**7.5 Globalization**

Obj:

What Is Globalization?

I. Why Nations Trade

A. **Comparative Advantage**

1. Nations try to produce at a

2. Nations specialized on the

B. **Global Interdependence**

1. In our globalized economy,

2. Helps

II. Balance of Trade

A. **Balance of Trade** – relationship between nation’s

B. **Trade Surplus** – More

C. **Trade Deficit** - More

D. US can maintain a high deficit because there is a large

III. Trade Barriers

A. **Quota** -

B. **Tariff** -

C. **Subsidies** -

D. **Embargo** -

E. **Protectionism**

1. creating trade barriers to foreign trade

2. Protectionism may restrict

IV. Free Trade

A. The goal of free trade agreements are to

B. Advantages -

C. Disadvantages -

D. **World Trade Organization (WTO)** -

E. **European Union (EU)** -

F. **North American Free Trade Agreement (NAFTA)** -

V. Developing Nations

A. Developing nations have

B. Free trade has helped developing nations

C. **World Bank** -

D. **International Monetary Fund (IMF**) -

**Extra Practice!**

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| A. Global Interdependence B. Comparative Advantage C. Trade Surplus  D. Tariff E. Trade Deficit F. Balance of Trade  G. International Monetary Fund H. Quota I. NAFTA J. European Union  K. World Trade Organization L. Free Trade Agreement M. Protectionism N. World Bank |

1. This is when a country imports more than it exports

2. This organization has established a common currency and has a legislative body that guides the actions of its members

3. This is when nations try to produce goods at a lower cost or more efficiently than others

4. This organization seeks to stabilize exchange rates and encourage good economic policy

5. The goal of this is to eliminate trade barriers like quotas and tariffs

6. This terms refers to when countries create trade barriers to foreign trade in order to make a nation’s goods more competitive

7. This organization’s goal is to eliminate trade barriers in the US, Mexico and Canada

8. This organization lends to developing nations to reduce poverty

9. This is a tax on imported goods

10. This is the relationship between a nation’s imports and exports that affects its currency

11. This refers to the fact that in our globalized economy, every nation relies on the rest

12. This is when a country exports more than it imports

13. This is when a nation places strict limits on imported goods

14. This organization negotiates new trade agreements between countries and works to expand world trade