

# Unit 8: Global Issues/Developments in Asia, Africa, & Latin America

## AIM 8.4:

**What are some economic  
issues that have shaped  
the postwar era?**

Mr. Sforza

Riverdale/Kingsbridge Academy

# Two Types of Economies

	<b>Market Economy (capitalism) (free market)</b>	<b>Command Economy (communism)</b>
<b>Ownership</b>		
<b>Economic Decisions</b>		
<b>Market Controls (Price)</b>		

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# What is a “mixed economy”?

- Combines elements of market and command economies

# Which System “Won”?

- U.S. and Western Europe
  - Rise in living standards; development of consumer society
- Soviet Union (and eastern Europe)
  - Rapid growth at first
  - By 1970s, much lower standards of living
    - Why?
- By 1980s, Soviet Union is losing the Cold War

# “Developed” vs. “Developing” Economies

## ■ Developed Economies

- modern agriculture and industries, advanced technology, and strong educational systems

## ■ Developing Economies

- nations without modern economies
- mostly in Asia, Africa, Latin America

# Challenges for Developing Nations

- Choose between market & command
- Lack of resources/energy (oil/natural gas)
- Agriculture (keep up with population growth)
- Dependence on foreign countries → foreign debt
- *Cash crop* economies
  - based on the raising and selling of one crop or a small number of crops
  - What is bad about this?
- Education/training of workforce
- Develop transportation/communication networks
- Political instability

# The Green Revolution



# The Green Revolution

- Major change in agricultural techniques
  - new high-yield varieties of wheat, rice, corn bred specifically to respond to fertilizers
  - improvements in irrigation
- First used in Mexico (1940s)
  - spread worldwide in 50s & 60s
  - very successful in India

# West Germany's "Economic Miracle"

- Marshall Plan aid
- Strong industrial economy by the 1950s



# Remember This Cartoon?



# West Germany's "Economic Miracle"

- Marshall Plan aid
- Strong industrial economy by the 1950s
- After unification in 1990s:
  - Difficult transition, but economically strong today



# U.S. Occupation of Japan

- Economic reforms:
  - Land reform (divide up large estates)
  - Allowed workers to form unions
  - Tried to break up *zaibatsu* (powerful economic families)



# Japan: An Economic Superpower

- After occupation ends ('52):
  - An ally of the west
  - Dramatic increase in trade with the west
  - Becomes second largest economy in the world (third today)

# Reasons for Japan's Success

- Favorable balance of trade
  - More exports than imports
- Adaptation (and improvement) of western technology
- Highly skilled workforce
- High savings (less emphasis on consumption) → more investment
- Very little defense spending → more investment in other areas

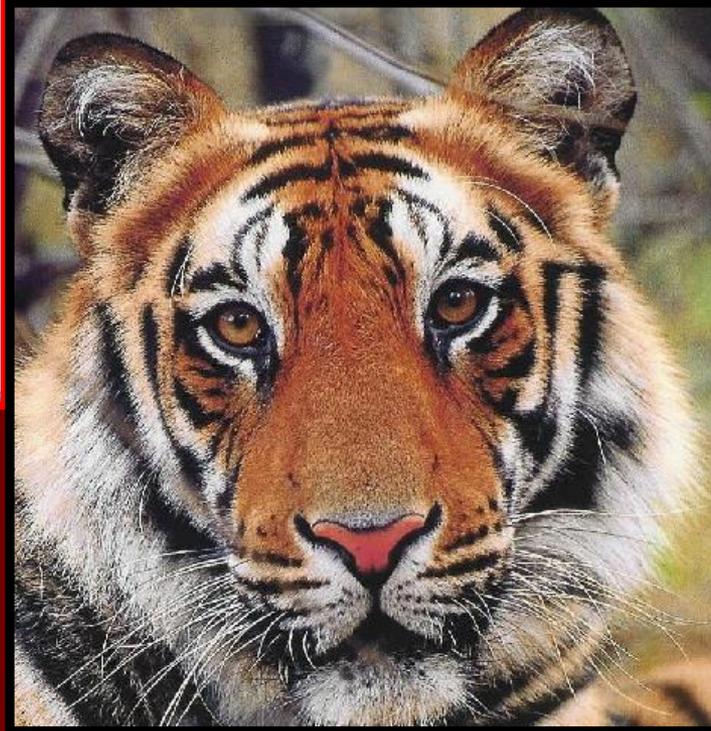
1) What do you see? 2) Symbols? 3) Meaning/message?



