

# Commanding Heights: The Battle for the World Economy

Commanding Heights Home Webpage:

<http://www.pbs.org/wgbh/commandingheights/lo/index.html>

## Special Presentation Schedule:

Episode I: *The Battle of Ideas* (2 hrs)

This will be shown the class meeting prior to the final exam.

You can also see this in streaming video at the following webpage:

[http://www.pbs.org/wgbh/commandingheights/lo/story/ch\\_menu.html](http://www.pbs.org/wgbh/commandingheights/lo/story/ch_menu.html)

Episode II: *The Agony of Reform* (2 hrs)

You can see this in streaming video at the following webpage:

[http://www.pbs.org/wgbh/commandingheights/lo/story/ch\\_menu\\_02.html](http://www.pbs.org/wgbh/commandingheights/lo/story/ch_menu_02.html)

Note: This episode will not be shown in class.

Episode III: *The New Rules of the Game* (2 hrs)

You can see this in streaming video at the following webpage:

[http://www.pbs.org/wgbh/commandingheights/lo/story/ch\\_menu\\_03.html](http://www.pbs.org/wgbh/commandingheights/lo/story/ch_menu_03.html)

Note: This episode will not be shown in class.

## **Synopsis of Episode I: The Battle of Ideas**

The social and economic catastrophe left in the ashes of World War I ignited an intellectual and political struggle that would last most of the 20th century -- a battle between the powers of government and the forces of the marketplace over who would control the economies of the world's great nations.

"The Battle of Ideas" tells the story of how, for half a century, the world moved toward more government control -- from the centrally planned economies of the communist world to the "mixed economies" of Europe and the developing world to the United States' regulated capitalism -- and then began to move away.

The ideas of two economists lay at the center of that struggle: John Maynard Keynes, the elegant Englishman who advocated government intervention to control the booms and busts of capitalist economies, and Friedrich von Hayek, the Austrian emigrant who argued that government intervention in the economy would erode human freedom and was doomed to failure.

In western democracies, Keynes's ideas would dominate for decades, until the economic crises of the 1970s forced political leaders to look for new ideas, and rediscover Von Hayek's theories. In the 1980s, the simultaneous emergence of the conservative governments of Margaret Thatcher and Ronald Reagan, who both embraced Hayek's free-market ideas, set the stage for a worldwide capitalist revolution.

## **Synopsis of Episode II: The Agony of Reform**

In the 20th century, most of the world's nations tried to create prosperity through government control of their economies -- from the totalitarian central planning of the communist world to more democratic nations that tried to develop their economies by nationalizing industries and protecting them from foreign competition.

But in the 1980s those policies began to fail dramatically, and the fall of the Berlin Wall unleashed an era of dramatic and turbulent economic reform around the world -- in Russia and the Eastern Bloc nations; in democracies like India that had embraced central planning; and in Latin American countries, which had developed their own brand of government control of economic life, based on a theory called *dependencia*.

"The Agony of Reform" tells the story of how those economies failed and how new leaders embraced the idea of "shock therapy" -- a rapid conversion to free-market capitalism. The program focuses in detail on how reform played out in several countries -- Russia, Poland, India, Bolivia, and Chile -- as they lived through the upheavals of rapid change, dealing with both the new freedoms and the new dangers of privatization, deregulation, and freewheeling competition.

## **Synopsis of Episode III: The New Rules of the Game**

By the early 1990s, most of the world had converted to free-market capitalism, setting the stage for the rapid growth of a new global economy. Rapidly falling trade barriers and unrestricted capital flows fueled by furious technological innovation and a new global workforce would all combine to transform the world economy.

"The New Rules of the Game" examines the promise and perils of globalization in the 1990s, focusing on the story of President Bill Clinton's embrace of free-trade policies, the challenges the world's leaders faced in taming the virulent contagion of financial collapse in the developing world, and the violent debate over globalization that suddenly surfaced in the Seattle protests.

In a story that moves from the 1992 presidential campaign to the September 11 attack on America, this film confronts a series of issues: the impact of free trade on the developing world and on American workers; the perils of financial contagion when problems in one developing country cause investors to pull their capital out of all emerging economies; and the challenge of inclusiveness -- bringing the world's poor into the era of global growth. It cuts through the rhetoric to show what "globalization" really is, and what it will mean for our lives in the 21st century.