

Textbook Discussion Questions
Chapter 4: World Trade and Global Development

How is Economics Defined?

1. Where does our English word “economics” come from? What does the word’s etymology suggest about what economists study?
2. What are some of the varying ways in which the field of economics has been defined?
3. What did the text state was true of all modern definitions of economics—what do they all assume about human nature?
4. The author of the chapter points out that no economic paradigm is absolute: that within even the most liberal of economic systems, there can be found elements of nationalist, socialist or informal economic systems as well. Give an example of nationalist or socialist economic activity that can be found in the U.S. today.

Mercantilism and Nationalism

1. What is mercantilism?
2. The role of government in the economic nationalist paradigm is to create and sustain a positive trade balance by instituting ‘protectionist’ policies regarding trade with other countries. The text listed three such policies: what are they?
3. What was the zero-sum approach to economics? What did it assume about the volume of global trade?
4. What does the text list as hallmarks of *extreme* nationalistic ideology? List three.

Marxism

1. What is the concept of historical materialism? Who created this method of analyzing societies? What does the method primarily examine?
2. Karl Marx saw the inequity in economic situation between the rich and the poor in the mid-nineteenth century—what did he think this disparity would lead to? Where did he think it would end?
3. What two movements are the two modern forms of Marxism? Name them.
4. What is the goal of Marxism? Put another way, what do Marxist movements seek?
5. What did Marx mean by saying that in the capitalist system, workers become a commodity?

Liberal Economics

1. How does the textbook say that liberal economic theory and liberal political theory are connected?
2. Where does demand come from? How is demand tied to the notion of scarcity?
3. Explain the theory of marginal utility. In theory, how does it operate?

Microeconomics and Macroeconomics

1. What is the difference between microeconomics and macroeconomics?
2. What was the United States Federal Reserve created to regulate? How does it do this?

Development Economics

1. What does the field of development economics study?
2. How does the textbook say the term “developing country” is usually defined? What are the uses of this type of classification? What are its limitations?
3. What have some theorists recently begun to argue is the reason that development projects instituted in the so-called Third World often fail?

Globalization or Neoliberalism

1. What are the different ways in which globalization can be understood?
2. How do you see the effects of globalization in your own life? Name some of the ways it appears in your daily routines, in your home, in your hometown, etc.
3. What is the goal of neoliberalism? How is it connected to the concept of globalization?
4. What do proponents of globalization tout as its benefits to the world?
5. What was the World Trade Organization created to do? What do its critics say is the problem with it?

Non-Western Economics and Sustainability

1. Why have economists begun studying the alternate rationalities of non-Western peoples? What have they discovered?
2. Which would you rather have—more money, or more free time? For example, would you rather work 80 hours a week and make \$80,000 a year, or work 20 hours a week and make \$20,000 a year? Why?
3. How does Western ideology influence us as consumers, convincing us that we need to be continually purchasing more goods and services? What factors are involved in what we buy?
4. What is the economic concept of sustainability?

Exchange Rates: An Economic Issue for International Studies

1. What are the two different types of exchange rate in the international currency market?
2. What can a fixed exchange rate be fixed (or “pegged”) to? Why do countries “fix” their international currency exchange rates?