TERMS THAT YOU MAY NOT BE FAMILIAR WITH

1. CONTAGION - A FINANCIAL SYSTEM VIRUS LIKE A CLASSIC “ BANK RUN ” OR PANIC. INVESTORS LOOSE CONFIDENCE IN A COUNTRY’S ABILITY TO PAY ITS DEBTS AND BEGIN TO WITHDRAW THEIR MONEY / INVESTMENTS

2. CALPERS - THE STATE OF CALIFORNIA’S STATE EMPLOYEE PENSION ( RETIREMENT ) FUND IS ONE OF THE LARGEST IN THE WORLD COVERING OVER ONE MILLION EMPLOYEES

3. IMF - INTERNATIONAL MONETARY FUND

THE NEW RULES OF THE GAME

TWO QUESTIONS ARISE :

1. IS TERRORISM THE DARK SIDE OF GLOBALIZATION ?

2. CAN PROSPERITY BE DELIVERED TO EVERYONE ?

DURING THE 1990’s CAPITLAISM FUELED THE GREATEST ___________________________ IN HISTORY

IT IS SAID THAT WE NOW LIVE IN A NEW WORLD AND ECONOMY IN WHICH “ EVERYONE HAS A STAKE , BUT NO ONE HAS ________________ ” .

GLOBALIZATION HAS BROUGHT RECORD PROSPERITY, BUT ALSO NEW PERILS WE DO NOT YET UNDERSTAND. IT HAS SPARKED A GREAT DEBATE OVER __________________________ AND ___________________________
*** THE GLOBAL IDEA

NO IDEA HAS SHAPED THE ERA OF GLOBALIZATION MORE THAN A BELIEF IN OPEN FREE MARKETS AND ___________________ ______________________

IN 1992 THE UNITED STATES WAS IN A RECESSION WITH OVER ____________ PEOPLE UNEMPLOYED. BILL CLINTON LISTENS TO POWERFUL FINANCIAL INDUSTRY PEOPLE WHO TELL HIM THINGS THAT HIS SUPPORTERS WOULD NOT LIKE. WHAT THREE THINGS DO THEY TELL HIM?

1. TO REIGN IN ___________________ ______________________

2. CUT THE ________________________________

3. EMBRACE _____________________ _________________________

HOW MUCH IN DEBT WAS THE UNITED STATES GOVERNMENT IN 1992?

*** NAFTA - NORTH AMERICAN FREE TRADE AGREEMENT - PUTTING THE IDEA OF FREE TRADE TO THE TEST

PRESIDENT CLINTON COMPLETELY CHANGES HIS POSITION ON NAFTA FROM WHAT HE SUPPORTED DURING THE CAMPAIGN. HE NOW COMPLETELY SUPPORTS NAFTA WITHOUT CONDITIONS. THIS WAS VIEWED AS A “SELLOUT” BY HIS SUPPORTERS. WHAT GROUP WAS THE MOST UPSET / ANGRY?

WHAT HAPPENED IMMEDIATELY AFTER THE NAFTA AGREEMENT WAS SIGNED?

WHAT PERCENTAGE OF THE TV’S THAT ARE BOUGHT IN THE UNITED STATES COME FROM MEXICO?
HOW MANY WORKERS FOUND JOBS ALONG THE BORDER?

WHAT PERCENTAGE OF MEXICO’S POPULATION LIVES IN POVERTY?

UNION LEADERS SAID THAT NAFTA SHIFTED THE BALANCE OF BARGAINING POWER TO FAVOR ____________________________

SINCE NAFTA WENT INTO EFFECT IT HAS HAD AN ADVERSE IMPACT ON OVER ___________________ AMERICAN JOBS, YET EXPORTS TO OTHER COUNTRIES HAVE CREATED OVER ___________________ JOBS AND THE VOLUME OF TRADE HAS ___________________

THE BIGGEST THING THAT IS NOW TRADED, BUT IS REALLY NOT VISABLE TO THE GENERAL PUBLIC IS ________________________

CALPERS (THE CALIFORNIA STATE WORKERS PENSION FUND) WAS INVESTING HEAVILY OVERSEAS AND AT ONE TIME ACTUALLY CONTROLLED ______ PERCENT OF FRANCE’S STOCK MARKET

