Study Guide

Unit 11 Globalization

# Theme

# How do we make the world a better place?

# Vocabulary

## Setting

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| Maslow’s Hierarchy of Needs  | a theory in psychology proposed by Abraham Maslow in 1943 comprising of five tier model of human needs that motivate human action.  |
| Globalization | The interconnection of people, companies and governments of different nations though international trade and investment aided by information technology.  |
| UN Sustainable Development Goals | a collection of 17 global goals set by the United Nations. |

## Conflict

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| --- | --- |
| Supply Chain | the sequence of processes involved in the production and distribution of a commodity. |
| Externality | a side effect or consequence of an industrial or commercial activity that affects other parties without this being reflected in the cost of the goods or services involved |
| Exploitation | the action or fact of treating someone unfairly in order to benefit from their work |
| Climate change | a change in long-term weather patterns (including precipitation, temperature, and wind) over time |

## Characters

|  |  |
| --- | --- |
| Company | a business organization that makes, buys, or sells goods or provides services in exchange for money. |
| Labor | the services performed by workers for wages as distinguished from those rendered by entrepreneurs for profits |
| Labor Union | an organized association of workers formed to protect and further their rights and interests |
| Government | the group of people with the authority to direct and control actions of the members, citizens, or inhabitants of country or state. |
| Global Trade Organizations | World Trade Organization (WTO), International Monetary Fund (IMF), the World Bank, Organization of the Petroleum Exporting Countries (OPEC) |
| Consumers | a person who purchases goods and services for personal use. |

## Plot

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| Linear Economy | A linear economy works according to the ‘take-make-dispose’ step plan. Resources are extracted and products are produced. Products are used until they are discarded and disposed of as waste. Value is created by maximizing the amount of products produced and sold. |
| Trade Agreement | terms of the acceptable exchange of goods and services between the parties; for example, the North American Free Trade Agreement (NAFTA) |
| Extraction | The action of taking out natural resources, especially of non-renewable resources |
| Production | the process of manufacturing or creating material goods and products |
| Distribution  | the transport and delivery of material goods from production to consumers |
| Marketing | activities that promote the transfer of goods from a seller to a buyer |
| Consumption | the process of using natural resources, materials, or finished products to satisfy human wants or needs |
| Disposal | the act of getting rid of unwanted items or things that are no longer useful |

## Resolution

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| --- | --- |
| Sustainability | meeting our own needs now without limiting the ability of future generations to meet their needs, which requires balancing social, economic and environmental needs.  |
| Circular Economy | A circular economy works according to the 3R approach of “Reduce, Reuse & Recycle”. Material extraction is reduced where possible by using less material. Products are made of reused parts and materials and after discarding a product, materials and parts are recycled. In a circular economy value is created by focusing on value retention. |

# Analysis

Answer the main questions in a perfect paragraph. There should be A) one topic sentence, B) three supporting sentences and C) a conclusion. The italicized, supporting questions are provided to help you answer the main question.

## Theme

1. How do we make the world a better place?

*How do Maslow’s hierarchy of needs help us prioritize the needs of our world?*

*How does the GDP of countries distort our priorities?*

*What do the UN Sustainable Development Goals prioritize?*

## Setting

1. How are we living in a globalized world?

*Explain how our purchases are connected to a global supply chain?*

*How are we both connected and disconnected from those around the world?*

*What are the cultural impacts of globalization?*

## Conflict

1. How do externalities impact our world?

*What is an example of an externality?*

*How do externalities negatively impact our world.?*

*How do economists attempt to reduce externalities?*

## Characters

1. How is global trade regulated?

*What is the relationship between companies and consumers?*

*How do governments and global economic organizations regulate trade?*

*How have workers attempted to promote their concerns?*

## Plot

1. Why does a linear economy not work?

*What is the structure of the linear economy?*

*What are the negative impacts of the material economy?*

*Why is the linear economy unsustainable?*

## Resolution

1. How do we move toward a circular economy?

*What does sustainability look like in a circular economy?*

*What are examples of a circular economy?*

*What still needs to be done to prevent leakage in the circular economy?*

# Analysis

Answer the main questions in a perfect paragraph. There should be A) one topic sentence, B) three supporting sentences and C) a conclusion. The italicized, supporting questions are provided to help you answer the main question.

