



GLOBAL ECONOMICS

GLOBALIZATION

c. 1900 to the present



c. 1900-NOW

THIS IS THE THEMATIC FOCUS. IT'S WHAT YOU SHOULD FOCUS ON FOR THIS SECTION

THEMATIC FOCUS

Economics Systems ECN

As societies develop, they affect and are affected by the ways that they produce, exchange, and consume goods and services.

HISTORICAL DEVELOPMENTS

KC-6.3.I.D

In a trend accelerated by the end of the Cold War, many governments encouraged free-market economic policies and promoted economic liberalization in the late 20th century.

KC-6.3.I.E

In the late 20th century, revolutions in information and communications technology led to the growth of knowledge economies in some regions, while industrial production and manufacturing were increasingly situated in Asia and Latin America.

KC-6.3.II.B

Changing economic institutions, multinational corporations, and regional trade agreements reflected the spread of principles and practices associated with free-market economics throughout the world.

ILLUSTRATIVE EXAMPLES

Governments' increased encouragement of free-market policies:

- The United States under Ronald Reagan
- Britain under Margaret Thatcher
- China under Deng Xiaoping
- Chile under Augusto Pinochet

Knowledge economies:

- Finland
- Japan
- U.S.

Asian production and manufacturing economies:

- Vietnam
- Bangladesh

Latin American production and manufacturing economies:

- Mexico
- Honduras

Economic institutions and regional trade agreements:

- World Trade Organization (WTO)
- North American Free Trade Agreement (NAFTA)
- Association of Southeast Asian Nations (ASEAN)

Multinational corporations:

- Nestlé
- Nissan
- Mahindra and Mahindra

THROUGHOUT THE COLD WAR, MANY GOV'TS ENCOURAGED FREE MARKET POLICIES

REAGAN THATCHER DENG PINOCHET

- REAGANOMICS GOAL: REDUCE GOV INTERVENTION IN
- THATCHERISM GOAL: CHANGE BRITISH WELFARE
- SOCIALISM WITH CHINESE CHARACTERISTICS
- CHICAGO BOYS (CHILEAN) ECONOMISTS WHO WENT TO THE UNIV. OF CHICAGO GOAL: APPLY FREE MARKET POLICIES IN CHILE
- "MIRACLE OF CHILE" ECON. LIBERALIZAT. PRIVATIZATION

GLOBALIZATION c. 1900-NOW

IN THE LATE 20TH CENTURY, HUMANS BEGAN TO PIVOT FROM AN INDUSTRIAL ECONOMY TO KNOWLEDGE ECONOMIES

REQUIRES WORKING WITH INFORMATION RATHER THAN PHYSICAL OBJECTS

OPPOSITE OF AN AGRICULTURAL (FARM) OR INDUSTRIAL ECONOMY

PREHISTORY NEOLITHIC BRONZE CLASSICAL POST-CLASSICAL EARLY MODERN MODERN SPACE INFORMATION

FINLAND 4TH LARGEST KNOWLEDGE

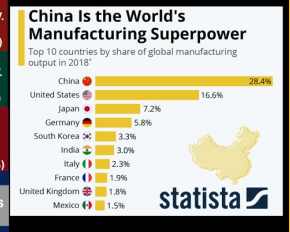
NOT EVERY ECONOMY IS SERVICE/INFO BASED... MANY ECONOMIES ARE CLASSIFIED AS PRODUCTION ECONOMIES

JUST BECAUSE YOU MANUFACTURE A LOT, DOESN'T MEAN YOU HAVE A PRODUCTION ECON

ONLY MEXICO ON THIS LIST IS CONSIDERED A PRODUCTION/MANUFACTURING ECON.

CHECK YOUR CLOTHING LABELS FOR THE FOLLOWING PRODUCTION ECONOMIES:

- VIETNAM
 - RELIES ON FOREIGN DIRECT INV.
 - 12TH FASTEST GROWING ECON
 - 40.1% OF GDP=MANUF. (US=11%)
- BANGLADESH
 - RELIES ON FOREIGN DIRECT INV.
 - 7TH FASTEST GROWING ECON
 - 26.9% OF GDP=MANUF. (US=11%)



