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Chapter 4: The 21st Century Global Economy

Quick Notes

CHAPTER 4

THE 21ST CENTURY GLOBAL ECONOMY

Section 1 [A History of a Global Economy](#)

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SECTION 1

A History of a Global Economy

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What is globalization?

To some . . .

globalization represents the coming together of all the people in the world to form a single society.

To others . . .

globalization represents the bringing together of nations throughout the world through international trade, foreign investment, migration, and technology.

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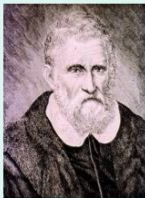
A HISTORY OF TRADE

Early traders used a **barter system** to obtain things they needed or wanted.

The **Silk Road** became a major trade route between China and the countries in the Mediterranean Region.

Trade along the Silk Road introduced the concept of **middlemen**, who drove up the prices on goods like silk, perfume, gold, jewels, and spices.

Marco Polo, with his father and uncle, spent many years in China. When they returned home, Marco wrote a book about their travels. This book attracted other travelers to the Far East.



The Age of Exploration and Global Trade

Early explorers, who were sent to find new trade routes to the Far East, often claimed unknown lands for their rulers.



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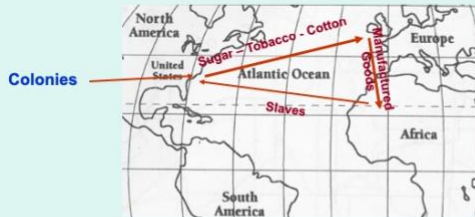
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Colonization and Global Trade

In the seventeenth century, Great Britain encouraged its colonies to develop an economy based on agriculture and commerce.

These colonies became part of a **triangular trade** in which the colonies sent **raw materials** (sugar, tobacco, cotton) to Great Britain. Great Britain used the raw materials to manufacture goods, e.g. textiles, which it sent to Africa. Africa in turn sent slaves to the American colonies.



The Growth of Global Trade

After the United States got its independence from Great Britain, it wanted to concentrate on developing its own industries. To this end, it charged high **tariffs** (taxes on imported goods) to protect American industry.



In the **eighteenth century**, the Industrial Revolution affected global trade.

New inventions fueled global trade like the **Spinning Jenny**

In the **nineteenth century**, the steam engine revolutionized transportation and made it easier to move products to markets.



Global Trade in the 20th and 21st Centuries

The United States' participation in global trade declined after World War I, but grew after World War II.

International trade in the 20th Century received a boost from the creation of

GATT (General Agreement on Tariffs and Trade) which was created to prevent **free trade** (international trade free of government intervention).

WTO (World Trade Organization), which replaced GATT. It establishes the rules of trade between nations, polices members, and negotiates new trade agreements.

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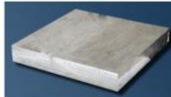
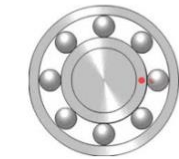
NAFTA (North American Free Trade Agreement) which eliminated trade barriers on products traded among the United States, Canada, and Mexico.

President Donald Trump withdrew The United States from the TPP(Trans – Pacific Partnership). He also imposed high tariffs on Canada which changed the terms of NAFTA.

West Virginia's economy today depends on foreign investment in the state as well as selling its goods in foreign markets.

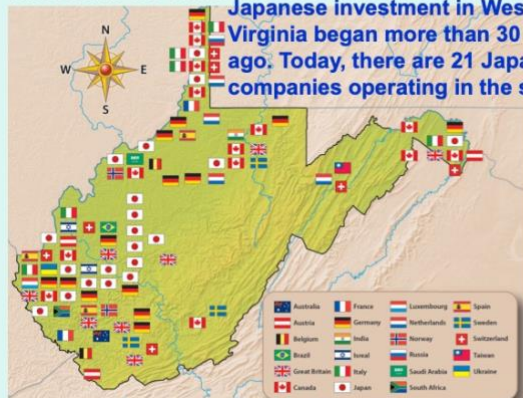
Top 10 exports in 2017

Product	Dollar Amount of Exports	Percentage of West Virginia's Exports
1. Coal	\$3.3 billion	45.7%
2. Large spark-ignition engines	\$520 million	7.3%
3. Ball or roller gears	\$226 million	3.2%
4. Aircraft including engines, parts	\$194 million	2.7%
5. Polyamides	\$171 million	2.4%
6. Aluminum plates	\$145 million	2.0%
7. Polyethers	\$119 million	1.7%
8. Propylene copolymers	\$107 million	1.5%
9. Polyacetals	\$98 million	1.4%
10. Unsaturated polyesters	\$86 million	1.2%



Investments by foreign countries in West Virginia have grown. By 2018, some thirty foreign nations had invested in the state.

