**Trade, Development and Resources in the US and Global Economy**

**Resources in the US Economy**

* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Worker – move around to follow work**
    - **Example: agricultural workers move throughout the country to pick fruits and vegetables as various crops come in season**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – come to the US to find work. Many immigrants work in low paying jobs that are unwanted by Americans**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Business locate their companies where their can maximize profit**
    - **Example: cheap labor, high demand for product**
  + **Many companies have found it profitable to locate their headquarters in a central location**
    - **Example: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
      * **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – an industrial park near Raleigh, Durham, and Chapel Hill, in the Research Triangle region of NC**
      * **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – a region in California south of San Francisco that is noted for its concentration of high-technology industries**

**Terms to know…**

* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Goods and services are provided by someone outside of the company**
  + **Outsourcing is done to save money, improve quality, or free company resources for other activities**
  + **Critics argue that outsourcing decreases the quality of a good or service**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **The selling off, closure of some plants, combination of business operation that perform the same functions, and/or cost cutting of an enterprise, usually deals with a decrease in labor**

**Leading Economic Indicators**

* **GDP – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Measures the output of the entire economy**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Measures the total income of families in one year, higher the income the more money they have to spend**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Averages (S & P 500, The Dow)**
  + **Reflects investor attitudes and movement of interest rates**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Reflects layoffs of workers; how many unemployed at one time**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Indicates construction activity**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Predicts actual production change**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Measures the rate of change in the price of 400 consumer goods**
* **GDP: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **The dollar value of all final goods and service produced within a country’ borders in a given year**
  + **Nominal GDP – GDP measured in current prices**
  + **Real GDP – GDP measured in constant unchanging prices**
* **GDP = Consumption + Investment + Government Spending + Net Exports (exports – imports)**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GDP: a country’s GDP divided by population**
  + **2005 \_\_\_\_\_\_\_\_\_\_ GDP: $12.77 Trillion** 
    - **Population - 295,734,134**
    - **Per Capita GDP - $41,800**
  + **2005 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ GDP: $8.158 Trillion**
    - **Population – 1,306,313,812**
    - **Per Capita GDP - $6,200**
* **Per capita GDP can often be used to compare countries and their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (economic prosperity)**
* **GNP: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Value of goods and service produced within a country in one year, plus income earned by citizens abroad, minus income earned by foreigners in the country**
  + **GNP – goods and services produced + money earned by citizens abroad – income earned by foreigners in the US**
* **CPI: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **An average of a specified set of goods and services**
  + **Measures the purchasing power of the dollar**

**Economic Development**

* **Historically, economists divided the world’s nations into 3 categories:**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: The wealthiest countries (industrialized)**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Communist countries**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: The poorest countries (primarily agricultural**
* **Now, economists just use 2 categories**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – the wealthiest countries (US, Canada, western European Countries, Australian, New Zealand, Japan, etc.)**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (LDCs) or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – poorer countries (this includes the poorest countries in the world and other countries like Mexico, Saudi Arabia, and former Soviet countries that haven’t reached a high standard of living for most citizens)**
* **The primary measure is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (nation’s GDP/population). Other measures include:**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – more energy consumption, more developed (b/c more industrial)**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_- – more industrial jobs (vs. agricultural), more developed**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – more consumer goods produced per capita, more developed**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_– higher literacy rates, more developed**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – lower infant mortality rate, more developed**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – more infrastructure , more developed**
* **Several countries have made dramatic recent economic improvement including:**
  + **Mexico, Brazil, Malaysia, and the “four Asian tigers,” Singapore, Hong Kong, South Korea, and Taiwan**

**Economic Development Organizations**

* **The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an international organization devoted to assisting development. Uses per capita GNP to categorize countries**
* **The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an international organization (almost all UN nations belong) that monitors exchange rates and balance of payments, and provides technical and financial assistance as needed**

**Economic Development and concerns**

* **As our economy has become more global, several issues are of recent concern:**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ – transferring work to another country (esp. of concern in the computer industry and customer service)**
  + **Child Labor, Human Rights and Environmental Violations many developing nations do not protect the rights of workers or the environment. Some feel it is morally wrong to support these nations by buying their products or using their labor and hope that economic pressure may bring about needed reforms. Some products boast a “fair trade” label which means that the product has been produced according to minimum standards for labor, environment, and wages.**
* **A company’s profit motive often leads to conflicts. These include:**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Concerns**
    - **The government must set regulations so that the environment is protected. (Primarily the EPA)**
    - **Ex. Clean Air and Water Act – limits the amount of pollution companies are allowed to generate**
    - **Toxic materials are also highly regulated (ex. Radioactive materials)**
    - **This can lead to the NIMBY debate (Not In My BackYard) – no one wants toxic waste dumped in their state**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Concerns**
  + **The US and other nations use economic measures to put pressure on other countries for a variety of reasons. (Countries that violate human rights, deny democracy, engage in nuclear weapon proliferation)**
    - **Examples**
      * **Cuban Economic Embargo**
      * **OPEC Oil Embargo**
      * **Possible economic sanctions with Iran**
* **Concerns that Protect the Public**
  + - **Examples**
      * **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Laws**
      * **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Codes**

**International Trade**

* **Why do countries trade?**
  + **International trade allows nations to produce a limited number of good based on their resources while consuming a variety of goods**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **The ability to produce a product most efficiently given all the other products it could produce**
  + **Law of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A nation is better off producing goods and services for which it has a comparative advantage.**
* **Terms**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A good sent to another country**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A good brought in from another country**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **The relationship between a nation’s imports and its exports**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A country with a trade surplus**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Nation imports more than it exports**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A tax on imported goods**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **A trade barrier that limits the amount of a good that can be imported**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Complete barrier to trade with a country**
    - **NO Trade (ex. Cuba)**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Allow one to convert prices in one currency to prices in another currency**

**International Free Trade Agreements**

* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (World Trade Organization): founded in 1995 to ensure countries were reducing tariffs and expanding world trade, also to negotiate new trade agreements and resolve trade disputes.**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (EU): formed in 1993 a union of countries that agreed to abolish tariffs and trade restrictions among members and adopt uniform tariffs for non-members. Uniform monetary unit: The Euro**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (North American Free Trade Agreement); a trade region that will eliminate tariffs and trade barriers between Canada, Mexico and the US by 2009 creating the world’s largest free trade zone.**

**North Carolina’s Role in the Global Economy**

* **North Carolina, with its unique mix of industries, from information technology, biotech, and banking, to the traditional sectors of textiles & apparel, furniture, tobacco, and hog farming, is a microcosm of trends observed elsewhere in the United States.**
* **North Carolina has had to reinvent itself from an economic standpoint multiple times in order to stay relevant in the global economy**
  + **Agricultural to Industrial**
  + **Textiles and Furniture to White Collar**
  + **Change over in White Collar (Banks to Energy and Technology)**