1) 1840 – 1913 – Golden age of Globalization
   A. Trade expansion – The emergence of free trade policies help to foster increased trade.
   B. Colonial expansion – Increases European influence and control in Africa and Asia, and
      Asian subcontinent and ties these countries into world trade (especially commodities)
   C. Investment – European investment extended to New World, and European periphery
   D. Immigration – Irish, Swedish, Italian (and others) emigrated to New World, changes labor
   E. Many technological changes. Falling transportation costs make increased trade and
      mass immigration possible – steamship, rail road expansion
   F. Improved communications make world-wide investment easier
   G. Gold standard facilities trade and investment
   H. Economic growth around the world and some convergence in living standards, wage
      rates

2) 1914 -1945
   A. World interchange shuts down
   B. Protectionist trade policies
   C. Exchange rate uncertainties undermine economic exchange
   D. Social and political changes
   E. 1917 – Russian Revolution
   F. Fascism Germany and Italy
   G. Socialist parties begin to have influence in Europe
   H. Great Depression
      - Trade barriers and decline of world trade
      - Decline of world investment
      - Currency inconvertibility
      - Worldwide decline in output, living standards
      - Should government have strong role in the economy?
      - Socialism or Soviet type system might hold answers
      - Roosevelt’s programs
      - Keynes write General Theory of Employment, Interest and Money
      - Keynes vs. Classical economists

3). 1945-90’s
   A. World economy in shambles
   B. Bretton Woods institutions – IMF, World Bank, later GATT
      - Establishes rules for new international monetary system
      - Key Currency system - $, gold
   C. In 1950 - 1960's had influence of Soviet Union:
      - Roughly 30% world population in Socialist countries
      - 20% in capitalist/mixed economies open economies (OECD)
      - 50% in “third way” between capitalism and socialism,” state-led industrialization,” (SLI)
   D. Soviet model, state planning, state ownership
      - Gains in education and health care
      - Heavy industry emphasis
      - Eventually failed, by 1990-1991 Eastern Europe and old Soviet Union countries
        “opening up”
   E. Rest in market-based economic systems – Open economies, OECD, mixed economies
Exam 1 Review

- Acceptance of a role for the state
- Development of the welfare state
- Open traders
- Growth of trade and government!
- Acceptance of social safety net and taxation to provide it

F. 33% World’s population in “third way,” between capitalism and socialism – State-led industrialization (SLI)
   - History of SLI
   - Import Substitution

G. State Lead Industrialization – Why popular
   - Macroeconomic policies and role of the state
   - Intellectual beliefs
   - Export pessimism
   - Cold War

H. Some countries depart from this model and turn more “open” to trade. Some countries were never “closed”

I. By late 1990’s over 85% of world population lives in open economies

J. Explain “openness” & why so many have embraced it
   - Collapse of Eastern European socialism and old Soviet spheres of influence throughout the world
   - Success of open economies
   - Influence of information age
   - 1980’s debt crisis
   - IMF & World Bank pressure
   - Washington Consensus and neo-liberal thinking

4.) 1990s to 2006
   A. Return to “outward” regimes of late 19th century
   B. How does market integration today compare with that at the end of the last great era of internationalization at the end of the 19th century?
      - Trade comparable or more
      - International financial flows, growing
      - Labor migration – Limited, but pressure to increase

5.) Perspectives & Issues in readings on current globalization – Kaptsein and Ferguson

6.) Economic concepts
   - Competitive market model, assumptions & characteristics
   - Basic economic systems
   - Basic economic questions
   - Production possibility curves, assumptions

Exam 1 – Reading:
- Carbaugh, Chapter 1 & pgs. 505-512, 454-466, 447-448, Chapter 15 (optional)
- Downloads, Articles 2, 10 (optional), 36 (pgs. 23-28), 48,64,71,72
Here are all of the exam questions. Please use any diagrammatic or graphic presentations which were presented in class in preparing your answers, as well as readings and lecture materials. You will be asked to answer questions below on the exam. The professor will decide the questions to be placed on the exam.

1. What international economic and political events and/or developments (Cite 5) lead to more countries being “open” to international trade and investment and to the embracing of a more “capitalist” orientation in their economic policies by the late 1990’s?

2. What was the gold standard? In what ways does Frieden consider the gold standard to have had a stabilizing effect on economic activity and in what ways does he consider it to have been rigid and overly harsh especially for countries in a deficit situation.

3. What does Kapstein think have been the most stabilizing and de-stabilizing economic forces in the post World War II era have been? Explain why he comes to his conclusions.

4. What is the nature of the “social contract “or tacit agreement which Kapstein consider beneficial for workers in the post WWII period and what is the nature of the current threat which they see to this social contract?

5. Identify and explain at least five significant factors/phenomena which drove the first globalization from 1870 to 1914.

6. What similarities and differences between the first great globalization and today’s globalization does Ferguson find? What difficulties and problems does he discuss?

8. What are the basic economic systems?

9. What are the basic economic questions?

10. Perfect Market Model – Assumptions and characteristics

11. What is the production possibility curve? What are the assumptions of the production possibility curve? How does it illustrate a society’s potential production and changes in productive ability?