# “Pacific Rim” Nations- The Asian Tigers



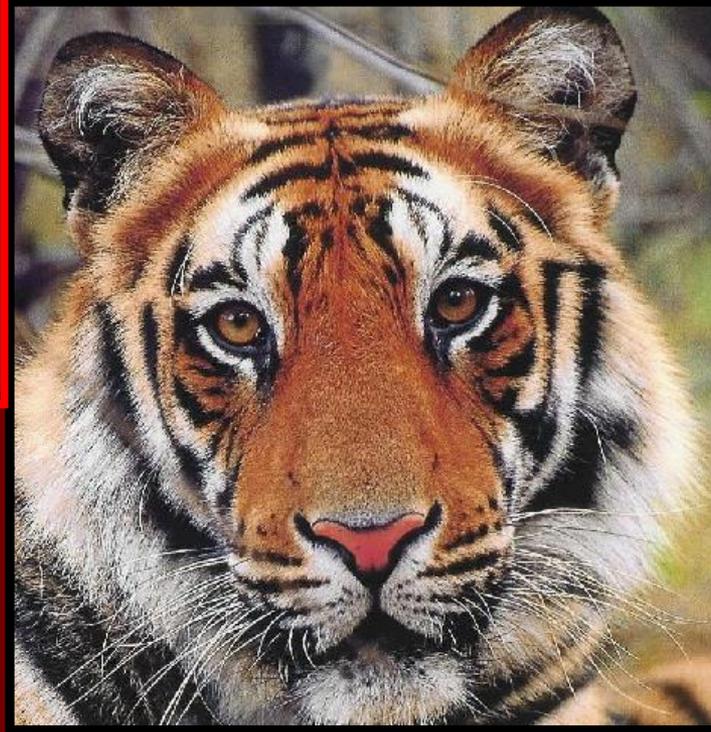
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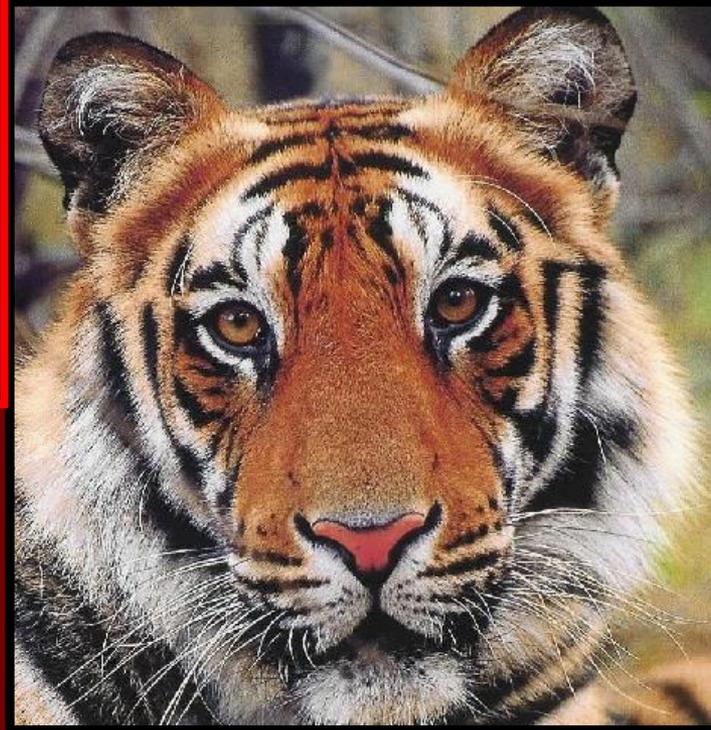
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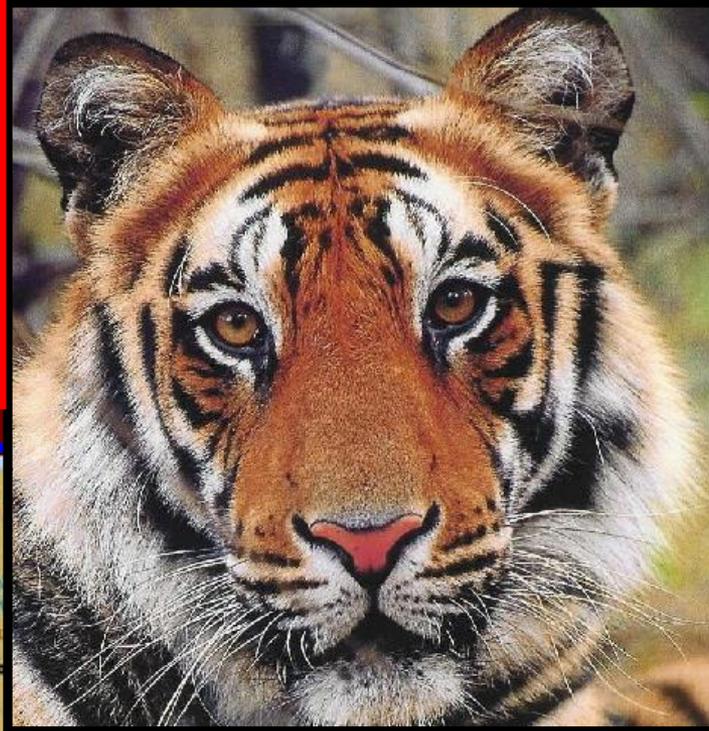
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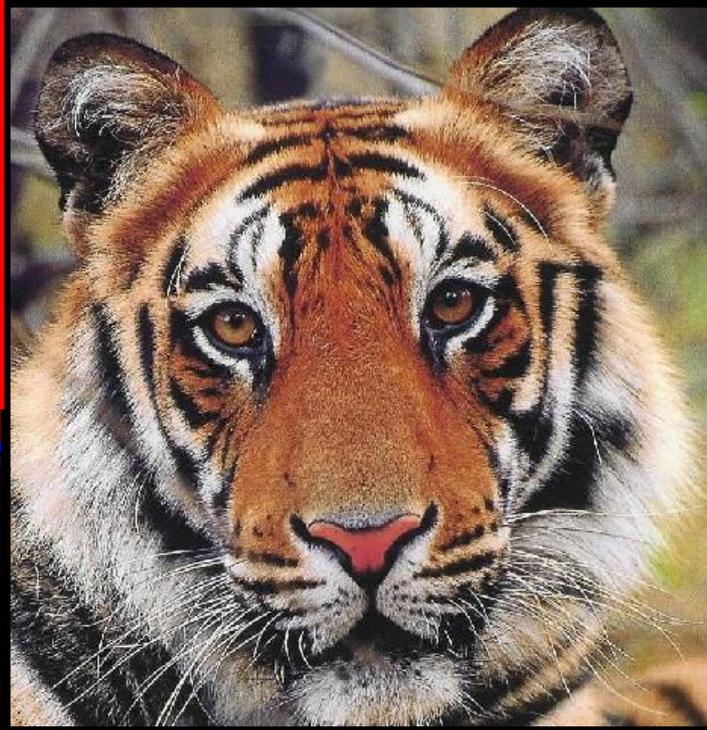


