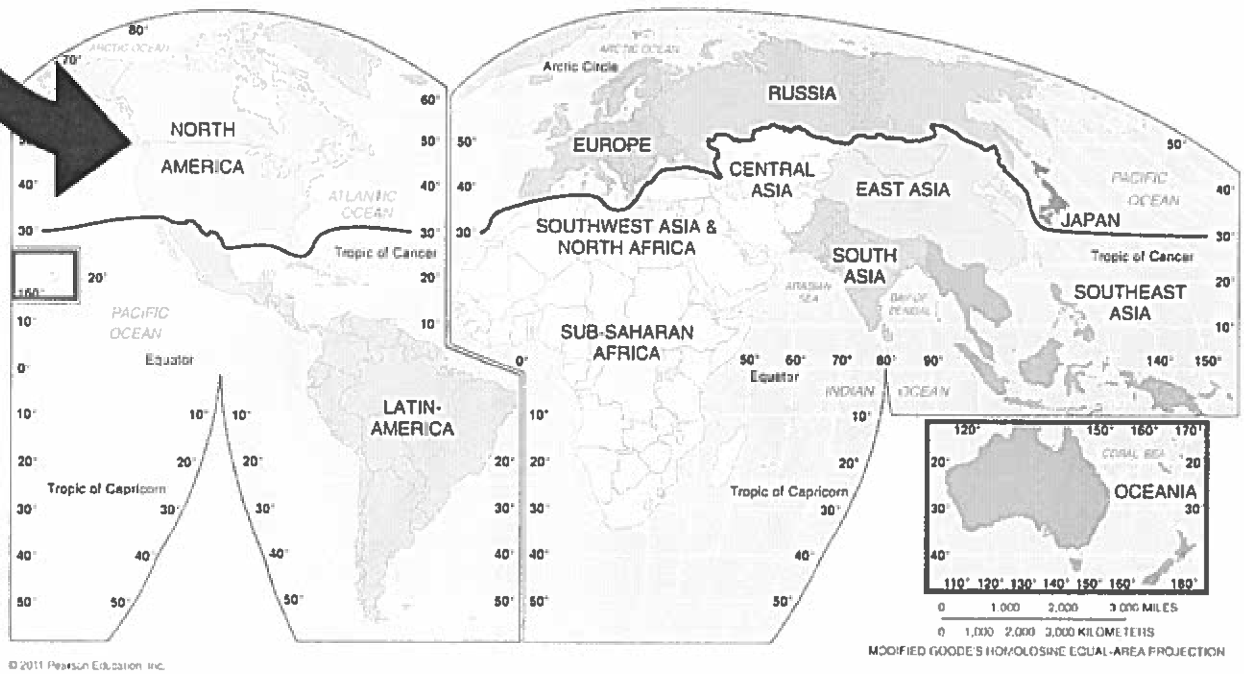
MDC



NORTH AMERICA
ATLANTIC OCEAN
PACIFIC OCEAN
Tropic of Cancer
Equator
Tropic of Capricorn
LATIN-AMERICA
Arctic Circle
RUSSIA
EUROPE
CENTRAL ASIA
EAST ASIA
SOUTHWEST ASIA & NORTH AFRICA
JAPAN
SOUTH ASIA
SOUTHEAST ASIA
SUB-SAHARAN AFRICA
INDIAN OCEAN
OCEANIA
0 1,000 2,000 3,000 MILES
0 1,000 2,000 3,000 KILOMETERS
MODIFIED GOODE'S HOMOLOSINE EQUAL-AREA PROJECTION
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DAY

The United States in a Global Economy

Innovations in technology and economics have transformed national and regional economies into one global economy, an economic world without strict borders where products, personnel, money, and resources intertwine. Wide-ranging developments in transportation and communications have made international trade a booming business and an economic driving force in today's world. Part of this pattern is the growth of multinational corporations, companies that produce and market goods in a number of different countries. Study the table on the next page and the text below, and then answer the questions that follow.

The United States had long based its economic prosperity on selling its industrial and agricultural goods abroad. By the 1970s, however, the United States was losing its economic dominance as more and more nations strengthened their own industries and trade. America experienced trade deficits, purchasing more from foreign nations than they sold in foreign markets. By the early 1970s, the United States had changed from a creditor nation, or a lending nation, to a debtor nation, or a borrowing one.

