

IR-22: Monetary Conversion

Suggested items and price conversions are listed in the table, but other products are acceptable.

Product	US Dollars	Pesos	Euros
Toyota® Camry®	\$20,000	\$243,840	€14,943.20
Blue Jeans	\$50	\$609.60	€37.36
iPad®	\$400	\$5,091	€304.31
Pizza	\$10	\$127.32	€7.61
Purse	\$45	\$548.64	€33.62

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IR-23: Economic Differences

Create a bar graph using the data on the table from IR-24, page 1. Include only the top five and bottom five countries by GDP-PPP on the graph. Include a title for your graph, and label the X and Y axes.

Use your bar graph to answer questions 1–3.

1. Which country has the highest GDP-PPP? _____
2. Which country has the lowest GDP-PPP? _____
3. What factors do you think affect the level of a country's GDP-PPP? _____

Use the table to answer questions 4–8.

4. Which country has the largest percentage of its population living on less than \$2 a day? _____

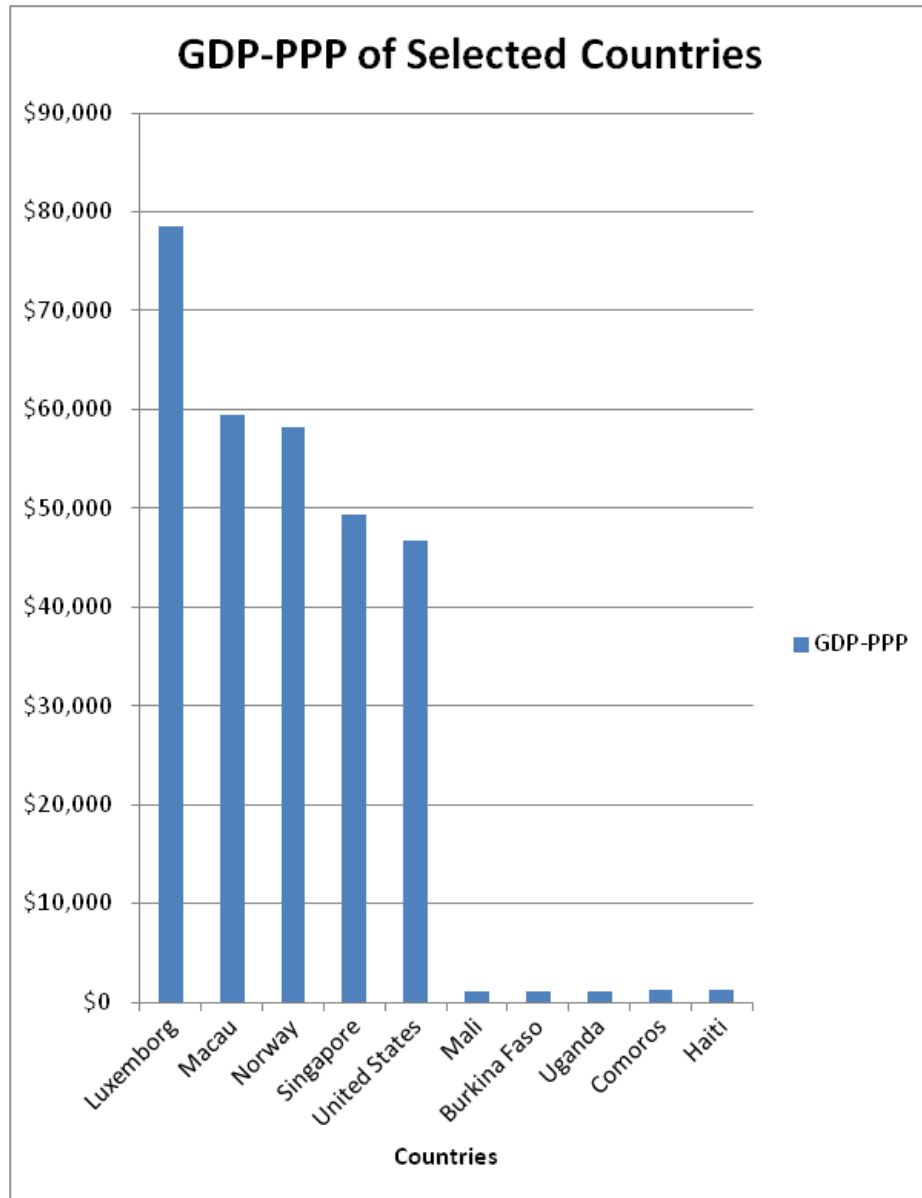
5. What do you think it would be like to live on less than \$2 a day? _____

6. In what parts of the world do you find the wealthier countries? _____
7. In what parts of the world do you find the poorer countries? _____
8. What inferences can you make based on this data? _____

IR-23: Economic Differences—Answer Key

Create a bar graph using the data on the table from IR-24, page 1. Include only the top five and bottom five countries by GDP-PPP on the graph. Include a title for your graph, and label the X and Y axes.

Sample graph:



Use your bar graph to answer questions 1–3.

1. Which country has the highest GDP-PPP? *Luxembourg*
2. Which country has the lowest GDP-PPP? *Haiti*
3. What factors do you think affect the level of a country's GDP-PPP?
Answers will vary and may include ideas about access to resources, industrialization, trade, and governmental stability.

IR-23: Economic Differences—Answer Key

Use the table to answer questions 4–8.

4. Which country has the largest percentage of its population living on less than \$2 a day? *Comoros*
5. What do you think it would be like to live on less than \$2 a day? *Answers will vary and will depend on students' individual perceptions.*
6. In what parts of the world do you find the wealthier countries? *Students may identify that wealthier countries are located in North America, Europe, and areas in Eastern Asia.*
7. In what parts of the world do you find the poorer countries? *Students may identify that poorer countries are located in Africa and the Caribbean.*
8. What inferences can you make based on this data? *Answers will vary and should include facts to support inferences.*

Economic Spatial Analysis of the Contemporary World

Part 1: Economic Differences

WORLD'S WEALTHIEST COUNTRIES			WORLD'S POOREST COUNTRIES		
COUNTRY	GDP-PPP		COUNTRY	GDP-PPP	PERCENT LIVING ON LESS THAN \$2/DAY
Luxembourg	\$78,559		Democratic Republic of the Congo	\$328	N/A
Macau*	\$59,451		Burundi	\$380	93%
Norway	\$58,141		Liberia	\$388	95%
Singapore	\$49,288		Guinea-Bissau	\$538	78%
United States	\$46,716		Eritrea	\$632	N/A
Ireland	\$44,195		Niger	\$684	86%
Hong Kong*	\$43,922		Central African Republic	\$730	82%
Switzerland	\$42,534		Sierra Leone	\$750	76%
Netherlands	\$40,850		Timor-Leste	\$766	N/A
Austria	\$38,153		Togo	\$829	69%
Sweden	\$37,383		Malawi	\$837	90%
Iceland	\$36,770		Ethiopia	\$868	78%
Denmark	\$36,604		Mozambique	\$770	90%
Canada	\$36,444		Rwanda	\$1,010	70%
Australia	\$35,677		Madagascar	\$1,040	90%
Germany	\$35,613		Nepal	\$1,112	78%
United Kingdom	\$35,426		Mali	\$1,090	77%
Finland	\$35,426		Burkina Faso	\$1,161	81%
Belgium	\$34,493		Uganda	\$1,165	76%
Japan	\$34,099		Comoros	\$1,168	65%
France	\$34,045		Haiti	\$1,177	72%

Source: World Bank, 2008

*Macau (1999) and Hong Kong (1997) are Special Economic Zones within the People's Republic of China, but for economic reasons, they should be considered separate from communist China.

