

# The Global Economy



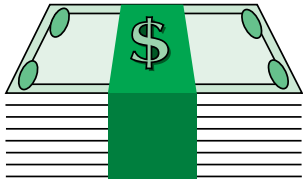
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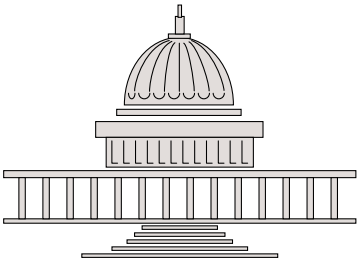
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# The Global Economy: Why should we care?



## Security

Jobs, wages, depression, war, famine, migration



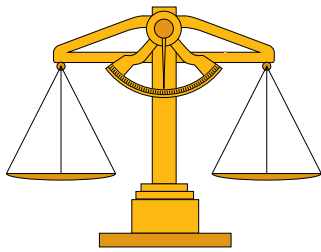
## Democracy

Corporations and global institutions gaining power over local governments



## Environment

Resource depletion, pollution, global warming

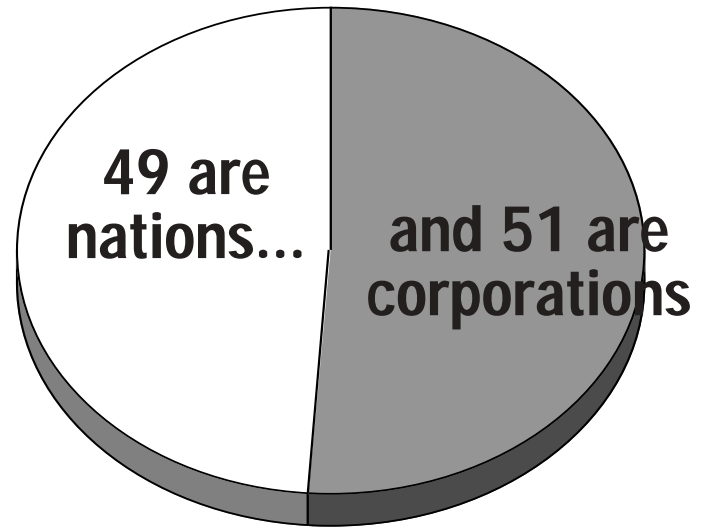


## Justice

Growing extremes of poverty and wealth.

# Transnational Corporations: Large, and Getting Larger

*Of the world's 100  
largest economies . . .*



\*□◆□✱✱+ Institute for Policy Studies, The Top 200. 1996.

*With \$119 billion in 1997 sales, Wal-Mart is larger  
than the economies of 100 countries, including . . .*



**Portugal**

*\$104 billion*



**Israel**

*\$88 billion*



**Ireland**

*\$66 billion*

\*□◆□✱✱+ Fortune, "The Global 500"; World Bank, World Bank Development Report '98/'99.

# Globalization and Racism

*The **benefits** of globalization flow mostly to the **corporate elite of the “North”**.*

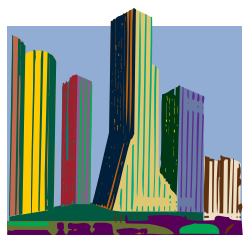
- Most of the large financial institutions and transnational corporations are based in the U.S., Europe, and Japan, and are controlled mostly by white men.



*The **burdens** of globalization are borne mostly by the **people of the “South”** the vast majority of whom are people of color.*

# Who Makes the Rules?

## The Power Behind the Throne



### **Transnational Corporations**

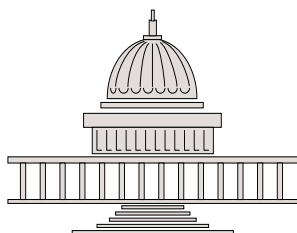
Make nations compete to offer the lowest wages, environmental standards, taxes, etc., in a race to the bottom.



### **Big Investors**

Can make or break a country by pouring money in or shutting it off.

