Chapter 25 Lesson 1

Global Interdependence and Issues

Why and how do nations interact with one another?

Global Interdependence

People and nations rely on one another for goods and services. If Americans want bananas, or other tropical fruit, they must trade with other nations to get them. This exchange of goods and services is global trade.

Global Trade

Global trade occurs because nations have different needs, comparative advantages, and resources. The US is a large exporter and importer. Not all trade is based on need of goods some of it is because of comparative advantage. Low manufacturing costs in China, make the cost of Chinese goods attractive to other nations.

Global Economic Cooperation

Agreements like NAFTA are written to end trade barriers among the US, Canada, and Mexico. Agreements do not solve all trade-related problems.

Cost of Competition and Trade

Global Interdependence has increased trade and led to prosperity in many parts of the world. More and freer trade usually results in lower prices and more choices for consumers. Trade can also cause problems as well. Companies may decide to close and move factories to places with lower labor costs.

Some countries may put up barriers to trade, such as tariffs, though these hurt consumers by raising prices. A trade war could develop. In a trade war, one or more nations put up trade barriers to punish another nation for its trade barriers against them.

Rich and Poor Nations

Nations that have grown wealthy because their economies are doing well are called developed nations. They have political systems that are stable, for example the US, Germany, and Australia.

Developing countries have low per capita GDP. Factors for this are:

1. Lack natural resources
2. Lack skilled workers
3. Political unrest
4. Poor schools
5. Face health problems

Global Politics

Nations have different forms of government and views of what is good for the world. These differences can lead to disagreements.

Environmental Issues

1. Chemicals released by factories and cars pollute the air and water
2. Burning coal for energy puts harmful chemicals into the air
3. Deforestation, mass removal of trees, causes flooding

One way to solve this is cleaner energy but it is expensive.

Global Challenges

Sometimes people are unhappy about newly arriving immigrants. They increase demands on land, services, and jobs. Differences among religious and ethnic groups can make these feelings worse. Ethnic groups are those with a common national, cultural, or racial background.

Growing threat of terrorism, the use of violence or the threat of violence to make people afraid and to force governments to behave in a certain way.

Millions of refugees have been driven from their homes by famine, conflicts, or natural disasters. They now live in temporary camps.