Relying on one piece of data in isolation, such as per capita GDP, is limiting. However, if taken as a generalization, it can lead to broader understandings. For example, the spatial analysis of the two extremes listed in the table above—the wealthiest and poorest countries in the world—leads people to question the location of these countries. A deeper insight begs the reader to further investigate the question, "What patterns exist between the locations of the world's wealthiest and poorest countries?"

It should be understood that \$300 in the United States will purchase much fewer goods and services than \$300 in the Democratic Republic of the Congo. The

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differences between the two countries, e.g., the standard of living, life expectancy, and use of material objects in everyday life, are extreme. However, taking into account these cultural differences, can you imagine living as the people from the Democratic Republic of the Congo do, on \$328 for an entire year?

Part 2: The European Union

Many European countries suffered from very poor economic conditions as a result of World War II. The United States infused close to \$12 billion in 17 countries from 1948 to 1951 through a program called the European Recovery Program, commonly referred to as the Marshall Plan. This supranational organization was a key factor in providing economic relief and political stability. A **supranational organization** involves three or more countries that have shared economic, cultural, and/or political policy objectives and are willing to operate as a single organization.

After the initial economic recovery had started in 1948, six European countries created the European Coal and Steel Community (ECSC) in order to manage each country's coal and steel industries. The founding members of the ECSC were Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. This organization was so successful that in 1957 these same countries created the European Economic Community. The central idea of a common management team overseeing the policies and production of coal and steel were expanded to other industries as well. The "common market," as it was referred to, allowed people, goods, and services to move more freely between member countries and without taxes. Think about it this way: The Common Market was stronger and more economically developed as a result of sharing resources than what each country would be if acting individually.

The final step toward what Winston Churchill once called "a kind of United States of Europe" occurred in 1992 with the signing of the Maastricht Treaty. Building upon the European countries' common economic and political structures, this treaty also called for a united policy of military cooperation between member countries. The result is what is known today as the **European Union** (EU). With more than 25 member countries, the EU is committed to democracy, the rule of law, peaceful relationships at home and abroad, and respect for human rights. The majority of EU members also share a common currency called the euro, which helps economically because travelers do not need to think about exchange rates for different currencies.

The EU is a very strong economic organization. As a single economic entity, it outproduces any single country in the world.

This situation provides obvious economic advantages for countries that belong to the EU; their overall level of development is enhanced by sharing natural and human resources with other member countries. As each country contributes resources, the entire organization has a better opportunity to have something that other countries may want or need, thus improving trade with those countries.

2008 Gross Domestic Product (GDP) in Billions of Euros	
European Union	12,508
United States	9,819
Japan	3,329
China	1,326
Russia	468

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An important element of the labor force in the EU has been the inclusion of women. The growth of women in the workplace in the EU has not occurred in more traditional roles, such as the primary sector. Rather, since the early 1980s, most new jobs taken by women have been in the service sector. Throughout the 1990s, women made up 29% of workers in primary sector activities, 21% in secondary sector activities, but nearly 48% in tertiary sector activities.

The rise in women entering the workforce is related to access to higher education. As women have more opportunities to receive higher education, there are more highly qualified women in management and administrative positions. However, the table below shows the occupational segregation that still exists throughout the EU.

Type of Job	Percentage of Jobs Held by Women	Percentage of Jobs Held by Men
Senior Management	29%	71%
Skilled Work	13%	87%
Machine Operator	18%	72%
Armed Forces	3%	97%
Clerical Work	69%	29%
Service and Sales	57%	42%

The vast majority of women remain near the bottom rungs of social and professional jobs. For example, there are more women in the field of education as a whole, especially at the primary and secondary levels, but men dominate the teaching positions at the university and administrative levels of education.

There are some underlying tendencies that perpetuate these trends. In most cases, public sector jobs have fewer cases of gender discrimination because they are influenced much more by government regulations. The discriminatory practices in the corporate culture of the private sector are easier to hide from government officials than in the public sector. Another reason that women work more in the public sector is that there are advantages for women built into scheduled work time. Since European women tend to be primarily responsible for their children, having more flexible work hours, paid holidays, and child-care leaves of absence cater to a woman's need to balance the necessity to work with the necessity to be available for her children. A final reason women, more than men, tend to be employed in the public sector is that European women tend to be more motivated to serve the public, feel more useful in society, and help underprivileged people in society.

There are problems associated with the EU. The first issue deals with the attempt to create a common currency. It would be convenient for all member countries to use the same currency to expedite transactions of equivalent value. However, Sweden, Denmark, and the United Kingdom have refused to use the Euro. The other major problem within the European Union is the process by which the organization decides to admit new members. It can be argued that Turkey has had more stable political and economic systems than several of the more recently admitted countries, specifically countries in Eastern Europe that used to be strongly influenced by the

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Soviet Union. Turkey has petitioned for admittance for several years, but every time there is a vote, the EU decides to exclude Turkey.

Part 3: NAFTA

NAFTA is a trade agreement among Canada, the United States, and Mexico. Officially called the North American Free Trade Agreement, it is the world's largest such organization in terms of gross domestic product and includes more than 400 million people and just under \$17 trillion of goods and services created. It is unique compared to other trade organizations because it was the first such organization created by both developed (United States and Canada) and developing (Mexico) countries.

The idea of a free trade zone in North America was originally raised in 1984. NAFTA started officially in 1992, when the leaders in each country signed an agreement to reduce tariffs and other trade barriers and to increase investment in each country's economy. NAFTA officially began January 1, 1994.

The economic impact was immediate. In 1993, fewer than 500 automobiles were exported from the United States to Mexico. By 1995, that number increased to almost 1 million automobiles. From 1993 to 2007, trade tripled among the three countries and, therefore, accounts for a significant amount of the Canadian gross domestic product.

However, there are critics of NAFTA. Some complain that the effects of globalization have eroded available jobs within the United States. Specifically, there are fewer manufacturing jobs in the United States today while Mexico has seen a dramatic rise in that economic sector, primarily in maquiladoras found in the border towns of Tijuana, Ciudad Juarez, Nuevo Laredo, and Matamoros. There are also concerns about the differences in wage and labor laws. The average hourly wage in Mexico's secondary sector jobs is only 13% of that for the same work done in the United States. At the same time, many Mexican farmers have lost their jobs because they cannot compete with farmers in the United States, especially those who receive large government subsidies.