## The Throne



### **National Governments**

Represent corporations and investors, more than the majority.



### **International Financial Institutions**

Unelected quasi-governmental organizations that write the formal rules of the global economy.

# International Financial Institutions

## World Bank



Funds roads, dams,  
and power plants,  
and restructures the  
economies of the  
“South”

## IMF



Collects debt and  
restructures the  
economies of the  
“South”

## WTO



Writes and enforces  
economic rules (that  
give corporations  
power over  
governments)

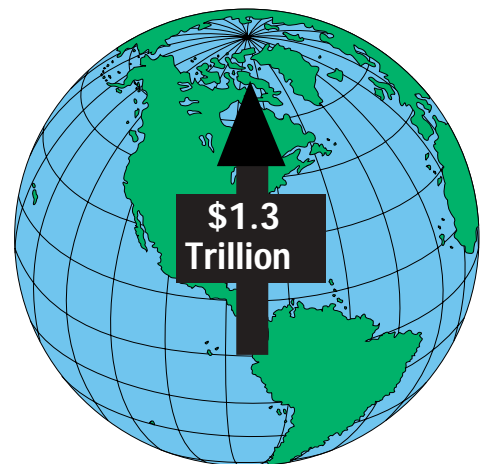
# Financing the Global Economy

*From 1982 to 1990 . . .*

The “South” received  
**\$927 billion**  
in aid, grants, trade  
credits, direct private  
investment, and loans . . .



The “South” paid out  
**\$1.3 trillion**  
in interest and principal  
(not including royalties, dividends,  
repatriated capital, and under-  
priced raw materials) . . .



. . . yet in 1990, the “South” was  
**61% deeper in debt** than it was in 1982!

# Structural Adjustment

- **Restrict credit**
  - no loans to farmers
- **Lower tariffs & open markets**
  - cheap imports flood the marketplace
- **Balance the budget**
  - cut welfare, education, health care, etc.
  - continue support for the military
- **Lower wages**
- **Privatize state industries**
- **Repay the national debt**