PENSION FUNDS HAVE BECOME THE “FINANCIAL POWERHOUSES” OF THE WORLD BECAUSE THE NOW CONTROL HUGE SUMS OF ________________ 

“THIRD WORLD” NATIONS HAVE BEEN RENAMED TO REFLECT INVESTMENT OPPORTUNITY. THEY ARE NOW CALLED ______________ ______________
MANY DEVELOPING NATIONS HAVE BEGUN TO VIEW BIG MONEY POWERS (NATIONS AND CORPORATIONS) AS THREATS TO THEIR ________________

*** THE FIRST “REAL TIME” GLOBAL FINANCIAL CRISIS OF THE 21ST CENTURY - THE MEXICAN CRISIS OF 1994-

WHO BEGINS TO FLEE MEXICO WHEN THE SANDINISTA REBELS LAUNCH THEIR UPRISING?

SENIOR UNITED STATES GOVERNMENT OFFICIALS ADVISE THE PRESIDENT THAT

IT IS VERY LIKELY THAT:

1. THE MEXICAN PESO WILL ________________

2. A MASS EXODUS OF ________________ TO THE UNITED STATES WILL START

AS MEXICO IS ABOUT TO DEFAULT ON ITS FOREIGN DEBT THE UNITED STATES SETS A HORRIBLE PRECEDENT BY GIVING MEXICO A ________________

AS MOST OF THE HOLDERS OF MEXICO’S DEBT WERE AMERICAN’S, THIS BAILING OUT OF AMERICANS BY THE UNITED STATES GOVERNMENT REALLY SEND THE WRONG MESSAGE ......... IT ENCOURAGES AMERICANS NOT TO WORRY ABOUT, OR CONSIDER, ________________ WHEN MAKING INVESTMENTS

THE MEXICAN CRISIS ALSO PROVED THAT ________________ HAD BECOME A TREMENDOUS FORCE AND HAD TRANSFORMED THE FINANCIAL MARKETS AS MASSIVE AMOUNTS OF MONEY COULD BE MOVED IN SECONDS
*** THE TECHNOLOGICAL REVOLUTION AND THE DEVELOPMENT OF THE GLOBAL VILLAGE

THE TECHNOLOGICAL REVOLUTION OF THE 1980’s AND 1990’s CREATED A COMMUNICATIONS EXPLOSION. IN TWO DECADES THE NUMBER OF INTERNATIONAL PHONE CALLS MADE WENT FROM 200 MILLION ANNUALLY UP TO ____________________________

THE TECHNOLOGICAL REVOLUTION CREATED A BORDERLESS WORLD AND GAVE POWERFUL TOOLS TO A NEW TYPE OF BUSINESS PERSON, THE ____________________ WHO COULD THINK AND ACT LIKE A MULTINATIONAL CORPORATION BY VIEWING THE WORLD AS A ________________ ________________

TODAY OVER _______ PERCENT OF THE WORLD’S SOFTWARE ENGINEERS ARE FROM ____________________

THE CEO OF INFOSYS DEFINES “GLOBALIZATION” AS:

1. PRODUCING WHERE IT IS MOST ____________________ 
2. SELLING WHERE IT IS MOST __________________ 
3. SOURCING CAPITAL WHERE YOU CAN GET THE __________ _______

WHAT PLACE IS CONSIDERED THE SPIRITUAL CENTER OF THE GLOBAL VILLAGE?

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*** ARE WE GROWING TOO FAST, MAKING TOO MUCH PROGRESS ????