THE ECONOMY IS NOT JUST MEASURED BY NATION. THERE ARE ALSO ECONOMIC INSTITUTIONS & TRADE AGREEMENTS

- LARGEST INTL TRADE ORG
- WTO STARTED IN 1995 REGULATES INT'L TRADE BETWEEN NATIONS
- TRADE AGREEMENTS RESOLVES DISPUTES
- INCREASED WORLD TRADE REMOVED TRADE BARRIERS
- NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) STARTED IN 1994
- CREATED TRADE BLOCK REMOVED TRADE BARRIERS OF INVESTMENT
- REPLACED BY USMCA ON JULY 1, 2020
- MORE ENVILOSORS ECONOMIC POLICY MILITARY
- PROMOTES INT'L COOPERATION
- ECONOMIC POLICY MILITARY
- ASEAN WAY-RESPECT THE NUMBER OF SE ASIA MEMBER STATES

GLOBAL ECONOMICS c. 1900-NOW

THE ECONOMY IS NOT JUST NATIONS & AGREEMENTS. THERE ARE ALSO MULTINATIONAL CORPORATIONS

THESE ARE THE LARGEST OF MOST PROFITABLE. THESE ARE THE COMPANIES THE COLLEGE BOARD WILL ASK YOU TO DESCRIBE

- #1 FORBES GLOBAL 2020
- #1 IN SWITZERLAND
- LARGEST FOOD COMPANY IN THE WORLD
- 29 DIFFERENT BRANDS THE BELL COFFEE IS
- 2ND LARGEST PLASTIC POLYESTER (COCA-COLA)
- OWN NEARLY ALL BOTTLED WATER COMPANIES
- #1 IN INDIA
- #121 FORBES GLOBAL 2020
- MAHINDRA & MAHINDRA, LTD. LARGEST TRACTOR MANUFACTURER ON EARTH
- #1 IN JAPAN
- #12 FORBES GLOBAL 2020
- LARGEST AUTOMAKER IN THE WORLD
- 1.1 TOYOTA, 2. VW, 3. HYUNDAI, 4. FORD
- LARGEST ELECTRICAL VEHICLE PRODUCER (LEAF)

