

**20.1**

# **America & the World Economy**



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

- Understand how the United States is affected by emerging economic issues such as changes in the global economy.
- Explain how globalization and the rise of the service sector affects the American economy.
- Understand the productivity enhancements resulting from management innovations.
- Understand the global economic challenges facing the United States.

# Free Trade & Treaties

The background of the slide features a close-up, slightly blurred image of the American flag. The blue field with white stars is prominent in the upper right, while the red and white stripes are visible on the left. The flag is draped over a light-colored wooden surface, which shows some natural grain and texture.

**In 1990s, the U.S. promoted global trade & was an example for newly industrialized nations**

**Free Trade-** Allowing people to trade whatever they want openly in the world

**While Americans want lower costs from Free Trade, they worry about the loss of jobs**

**Republicans & Democrats argue over labor movements & policy changes depending on which party is in power**





# **Trade Policy**

**Republicans usually support the interests of business  
& free trade agreements**

**Democrats are more sympathetic to labor interests &  
oppose legislation that would lose jobs**

**In the 90s, Bill Clinton challenged Democratic  
policy by allowing free trade blocs**

**1993- The European Union (EU) was formed to  
coordinate monetary & economic policy for  
Europe**

**Joined under a single currency (except the UK) of  
the Euro**

# NAFTA

**North American Free Trade Agreement-** Trade agreement that would remove restrictions between Canada & Mexico

**This was proposed by President George H.W. Bush & later pushed through Congress by Clinton**

**Plan was that it would promote economic growth, reduce prices, increase exports & encourage investments**

**Others argue that it would force manufacturers into Mexico for cheaper wages & less government control**





# **Free Enterprise System**

**General Agreement on Tariffs & Trade- Reduce tariffs & promote trade in 1994**

**World Trade Organization (WTO) in 1995 expanding organizations ability to negotiate trade & supported a World Bank**

**Global trade has allowed people to discover new ideas, technology, & communications**

**Countries involved in free trade have become more democratic**



# Technological Innovations

The background of the slide features a close-up of the American flag, showing the blue field with white stars and the red and white stripes. The flag is draped over a light-colored wooden surface, which shows some natural grain and minor imperfections.

**Technology has raised the standard of living in the U.S. & influenced where people do their jobs**

**Globalization-** Process by which national economies, politics, cultures, & societies are integrated with the world

**Multinational Corporations-** Globalized businesses that work in many different nations

**Corporation might have headquarters in one country but its manufacturing in several others**



# **Globalization**

**Products & services have been made available to greater numbers of people at lower prices**

**However, manufacturing has flowed out of developed nations to less developed ones to save “costs”**

**Computers have changed society as most jobs now require some basis of understanding of them**

**Now industry can utilize robots & machinery to handle advanced jobs as well as communicate quickly**



# Service Sector Expands

The background of the slide features a close-up of the American flag, showing the stars and stripes, draped over a light-colored wooden surface with visible grain and knots.

**Service Economy-** Jobs in the service sector where people offer goods & services

**Jobs such as teachers, doctors, lawyers, professional athletes, & movie stars**

**Transition from industry-based economies to a service-based one has created new opportunities for people to achieve American Dream**

**Today this has created billionaires such as Mark Zuckerberg, Bill Gates, Jeff Bezos, or Elon Musk**

The background of the slide features a close-up of the American flag's red and white stripes on the left, transitioning into a wooden surface with a visible grain pattern on the right.

# **Decline of Organized Labor**

**Jobs in industry such as mining, steelmaking, & automobile construction have been declining**

**In 1945, almost 35% of all American workers were in a union**

**By 2013 only 12% of workers were in unions**

**As a result, the power of unions have lessened & wages have lowered**



# **Role of the United States in Future Economy**

**The United States has the world's largest national economy**

**This is due to political stability, abundant natural resources, high worker productivity...**

**Favorable immigration policies & a culture that emphasizes hard work, free enterprise, education & innovation**

**However, there have been some changes in the world economy...**







# **New Economies**

**China, India, & Brazil have seen massive growth due to natural resources & industrial bases**

**China has proven to be a major concern due to its communist policies & restrictions on freedoms**

**China does have a modified free market though with profitable trade agreements**

**Nations need to produce better & inexpensive goods, stay on cutting edge of Research & Development, & educate for hi-tech industry**