

Global economy midterm review questions

[Literature](#), [Russian Literature](#)



Lecturer Essay # Fall Q Structural adjustment policies are a collection of economic and all measures aimed at resolving microeconomic problems in a country. These were mainly applied in developing countries by the World Bank and IMF as a condition to get loans. In terms of globalization, these policies were aimed at enhancing the country's foreign investment climate. Unfortunately, these policies led to increase in debt burden across many developing nations since many countries were unable to pay the loans obtained from World Bank and IMF.

Q. 2

Race to the bottom is the phenomenon in which the business environment in a country is deregulated so as to attract investors, causing low wages, poor environmental protection and poor working conditions. Issues such as minimum wage, political autonomy and workers unions are foregone for the sake of creating a favorable working environment. This is considered to be a problem because countries with poor working conditions and low environmental protection standards are deemed best for investment. Causes of race to the bottom include the pollution problem, poor government policy influenced by MNCs and government instabilities.

Q. 3

First, other than free trade, Rivoli argues that there is need to develop strong political policies and reforms to address political barriers. For example, in her book, she argues that having a good political framework to protect the industries in America against the sweatshops that pay their workers 50 cents an hour is a better alternative than the free trade agreement. Secondly, she says that there is need to reform the famous trade agreements that limit or

inhibit exports and import. In the US for instance, there are a number of such agreements that in fact limit the importation of t-shirts. If these factors are addressed, fairness in global competition will be introduced. Manufacturers will be able to work and export their products in a fair manner.

Q4.

The apparel industry best captures the history of globalization by showing how a single commodity moves through various processes and markets, thereby highlighting the interconnections between markets. The industry highlights the basic concepts of globalization such as political and cultural process.

Q. 5

Arms trade globalization occurs both in the production and consumption. Most countries spend considerable amounts for procurement of arms. This is linked to lower spending by governments on the other areas. In the context of globalization, the arms industry is escalating conflicts and the proliferation of arms has increased considerably.

Q. 6

Global inequality has had a significant impact on global economic patterns. In some countries, inequality has stagnated economic growth, increased social and health problems, leads to social inequalities and causes political instability. As a result, these factors shape economic patterns globally.

Q. 7

Gender analysis of globalization is important in understanding how gender impacts development. Based on eth readings, it is evident that fiscal retrenchment, education, wage gaps and working conditions are all linked to

gender. For instance, in the book by Rivoli *The Travels of a T-Shirt in the Global Economy*, it is evident that most of the sweatshop workers are actually female. Such gender disparities make the discussion of globalization through the lens of gender important.

Q. 8

Global governance refers to the manner in which organizations, governments, business and institutions manage their affairs. This is an important concept since it helps generate guidelines and agreements that affect the manner in which governments and international corporations are managed. The first challenge to global governance is domestic political instability that may affect international agenda. To address this, governments are required to strengthen their domestic governance structures. Secondly, there is the inequality challenge which affects how countries contribute to the global agenda. This can be addressed through constant consultations between developing and developed nations. Finally, there is the challenge of climate change and environmental pollution. Leaders need to help vulnerable countries deal with environmental challenges.

Q. 9

The environmental Kuznets curve is a hypothetical relationship between the different environmental degradation indicators and income per capita. Based on this curve, environmental degradation gets worse until to a certain point where the average income gets to a certain point. This is not an empirical reality because environmental protection is not solely depended on economic growth but on government policies. These policies affect

environmental degradation, and not the growth in incomes.

Additional Question

Corrupt leaders and irresponsible bankers are as a result of the choices people make in a country. The price of these two lies on the country as a whole, and the price are paid by all. Unfortunately, in the modern globalized economy, the effects of corrupt leaders and irresponsible bankers pour down to other countries as well. This is a price we all have to pay.

Works Cited

Pietra Rivoli. *The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power, and Politics of World Trade*, 2nd ed. Hoboken, NJ: John Wiley, 2009.