## Theme

1. How do we make the world a better place?

Making a better world goes hand in hand with meeting people’s basic needs. Often leaders examine their economic growth as indicated by the GDP to evaluate the well-being of their country, but it does not gauge how that wealth is distributed or the quality of life. For example, the United States is one of the wealthiest nations, but has a health crisis around obesity, depression, and substance abuse. Maslow’s hierarchy of needs clarifies that all humans have needs that move from the fundamental physiological need to survive onward to safety, intimacy, esteem and finally self-actualization. Meeting the needs to survive through adequate food, water, and sleep and a sense of safety through secure income, housing and health open the way for great human relationships. These basic building blocks allow us to thrive as a human community, which is why most of the UN’s sustainable development goals prioritize tackling these important global concerns of people, planet and prosperity.

## Setting

1. How are we living in a globalized world?

Our apparently simple purchases at a store have a network of global interactions behind them. Companies do not often make a whole product from beginning to end in one place. Raw materials are grown or mined in one place, manufactured in another and sold in a third. For example, the cotton for a T-shirt is grown in the United States, cleaned, carded and knitted into fabric in Indonesia, assembled in Bangladesh or Columbia, and then sold in the United States. Inexpensive transportation costs, strong communication networks, and cheap labor have supported a global division of labor in the production of various goods. Purchasing a T-shirt in a store connects us to people around the world, but we are often unaware of those connections and how our consumption impacts others, like the urbanization of Bangladesh as rural people flock to sweatshops in cities in search of a better life.

## Conflict

1. How do externalities impact our world?

The price for a product is not the same as the cost. Prices are often unusually low because costs are externalized into the environment or poor communities. For example, the extraction of a coltan, an important mineral for electronics, depends on exploiting communities in the Congo to work for little income and displacing the burden of environmental pollution unto the community’s water supply. Companies save money, but through environmental pollution and cheap labor. The environmental impacts of production often fall onto local communities and subsequent generations who pay the costs in declining health and taxes for cleanup. Companies exploit poor communities who have little means for recourse by not paying a living wage, providing unsafe working conditions, and no safety net in emergencies. We often look to the government to regulate behavior that does not benefit the community, but companies often exert a pressure on governments through lobbyists.

## Characters

1. How is global trade regulated?

While the United Nations has been important to global governance by promoting peace by intervening in conflicts through sanctions or peacekeeping troops or building peace by investing in developing nations through the International Monetary Fund (IMF) and World Bank, it does not directly address trade relationships. In our globalized era nations often form trading agreements, typically free trade agreements like NAFTA, where nations agree to remove trade barriers by eliminating tariffs on each other’s products. Sometimes nations form organizations to promote regional economic growth like the European Union (EU) or the success of their resource like oil in OPEC. When trade disputes occur member countries can turn to the World Trade Organization (WTO), which settles disputes by judging between parties. There are attempts to address the externalized costs on the environment through climate agreements.

## Plot

1. Why does a linear economy not work?

A linear economy is set up to take resources, make stuff and waste it. Assuming the earth had limitless resources, companies design products for the dump or for high turnover. Planned obsolescence created dependable customers by either making products that would become useless through poor manufacturing or by manipulating their perceptions of what was “in”. While profitable for the business, it is unsustainable in its environmental impact. Natural resources were disposable without consideration of their limitations. The amount of trash that humans produce is not only wasting precious resources, but also leading to environmental issues like climate change and pollution of our land and seas.

## Resolution

1. How do we move toward a circular economy?

A circular economy attempts to solve the linear economy’s enormous problem of waste. The circular economy takes the model of nature, where there is no waste, but everything is part of a material cycle. Ultimately if there is no waste, we have become more efficient in the use of materials and removed the need for landfills. People are innovating new ways of thinking about the economy, like shifting to thinking in terms of service rather than products. For example, clothing is rented and returned to the company for material recovery. There are also inventions that create new materials, like using mushrooms to create packing materials, a replacement for wood and even leather-like products. This removes toxics and create biodegradable materials. Finally policy decisions support shifting society and the economy to this sustainable structure. While the circular economy will move us to an environmentally sustainable structure, there continues to be a need for advocacy around equity and labor.