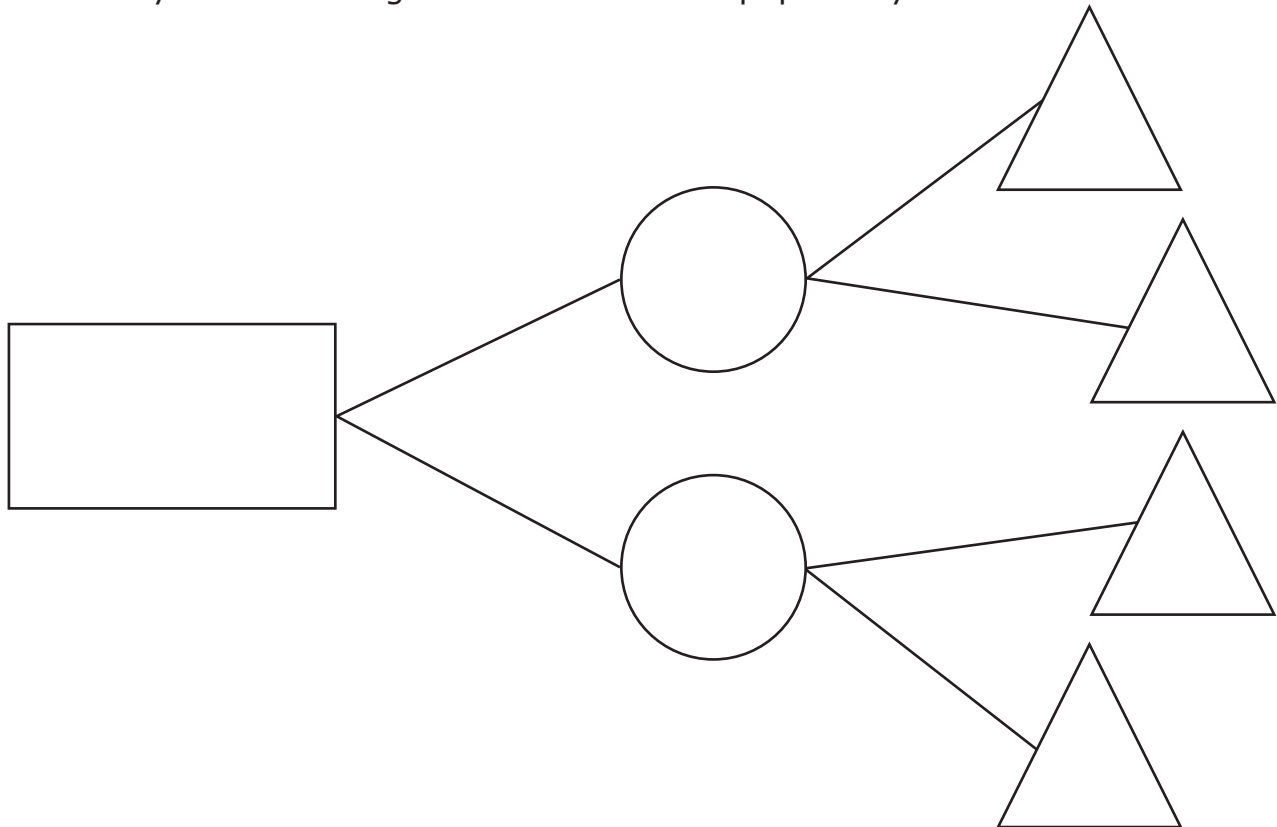
There also are environmental concerns. The annual estimated costs of cleaning the waste from increased agricultural and industrial production in Mexico are close to \$36 billion. There are grave concerns that the rapid increase of commercial agriculture has led to a higher concentration of nitrogen and other chemicals in the soil. Industrial waste, toxic agricultural chemicals, and inadequate sewage treatment have contaminated surface water, some of which is used for drinking water. Multinational corporations have taken advantage of virtually nonexistent environmental laws in Mexico.

IR-25: Economic Spatial Analysis Map—Reading to Learn

Step 1: Use the map below to label the countries that participate in the European Union (EU) and the North American Free Trade Agreement (NAFTA). Color the EU one color and NAFTA another color.

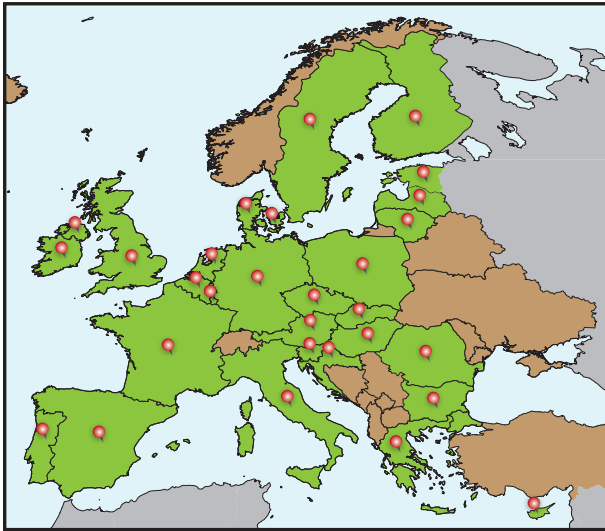


Step 2: You will be assigned either the EU or NAFTA. Read the text in IR-24 that corresponds to your assignment. Use the format of Power Notes to process the information you read in your notebook. The rectangles are main ideas, the circles are supporting details for the main idea, and the triangles are examples that support the circles. Draw your graphics as you read and use whatever is appropriate for the text you are reading. Use as much extra paper as you need.



IR-25: Economic Spatial Analysis Map—Reading to Learn—Answer Key

Step 1: Use the map below to label the countries that participate in the European Union (EU) and the North American Free Trade Agreement (NAFTA). Color the EU one color and NAFTA another color.

