

Unit: Economic Geography

❖ Economic Systems

Readiness Standards:

WG.10.C Compare the ways people satisfy their basic needs through the production of goods and services such as subsistence agriculture versus commercial agriculture or cottage industries versus commercial industries.

Supporting Standards:

WG.10.A Describe the forces that determine the distribution of goods and services in free enterprise, socialist, and communist economic systems.

WG.10.B Classify where specific countries fall along the economic spectrum between free enterprise and communism.

WG.18.C Identify examples of cultures that maintain traditional ways, including traditional economies.

Essential Questions:

1. How do societies meet their economic needs?
2. In what ways are the different economic systems different and the same?

- Designed to answer the questions of Economics
 - What should be produced?
 - How should it be produced?
 - Who should get the products?
- Traditional
 - Customs and traditions determine the answer to economic questions
 - Subsistence agriculture – no surplus produced
 - Cottage industries – time at home is used to produce products for sale
 - Examples: Berber Tribes in Algeria, some rural people in South Asia, Bushmen in the Kalahari Desert
- Communist – Karl Marx
 - The state owns all means of production and answers the economic questions
 - Production and resources are shared – no private property
 - Central planning
 - Examples: Former Soviet Union, North Korea, Vietnam, Cuba
- Socialist
 - Some private enterprise
 - Government provides many/most public services
 - Government owns some industries
- Free Enterprise – Adam Smith

- Profit motive - remained after the costs of production have been met
- Minimum government involvement
- Interaction of supply and demand – determines prices, therefore the allocation of products
- Examples: United States, Great Britain, Chile, Japan, Germany, Singapore
- Mixed
 - All economies fall along a spectrum between free enterprise and communism

❖ Economic Development

Supporting Standards:

WG.5.B Interpret political, economic, social, and demographic indicators (gross domestic product per capita, life expectancy, literacy, and infant mortality) to determine the level of development and standard of living in nations using the terms Human Development Index, less developed, newly industrialized, and more developed.

WG.11.A Understand the connections between levels of development and economic activities (primary, secondary, tertiary, and quaternary).

Essential Question:

1. How can I tell the difference between different economic activities?
2. How does a country's level of development impact the people living there?

- Levels of Development
 - Highly developed (was “developed”)
 - Low birth rate, low death rate, low infant mortality, high life expectancy
 - High GDP per capita (person)
 - Able to provide social services to its citizens
 - High literacy rate
 - Newly industrialized/emerging economies (was “developing”)
 - Less developed (was “un-developed”)
 - High birth rate, high death rate, high infant mortality, short life expectancy
 - Low GDP per capita
 - Few services for citizens
 - Little education, low literacy rate
- Measurements of Economic Development
 - Demographic factors
 - Population
 - Fertility rate
 - Birth & death (mortality) rates

- Life expectancy
- Infant mortality
- Gross Domestic Product – value of total production
- GDP per capita
- Social factors
 - Literacy rate
 - Services provided to citizens such as health care, education & higher education
 - U.N. Human Development Index
 - ◆ Ranks countries based on demographic, social, economic and political indicators
- Economic Activities
 - Primary
 - Production of food and extraction of resources
 - Examples: growing crops, raising livestock, fishing, mining, logging
 - Secondary
 - Manufacturing of goods
 - Examples: steel mills, factory production, assembling, construction
 - Tertiary
 - Services
 - Examples: teacher, nurse, retailer, artist, trucker
 - Quaternary
 - Management and information processing
 - Examples: mid and upper level management, investment manager, computer programmer

❖ Globalization

Readiness Standards:

WG.11.C Assess how changes in climate, resources, and infrastructure (technology, transportation, and communication) affect the location and patterns of economic activities.

WG.12.A Analyze how the creation, distribution, and management of key natural resources affects the location and patterns of movement of products, money, and people.

Supporting Standards:

WG.7.D Examine benefits and challenges of globalization, including connectivity, standard of living, pandemics, and loss of local culture.

WG.10.D Compare global trade patterns over time and examine the implications of globalization, including outsourcing and free trade zones.

WG.11.B Identify the factors affecting the location of different types of economic activities, including subsistence and commercial agriculture, manufacturing, and service industries.

WG.12.B Evaluate the geographic and economic impact of policies related to the development, use, and scarcity of natural resources such as regulations of water.

WG.20.A Describe the impact of new information technologies such as the Internet, Global Positioning System (GPS), or Geographic Information Systems (GIS).

WG.20.B Examine the economic, environmental, and social effects of technology such as medical advancements or changing trade patterns on societies at different levels of development.

Essential Questions:

1. What determines the location of a given economic activity?
2. Why is trade between countries important?
3. What changes are occurring in the world due to globalization?

➤ Place and Economic Activities

- Location of the means of production
 - Natural resources
 - ◆ Minerals
 - ◆ Plant fibers
 - ◆ Animal products
 - ◆ Oil and natural gas
 - Human resources
 - ◆ Availability
 - ◆ Education/skill levels
 - Climate
 - ◆ Influence on types of crops
 - Capital
 - Entrepreneurship
- Physical barriers
 - Mountains, deserts, forests interfere with consumer industry connections
- Infrastructure
 - Roads, railroads, electricity, telephone, internet
 - Law enforcement, banking, hospitals
- Natural routes
- Access to markets
 - Plains, valleys, rivers tend to connect producers and markets
 - Some industries locate near consumers
- Resource management

- Fresh water availability
- Pollution
- Sustainability
- Trade
 - Uneven distribution of resources
 - Petroleum
 - ◆ Key source of energy and production of many products including plastics, fabrics and drugs
 - Human resources
 - ◆ Low labor costs
 - ◆ Skilled and educated workers
 - Specialization promotes trade
 - Each region produces what it can produce at the lowest cost
 - Competitive advantage
 - Importing of needed goods or services from other countries
 - Exporting of goods and services
 - Trade in history
 - The Ancients
 - ◆ Egypt traded wheat and gold with the Greeks for wine and olives
 - ◆ Trade across the Roman Empire
 - Middle Ages
 - ◆ Byzantium and access to the Black Sea from the Mediterranean
 - ◆ Muslims as traders across the Indian Ocean basin.
 - ◆ Mayan trade in the Americas in salt, obsidian and cacao.
 - Atlantic trade
 - ◆ Colonial empires shifted world trade patterns west
 - ◆ The rise of Lisbon, Seville and Amsterdam
 - ◆ Great Britain as eventual naval power based on trade
 - Free Trade Zones
 - ◆ GATT – General Agreement on Tariff and Trade: 23 nations, led to WTO
 - ◆ NAFTA – Canada, US and Mexico
 - ◆ European Union – no restrictions in living and working, common currency
- Arguments For and Against Globalization
 - Friedman's *The World is Flat* argument
 - Causes
 - Lower tariffs
 - Offshoring – production facility moved to countries where costs are lower
 - Outsourcing – companies hire other companies to produce parts or services
 - Global communication (including the internet)
 - For
 - More choice – more products available to more consumers, competition lowers prices

- Higher standards of living -
- Connectivity – telephone, email, Facebook, Skype
- Against
 - Exploitation of emerging economies – workers exploited in terms of wages and working conditions
 - Trade imbalances – example, US and China
 - Increased pollution and global warming
 - Higher risk of pandemics
 - Diminishing local cultures
 - Loss of local jobs