>>> SHANGHI CHINA

FOR THE FIRST TIME OVER 1/4 OF THE GLOBAL POPULATION IS ENTERING THE GLOBAL MARKET !!! THE IMPACT IS THAT OVER ____________________ CHINESE PEOPLE HAVE BEEN LIFTED OUT OF POVERTY
THIS ERA OF TRUE GLOBALIZATION HAS SEEN THE LARGEST AMOUNT OF
HUMAN ___________________________ IN HISTORY

IT IS ESTIMATED THAT OVER 80% OF FUTURE ECONOMIC GROWTH IS
EXPECTED TO OCCUR THROUGH ___________________ RATHER THAN
THE ______________________________

>>> SINGAPORE

WHEN THE BRITISH ARRIVED IN THE 1800’s THEY FOUND A FISHING VILLAGE
OF 120 PEOPLE AND INFERTILE GROUND. TODAY SINGAPORE IS ONE OF THE
WORLD’S MAJOR FINANCIAL CENTERS, AND LIKE MOST SOUTH ASIAN
ECONOMIES, IS GROWING AT OVER _________ PERCENT A YEAR !

>>> TOKYO

EARLY IN THE TECHNOLOGICAL ANC CAPITALIST REVOLUTION JAPAN, THE
WORLD’S _____________ LARGEST ECONOMY WAS AN EXCEPTION.

THE REASON FOR THIS WAS THAT JAPANESE BANKS HAD HELD OVER
____________________ IN BAD DEBTS

ADDITIONAL MISTAKES BY JAPAN:

1. TRADITIONALLY JAPAN HAD BEEN A CLOSED SOCIETY BASED ON
STRONG ___________________ TYPE VALUES

2. WITH THEIR EXPORTS SKYROCKETING THEY MISTAKENLY DID NOT
PERMIT ENOUGH _________________ TO ENTER THE COUNTRY AND
THEY REGULATED THE COMMANDING HEIGHTS
DURING THE BOOM TIMES OF THE 1990’s, THAILAND OPENED ITS CAPITAL MARKETS AND HAD AN EASY MONEY POLICY. IN JUST 4 YEARS FINANCIAL INSTITUTIONS TRIPLED THE AMOUNT OF LOANS ISSUED TO ______________

THAILAND MADE THE MISTAKE OF NOT HAVING ITS ECONOMIC INFRASTRUCTURE KEEP PACE WITH THE CAPITAL MARKETS - IT DID NOT DEVELOP ITS FINANCIAL REGULATORY SYSTEM, ETC. PROBABLY THE BIGGEST PROBLEM WAS THE “BOK” (THAILAND’S CURRENCY) WAS FIXED TO THE UNITED STATES DOLLAR AND KEPT _______________ VALUE

PRESSURE MOUNTS AND FINALLY IN 1997 THE BOK HAS TO BE DEVALUED AND THE ECONOMY GOES INTO A FREE FALL. THE IMF (INTERNATIONAL MONETARY FUND) CAN NOT HELP BECAUSE THE PROBLEM IS TOO BIG, SO THAILAND TURNS ONCE AGAIN TO THE _______________ ________________

PANIC SETS IN AS PEOPLE BEGIN TO WONDER IF ALL THE ASIAN ECONOMIES ARE IN THE SAME SITUATION - THE RUN ON THE BANK STARTS JUST LIKE IT DID IN MEXICO, BUT NOW ON ALMOST A GLOBAL SCALE. OVER ______________ QUICKLY BEGINS TO FLOW OUT OF JUST SOUTHEAST ASIA

THE IMF TAKES THE LEAD IN TRYING TO CONTAIN THE PANIC AND REQUIRES THE SOUTHEAST ASIAN COUNTRIES TO:

1. CUT _______________ SPENDING
3. RAISE ________________ RATES

4. ELIMINATE ________________ IN THEIR SYSTEMS

♦♦♦ MANY PEOPLE BEGAN TO BE VERY DISTURBED BY WHAT THEY WERE SEEING IN SOUTHEAST ASIA. THEY CAME TO UNDERSTAND THAT THERE WAS THE POTENTIAL, VIA RUMOR, TO DESTABILIZE A GOVERNMENT BY QUICKLY UNDERMINING THEIR CURRENCY, MAKING IT POOR, AND MAKING IT BEG FOR HELP. FOR THE HELP, THE HELPING NATION WOULD GET CONTROL OF THE POLICIES OF THE COUNTRY .......... THIS IS NOW VIEWED AS A POSSIBLE NEW KIND COLONIALISM - CONQUERING A COUNTRY WITHOUT MILITARY FORCE