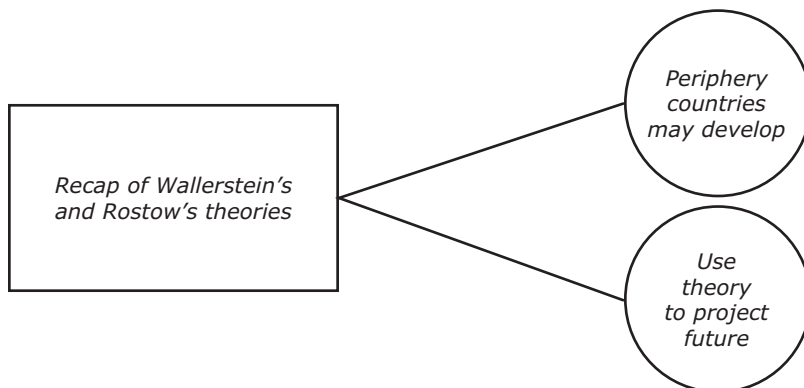


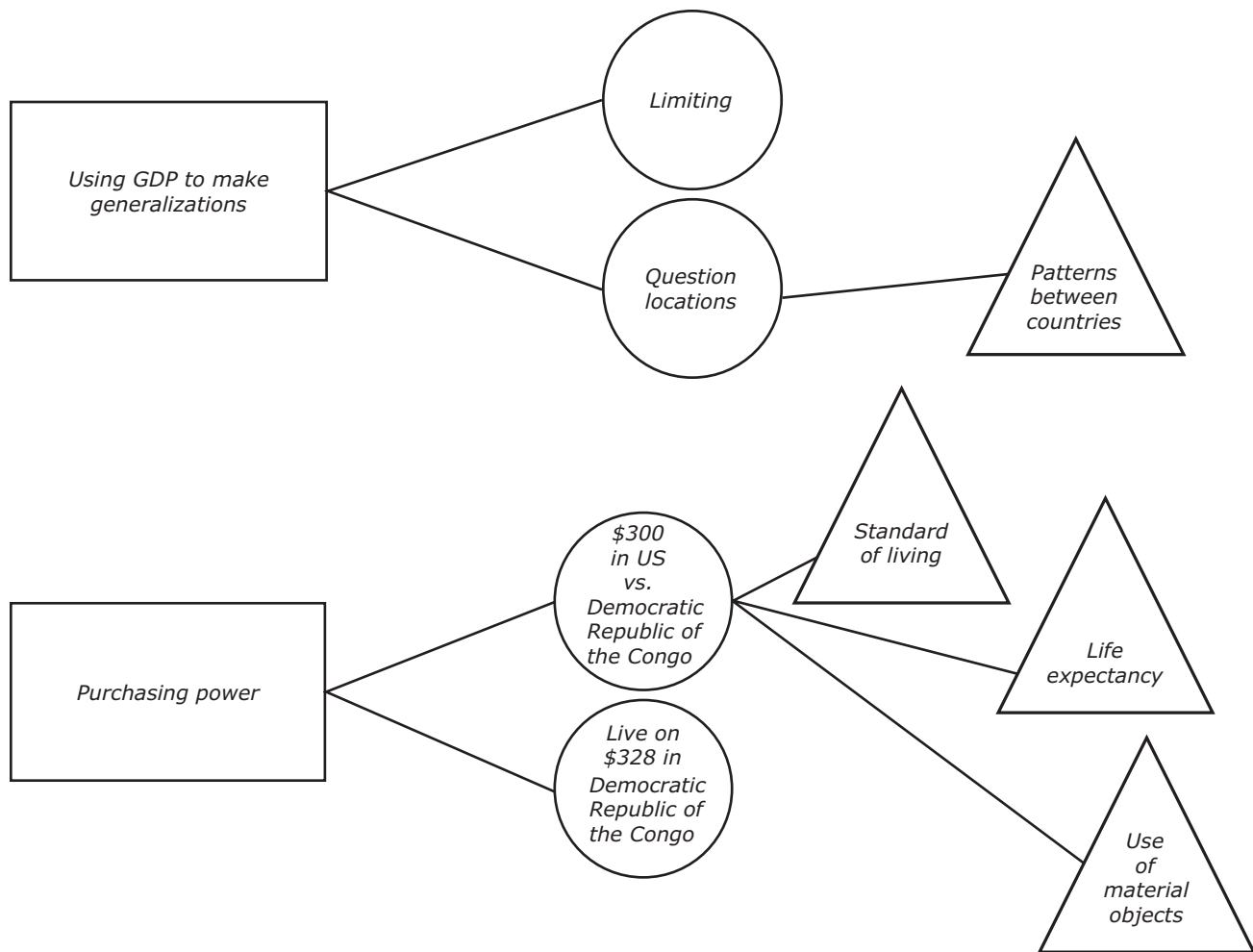
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Examples

Part 1: Economic Differences

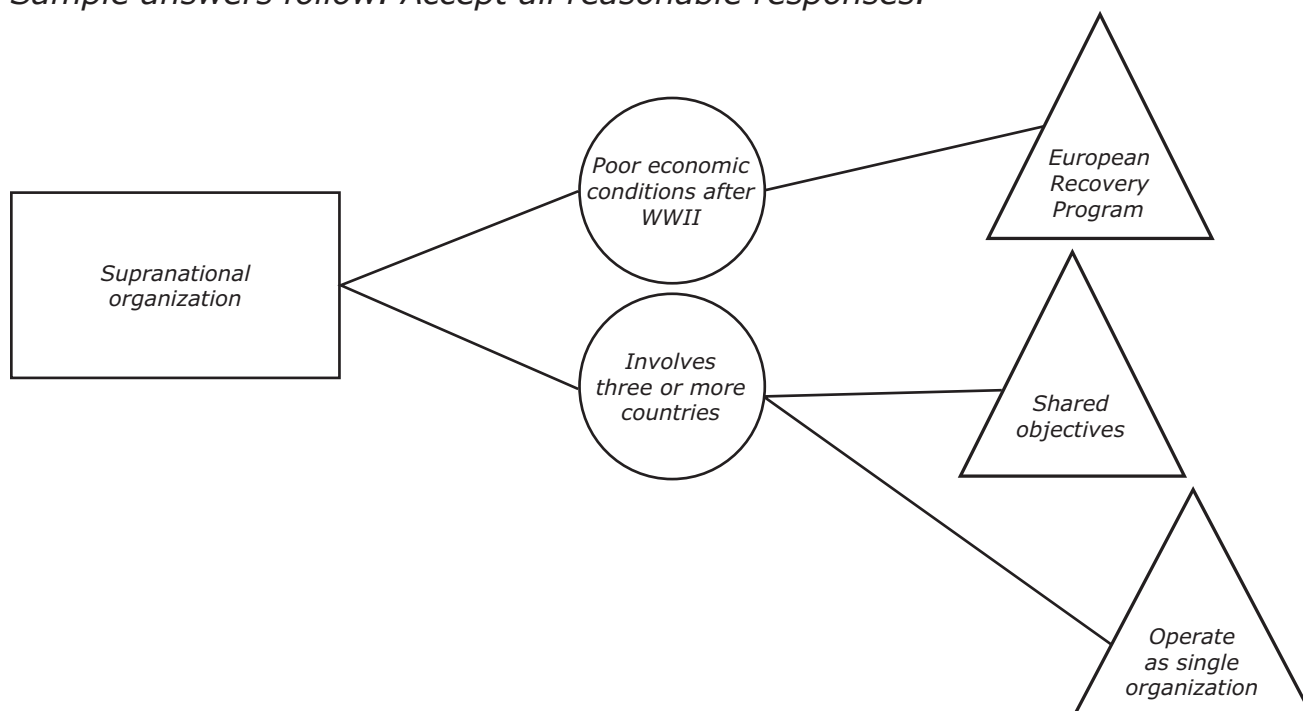
Sample answers follow. Accept all reasonable responses.



