Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period# \_\_\_ TOPIC 7.6 – THE WORLD ECONOMY

Video Link: https://youtu.be/S39A3EYQvoY AND Pages 247 - 299 in AMSCO

1. Complete the chart below

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| --- | --- | --- |
| Term | Comparative Advantage | Complementarity |
| Definition |  |  |
| Example | *Florida can produce oranges more efficiently than Maine, but Maine is better suited to producing potatoes.* | *The United States does not have complementarity with China because the US wants/needs more from China than China wants/needs from the US.* |

1. What are trade deficits?
2. What is neoliberalism?
3. How do the supranational organizations such as NAFTA and the EU promote international trading?

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| Supranational Organization | Purpose/Role |
| European Union (EU) | * A unified trade and monetary (Euro) body of 28 (for now) member countries. * Eliminates border controls between members to allow the free flow of goods and people * Member states form a single market, which creates a powerful economic bloc. * Any produced manufactured in an EU country can be sold to another EU country without tariffs. |
| World Trade Organization (WTO) | * Purpose: to ensure that trade flows as smoothly as possible between countries * By settling trade disputes between countries * By managing negotiations for new trade agreements |
| Mercosur | * A South American trade bloc established in 1991. * The objective of Mercosur is to bring about the free movement of goods, capital, services, and people among member states |
| Organization of Petroleum Exporting Countries | 3 Goals   1. To keep prices stable 2. To reduce oil price volatility 3. Adjust the world’s oil supply in response to shortages  * OPEC members hold 82% of the world's proven oil reserves |
| North American Free Trade Agreement (NAFTA) | * The world’s largest free trade agreement – USA, Canada, Mexico * An agreement to remove trade barriers between countries. |

1. What are the consequences of globalization?