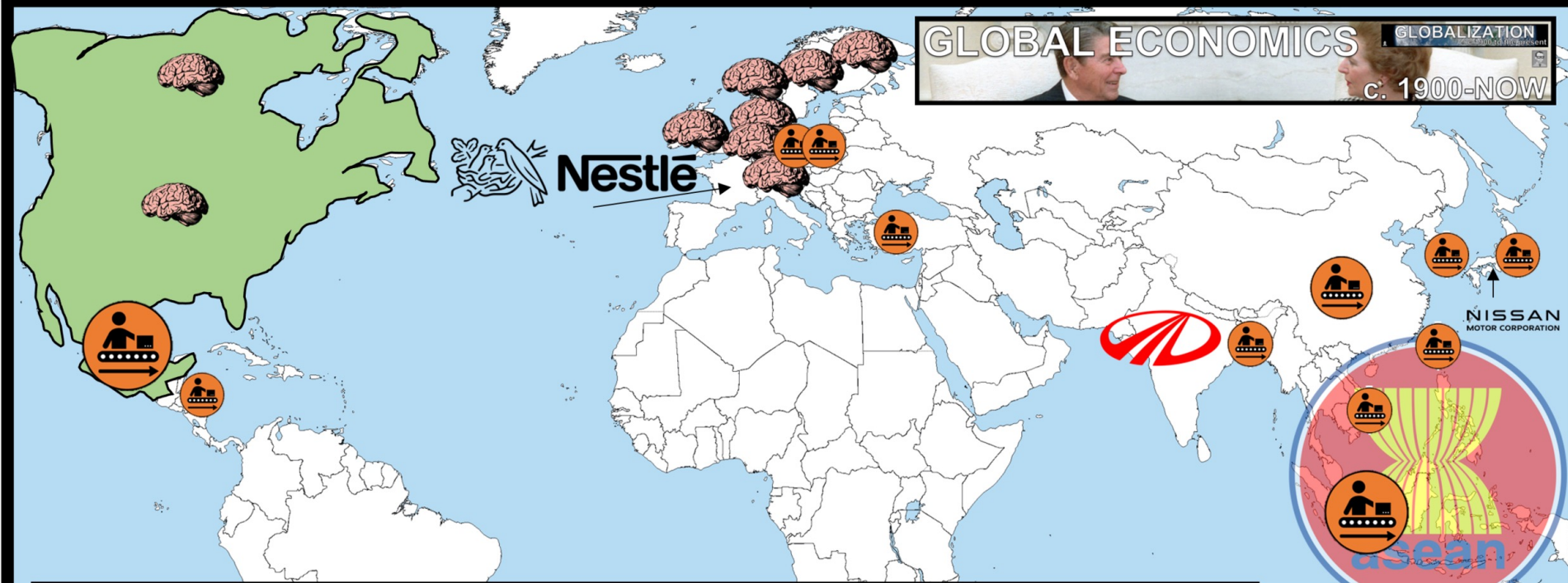
GLOBAL ECONOMICS c. 1900-NOW

GEOGRAPHY

GLOBAL ECONOMICS

GLOBALIZATION

c. 1900-NOW



 **KNOWLEDGE ECONOMIES**

 **N.A.F.T.A. or U.S.M.C.A**

MULTI-NATIONAL BRANDS

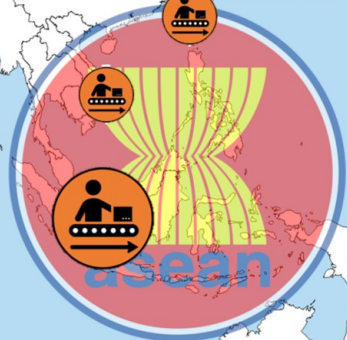
 **PRODUCTION ECONOMIES**

 **ASEAN**

 **Nestlé** SWITZERLAND

 **MAHINDRA (INDIA)**

 **NISSAN** JAPAN
MOTOR CORPORATION



NISSAN
MOTOR CORPORATION

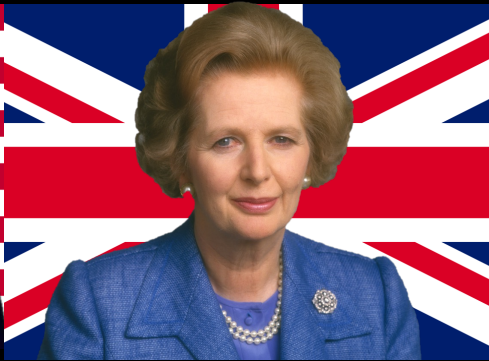
THROUGHOUT THE COLD WAR, MANY GOV'TS ENCOURAGED
FREE MARKET POLICIES

REAGAN

THATCHER

DENG

PINOCHET



- **REAGANOMICS**
- **GOAL: REDUCE GOV INTERVENTION IN THE ECONOMY**
- **REDUCE GOV'T SPENDING**
- **REDUCE INCOME TAXES**
- **REDUCE REGULATION**

- **THATCHERISM**
- **GOAL: CHANGE BRITISH "WELFARE STATE" TO A FREE MARKET SYSTEM**
- **REDUCE GOV'T SPENDING**
- **REDUCE INCOME TAXES**
- **REDUCE REGULATION**

- **SOCIALISM WITH CHINESE CHARACTERISTICS**
- **GOAL: OPEN COMMUNIST CHINA TO THE FREE MARKET WHILE MAINTAINING COMMUNIST CONTROL**
- **SOUGHT FOREIGN INVESTMENT**

- **CHICAGO BOYS (CHILEAN ECONOMISTS WHO WENT TO THE UNIV. OF CHICAGO)**
- **GOAL: APPLY FREE MARKET POLICIES IN CHILE**
- **"MIRACLE OF CHILE"**
- **ECON. LIBERALIZAT.**
- **PRIVATIZATION**

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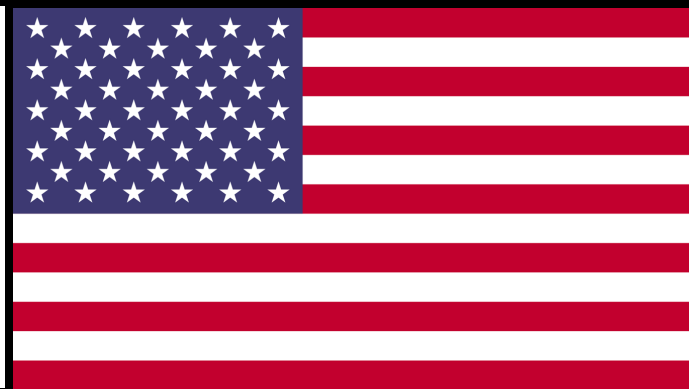
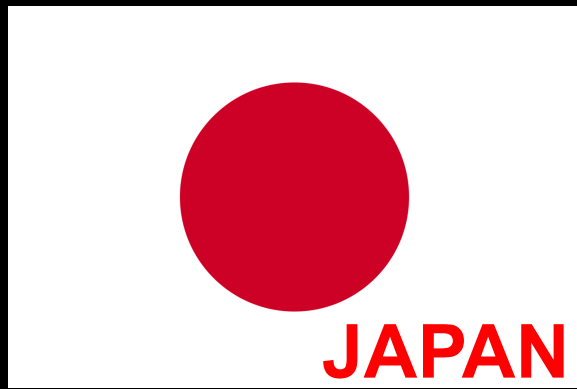
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PREHISTORY NEOLITHIC BRONZE CLASSICAL POST-CLASSICAL EARLY MODERN MODERN SPACE INFORMATION