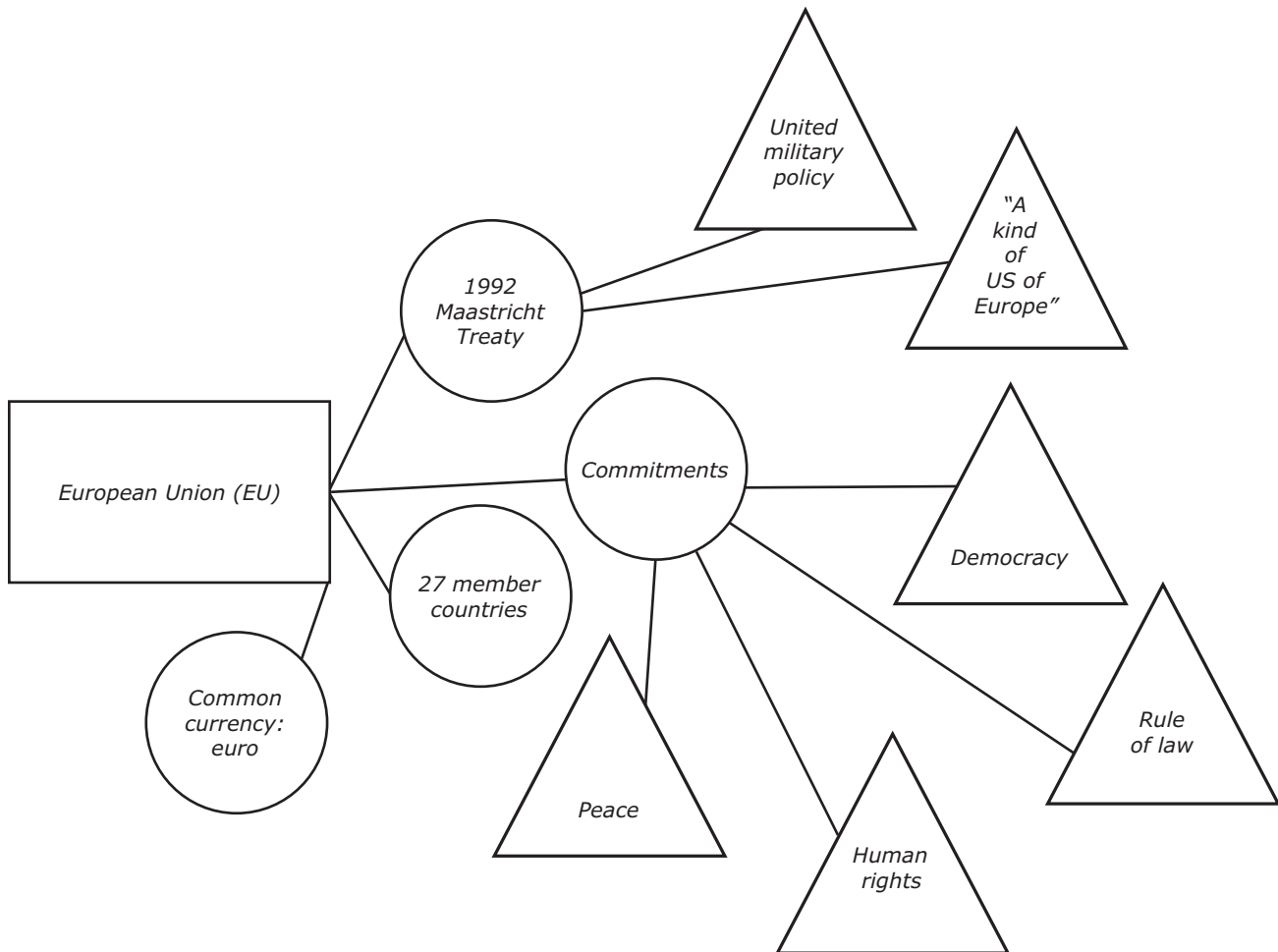
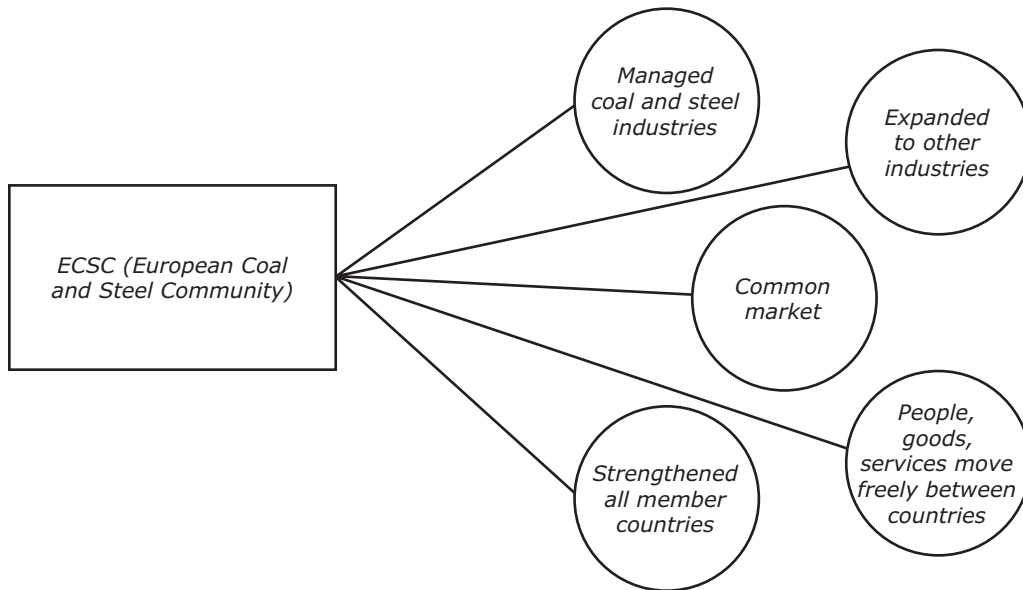


