

CHAPTER 2 – GLOBALIZATION AND URBANIZATION IN THE MORE-DEVELOPED WORLD

SUMMARY

This chapter explores the social revolution called globalization and its consequences for cities. Francis Fukuyama and Samuel P. Huntington see this process in different ways. Fukuyama sees a more prosperous and safer world shaped by the principles of free-market capitalism and liberal democracy; Huntington sees the emergence of a multicultural, multi-polar, multi-conflict oriented world rather than a globalized, homogenized culture. Regardless, we are in the midst of revolution. The text utilizes Thomas Friedman's *The Lexus and the Olive Tree* and Robert Reich's *The Work of Nations* to analyze these changes. This revolution was made possible by the democratization of technology, finance, information, and decision-making. According to Friedman and Reich, in the United States and in the world, corporations have been transformed from national to global entities; the economy has shifted from high-volume to high-valued-added production, and human capital has become the nation's most important asset. Historical forces over which a single society has no control are pushing the rules of globalization forward. The economic and social revolution has been accompanied by a revolution in the world's geography. Globalization has simultaneously pushed power up to the international level and down to the local level. Robert Kaplan found that globalization and the emergence of a two-tier economy mean a change in the way we construct communities. The author agrees with Robert Reich's call for a positive economic nationalism.

LEARNING OBJECTIVES

After reading Chapter 2, students should:

1. be familiar with the social revolution called globalization.
2. be familiar with Thomas Friedman's analogy of *the Lexus and the Olive Tree* and the four profound changes that have fueled globalization: the democratization of technology, finance, information, and decision making.
3. be familiar with Robert Reich's arguments in *The Work of Nations*.
4. understand the significance of the shift from high-volume to high-value-added production.
5. be aware of the three new economic groups in the global economy: routine production services, in-person services, and symbolic-analytic services.

6. be familiar with the new world geography.
7. be familiar with new strategies for growing a city's economy.
8. be familiar with Robert Kaplan's notion of globalization and the emergence of a two-tier economy.

MULTIPLE CHOICE QUESTIONS

1. Thomas Friedman argues that all societies in the world have two wants, represented by the olive tree and
 - a. the World Bank.
 - b. the Japanese luxury automobile, the Lexus.
 - c. a quiver of arrows.
 - d. the ocean.

Answer: b; Page 19

2. According to Thomas Friedman, four profound independent social and technological changes converged in the 1980s to make the globalization of the world economy possible. Which of the following is NOT one of these?
 - a. the democratization of technology
 - b. the democratization of information
 - c. the democratization of decision making
 - d. the democratization of energy

Answer: d; Page 19

3. According to the text, the term *good old boy* was invented to describe
 - a. commercial bankers.
 - b. southern real estate agents.
 - c. southern politicians.
 - d. wealthy southerners.

Answer: a; Page 20

4. The technology that makes it possible to manage markets worldwide also permits individuals to do unimaginable harm. Thomas Friedman refers to these individuals as
- a. mega-squanderers.
 - b. networkers.
 - c. super-empowered.
 - d. transparencies.

Answer: c; Page 26

5. The _____ Act of 2002 is the most far-reaching series of changes to the laws of corporate governance, disclosure, and accounting oversight since the federal securities laws were enacted seventy years ago.
- a. Merrill Lynch
 - b. Sarbanes-Oxley
 - c. McCain
 - d. Cheney

Answer: b; Page 27

6. When _____ published *The Work of Nations*, he was a political economist at Harvard at the time.
- a. Robert B. Reich
 - b. Thomas Friedman
 - c. Francis Fukuyama
 - d. Robert Kaplan

Answer: a; Page 28

7. Robert Reich focuses on three groups that make up 85 percent of the American workforce. Which of the following is NOT one of these?
- a. routine production services
 - b. in-person services
 - c. auxiliary services
 - d. symbolic-analytic services

Answer: c; Page 30

8. The future of each of Robert Reich's workforce groups is determined by three factors. Which of the following is NOT one of these?
- a. replaceability
 - b. the value they add to a product or service
 - c. the value of their services to the global economy
 - d. the presence of collective bargaining

Answer: d; Page 32

9. Social scientists coined the term _____ to describe the sprawling metropolises like Vancouver, Seattle, and Portland at the core of regional economies like Cascadia.
- a. edge city
 - b. city-state
 - c. metropolitan statistical area
 - d. census district

Answer: b; Page 35

10. Adjoining newer cities are sometimes called _____ cities.
- a. state
 - b. rural
 - c. edge
 - d. regional

Answer: c; Page 35

11. The gross _____ product is a measure of the total output of goods and services by a nation's economy.
- a. corporate
 - b. domestic
 - c. metropolitan
 - d. city

Answer: b; Page 36

12. According to Susan Clarke and Gary Gaile, all city governments want an economic development strategy that
- a. increases city revenues and the stability of their revenue streams.
 - b. decreases the city's vulnerability to external shocks by diversifying their local economies.
 - c. provides good jobs and services to their citizens while protecting the community's quality of life.
 - d. all of the above

Answer: d; Page 38

13. Nationally, families in the bottom fifth of the income ladder earned an average of _____ in 2001.
- a. \$14,021
 - b. \$16,021
 - c. \$18,021
 - d. \$20,021

Answer: a; Page 40

14. Robert Kaplan shows that symbolic analysts prefer self-contained engineered communities, rich in services and removed from the problems of society. He calls these new, insulated communities urban
- a. villages.
 - b. enclaves.
 - c. pods.
 - d. pockets.

Answer: c; Page 41

15. Which of the following is NOT one of the qualities that Thomas Friedman and Robert Reich think will make America succeed?
- a. ideal geography
 - b. market diversity
 - c. an honest legal and regulatory environment
 - d. restrictive bankruptcy laws

Answer: d; Page 42

TRUE-FALSE QUESTIONS

1. The text points out that the events of September 11, 2001 happened in a vacuum.

Answer: False; Page 14

2. The text observes that culture is to society as DNA is to our bodies.

Answer: True; Page 15

3. Between 1992 and 2000, the United States experienced unprecedented economic recession with extremely high inflation.

Answer: False; Page 23

4. The major reason for the disparity in the growth of the working poor in this and other industrial societies is a lack of education.

Answer: True; Page 40

5. By 2020, the top fifth of American earners will account for less than 50 percent of all income earned by Americans.

Answer: False; Page 43

ESSAY QUESTIONS

1. List the four profound, independent social and technological changes described by Friedman that combined during the 1980s to make the globalization of the world economy possible. Give an example of each change.
2. Based on the work of Robert B. Reich, describe the shift from high-volume to high-value manufacturing, the rise of the global corporation, and the rise of the symbolic analyst.
3. Robert Reich focuses on three groups that make up 85 percent of the American workforce. Name each of these groups and give a practical example.