The United States reacted to its declining economic position by working to become more competitive in the global marketplace. In recent years, many American multinational companies have become globalized corporations, meaning that they operate throughout the world and not just in specific foreign areas.

The U.S. government also pursued ways to strengthen America's economic position in the global marketplace. Just weeks before President Clinton took office, the United States, Canada, and Mexico signed the North American Free Trade Agreement (NAFTA) lifting all tariffs between the three countries. North America was transformed into the world's largest free trade area.

NAFTA offered American manufacturers an opportunity to open factories in Mexico, where wages were lower. At the same time, Mexican and Canadian markets would be more open to American products and services. Critics of the agreement argued, however, that workers are displaced when nations agree on trade pacts that lower barriers to trade.

Congress approved the treaty in November 1993, after an almost year-long battle. During the 1990s, the American trade record was mixed. The United States achieved trading surpluses with most nations.

Table 1: U.S. Multinational Assets

U.S. Multinational	Foreign Assets (in) billions of dollars)	Foreign Sales as a % of Total Sales	Total Assets
Ford Motor Co.	52	45%	174
General Motors	50	30%	176
Exxon	49	83%	80
IBM	45	60%	60
Mobil	20	75%	38
General Electric	15	12%	155

1. What is a "global economy"?

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2. What are multinational corporations?

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3. What causes trade deficits?

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4. What is the purpose of NAFTA?

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5. What information is presented in the table?

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6. Which company has the greatest total assets? Does this company also have the greatest foreign assets? If not, which company does have the greatest foreign assets?

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7. Which companies sell more of their products nationally than internationally?

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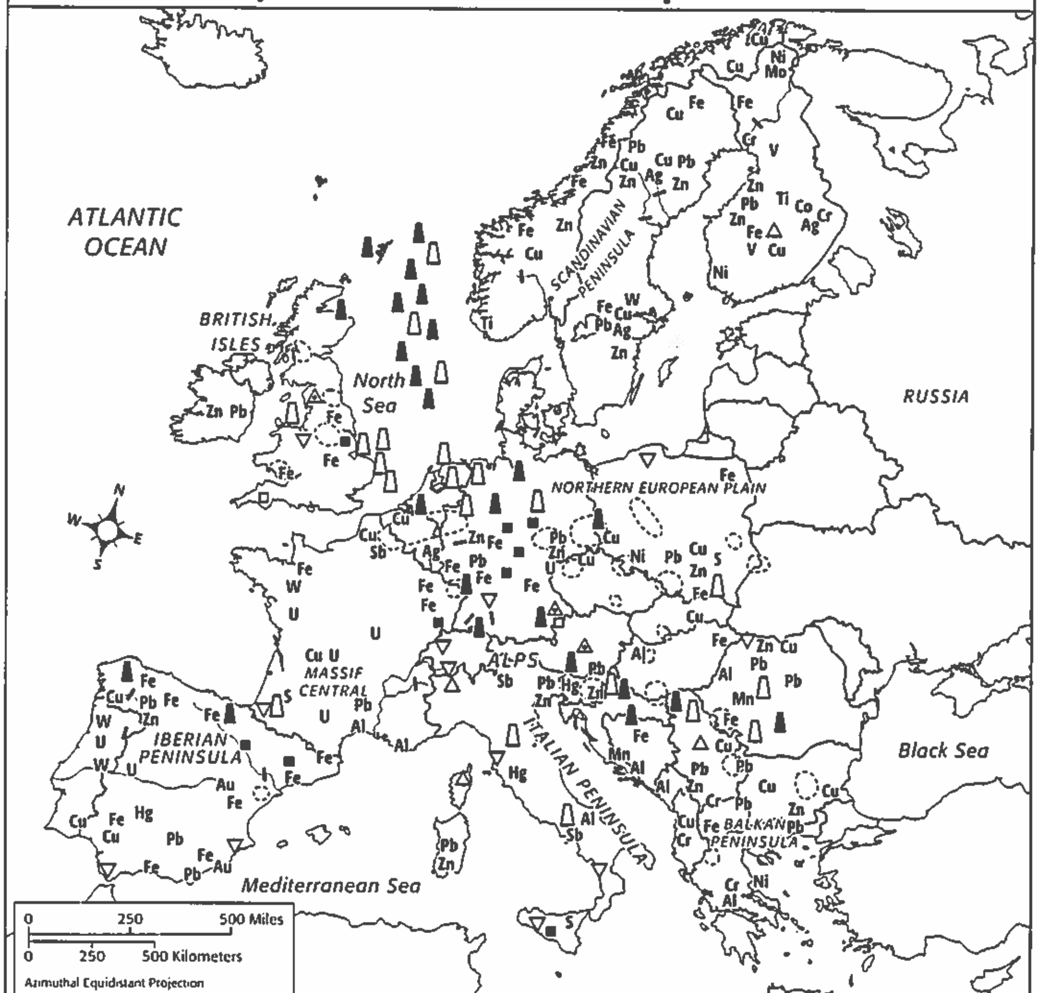
Name ______________________ Class ______________ Date ____________