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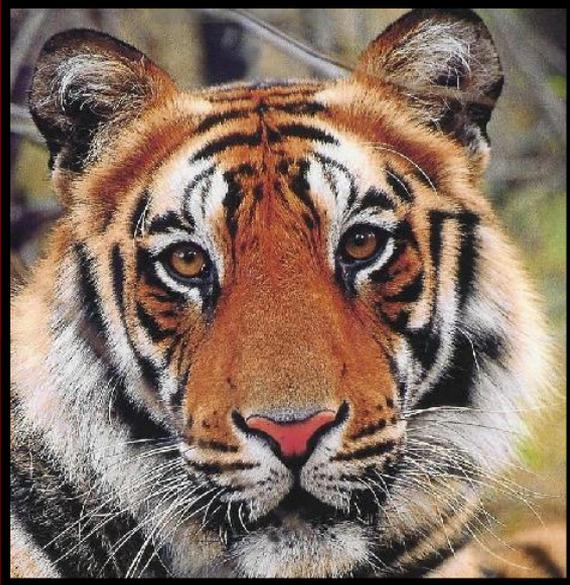


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## The Asian Tigers

# Reasons for Aggressive Economic Growth

- They followed the model of Japan
- Industrialized rapidly—strong manufacturing
- Large populations
- Inexpensive labor → lower prices → helps them compete

# What is The European Union?



# What is the European Union?

- An organization of 28 countries (soon to be 27...)



