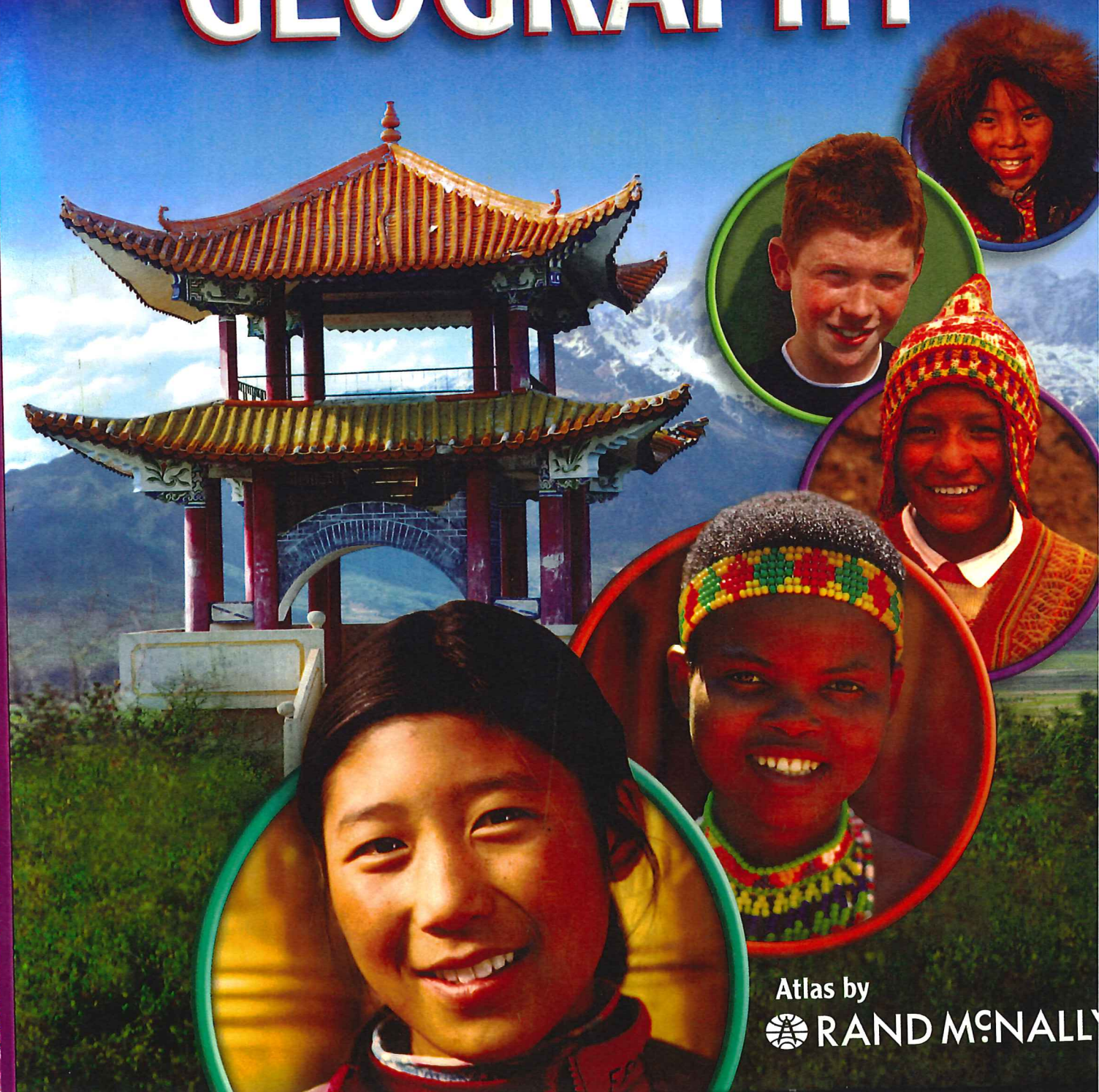


McDougal Littell

# World Cultures *and* GEOGRAPHY



Atlas by  
 RAND McNALLY

SECTION  
**3**

# Reading for Understanding

## ▶ Key Ideas

### BEFORE, YOU LEARNED

Migration changes places and regions by introducing new people and cultures.

