

Lecture 6 – October 31

Herman Daly, “Free Trade: The Perils of Deregulation,” in *The Case Against the Global Economy*, pp. 229-238

1. What are the inefficiencies, according to Daly, that are ignored within the system of free trade?
2. What is the *internalization* of costs? What is *externalization*? Why are they important to Daly’s argument?
3. Daly proposes an alternative measure of progress, which he calls “steady-state” economics. What is this? What problem is it intended to solve? How does it work?

Lori Wallach, *Whose Trade Organization? Corporate Governance and the Erosion of Democracy*, ch. 5

1. Wallach asserts that globalization is causing rising inequality both within and between countries. What evidence does she bring to bear in arguing her case? What problems, if any, do you see with her analysis?
2. What are the causes of rising inequality, according to Wallach?
3. Wallach gives an example of US action against preferential trade arrangements between the European Union and banana-producing Caribbean nations. What do you think she is trying to show? What implications does her argument have, if any, for the idea of free trade in general?

NY Times, “Harvesting Poverty” Editorial series

1. The NYT argue that developed nations face a “credibility gap.” What are they referring to? Do you agree?
2. What are the causes, according to the NYT, of protectionist sentiment in the US, Europe and Japan? Do these arguments have merit?
3. What is the current status of the Doha round of WTO negotiations mentioned in the NYT editorial “The Cancun Failure”?
4. What general lessons can be drawn from the series of NYT articles? What measures do you think are available to combat the problems they highlight?