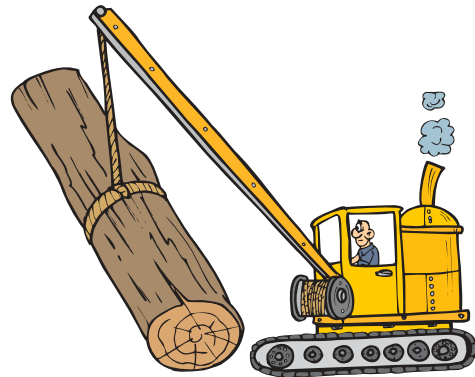


# World Trade Organization

*A government of, by, and for the corporations.*

**Of...**

*Forest Products Agreement advisory committees*



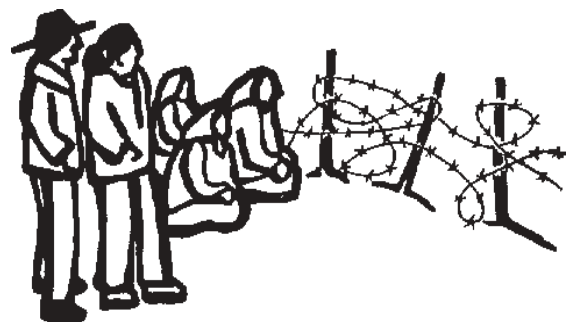
**By...**

*Dispute Settlement Process*

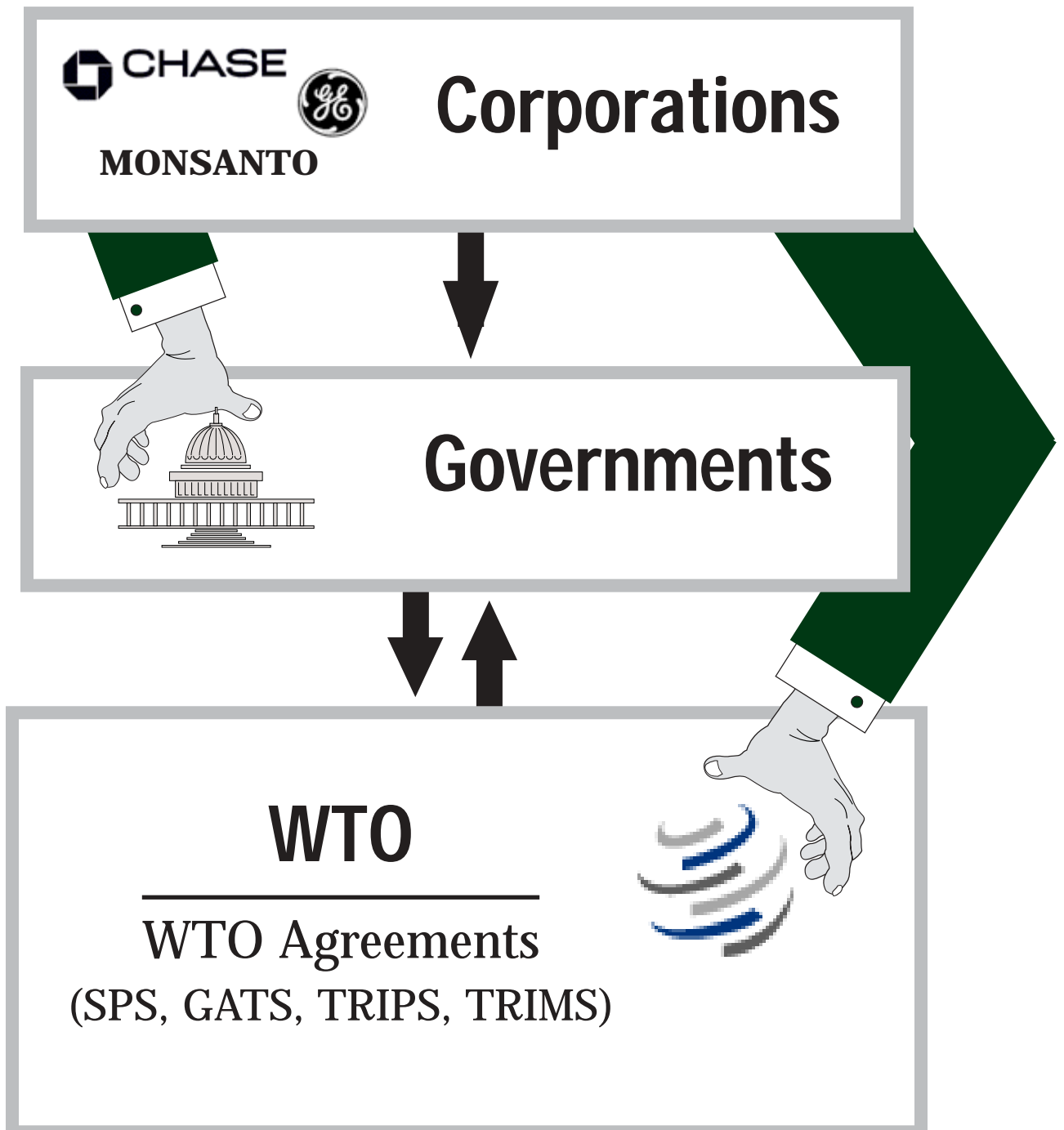


**For...**

*Property rights over human rights*



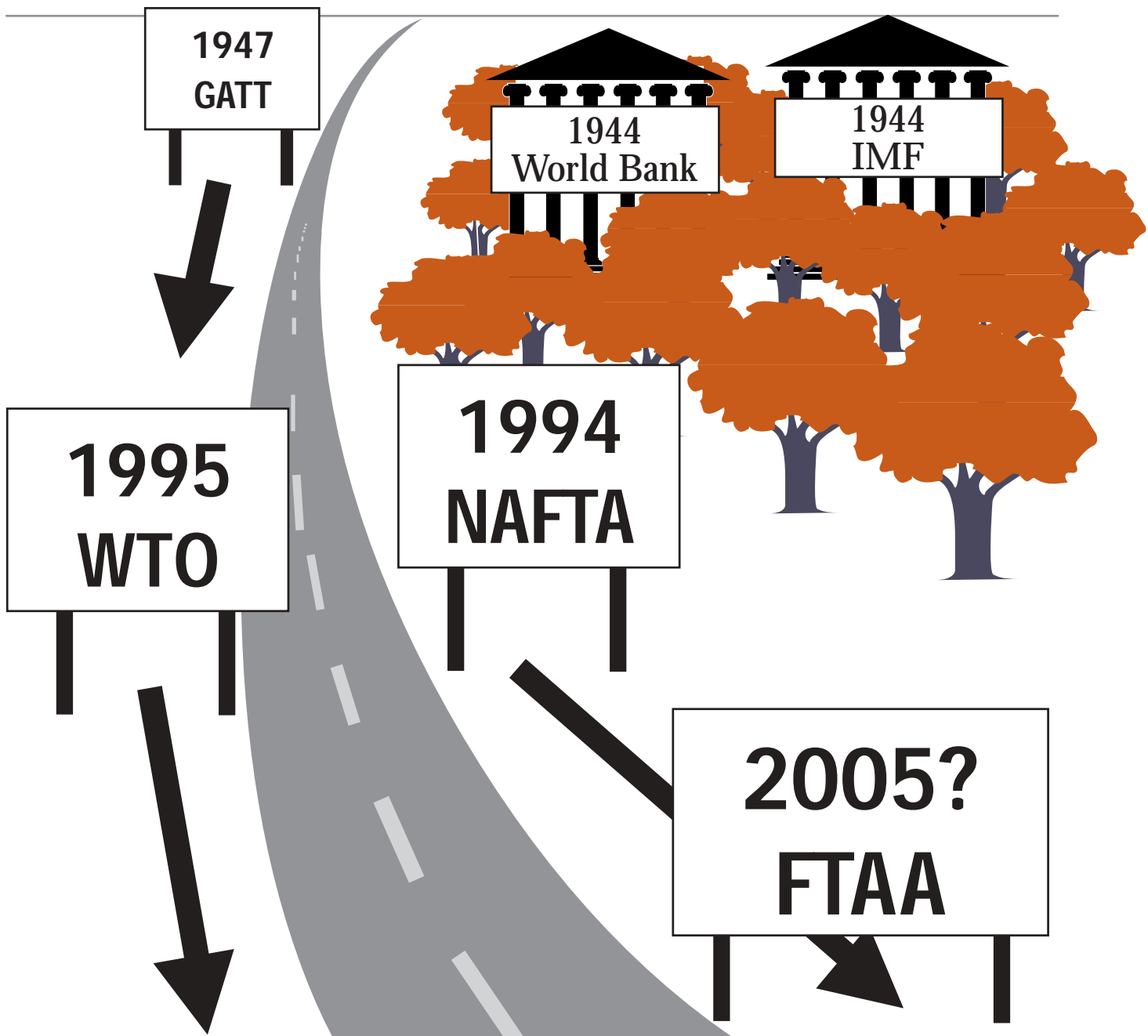
# How the WTO Works



# The Trade Landscape

## Trade Agreements

## International Financial Institutions



# Signs of Hope

*People's movements around the world are battling harmful global rules.*

- **Building a hemispheric movement against the FTAA**
- **Forcing debt cancellation on to permanent agenda of IMF & World Bank (Intl. Jubilee Movement)**
- **Preventing privatization of water services in Bolivia**
- **Expanding the market for Fair Trade coffee & other goods**
- **Stopping the Multilateral Agreement on Investment (MAI)**