### NOW YOU WILL LEARN

Economic activities in an area depend on the presence of natural resources.

## ▶ Vocabulary

### TERMS & NAMES

**natural resource** something that is found in nature that is necessary or useful to humans

**economy** a system for producing and exchanging goods and services among a group of people

**economic system** a way people use resources to make and exchange goods

**command economy** an economic system in which the production of goods and services is decided by a central government

**market economy** an economic system in which the production of goods and services is decided by supply and the demand of consumers

**Gross Domestic Product (GDP)** the total value of all the goods and services produced in a country in a year

**export** a product or resource sold to another country

**import** a product or resource that comes into a country

**specialization** a focus on producing a limited number of a specific products

### BACKGROUND VOCABULARY

**raw material** an unprocessed natural resource that will be converted to a finished product

## ▶ Reading Strategy

Re-create the chart shown at right. As you read and respond to the **KEY QUESTIONS**, use the chart to categorize important details about types of economic systems.

 Skillbuilder Handbook, page R7

### CATEGORIZE

ECONOMIC SYSTEMS			
Traditional	Market	Command	Mixed
1.	1.	1.	1.
2.	2.	2.	2.
3.	3.	3.	3.



**GRAPHIC ORGANIZERS**

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# Resources and Economics

## Connecting to Your World

What natural resources are found in your area? A **natural resource** is something found in nature that is necessary or useful to humans. Forests, mineral deposits, and fresh water are examples of natural resources. Often, the presence of natural resources attracts people to a particular area. Think about how important natural resources are to your life, to your community, and to your country. How are they being used, and how long will they last? ,

## Natural Resources

▼ **KEY QUESTION** What are the different types of natural resources?

Natural resources are essential for economic development, but resources are not equally distributed around the world. People learn to use the resources in their own areas to their best advantage. However, just because a natural resource is present does not mean it can or will be used. People in some countries may not have the technology to take the resource and turn it into usable products. For example, iron ore is useless until technology turns it into iron and steel products. Technology changes over time, making the value of resources change as well.

### Copper Mine

This copper mine in Spain has been producing copper since Roman times.