# EU Member Nations

Austria, Belgium, Bulgaria, Croatia

Cyprus, Czech Republic, Denmark, Estonia,

Finland, France, Germany, Greece, Hungary,

Ireland, Italy, Latvia, Lithuania,

Luxembourg, Malta, the Netherlands,

Poland, Portugal, Romania, Slovakia,

Slovenia, Spain, Sweden, **United Kingdom**

# Brexit (2017)... Effective 2019



**BREXIT**

# What is the European Union?

- An organization of 28 countries
- Allows for free movement of people, goods, services between member nations



# Wait! – What Do You Mean by “Free Movement”?

- No trade barriers!
- What are some common trade barriers?

<b>Tariffs</b>	
<b>Quotas</b>	
<b>Subsidies</b>	

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<b>Quotas</b>	A limit on the amount of goods that can be imported in any period of time.
<b>Subsidies</b>	A payment made by a government to a producer in its own country to help that producer compete.

# What is the European Union?

- An organization of 28 countries
- Allows for free movement of people, goods, services between member nations
- 19 of the countries use the same currency, the *Euro*



# How did the EU develop?

- 1952 - European Coal and Steel Community
- 1957 - European Community
- 1994 - European Union
- 2002 - establishment of the Euro



# Why is the EU important today?

- World's largest importer & exporter (about 20% of world trade)
- Has promoted peace and cooperation in Europe



# The European Parliament

The background of the slide is a photograph of the European Parliament building in Brussels. The building is a large, modern structure with a curved facade and many windows. In the foreground, there are several flagpoles with various national flags flying. The sky is clear and blue.

## Turn & Talk:

- 1) Why do you think some countries might be hesitant to join the European Union?**
- 2) Why do you think people in Britain voted to leave ("Brexit") in 2017?**

# What is NAFTA?



# What is NAFTA?

- *North American Free Trade Agreement*
- An agreement between the United States, Mexico, and Canada (1993)
- Goal = eliminate trade barriers among these three nations



# The NAFTA Debate

NAFTA is helpful	NAFTA is harmful
<ul style="list-style-type: none"><li>- Makes US companies more competitive</li><li>- increases US exports</li><li>- cuts down on illegal immigration?</li><li>- helps us compete with EU</li></ul>	<ul style="list-style-type: none"><li>- too many US Jobs move to Mexico; people lose jobs</li><li>- companies threaten to move, lower wages</li><li>- US companies pollute in Mexico, not enough environmental protections</li></ul>

# 2008 Presidential Candidates on NAFTA and Free Trade

“I don't believe in walls. I believe in freedom. If I were President, I would negotiate a free trade agreement with almost any country willing to negotiate fairly with us. Only risks to the security of our vital interests or egregious offenses to our most cherished political values should disqualify a nation from entering into a free trade agreement with us.”

– John McCain, 1999

# 2008 Presidential Candidates on NAFTA and Free Trade

“There’s no such thing as free trade with dictators and oligarchs in these countries, because the market doesn’t determine the costs. There’s no free collective bargaining for workers. It’s a crime, in many countries, to try to form an independent trade union. There’s no rule of law, bribery. These companies can go there and pollute at will. There’s no [way] to make these companies accountable, and they abuse workers and consumers and communities, as the oil companies and the timber companies have on many occasions.”

– Ralph Nader, 2008

# 2008 Presidential Candidates on NAFTA and Free Trade

“There are some who believe that we must try to turn back the clock on this new world; that the only chance to maintain our living standards is to build a fortress around America; to stop trading with other countries, shut down immigration, and rely on old industries. I disagree. Not only is it impossible to turn back the tide of globalization, but efforts to do so can make us worse off.”