CHAPTER 13 Map Activity

European Mineral and Energy Resources

The map below shows the location of key mineral and energy resources in Europe. Study the map, then answer the questions on the following page.

Mineral and Hydroelectric Sites of Europe



Cr Chromite	V Vanadium	Zn Zinc	Natural gas	Graphite
Co Cobalt	W Wolfram (tungsten)	Al Bauxite (Aluminum)	Petroleum	Potash
Fe Iron	Sb Antimony	Ti Titanium	Coalfields	Salt
Mn Manganese	Cu Copper	Au Gold	Clay	S Sulfur
Mo Molybdenum	Pb Lead	Ag Silver	Asbestos	
Ni Nickel	Hg Mercury	U Uranium	Hydroelectric power dams	

Name ______________________ Class ______________ Date ____________

1. What do the following symbols on the map mean: Cu; dotted-line circles; triangle with point facing down; thin, dark bars?

2. What minerals are shown in the British Isles? What is shown off the coast, in the North Sea?

3. Where are most of the coal deposits in Europe?

4. What resources are found in the Alps? Would you say that the Alps region is rich or poor in mineral and energy resources?

5. What precious metal is found in three places in Scandinavia but is scarce in other parts of Europe? What two minerals found in Scandinavia appear nowhere else in Europe?

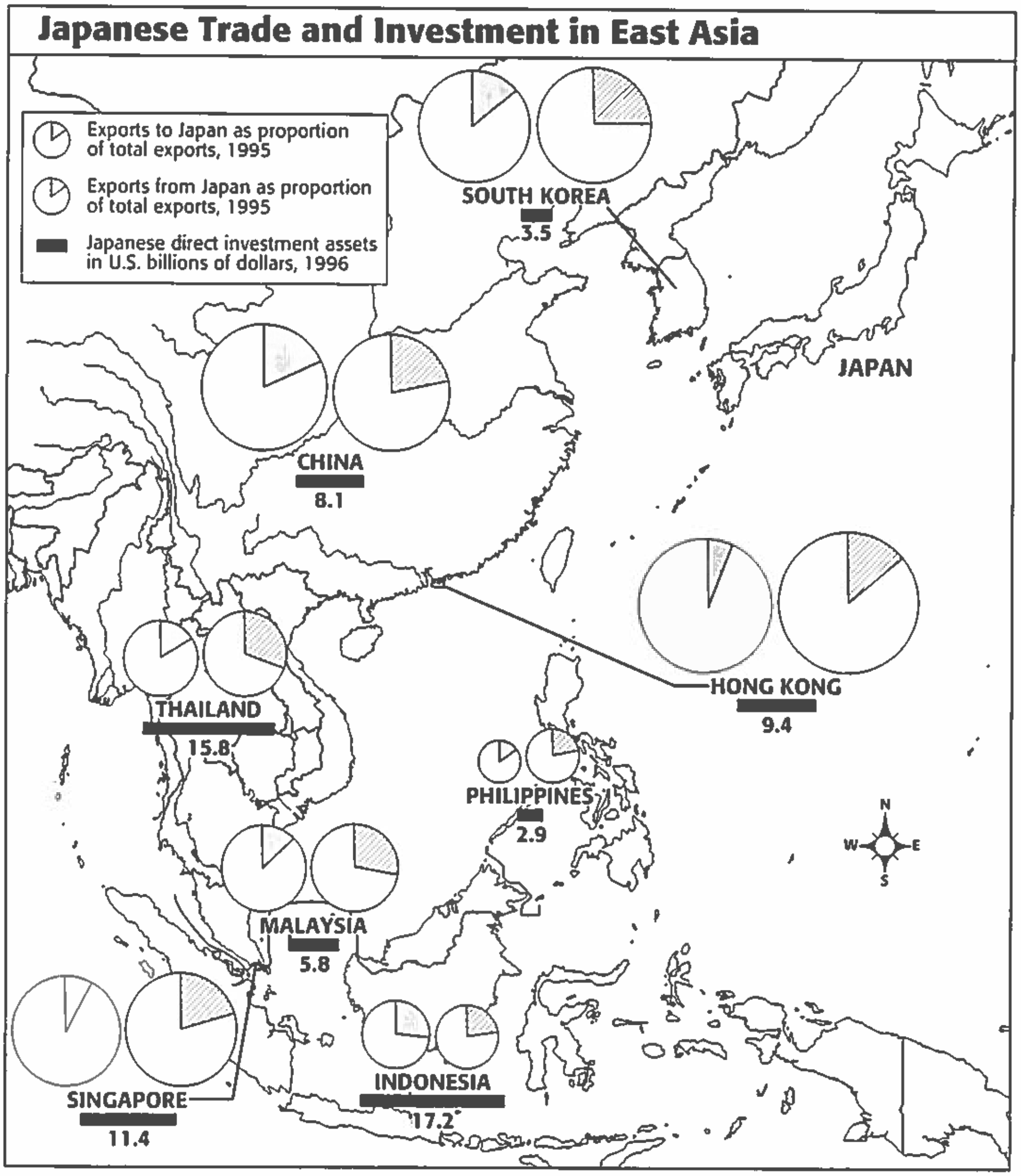
6. **Critical Thinking: Location** Europe has to import many of the minerals and energy resources it needs for its industrial development. Do you think Europe's location is an advantage or disadvantage in getting the mineral imports it needs? Explain.