>>> SOUTH KOREA

THE PANIC IS STILL SILENTLY SPREADING AND THE 11TH LARGEST ECONOMY IN THE WORLD, SOUTH KOREA, SAYS THAT IT HAS BEEN LYING ABOUT THE AMOUNT OF MONEY IT HAS AND IS ALSO READY TO DEFAULT ON ITS FOREIGN DEBT. THE IMF AND THE UNITED STATES COME TO ITS AID AND UNDERWRITE THE LARGEST BAILOUT IN HISTORY TOTALING __________________________

>>> RUSSIA

AFTER THE FALL OF COMMUNISM RUSSIA WAS SEEN AS THE PREMIER "EMERGING MARKET" AND AN ABSOLUTE SAFE BET. HOWEVER, IT ALSO DEFAULTS AND THE PANIC IS NOW RAGING. UNITED STATES SECRETARY OF THE TREASURY ROBERT RUBIN AND FED CHAIRMAN ALAN GREENSPAN ADVISE PRESIDENT CLINTON THAT THESE CONDITIONS HAVE ________________ __________ SEEN BEFORE
CONTAGION NOW BEGINS TO HIT THE UNITED STATES. A HEDGE FUND CALLED LCTM (LONG TERM CAPITAL MANAGEMENT) IS NEAR DEFAULT BECAUSE OF ITS OVERSEAS INVESTMENTS (FOREIGN BONDS, ETC.). IT IS ABOUT TO LOOSE OVER

THE FEDERAL RESERVE BANK OF THE UNITED STATES SAYS THAT IT CAN NOT HELP BECAUSE LCTM IS A PRIVATE FIRM AND IT WOULD NOT BE FAIR IN THE LONG TERM PUBLIC INTEREST. THE FED LEAVES THE RESCUE OF LCTM TO THE … … … …

*** THE GLOBAL DEBATE AND DIVIDE

ANTIGLOBALISM SENTIMENT IS RISING OUT OF FEAR. THE … … … … … …
LED THE PROTESTS AND RIOTS DURING THE SEATTLE WTO (WORLD TRADE ORGANIZATION) MEETING IN THE LATE 1990’s

THE COSTS OF OPENING WORLD MARKETS WAS MASSIVE UNION JOB LOSSES.

DESpite this, THE OPENING OF MARKETS CREATED OVER …………………
NEW JOBS IN THE UNITED STATES

THE DEVELOPING WORLD / NATIONS ………………… THE PROTESTORS AND WANT MORE ……………………..

PRESIDENT CLINTON, WELL KNOWN FOR SUPPORTING WHATEVER WOULD HELP HIM WIN AN ELECTION OR MAINTAIN POPULARITY, WAS UP FOR RE-ELECTION.

HE ABANDONS HIS FREE TRADE POSITION TO SUPPORT THE UNIONS AND THIS CAUSES THE WTO SUMMIT TO BE A ……………………..
As poverty becomes the focal point, and the World Bank the next target, those who favor free trade and open markets claim that_________________________ did not cause global poverty, it just has made more people more aware of it.

However, the fact is that there is a big gap in “well being” across the globe as ___________ of humanity lives in the developing world.

The famous economist, Hernando de Soto, claims that capitalism is a great tool for helping poor people attain prosperity. However, he says the reason why capitalism has not been able to help the poor is because the poor in all “emerging / developing nations / markets” do not have ________________ ________________

De Soto believes that people are ________________ by nature, but in the developing world they are locked out of the system and the global market passes them by.

Without property rights people are excluded from:

1. Getting a ________________
2. Obtaining ________________

Former President Clinton makes a good point about the future. He says that it is not sufficient to build a peaceful free world, you also need ________________, it is an absolute necessity.

Then came the 9/11 events and this leaves us with the consideration that we may still not really understand the new rules and that they may still not have been all defined !!!!