– Barack Obama, 2008

# 2008 Presidential Candidates on NAFTA and Free Trade

“One million jobs have been lost because of NAFTA, including nearly 50,000 jobs here in Ohio. And yet, 10 years after NAFTA passed, Senator Clinton said it was good for America. Well, I don’t think NAFTA has been good for America— and I never have.”

– Barack Obama, 2008

# **NAFTA Debate: Al Gore vs. Ross Perot, 1993**

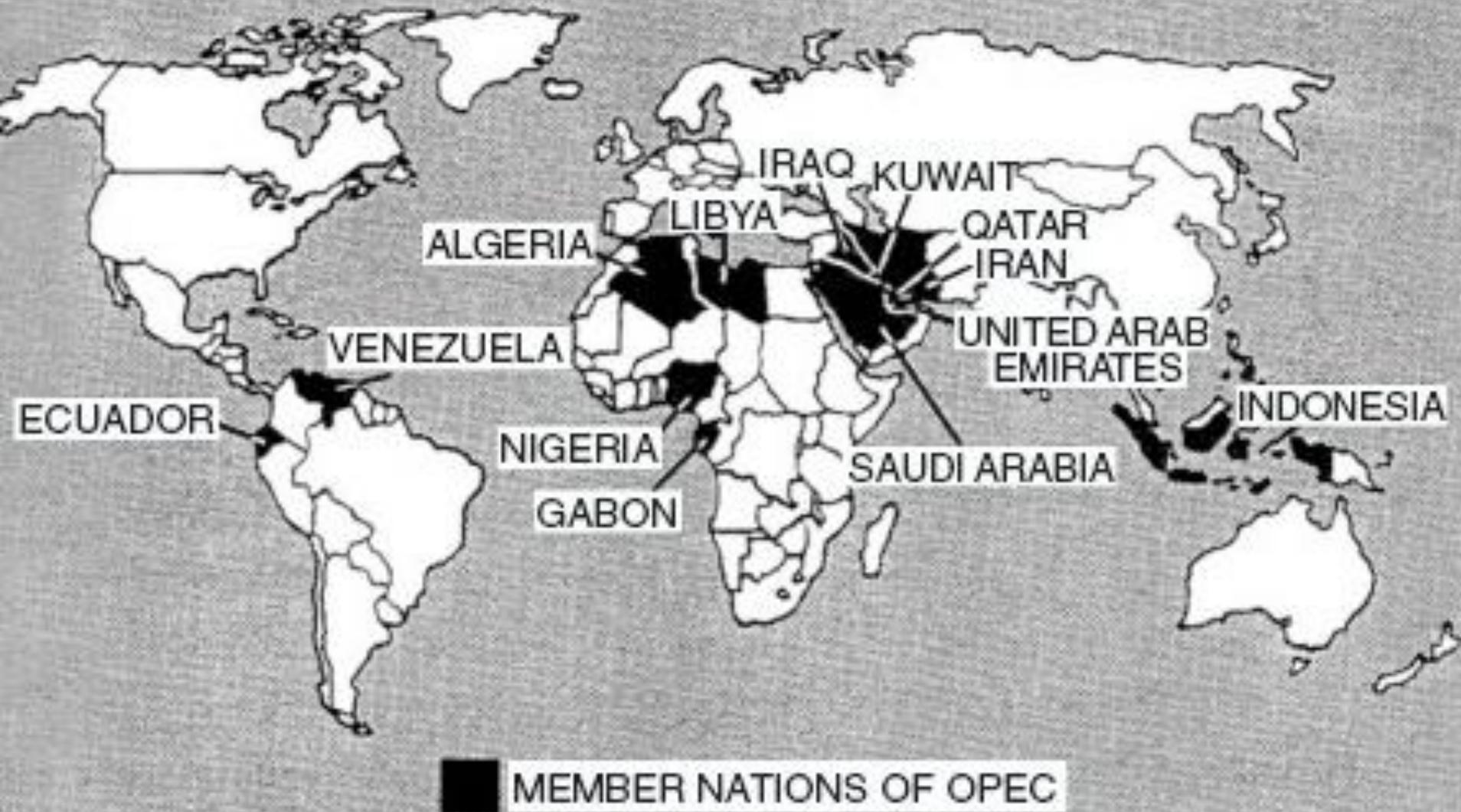
# The Concept of *Interdependence*

- **Meaning**
  - “depending on each other”
- **In economics:**
  - The idea that what happens in one market will affect other markets as well

