. view national goals within system

b. good for countries and good for people

C. Previously known as

1. Modernization Theory

2. Developmental Theory

D. Argument

1. organizing principle: Friedman’s free market theory

a. economic system

i. capitalism

ii. model: U.S.

b. political institutions

i. democracy

ii model: US

c. cultural model:

i. consumerism

ii. model: US

d. technologies

2. Means: free trade

a. free trade agreements

i. examples: NAFTA, GATT, FTAA, CAFTA

ii. eliminate trade barriers (tariff/ non tariff)

iii. open national economies to global investors

iv. free movement of capital

v. intellectual property rights

b. establish global regulatory system

i. World Trade Organization

ii. NAFTA Ch 11 Tribunal

3. Aid to developing nations

a. IMF: International Monetary Fund

b. World Bank

4. Consequences

a. Global free market will be best for all nations

b. Democracies will lead to peaceful cooperation

c. Consumerism will allow everyone to achieve

high standard of living.

d. evidence

i. statistics: GNP, GDP, Per Capita Income

ii. model countries: Brazil, Argentina, Chile, Indonesia,

Asian Tigers, China

4. Resistance: Why?

a. Regressive cultures: McDonalds vs Jihad

b. Dictators

c. Solution to resistance: strong military

d. “hippies”

II. Neo-colonial Theory

A. Assumption: world is in the process of becoming an integrated system but one of domination and subordination.

1. driven by powerful economic and political forces.

2. an integrated system of dependence mainly

through economic means.

3. Should be called neo-colonialism or economic imperialism

4. not inevitable or unavoidable

B.. Power Structure

1. Multi-national Corporations:

2. First World governments

3. Third World Elite

4. military

D. Globalization real goal: create a global system for profit taking of MNCs.

1. natural resources

2. cheap labor

3. open markets

a. no subsidies

b. no tariffs

c. eliminate “non-tariff barriers”

4. agreements on intellectual property rights

5. privatization

E. Method

1. Establish and support certain compliant TW governments

a. elites govern in interests of FW

b. historically: dictators

c. “formal” democracies

2. Put country in debt through “developmental loans”

a. elite and military

b. infrastructure (dams, highways, bridges, ports,

harbors)

c. 40% of WB loans: coal, oil

3. Demand “structural adjustment” (Structural Adjustment Plans)

a. privatize profitable industries

b. privatize government services

i. water

ii. transportation

iii. fire, police

iv. education: users fees

v. health care: users fees

c. no subsidies to agriculture

d. Create and maintain an environment for sweatshops

i. no unions or labor organizers

ii. no occupational safety and health regulations

iii. no environmental laws

iv. low wages: below subsistence

v. “export processing zones”

5. WTO and NAFTA Chapter 11 Tribunals

a. decisions regarding trade disputes

b. accept penalties

F. Consequences (Maldevelopment)

1. Inequality

2. Poverty

3. Hunger

4. Disease

5. Conflict

6. Refugees

7. Forced emigration

a. 80% of TW were tied to agriculture

b. No agricultural subsidies: forced off the land

i. forced to farm marginal land

ii. work on plantations

iii. desperate global labor force

iv. sweatshops

v domestic and migrant labor in

FW

vi. sell children into forced labor

8. Resistance

a. Reject Free Trade Agreements

b. Populist/Socialist Governments

c. Popular movements: Landless Peasants Movement

4. toxic dump

III. NAFTA: Chapter 11

1. Foreign corporations (or a single shareholder) can

sue the US government if they feel a regulation has

diminished their right to profit

2. Not a suit in court, but a secret tribunal

a. closed to public

b. no limit on amount

c. claims for $13 billion have been filed

3. decision is binding

a. professional arbiters

b. No appeal

4. US can be sued by foreign corps doing business in

US for US environmental laws, worker safety laws,

laws protecting US businesses

5. Examples:

a. MTBE and Methanex

b. Ethyl Corp sued Canada MMT, nerve toxin