- 4TH LARGEST KNOWLEDGE ECONOMY IN EUROPE
 - (1. Swe 2. Den 3. UK)
- ONLY NORDIC EUROZONE NATION (USES THE EURO €)
- NOTABLE COMPANY: **NOKIA**

- 3RD LARGEST ECONOMY ON EARTH (1. US 2. CHINA)
- 2ND LARGEST KNOWLEDGE ECON IN EAST ASIA (1. TAIWAN)
- 2ND TO US IN PATENT QUALITY
- NOTABLE COMPANY:

- #1 ECONOMY(SINCE 1890)
- #1 TECHNOLOGY ECONOMY
- MOST USED CURRENCY
- 121/500 LARGEST COMPANIES ARE HQ IN USA
- NOTABLE COMPANY:

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PRODUCTION ECONOMIES

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 - 12TH FASTEST GROWING ECON
 - 40.1% OF GDP=MANUF. (US=11%)

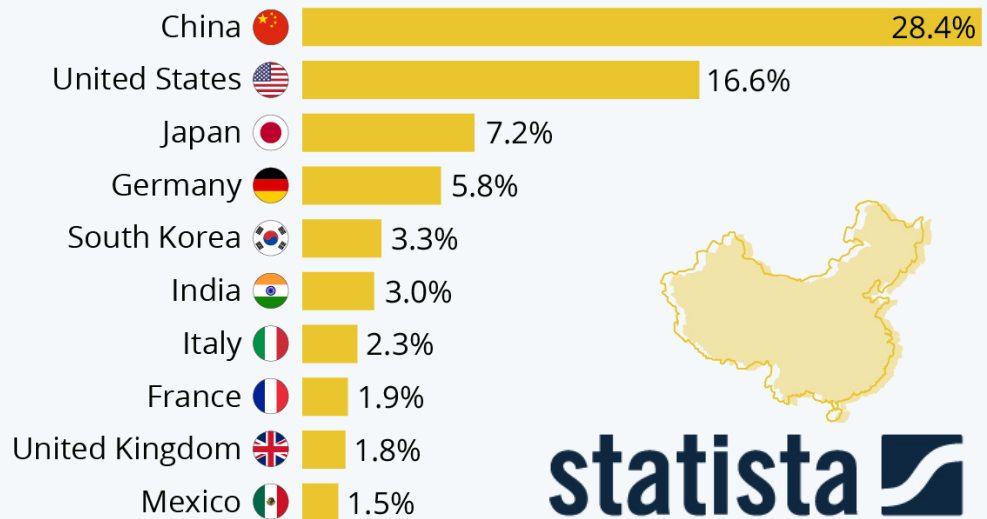
- **BANGLADESH**
 - RELIES ON FOREIGN DIRECT INV.
 - 7TH FASTEST GROWING ECON
 - 28.9% OF GDP=MANUF. (US=11%)

- **MEXICO**
 - LARGEST PRODUCT. ECONOMY
 - HARDEST WORKERS (W.T.O.)
 - LARGE AUTOMOTIVE INDUSTRY
 - 25.7% OF GDP= MANUF. (US=11%)