Name ______________________ Class ____________ Date ____________

CHAPTER 28 Map Activity

Japan's Economy

One factor in Japan's economic success has been its active promotion of trade and investment in other countries. The map below provides data on Japanese trade and investment in East Asia. Study the map, the answer the questions on the following page.



Name ______________________ Class ______________ Date ____________

1. What is shown on the dark pie graphs? What is shown on the light pie graphs? What do the figures over the bars indicate?

2. What proportion of South Korea's imports come from Japan? How does that figure compare with its proportion of exports to Japan? How much direct investment did Japan have in South Korea in 1996?

3. How do China's imports from Japan and exports to Japan compare as a proportion of the totals?

4. Which country imports the most from Japan as a proportion of total imports? Which country exports the most to Japan as a proportion of total exports?

5. Which country has the most direct Japanese investment? Which has the least?

6. **Critical Thinking: Region** What does the map indicate about Japan's economic relationship with the rest of East Asia? Why would this be important to Japan and to East Asia in general?

Name ______________________ Class ______________ Date ______________

READING 79

Australia and New Zealand

ECONOMY

Australia's Uncertain Future

One popular image of Australia is of a country of wide open spaces and great opportunity— not unlike the American West of a century ago. Australia does share some of the Old West's characteristics—vast lands for raising crops and livestock, a wealth of mineral resources, and rapid population growth. However, this reading suggests that, without major changes, Australia's best times may be in the past, rather than in its future.

Imagine a country on the Pacific Rim, 10 times the size of Texas, rich in mineral resources, well endowed with farmlands, . . . and populated by about 18 million mostly well-educated people who have enjoyed stable government since the beginning of [the twentieth] century. Surely such a country would be a leading economic tiger in the region. . . .

The answer is—no. Australia today is what some locals . . . call an NDC, a Newly Declining Country; a seller of raw materials, not finished ones; a purveyor [supplier] of livestock, meat, and wheat on undependable world markets; . . . an economy with an uncertain future. . . .