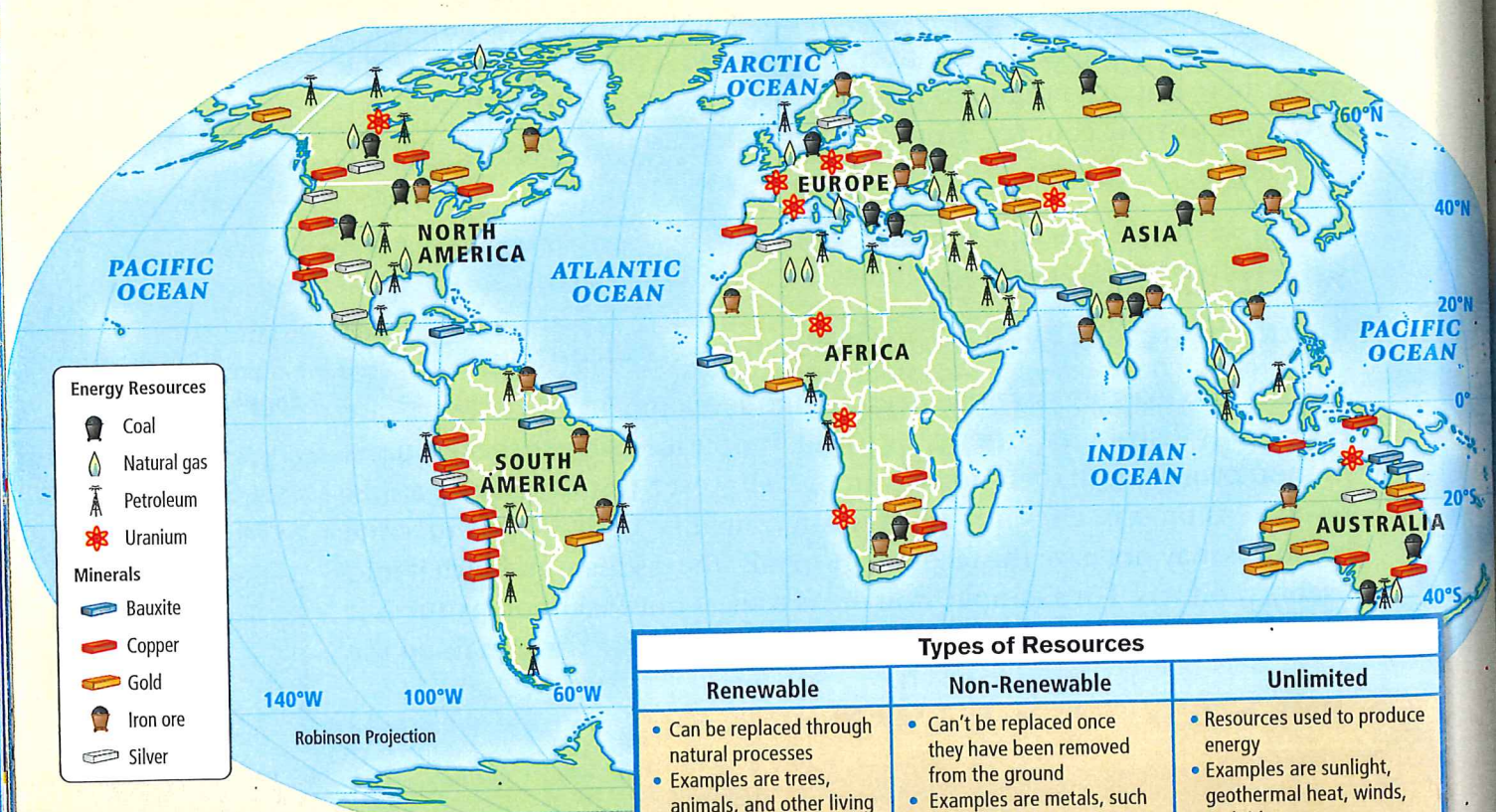


Geographers divide natural resources into three main categories: renewable, non-renewable, and unlimited. Renewable resources are those that nature can replace, such as trees or plants. Unlimited resources are things such as sunlight and wind—these never run out and often are used to produce energy. Non-renewable resources can't be easily replaced, so when they are used up, there aren't additional resources. Minerals and fuels like coal and oil fall into this category.

**CATEGORIZE** Identify three basic types of resources.

## CONNECT Geography & Economics

**Natural Resources** The map below shows the location of some major non-renewable resources. When supplies of these resources are gone, countries relying on them for their economies will have to change their economic focus.



Types of Resources		
Renewable	Non-Renewable	Unlimited
<ul style="list-style-type: none"> <li>• Can be replaced through natural processes</li> <li>• Examples are trees, animals, and other living things.</li> <li>• Can be lost if they are used faster than they can be replaced</li> </ul>	<ul style="list-style-type: none"> <li>• Can't be replaced once they have been removed from the ground</li> <li>• Examples are metals, such as gold and iron, and fossil fuels, such as oil and coal.</li> <li>• Once they are used up, these resources are gone forever.</li> </ul>	<ul style="list-style-type: none"> <li>• Resources used to produce energy</li> <li>• Examples are sunlight, geothermal heat, winds, and tides.</li> <li>• Always available no matter what amount is used</li> </ul>

### CRITICAL THINKING

**Draw Conclusions** Which of the three categories of natural resources are likely to be most desirable?

## Economic Systems

**KEY QUESTION** What are the four basic economic systems?

An **economy** consists of the production and exchange of goods and services among a group of people. Economies exist at the local, regional, national, and international levels. **Economic systems** are different ways that people use resources to make and exchange goods and services.