# What is OPEC?

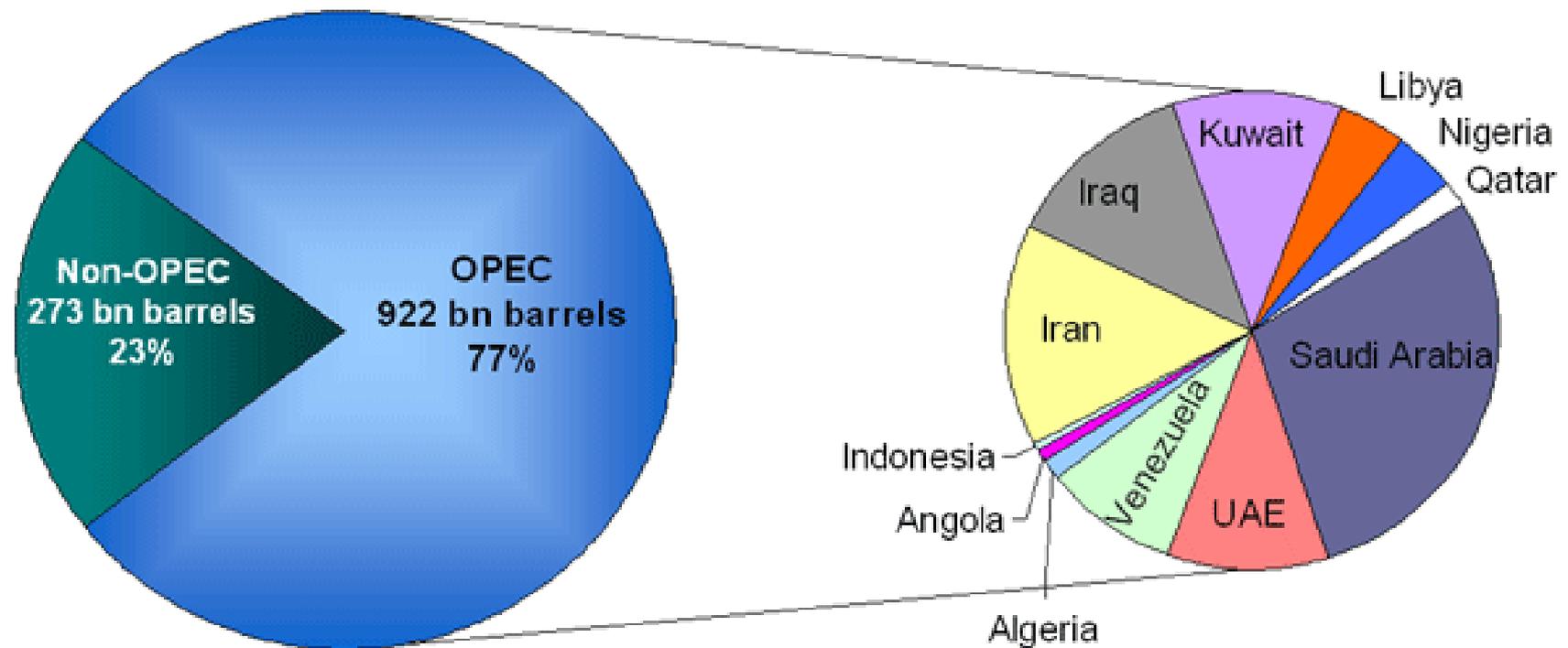
- Organization of Petroleum Exporting Countries
  - Attempts to control the price and production of oil
  - Formed in 1960

# Which world regions contain the most OPEC members?



# Which OPEC members have the largest share of the world's oil reserves?

OPEC Share of World Crude Oil Reserves (2006)



# Oil Crisis of the 1970s - Background

- Frequent wars between Arab nations and Israel beginning in 1948
- Israel takes territory from Egypt, Syria, and Jordan in 1967 war
- Yom Kippur War (1973)
  - Israel wins with U.S. support