Australia continues to rank as a high-income economy. . . . In the late 1990s, Australians on average earned far more than Thais, Malaysians, Chinese, or Koreans. . . . Australian cities, where more than 85 percent of all Australians live, are not encircled by crowded shantytowns. . . . Life is orderly and unhurried. . . . Standards of public transportation, city schools, and health care provision are high. Spacious parks, pleasing waterfronts, and plentiful sunshine make Australia's urban life more acceptable than almost anywhere else in the world. . . . But Australia's privileges are being eroded away, and standards of living are in danger of serious decline. The country's cultural geography evolved as that of a European outpost, prosperous and secure in its isolation. Now Australia must reinvent itself as . . . a Pacific partner in a transformed [changed] regional economic geography.

Distance has been an ally as well as an enemy to Australia. Its remoteness helped save [it] when Japan's empire expanded over the western Pacific [during World War II]. From the very beginning, however, goods imported from Britain (and later from the United States) were expensive, largely because of transport costs. This encouraged local entrepreneurs to set up their own industries in and near the developing cities. . . .

When the prices of foreign goods became lower because transportation was more efficient and therefore cheaper, local businesses demanded protection. . . . This was done by [the colonial governments] enacting high tariffs [taxes] against imported goods. The local products now could continue to be made inefficiently because their market was guaranteed. . . . How could Australia [afford this]? . . . The colonies could export valuable minerals whose earnings [supported] those inefficient, uncompetitive local industries. By the time [of independence], the income from [agriculture] contributed as well. So the miners and the farmers paid for those imports Australians could not reproduce themselves, plus the products made in the cities. No wonder the cities grew: here were secure manufacturing jobs. . . . Australians once [had] the highest per capita GNP in the world, [but] this was achieved in the mines and on the farms, not in the cities.

. . . The good times had to come to an end. The prices of farm products fluctuated [changed frequently], and international market competition increased. The cost of mining ores and minerals . . . and [exporting] them also rose. . . . Unemployment crept upward. [Yet] in 1995, only 18 percent . . . of Australian exports were the kind of high-tech goods that have made East Asia's economic tigers so successful. That was double the 1985 figure, but still far below what the country needs to produce. . . .

Australian manufacturing . . . remains [focused on] local domestic markets. Do not expect to find Australian [manufactures] challenging the Pacific Rim's economic tigers for a place on world markets. . . . [But] Australia's shops are full of goods from Japan, South Korea, Taiwan, and Hong Kong. [This is because] despite its long-term protectionist practices, Australia still does not produce many goods that could be manufactured at home. Overall, the economy continues to display symptoms of a . . . still-developing . . . country.

Understanding What You Read After you have finished reading the selection, answer the following questions.

1. What places does the reading suggest are the "economic tigers" of Asia?

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2. Why are Australia's industries inefficient and uncompetitive? How have these industries been able to survive ?

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3. Why is Australia's economy not as well off as it was in the early 1900s?