Four basic economic systems are traditional, command, market, and mixed.

**Traditional economy** Goods and services are traded, but money is rarely exchanged. This process is called “barter” and is the oldest economic system. It is not used much today.

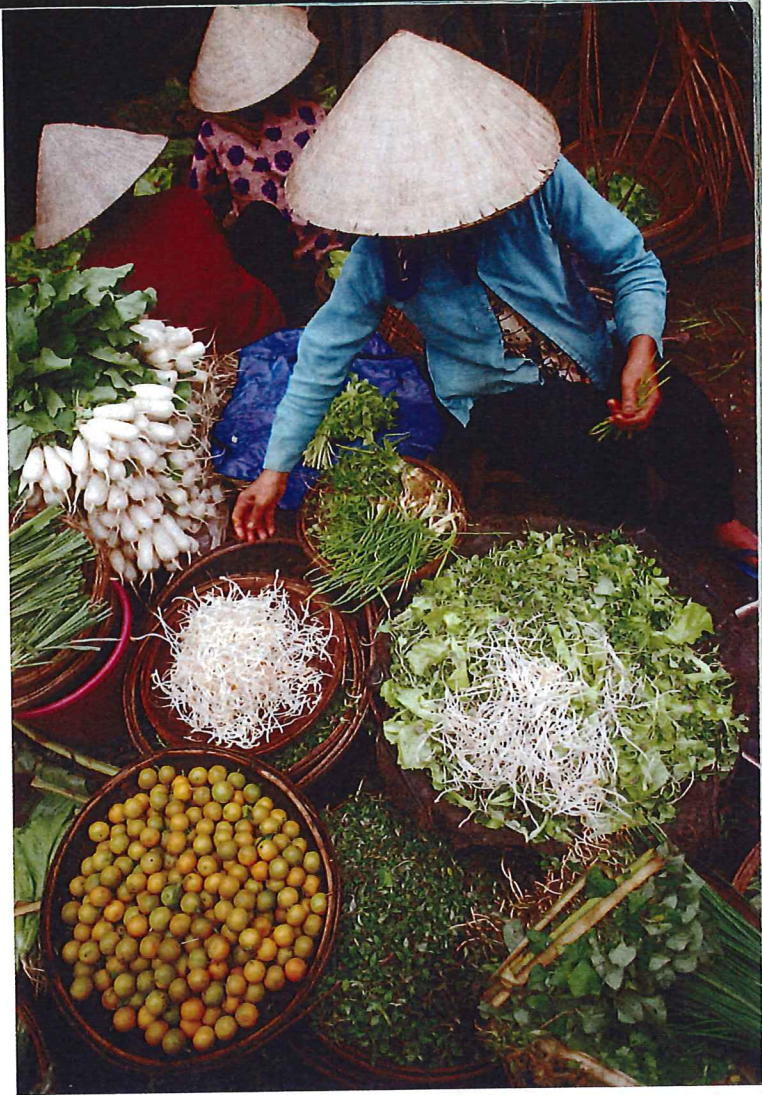
**Command economy** A **command economy** is one in which production of goods and services is decided by a central government. The government usually owns most of the resources and businesses that make the products or provide the services. This type of economy is also called a planned economy.

**Market economy** When the production of goods and services is determined by the supply and the demand of consumers it is called a **market economy**. It is also known as a demand economy, or capitalism. This is the type of economy found in the United States.

**Mixed economy** In this economy, a combination of command and market economies provides goods and services.

Economic activities are all the different ways that people make a living under these economic systems, including manufacturing, agriculture, fishing, and providing services. Some countries have a wide mix of economic activities while others may have only one or two main economic activities.

**SUMMARIZE** Name the four basic types of economic systems.



**Food Market in Vietnam** Supply and demand help determine which products will be sold. How is this market different from most food markets in the United States?