Japanese investment in West Virginia began more than 30 years ago. Today, there are 21 Japanese companies operating in the state.



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West Virginia's Demographic Profile

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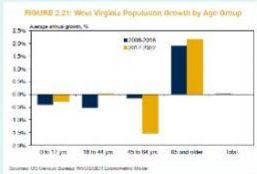
Factors Affecting West Virginia's Workforce

Loss of Population

- largest loss in southern West Virginia and among college-aged and young workers



Older Population

- largest percentage of population over 60 years of age



Health

- second highest death rate in United States
- high rate of heart disease, cancer, and diabetes
- 60% of state's population have limited access to health care

West Virginia's Economic Future 2017 - 2022

Economic Sectors

Energy
Natural resources and mining sectors will show some increase.
There will be more growth in natural gas.

Construction / Manufacturing
Energy products will drive growth in construction, e. g. pipeline projects
Infrastructure projects will also impact construction.
Other areas of growth include wood products (furniture), machinery, fabricated metals, and chemicals.

Service
Service industries will have greater job opportunities.






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Work Force

Problem

- West Virginia's population is not expected to grow substantially.

Solution

Productivity must increase to offset the small number of available workers. Increasing access to technology can result in increased productivity.

West Virginia's Fastest – Growing Jobs 2017

Projected Jobs in the Future	Percentage of Growth
Home Health Aide	129.2%
Personal Care Assistant	125.8%
Physical Therapist Assistant	121.2%
Physical Therapist	119.7%
Physician Assistant	119.6%
Marketing Internship	119.5%
Nurse Practitioner	116.5%
Medical Receptionist	115.2%
Industrial Mechanic	114.4%
Representative	113.6%
Dental Hygienist	110.8%
Aide	110.2%
Phlebotomist	109.9%
Respiratory Therapist	109.9%
Medical Director	109.5%
Certified Nursing Assistant	109.2%
Computer Technician	109.1%
Licensed Practical Nurse	109.0%
Medical Assistant	108.7%
Management Consultant	108.6%

In 2017, West Virginia's top ten private employers included:

- **WV Medicine (WV United Health System)**
- **Walmart**
- **Charleston Area Medical Center**
- **Kroger**
- **Mylan Pharmaceuticals**
- **Lowe's Home Center**
- **St Mary's Medical Center**
- **Cabell Huntington Hospital**
- **Wheeling Hospital**
- **Res-Care, Inc.**

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SECTION 3

The Role of Individuals in a Global Economy

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Individuals, just like states and nations, must watch their income and spending to achieve economic security.

What would happen if



our country or our state managed money poorly?



your parents or you managed money poorly?

A knowledge of personal finance will enable you to be better prepared for economic success.

The four major areas of **personal finance** include

Budgeting



Credit



Saving



Investing



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BUDGETING

Steps in developing a budget
Find the total income for the month from all sources.

Total up all the expenses for the month.

Make the totals match.

Provide for adjustments.



SAVING

A savings plan requires you to set aside so much money each month to help you achieve long- and short-term goals.

Common ways to save include opening up a **savings account**, purchasing a **certificate of deposit**, or putting money in a **money market account**.

Banks use the money from investors' savings to make loans, and reward investors for allowing them to use their money for this purpose. The rewards are paid as **interest**.



INVESTING

If you have money you don't immediately need, you may want to invest it. Some investments are more risky than others. Choices include

<p>U.S. Treasury Bonds</p> 	<p>Precious Metals</p> 
<p>Real Estate</p> 	<p>Stock Market</p> 

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CREDIT

Your access to credit depends on


- your income.
- how much you borrow.
- how much you owe.





Most people use credit for large purchases.



BEWARE OF CREDIT




Credit cards are no magic carpet to the future.



Always check for high interest rates.

You can always do this!



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