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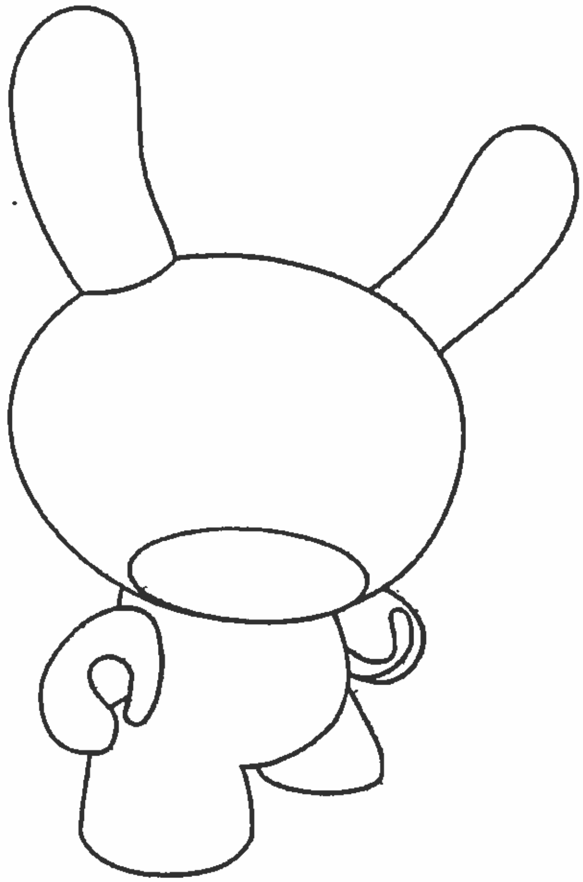
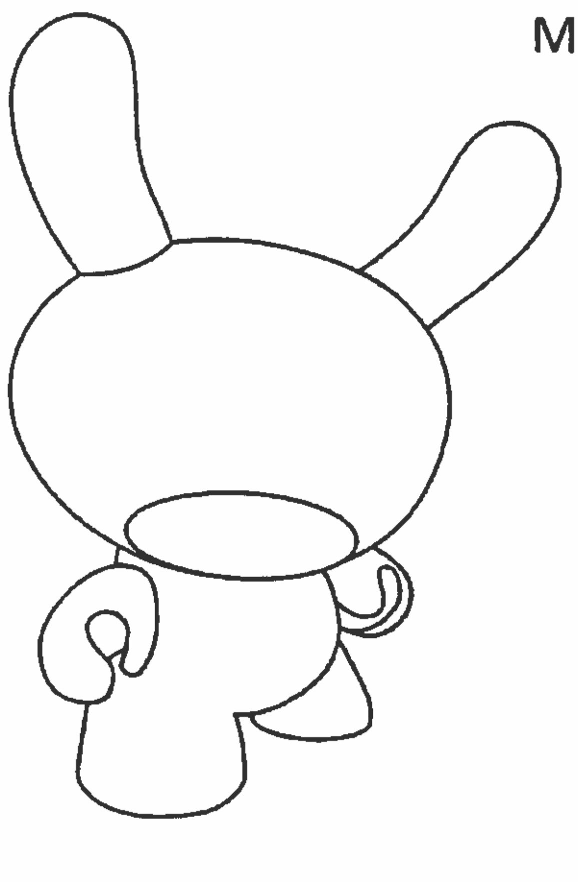
Draw your best PLIRMs that illustrate a PLIRM from the LDC and from the MDC.

LDC PLIRM



MDC PLIRM



Activity 8

1. A global economy is an economic world without strict borders where products, personnel, money, and resources intertwine.
2. Multinational corporations are companies that produce and market goods in a number of different countries.
3. Trade deficits occur when a country purchases more from foreign nations than it sells to them.
4. The purpose of NAFTA is twofold. First, it was created to strengthen North America's economic position in the global marketplace. Second, by lifting all trade tariffs among North American countries, NAFTA made North America the world's largest free trade area.
5. It shows how much of U.S. multinational companies assets are involved in overseas trade.
6. General Motors is the company with the greatest total assets. GM does not have the greatest foreign assets. It is second to Ford Motor Co.
7. Ford Motor Co., General Motors, and General Electric all sell more of their products nationally than they do internationally.

Chapter 28

1. exports to Japan as proportion of total exports, 1995; imports from Japan as proportion of total imports, 1995; Japanese direct investment assets ($US billion), 1996
2. about one-fourth; imports are greater than exports as a percentage of the total; US$3.5 billion
3. They are about the same, though imports appear a bit higher.
4. Malaysia; Indonesia
5. Indonesia; Philippines
6. It shows that Japan has an active and extensive trade and investment relationship with other East Asian countries. This is important because the economic health of the region depends in large part on trade and on the growth of business through investment.

Chapter 13

1. copper; coal; salt; hydroelectric sites
2. zinc, lead, coal, petroleum, natural gas, graphite, iron, potash, salt, clay; petroleum and natural gas
3. The greatest concentration of coal deposits is in north-central Europe, south of Berlin, and around Brussels. England and the Balkan Peninsula also have coal.
4. hydroelectric power, salt, antimony, lead, mercury, graphite, and possibly some oil;

   the Alps are generally poor in mineral and energy resources
5. silver; titanium and molybdenum
6. Europe's location is an advantage, since it is close to Asia and Africa. The continent's small size and long coastline makes importing by sea and land relatively convenient.

Reading 79

1. The economic tigers of Asia are Japan, South Korea, Taiwan, and Hong Kong.
2. The Australian industries are inefficient because they are uncompetitive. They are uncompetitive because they are protected by high taxes on imported goods. Students should recognize that the money made from mining and agricultural exports enabled people to buy these industries' products anyway.
3. Answers will vary, but students should recognize that the mining and agricultural exports that helped Australia to prosper in the past are no longer as competitive on world markets, and that Australian manufacturing is not geared up to fill the economic void left by their decline.