



The Global Market Place World Affairs Challenge 2007

Introduction

Learning about a new subject requires a reasonable amount of resources, guidance and support. International affairs is no exception to this rule. Careful consideration and awareness of the range of topics related to the global market place is key when selecting a topic. Once you have chosen a topic the next step will be to develop an in depth comprehension of it during the months leading up to the World Affairs Challenge.

This handbook will introduce areas of the global market place that you may have never considered before. However, if your topic is not in this guide not to worry! The global market place is such a big topic that this is only a start to all the possible issues you can choose. Good Luck!

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Global Trading System

Free trade

- A trading system between two or more countries. Goods and services are imported without any financial restrictions (tariffs).

Fair Trade

- Seeks to help small producers in developing countries receive a fair price for their work.

Trade Blocs/Agreements

- A group of countries with a common interest in better trade relations.
- Examples: NAFTA, CAFTA, ASEAN, European Union, Mercosur

Intellectual Property Rights

- Rights given to persons over the creations of their minds or intellect. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time (copyrights, patents).

Black Market

- The buying and selling of illegal goods and or services.
- Creates an aspect of economic development that is difficult to account for and also produces unwanted and potential violent effects that can extend into other countries.

Sanctions

- A measure taken by one or more countries against another country with the intention of damaging the other country's country. For example a complete trade embargo between countries.

Transnational Production

Export Processing Zones (EPZs)/Maquiladoras/Special Economic Zones

- A small, geographically separated area within a country (often fenced off) that make goods for export.
- Often referred to as "sweat shops".

Foreign Direct Investment (FDI)

- A business from one country invests in a business in another country or when a business from one country sets up a branch of its business in another country.

Multinational corporations (MNCs)/transnational corporations (TNCs)

- Businesses that have operations in more than one country.
- Their business practices do not always have to reflect those of the government standards or laws of the country that they reside in.

Global Division of Labor

Wage Inequality

- Workers in different countries are paid different salaries for the same work

Outsourcing

- When a business in one country hires workers in another country to do the work of that business.

Racial and ethnic divisions of labor

- Groups of people from particular ethnic backgrounds or with visible physical differences are confined or corralled into specific forms of labor.
- Examples: Mexicans and Central Americans in the United States, Turks in Germany, Algerians in France, etc.

Feminization of labor

- In the past few decades women have been increasingly integrated into the global production system.
- Although every society has a particular pattern of work that women perform, the tendency is for women's work to be less well paid than work dominated by men.
- In most societies being a woman in the global economy entails a much greater chance of being poorer, working harder and under worse conditions than a man.

Labor Laws and Standards

- Labor laws and standards are not universal because it is the responsibility of each country to establish their own standards.
- Labor laws effect almost all aspects of a work environment, which can span from who can work to what kind of facility is a company allowed to build for its workers to working conditions.

Micro credit Programs

- These programs provide loans to the unemployed, to poor entrepreneurs and to others living in poverty that can't get traditional loans from banks.
- Women have become the center focus of many micro credit programs. The reasoning behind this is the observation that loans to women tend to more often benefit the whole family than loans to men do.

The Global Financial System

International Financial Institutions

- Financial institutions that act on an international level, as opposed to those that act on a national or regional level. They typically deal with issues of debt, poverty reduction or trade.

- Examples of these institutions are the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO).

Dollarization

- When a country uses the currency of another country as their currency. Dollarization doesn't have to involve the US dollar, it can occur with any currency.
- Dollarization can be 1. Unofficial, without formal legal approval, 2. Semiofficial where you can legally use a foreign currency but the domestic currency is still the most important, or 3. Official, when a country only uses a foreign currency.
- Examples of countries that have dollarized are El Salvador and Ecuador (both countries only use the US dollar).

Fixed v. floating exchange rates

- An exchange rate is the price one currency is exchanged for another.
- Floating exchange rates: there are no government controls determining how much a currency is worth. The system is “free” or “floating”.
- Fixed (or “pegged”) exchange rate: When governments seek to control the worth of their currency.