Part 2: The European Union

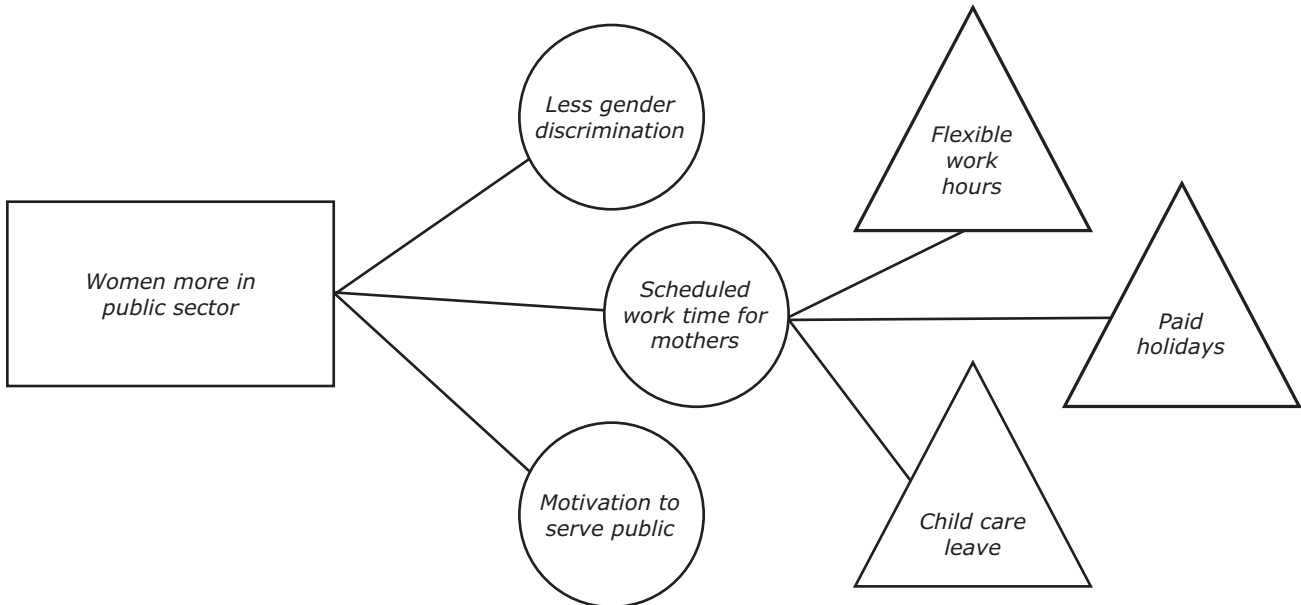
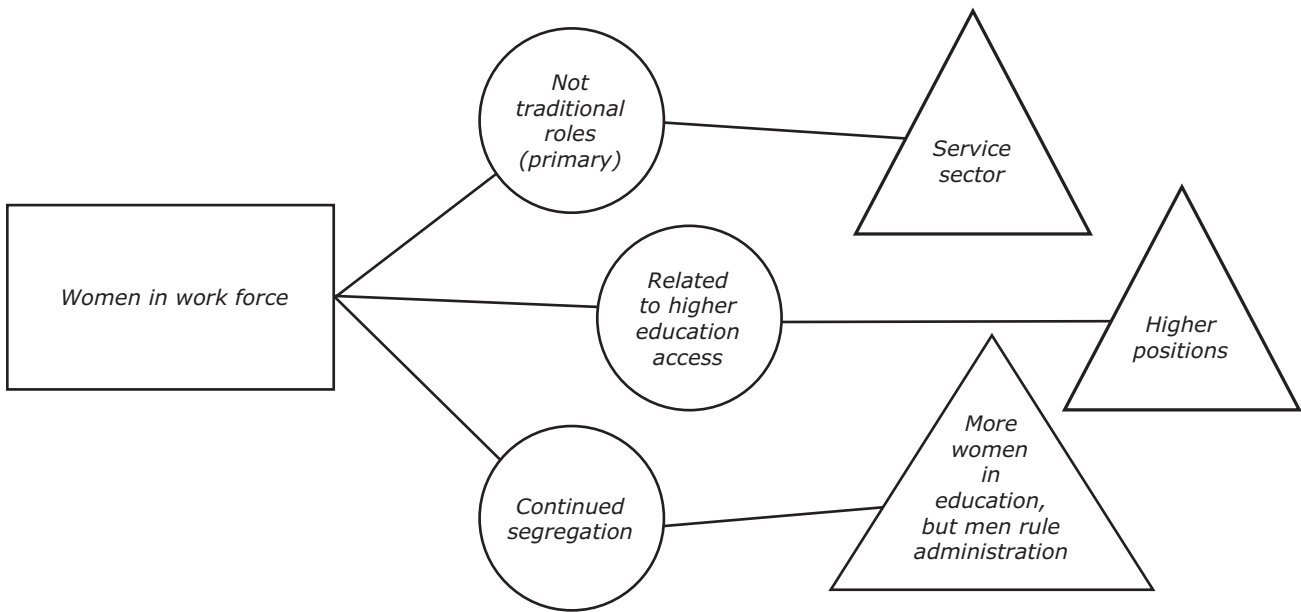
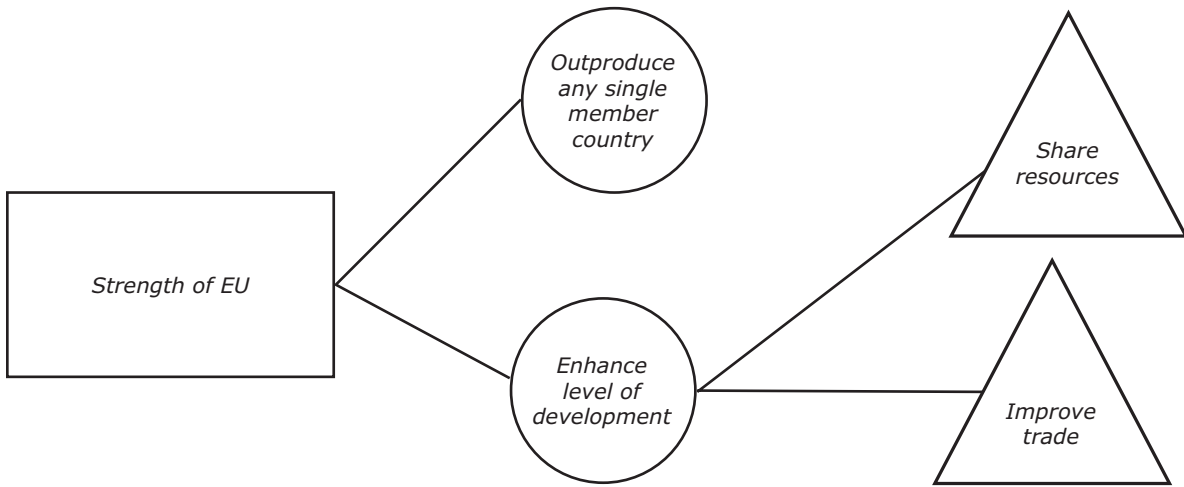
Sample answers follow. Accept all reasonable responses.