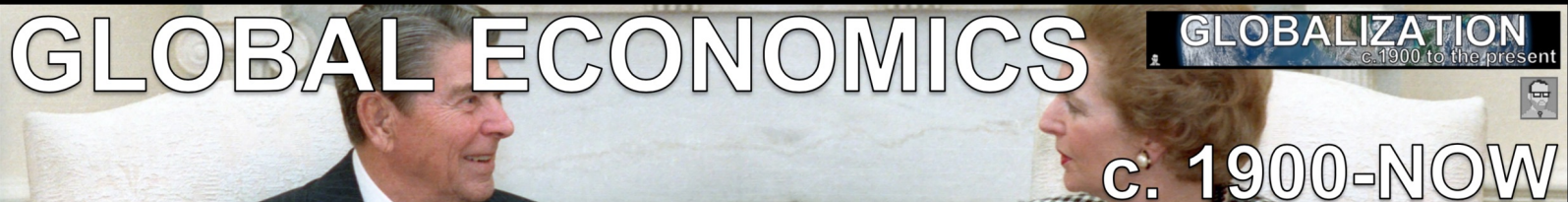
- **HONDURAS**
 - SMALL, UNDERDEVELOPED
 - 1/3 OF ECON ARE REMITTANCES FROM WORKERS IN THE USA
 - 15% OF GDP= MANUF. (US=11%)

China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2018*



statista

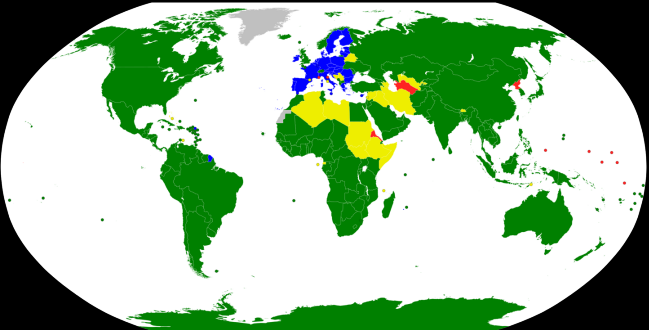


THE ECONOMY IS NOT JUST MEASURED NATION BY NATION. THERE ARE ALSO ECONOMIC INSTITUTIONS & TRADE AGREEMENTS



WORLD TRADE ORGANIZATION

- LARGEST INT'L TRADE ORG.
- W.T.O. STARTED IN 1995
- REGULATES INT'L TRADE BETWEEN NATIONS
 - TRADE AGREEMENTS
 - RESOLVES DISPUTES
- INCREASED WORLD TRADE
- REMOVED TRADE BARRIERS



■ Members
■ Members, dually represented by the EU
■ Observers
■ Non-participant states



- NORTH AMERICAN FREE TRADE AGREEMENT, NAFTA
- STARTED IN 1994
- CREATED TRADE BLOCK
- REMOVED TRADE BARRIERS OF INVESTMENT
- REPLACED BY USMCA ON JULY 1, 2020
 - MORE ENV/LABOR/INTELL. REGULATIONS



- ASSOCIATION OF SOUTH EAST ASIAN NATIONS
- 10 SOUTHEAST ASIAN NATIONS ORGANIZATION
- PROMOTES INT'L GOV'T COOPERATION:
 - ECONOMIC
 - POLITICAL
 - MILITARY
 - CULTURAL
- ASEAN WAY=RESPECT THE NORMS OF SE ASIA

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Nestlé

- #41 FORBES GLOBAL 2020
 - #1 IN SWITZERLAND
- LARGEST FOOD COMPANY IN THE WORLD
- 29 DIFFERENT BRANDS THAT SELL OVER \$1B
- 2ND LARGEST PLASTIC POLLUTER (1. COCA-COLA)
 - OWN NEARLY 70 BOTTLED WATER COMPANIES



- #1291 FORBES GLOBAL 2020
 - #33 IN INDIA
- MAHINDRA & MAHINDRA, LTD.
- LARGEST TRACTOR MANUFACTURER ON EARTH

NISSAN MOTOR CORPORATION

- #512 FORBES GLOBAL 2020
 - #55 IN JAPAN
- 6TH LARGEST AUTOMAKER
 - 1. TOYOTA, 2. GM, 3. VW, 4. HYUNDAI, 5. FORD
- LARGEST ELECTRICAL VEHICLE PRODUCER (LEAF)




NISSAN MOTOR CORPORATION

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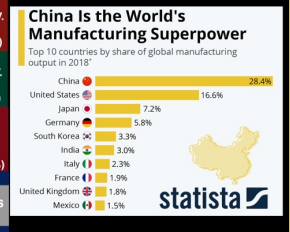
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ASIAN WAY-RESPECT THE RIGHTS OF SE ASIA
RESOLVE DISPUTES

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