Regional currencies (euro)

- A single currency used by several countries in the same region.
- The Euro is a good example. Several members of the European Union (like France and Germany) have given up their domestic currency and now use a regional currency.

Economic Development

Foreign Aid

- When one country (typically a developed country) helps another country (typically a developing country) by offering some sort of donation.
- Types of aid are: development aid, humanitarian aid and military aid.

Human Development Index (HDI)

- A way to measure development based on social factors (literacy rates, life expectancy, etc.) not just economic factors (how much a country produces and sells). The HDI was pioneered by the United Nations Development Program (UNDP).

Modernization

- Modernization is the idea that countries can progress and become formal, forward thinking, with a scientific base. The opposite would be “traditional”; countries that don't modernize are seen as backward, informal, etc.

- Modernization is a holistic way to think about social change. Political, social and culture development are all necessary attributes, however economic development is seen as the most important.

Import substitution

- An economic idea that argues that goods that are typically bought (imported) from another country should be made at home instead.

Export led growth

- The idea that by selling (exporting) more products to other countries, a country's national wealth will increase.

Protectionism

- Refers to policies that "protect" businesses and wages by restricting or regulating trade between foreign nations.
- Examples of protectionism are: tariffs, subsidies, quotas, and any other type of policy that regulates trade.

Economic liberalization/Marketization

- The use of market based solutions for social, political or economic problems. This involves deregulation (no controls on business), privatization of industries, and releasing wages and prices from government influence.

Structural Adjustment Programs (SAPs)

- Conditions put on loans to developing countries by the International Monetary Fund and the World Bank. Typically these conditions involve trade liberalization, privatization, deregulation, wage suppression (see economic liberalization/marketization).

Global Environmental Change

Deforestation

- When forests and woodlands are destroyed for financial gains.

Environmental degradation

- The deterioration of the environment for financial gains. This includes the quantity or extinction of wildlife and the quality and quantity of air and water.

Avian Flu

- A contagious disease of animals caused by viruses that normally infect only birds and, less commonly, pigs. Avian influenza viruses are highly species-specific, but have, on rare occasions, crossed the species barrier to infect humans
- Southeast Asia encountered an outbreak in mid-2003, which was recorded as one of the largest and most severe. Never before in the history of this disease have so many countries been simultaneously affected, resulting in the loss of so many birds.

Kyoto Protocol to the United Nations Framework Convention on Climate Change

- Assigns mandatory targets for members to reduce their green house gas emissions.
- Established December 1997, in Kyoto Japan.

GMOs

- Genetically Modified Organisms are food sources such as: vegetables, fruits and livestock that are genetically engineered.

Energy, Food and Water Issues

- These are crucial resources of survival. Dependence on these resources from other countries can cause immense problems for a countries economy and society.

Governing the Global Market

National sovereignty v. Global markets

- Sovereignty describes the political, social and economic identity of a country. Sovereignty can be recognized through a country's currency, postage, military, leaders and language.
- Market forces and trade agreements have created policies which impact the sovereignty of countries.

Americanization

- The influence of American based companies, trends & ideas that play a role in diluting cultures and ethnic traditions in other countries.

Community & Personal Connections

Non-governmental Organizations (NGOs)

- Organizations that are not part of the governmental structure.
- NGOs have worked across national borders to address many of the issues that are part of the global market place.

Human Rights

- The global market place has brought about an acceptance (or at least an idea) of basic universal human rights, where in earlier eras legal discrimination based on race or gender was seen as legitimate. The norm of human rights puts pressure on countries and corporations to adhere to an ideal and to improve their practices.

Media & Technology

- These two dynamics exhibit influence and strength. The absence of either one would be detrimental to many areas of the global market place.

Internet as new marketplace

- The Internet accounts for a media outlet that has helped to shape ideas and opinions and has also become an innovative method for commerce dispersal.

Global television & news

- Satellite and cable companies have developed technology as well as opening consumer markets in countries, which allows T.V. programming to be accessed, viewed and shared in countries throughout the world.
- T.V. programs and news have the ability to cross borders as well as providing not only insight but also a cultural perspective