

**12.5**

# **The U.S. in a Global Economy**

## **As a Young Political Scientist, I will be able to...**

- Explain the causes of globalization, including recent scientific discoveries and technological innovations, and its effects on the American economy, including why certain places or regions are important to the United States.
- Understand the roles of the executive and legislative branches in setting international trade and fiscal policies.

# **A Global Economy**

The background of the entire slide is a close-up, slightly blurred image of the United States flag, showing the stars and stripes in a warm, painterly style.

**All nations engage in trade & this has been a  
hallmark of civilization for thousands of  
years**

**Unequal distribution of natural resources makes  
trade a must in the world economy**

**Some countries will import and export the same  
materials, such as the U.S. with cars!**

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# **Benefits of Trade**

**Trade offers consumers goods & services and supplies the U.S. with jobs**

**The Federal Government supports trade around the world as well as protects consumers & producers**

**NAFTA- North American Free Trade Agreement, allows free trade between Mexico and Canada**

**China is the U.S. second leading trading country with Canada being the first**

# Trade Policies

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**The U.S. is the world's number one importer of goods & services**

**Largest category of trade is crude oil**

**Executive Branch oversees trade and profits for both the country & foreign trade**

**Protectionism-** The safeguarding of jobs, weakened or emerging industries, & enhancing national security



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# More Trade Policies

**Tariff-** Tax on imported goods. The U.S. does this to make American-made goods more appealing for consumers

**Import Quota-** Limit on the amount of a commodity that can be imported into a country

Some countries put a quota on film to encourage more local films for example

**Trade Embargo-** Ban on trade with a particular country or countries

# **Free Trade in North America?**

**NAFTA-** North American Free Trade Agreement.

**This established free trade between Mexico, Canada. Still controversial**

**The U.S. has lost about 600,000 jobs & many agricultural jobs left Mexico**

**Some wages have dropped, but trade has expanded to more than \$198 billion!**

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# Other Trade Agreements

**We have free trade with South Korea & talks for  
Transatlantic Trade & Investment  
Partnership for free trade with the EU**

**There are a series of alliances & organizations that  
support industries and workers such as...**

**International Monetary Fund-** Structures  
international trade, create fiscal stability,  
promote cross-border investment, reduce world  
poverty, & provide loans



# Alliances & Organizations

**U.S. has 3X the voting power of any nation in the IMF based on funding**

**World Bank-** Centers on strategies to reduce world poverty, promote global literacy, & raise standard of living

**World Trade Organization-** Creates set of rules for international commerce, new trade agreements, & provides arena to resolve trade issues

**Group of 8 (G8)-** Annual meeting of eight wealthy nations to discuss world affairs & crisis

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# **Consequences of Global Economy**

**Global economy is good for the world economy as it increases standard of living & spreads technology**

**However, a crisis such as war can lead to higher prices of materials.**

**Some worry we could lose national sovereignty as we have to ask for permission on some matters**

**Trade deficits, where one country trades more from another more than it trades back, can hurt the economy**



# **Tomorrow Marketplace**

**Increased globalization opens up trade & lowers trade deficits**

**The U.S. is seeing a rise in service exports, but has been losing factory jobs**

**The U.S. has also been relying on intellectual property, and not just service jobs**