

III. The Costs and Benefits of Globalization

A. Benefits

1. Expanding trade extends the benefits of trading to more people.
2. Trade improves the _____ of people.

B. Costs

1. Critics often state that globalization has caused _____ income inequality in the world. Supporters of globalization argue that globalization has not caused the increase in income inequality.
2. Critics of globalization argue that globalization can result in Americans losing jobs due to _____, the practice of hiring people in other countries to do jobs once held by American workers. Supporters of globalization point out that foreign countries around the world _____ jobs to the United States too.
3. Critics of globalization argue that large, Western corporations will decide what will be done in the world instead of governments. Proponents of globalization point out that a government can force people to do certain things that a corporation cannot do.

IV. The Continuing Globalization Debate

- A. Globalization doesn't affect everyone in the same way, and often, how it affects you determines how you feel about it.
- B. The _____ of globalization are more visible than its benefits. People who lose their jobs because of freer international trade know exactly what to blame for their predicament.

V. A Fad or Here to Stay?

- A. Globalization is likely here to stay because people desire to trade.

CHAPTER 2, SECTION 2

Outlining Activity

Look through the chapter for an overview of the material. Pay attention to the main topics in the book. As you scan each section of the book, fill in the missing words in the following outline.

I. What Is Globalization?

- A. Many economists define globalization as a phenomenon by which individuals and businesses in any part of the world are much more _____ by events elsewhere in the world than they used to be.
- B. Globalization can also be defined as the growing _____ of the national economies of the world.
- C. The first definition of globalization emphasizes that economic agents in any given part of the world are affected by events elsewhere in the _____.
- D. Globalization is closely aligned with a movement toward _____.

II. Movement Toward Globalization

A. Early History

- 1. The First Era of globalization was from the mid-_____ to the late _____.
- 2. The early era of globalization was largely ended by the two world _____ and the _____.
- 3. The Cold War divided the world into different camps, which led to relatively high political and economic _____.

B. Recent Causes

- 1. The end of the _____ resulted in a thawing of economic relations between former enemies.
- 2. Technological innovations lowered transportation or communication _____ . Lower _____ mean fewer _____ to trade.
- 3. In recent decades, governments of many countries have been _____ their doors to other countries.