## Measuring Economic Development

**KEY QUESTION** How is economic development measured?

To measure economic development, geographers may look at such figures as literacy, health information, life expectancy, or the value of a country's economy. One of the most important measures used is Gross Domestic Product (GDP). The **Gross Domestic Product (GDP)** measures the total value of all the goods and services produced in a country in a year. Countries are divided into two categories based on economic development: developing or developed nations.

**Developing Nations** These nations have low GDP and few economic activities. Many people raise food or animals to survive and have little or no machinery or advanced technology to do the work.

**Developed Nations** These nations have high GDP and many economic activities, especially business and information processing, and a lot of high-level technology. Food is grown on commercial farms, and most people work in offices and factories.

**COMPARE** Identify information used to measure development.

### COMPARING Economic Development

Geographers use many different measurements to look at the development level of a country's economy. Here is a comparison of some developing nations and some developed nations.

◀ *Brazilian coffee bean worker*

	Status	GDP	GDP/ Person In US Dollars*	Infant Mortality (1000 Live Births)	Life Expectancy (At Birth)	Literacy Rate (Percent)
Burkina Faso	developing	5.4 billion	1,300	91.4	48.9	26.6
India	developing	719.8 billion	3,400	54.6	64.7	59.5
Uruguay	developing	13.2 billion	9,600	11.6	76.3	98.0
Germany	developed	2.8 trillion	30,400	4.1	78.8	99.0
Japan	developed	4.9 trillion	31,500	3.2	81.3	99.0
United States	developed	12.5 trillion	42,000	6.4	77.9	99.0

\* official exchange rate

Source: CIA World Factbook, 2006

#### CRITICAL THINKING

**Compare and Contrast** How can you tell Uruguay has developed more than Burkina Faso?

## World Trade

**KEY QUESTION** Why do countries trade with one another?

Early trade networks started because people who did not have certain resources, such as salt, wanted them. For trade to happen, nations usually have to give up some of their resources in exchange. Products or resources sold to other countries are called **exports**. Products or resources that come into a country are called **imports**. For example, U.S.-made mining equipment sold to Brazil is an export of the United States. Brazilian coffee sold to the United States is a U.S. import.

A country may choose to focus on producing only one or two products or resources and exclude other economic activities. This practice is called **specialization**. Countries specialize because it allows them to trade for products they can't produce themselves. For example, a country may sell cocoa beans or wheat or iron ore in exchange for machinery, or chemicals, or electronic goods. In general, developing nations specialize in **raw materials** or low-cost items, while developed nations sell high-level technology goods or services. This focus leads to interdependence between countries. When countries produce the same trade items, competition results.

**FIND MAIN IDEAS** Explain why nations trade.

### Fun Facts!

#### OSTRICH MEAT EXPORTS

Chile is known for its major exports of copper, fruit, and paper. But it has added a new export—ostrich meat—that is bringing in more than 17 billion dollars per year. This nontraditional export is bringing money and jobs to Chile.



## Section 3 Assessment



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### TERMS & NAMES

#### 1. Explain the importance of

- economic system
- Gross Domestic Product (GDP)
- export
- import

### USE YOUR READING NOTES

#### 2. Categorize

 Use your completed chart to answer the following question:

In which economic system are the production of goods and services determined by consumer demand?

ECONOMIC SYSTEMS			
Traditional	Market	Command	Mixed
1.	1.	1.	1.
2.	2.	2.	2.
3.	3.	3.	3.

### KEY IDEAS

3. What is a natural resource?
4. What are the four basic economic systems?
5. What is the difference between an export and an import?

### CRITICAL THINKING

6. **Summarize** How do geographers divide countries into developed and developing nations?
7. **Compare and Contrast** How are command and market economic systems different?
8. **CONNECT to Today** What natural resources are located in your area and how are they used?
9. **TECHNOLOGY** **Create a Multimedia Presentation** Use the Internet to study the imports and exports of the United States or another country. Plan a slide show about major exports and what countries buy them and major imports and what countries sell them.