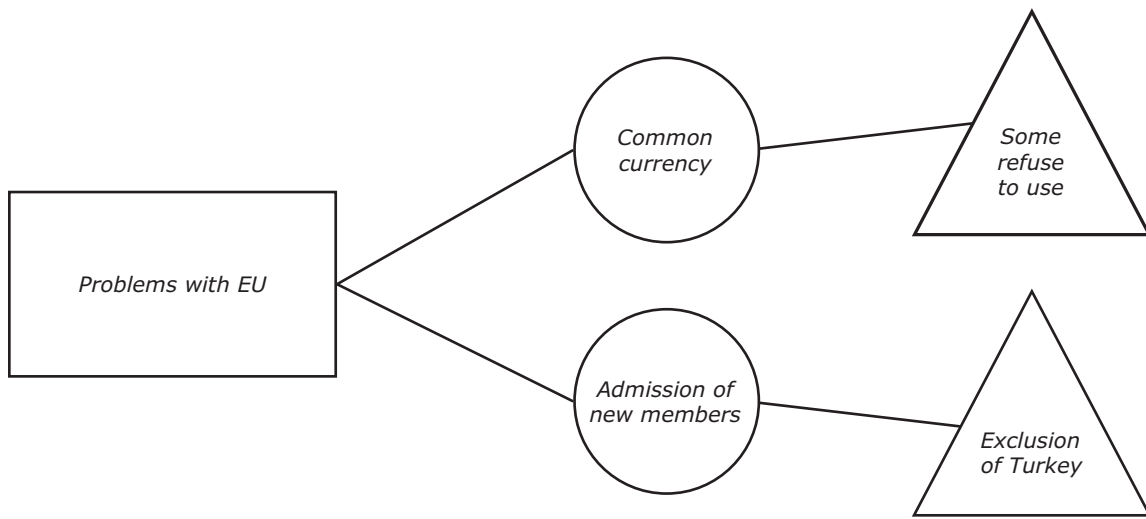


IR-25: Economic Spatial Analysis Map—Reading to Learn—Answer Key



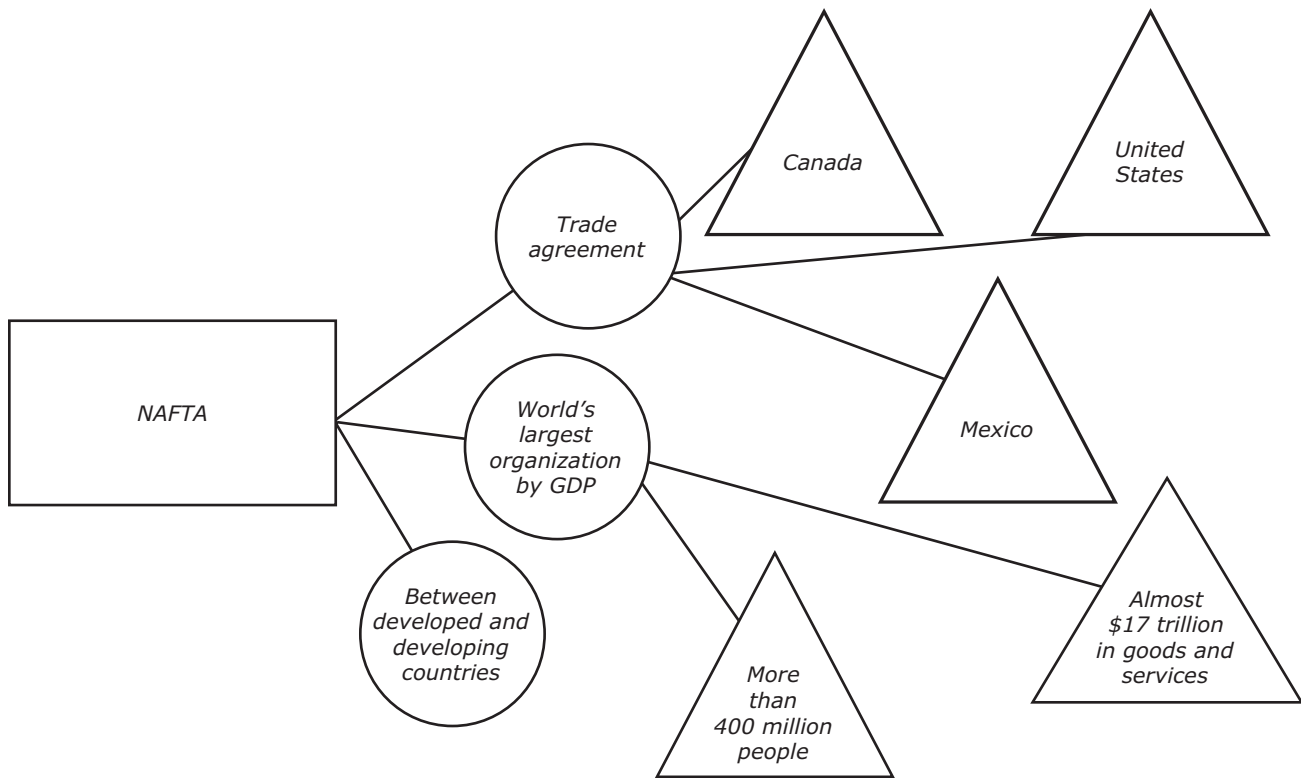
IR-25: Economic Spatial Analysis Map—Reading to Learn—Answer Key