# Oil Embargo (1973)

- What is an *embargo*?
- OPEC nations decide to limit supplies of oil

# 1973 Oil Crisis



# 1973 Oil Crisis

GREEN FLAG  
*EVERYONE  
WELCOME*

YELLOW FLAG  
*COMMERCIAL*

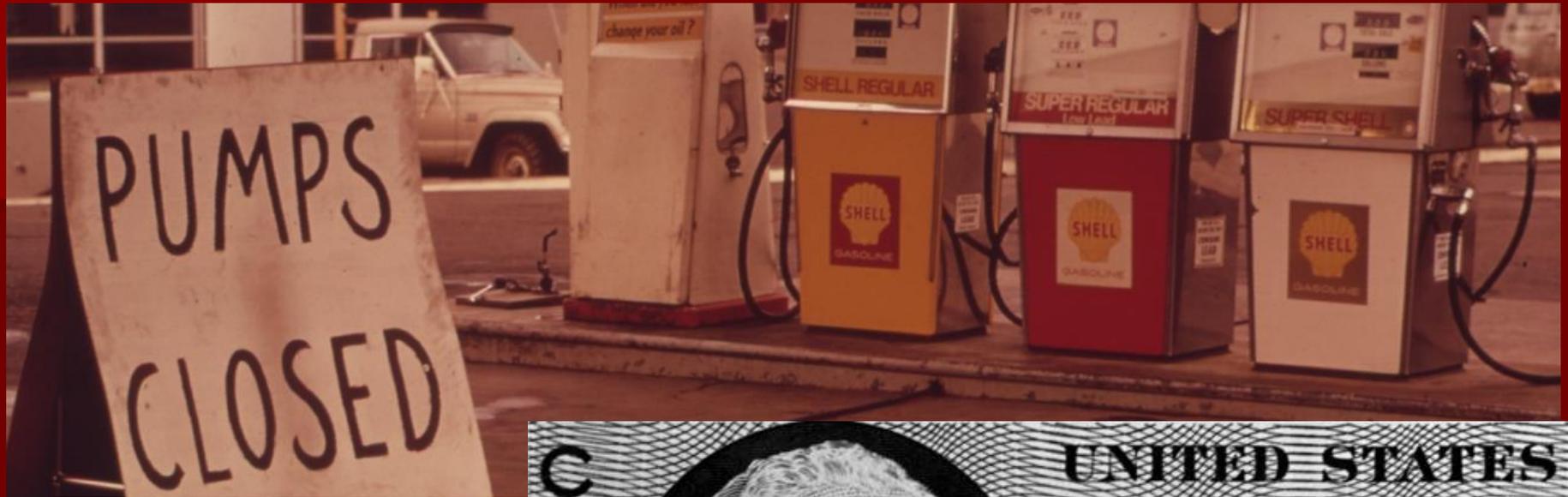
- *TRUCKS* BURDEN OF PROOF
- *CARS* ON CUSTOMER

RED FLAG  
**CLOSED**

**NO  
GAS**



# 1973 Oil Crisis



# Oil Embargo (1973)

- What is an *embargo*?
- OPEC nations decide to limit supplies of oil
  - Leads to skyrocketing oil prices
  - Slows the growth of Western economies

# How did the Crisis Change U.S. Policies?

- Increased oil exploration
- Conservation methods (rationing)
- Beginnings of research into solar and wind power (?)
- Increased efforts in Arab-Israeli peace process (1970s)

# Globalization



# Globalization

- the process of *international integration* arising from the interchange of world views, products, ideas, and other aspects of culture
- Examples:
  - Free trade
  - Multi-national corporations
  - Mass media
  - Non-governmental organizations
  - Spread of culture (especially Western culture)
  - Spread of democracy

# Globalization



**Turn & Talk (2 minutes):**

**What do you think are some of the pros & cons of globalization?**

# The Globalization Debate

<b>For</b>	<b>Against</b>
Promotes peace through trade	Creates more conflict
Raises standard of living around the world	Benefits developed nations disproportionately
Creates jobs in developing countries	Takes jobs from workers in developed countries
Promotes investment in less developed countries	Benefits those who already have money
Creates a sense of world community	“Cultural imperialism” erodes local cultures