Week 14. Chapter 11, pg 473-524.

1. Just as Chapter 9 (*Industrial Location: World Regions*) can be seen as containing examples of the principles developed in Chapter 8 (*Industrial Location: Firms*), Chapter 11 (*International Business II: World Patterns*) can be seen as containing examples of the principles in Chapter 10 (*International Business I: Dynamics*).

2. Note Figure 11.1(b), page 474. At first glance it would seem that the exports of the world exceed the outputs!? Is that possible? Can you explain the graph?

3. Note how major political and military situations are associated with fluctuations in global trade.

4. Could you describe the *Giant Emerging Markets* (GEM) for major world regions?

5. What are the "Four Tigers?" The "Five Little Dragons?"

6. Using **"purchasing power parity"** as a relative measure, China's **output** is nearly equal to Japan's. Do you understand the basis of this comparison? (pg 479 and 480)

7. Figures 11.5 and 11.6 show change in World and US exports respectively. In Figure 11.5 which regions have grown and which shrunk in terms of exports? What pattern of changes is shown in Figure 11.6? We show a deficit balance in what sectors now?

8. The book attributes the changing distribution of US exports (since 1980) to several forces like **GATT**, **WTO** and **NAFTA**. How are these linked to the principles discussed in Chapter 10? Furthermore, one might argue that "integration of Europe" in particular, has contributed to this change; explain how.

9. According to your text which sectors are recently showing a surplus balance of trade?

10. We, the USA, are the biggest market for the country which is also our biggest market. What country is it?

11. Although similar in many characteristics, the Canadian economy is different from the USA in several respects. Can you list some? Now, what are the similarities?

12. The United Kingdom is just now coming out of a long adjustment labeled by many as the *"de-industrialization of Britain."* It refers to the historical investment made by the UK in capital **abroad**, particularly in the days of the Empire. These

investments were designed to take advantage of primary raw materials and to develop markets for cheap manufactured goods. With the final demise of the empire in the middle of the 20th century the UK lost its global advantage and a great deal of its capital. On the other hand, domestic factories had been permitted to become antiquated and inefficient. This is just now turning around. (see pg 492-3)

13. Latin America trading core? It's Argentina, Brazil, and Mexico. What about all of Africa; what's the trading core of Africa?? (see question #4)

14. Global trade flows by sector examined in the book: Microelectronics, Automobiles, Steel, Textiles, Grain, Non-oil Commodities. You could try summarizing each; one or two sentences each. (pg 517-524)

15. Editorially, I'm not comfortable with the lack of any kind of conclusion to this chapter. What do you think would have been good to put into a conclusion?

See *some* answers for some questions below. ⇓

Some answers:

#2. The vertical axis is in *Percentage* not dollars or other absolute measure of either output or exports. The graph is showing that the % increase in exports is greater than the % increase in outputs.

#5. Singapore, South Korea, Taiwan and Hong Kong. Philippines, Thailand, Malaysia, Indonesia, and People's Republic of China. (page 478 + 500-503, 505-512).

#8 prior to 1980 Western Europe was the US's primary trading partner. With European integration there may have been more autonomy within Europe, contributing to a competitive reduction in trade with the US.

#9 Chemicals (481), Food and Beverages (481), Materials (481), Medical equipment (485), aircraft (485), Software (486), Services (so called producer services, or "soft power", 487)

#10 Canada

#11 Differences: Canada is more dependent on exports. Canada imports proportionally more agricultural products from the US. Canada exports more energy resources. See pages 487-489.