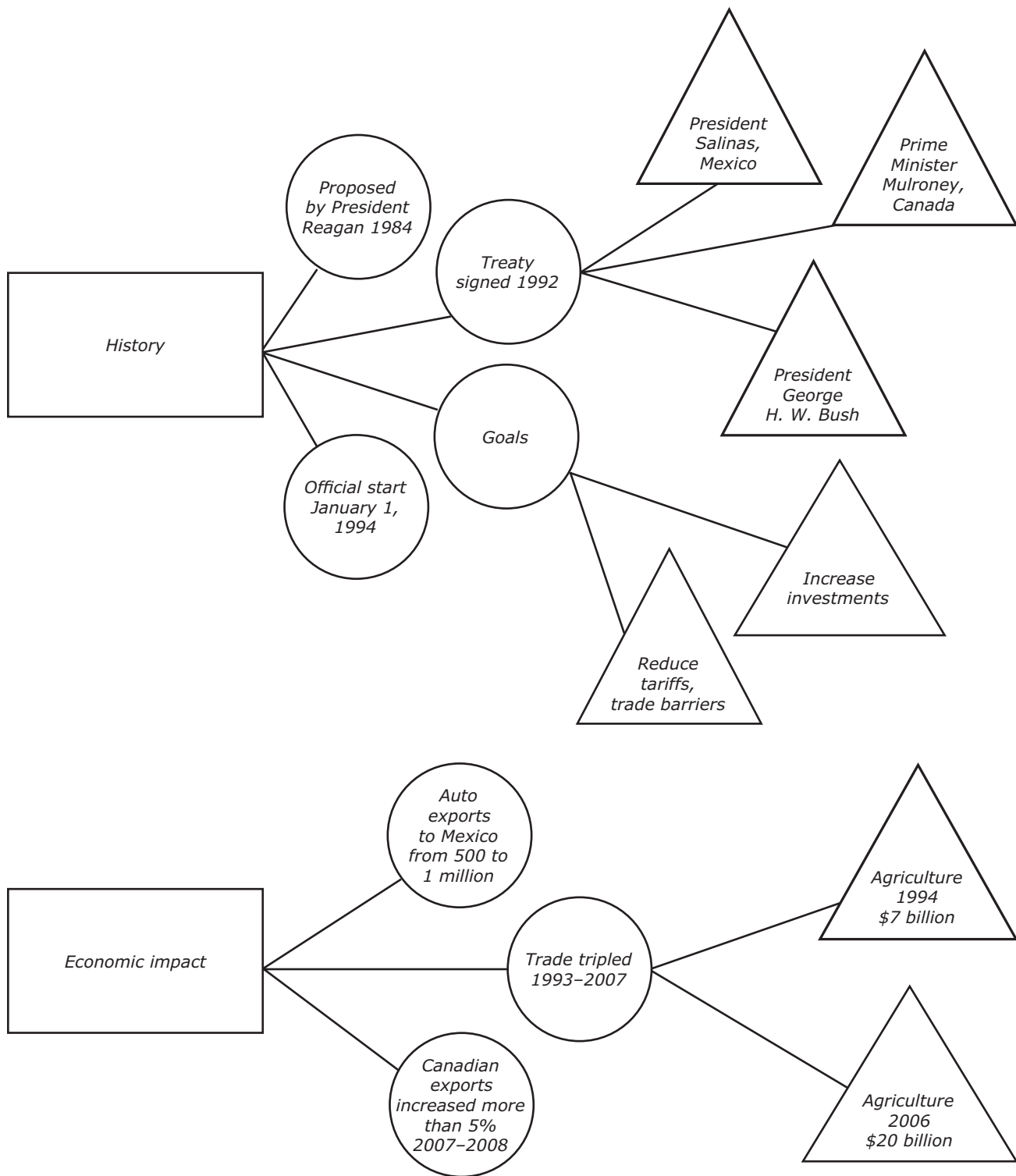


Part 3: NAFTA

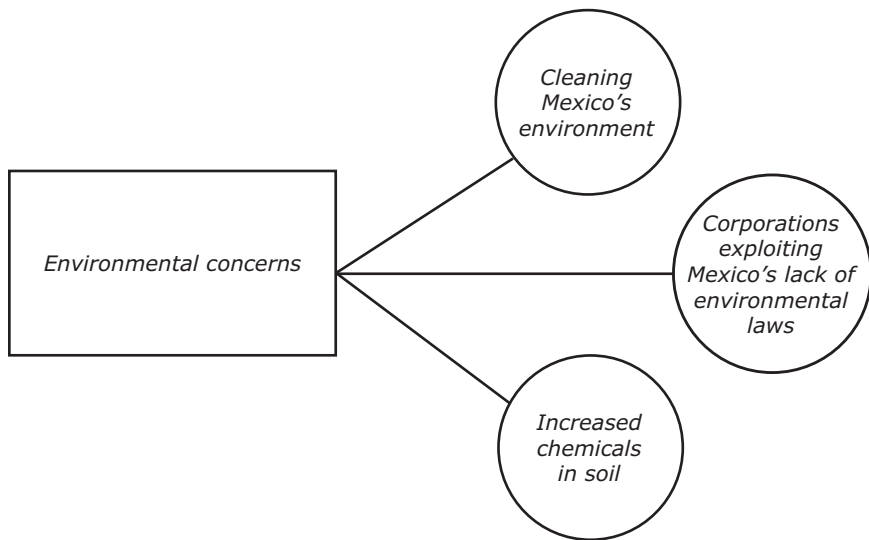
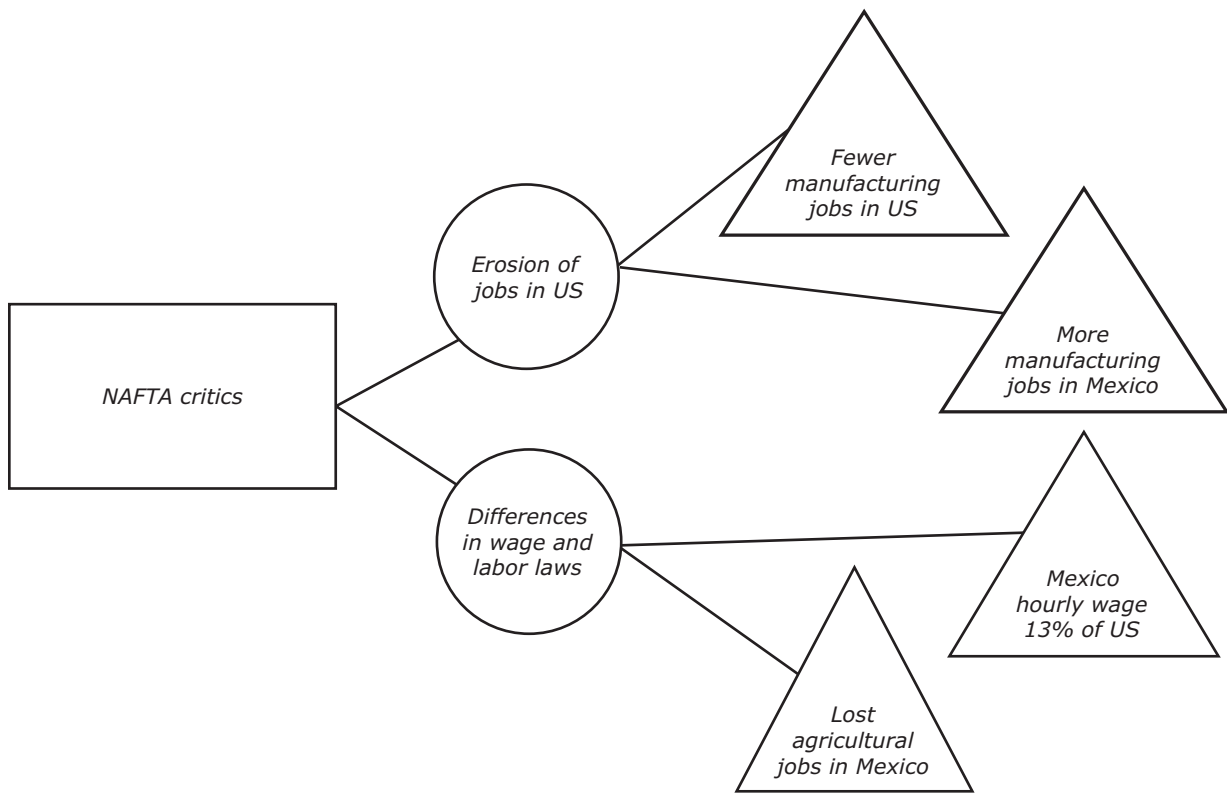
Sample answers follow. Accept all reasonable responses.



IR-25: Economic Spatial Analysis Map—Reading to Learn—Answer Key



IR-25: Economic Spatial Analysis Map—Reading to Learn—Answer Key



IR-26: European Union Report Card

Use outside research sources and your knowledge of the European Union and NAFTA to create a report card for each. For each of the criteria listed on the left side of the card, grade each of the two economic organizations using the following scale:

A: Excellent C: Fair
 B: Good D: Poor F: Failing

For each grade, record in the Rationale column a reason or reasons why you chose that grade.

Criteria	European Union		NAFTA	
	Grade	Rationale	Grade	Rationale
Inclusion of Countries				
Met Original Goals				
Global Share of GDP				
Wages				
Working Conditions				
Education Opportunities				
Reducing Pollution				

Consider the impact these two economic organizations have had on the global economy. Choose one of them and write a paragraph supporting your choice. Include at least three facts to support your choice.

IR-26: European Union Report Card—Answer Key

Use outside research sources and your knowledge of the European Union and NAFTA to create a report card for each. For each of the criteria listed on the left side of the card, grade each of the two economic organizations using the following scale:

A: Excellent C: Fair
 B: Good D: Poor F: Failing

For each grade, record in the Rationale column a reason or reasons why you chose that grade.

Sample answers are shown below. Accept all reasonable responses.

Criteria	European Union		NAFTA	
	Grade	Rationale	Grade	Rationale
Inclusion of Countries	<i>B</i>	<i>Exclusion of Turkey</i>	<i>A</i>	<i>Both developed and developing countries</i>
Met Original Goals	<i>B</i>	<i>Some problems accepting euro</i>	<i>A</i>	<i>Free trade open among the three member nations</i>
Global Share of GDP	<i>A</i>	<i>Outproduce any single country</i>	<i>A</i>	<i>Largest organization, 400 million people, \$17 trillion of goods and services</i>
Wages	<i>B</i>	<i>Inequities between men and women</i>	<i>C</i>	<i>Increased jobs in Canada related to NAFTA; lost jobs in Mexico</i>
Working Conditions	<i>C</i>	<i>Inequities between men and women</i>	<i>D</i>	<i>Inequities between wages in different countries</i>
Education Opportunities	<i>B</i>	<i>Improved for women</i>	<i>N/A</i>	<i>No evidence</i>
Reducing Pollution	<i>N/A</i>	<i>No evidence</i>	<i>F</i>	<i>Increased costs of cleaning Mexico's environment</i>

Consider the impact these two economic organizations have had on the global economy. Choose one of them and write a paragraph supporting your choice. Include at least three facts to support your choice.

Answers will vary. Students should support their responses with textual evidence.

IR-27: European Union and NAFTA Assessment Items

1. Which of the following would be least likely to be affected by NAFTA?
 - A. Canadian packing plant
 - B. Puerto Rican sugar plantation
 - C. Mexican trucking company
 - D. American industrial factory
2. Which of the following is a correct statement about the European Union (EU) and NAFTA?
 - A. The majority of countries in the world belong to one of these organizations.
 - B. Twenty percent of all the wealth in the world is concentrated in these two organizations.
 - C. These two groups are the largest economic organizations in the world based on GDP.
 - D. The people who are governed by these economic organizations have not benefited economically from them.
3. A supranational organization that originated directly from the economic chaos of World War II is —
 - A. the European Union
 - B. NAFTA
 - C. ASEAN
 - D. the Red Cross