# Ch. 1 Study Guide: Globalizing Production

i. The "globalization of production" may also be called a "selective globalization." What specific countries have driven this process?

ii. What is deindustrialization and, in turn, what have been the effects on deindustrialization and the United States, Western Europe, and Japan? When, specifically, did deindustrialization occur the United States?

iii. After World War II redistribution occurred, what occurred after 1980? What did this entail?

iv. In the 1970s, U.S.’s manufactured goods declined significantly. What are causes for this phenomenon?

v. In 1971-, the U.S. posed first trade deficit since 1893, $2.3 billion. This was a "harbinger." What is the best definition of a "harbinger”?

vi. What were some causes of the 1970s U.S. trade deficits?

vii. Describe some reasons for the redistribution of U.S. production in the steel, auto, and aircraft industries in the 1970s?

viii. Reorganization helped U.S. industries regain markets in 1990s. Explain the costs and benefits to US workers.

ix. U.S. President RonaldReagan passed legislation to reform Social Security and individual Retirement Accounts (tax-free) became widely available. How did this bolster the stock market?

x. Explain the changes in wealth inequality for Americans from the late 1970s to the late 1990s. Has wealth been distributed upward or downward?

xi. How have wage workers survived economically in the United States?

# Ch. 2 Study Guide: Dollar Devaluations

i. What are some effects of favorable exchange rates for Western Europe and Japan?

ii. In 1971, why did President Nixon devalue the dollar? Did the devaluation have a positive or negative effect on the U.S. economy?

iii. How did Japanese firms react to the 1985 Plaza Accords dollar devaluations? U.S. firms? U.S. consumers?

iv. What effect did dollar devaluations have on timber sales in the United States?

v. What were the effects of Japanese firms insisting on U.S. firms shipping raw logs? How did foreign purchases affect domestic U.S. purchases of wood?

vi. How do dollars devaluations effect oil – producing countries? How did oil- producing countries react?

vii. How did oil – importing countries (Japanese and European) benefit from falling price of oil and from the devaluation of the dollar?

viii. How does U.S. military spending help to subsidize reduced oil prices?

ix. For oil – exporting countries, falling price of oil price declines and dollar devaluation drastically reduced revenues. Explain how this effected both large and small oil- exporting countries?

x. After falling through the 1980s and early 1990s, the dollar increased in 1996. Why did U.S. policymakers decide to revalue the dollar?

xi. What is “dollar apartheid”?

# Ch. 3 Study Guide: Fighting Inflation

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1. What is the relationship between the rate of inflation and individual savings accounts?
2. How does Shaeffer argue that "inflation is a discriminatory economic process?"
3. Describe inflation regarding oil and food price hikes in the 1970s.
4. How do high – interest rates benefit the wealthy while hurting small US firms?
5. The combination of falling prices and rising interest rates drove 400,000 farmers out of business during the early 1980s. Why is the loss of farm families more harmful to local economies than the loss of a steel family?
6. What effect did high interest rates have on foreign and domestic investors?
7. In the 1980s, how did the Reagan administration increase military spending while cutting taxes at the same time?
8. What effective high interest rates have onWestern Europe and Japan?
9. What effect did high – interest rates have on the commercial savings and loan industry in the United States?
10. Regarding the housing industry, and the 1980s inflation declined in the United States while housing prices increased. What was the reason for this phenomenon? What are some social consequences for this phenomenon?

# Ch. 4 Study Guide: Debt Crisis and Globalization

1. During the 1980s, what two primary factors resulted in large debts for poor countries?
2. Between 1970 1973, Western European and United States banks loaned how much to Latin America?
3. During the 1970s, private investors and governments deposited US dollars into United States and Western European banks. Why did investors pick these regions?
4. Where did OPEC countries deposit their earnings in the 1970s? Why did they deposit their money in these regions?
5. In the 1970s, US banks loaned over $30 billion to selective Latin American countries. Why were US bankers not concerned with the risks associated with foreign loans?
6. Increasingly, however, banks became worried about the risks associated with loans in the late 1970s. What effects did floating interest rates have on debts and Latin American countries?
7. Describe the relationship between oil price hikes the 1970s and food price increases.
8. Describe the relationship between military spending and increasing debt of Latin American countries.
9. Explain how private borrowers and subsidiaries of businesses in Western Europe and North America increased the debt of seven countries.
10. Explain how high interest rates and falling commodity prices undermined the competitiveness of southern countries.
11. Explain what is meant by the "socialization" of private debt.
12. What was the purpose of IMF instituted structural adjustment programs? What were the requirements placed on southern countries from these programs? Did structural adjustment programs get southern countries out of debt?