

## Business in a Global Economy

### Chapter Objectives

After completing this chapter, you will be able to:

#### ▶ Section 10.1 *The Global Marketplace*

- **Explain** why the world has become a global economy.
- **Explain** why people and countries specialize in producing goods and services.

#### ▶ Section 10.2 *Global Competition*

- **Describe** free trade.
- **Indicate** who benefits and who does not benefit from free trade.

### Ask

#### STANDARD **Evaluating Investment Alternatives** & POOR'S

**Q:** I know that diversifying my portfolio is a key to building wealth, but how do I evaluate which investment alternatives are right for me?

**A:** Start by determining how much risk you are willing to accept. Take a risk tolerance test available online or from an investment advisor. Then you can decide if you need an aggressive portfolio (for example, 75 percent stocks, 20 percent bonds, and 5 percent money market funds), a moderate portfolio (60 percent stocks, 30 percent bonds, and 10 percent money markets), or a conservative portfolio (40 percent stocks, 45 percent bonds, and 15 percent money markets).

**Mathematics** You have chosen a conservative investment strategy, and your portfolio has grown to \$23,000. According to your recent account statement, you have \$4,600 in money market funds. You realize that you need to reallocate some of these funds to stocks and bonds in order to maintain a conservative approach. Write an equation you can solve to find how much of the \$4,600 you need to reallocate so that only 15% of your money will be in money markets.

**CONCEPT** **Writing Equations** An equation is a mathematical sentence that states that two expressions are equal. The two expressions in an equation are always separated by an equal sign. When solving for a variable in an equation, you must perform the same operations on both sides of the equation in order for the mathematical sentence to remain true.

Photo Credit: Steve Cherny/Corbis



● **International Markets** Trade between nations is an important part of today's world. **Why do you think international trade has grown in recent years?**

# The Global Marketplace

## Reading Guide

### Before You Read



Think about how international trade might affect your life and the ways you contribute to global trade.

### Read to Learn

- Explain why the world has become a global economy.
- Explain why people and countries specialize in producing goods and services.

### The Main Idea

International trade has increased because more countries specialize and offer their goods and services to other countries. Also, the value of one nation's currency in relation to other currencies affects what it buys and sells to other nations.

### Key Concepts

- The Global Economy
- International Trade

### Vocabulary

#### Key Terms

global economy	imports
international trade	exports
multinational corporation	balance of trade
trade	comparative advantage
	exchange rate

@ Go to the *Introduction to Business Online Learning Center* through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

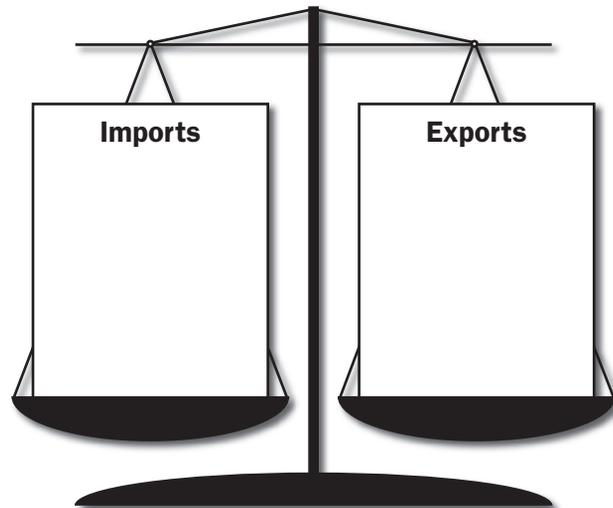
### Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

specific	sustains
professionals	vehicles

### Graphic Organizer

In a graphic like the one below, list items mentioned in the section that are either imported into the United States or exported from the United States.



### Academic Standards

#### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 9** Develop an understanding of diversity in language use across cultures

#### Mathematics

**Problem Solving** Monitor and reflect on the process of problem solving

# The Global Economy

The **global economy** is the interconnected economies of the nations of the world. We live in a global economy fueled by international trade. **International trade** involves the exchange of goods and services between nations. The development of the global economy is often referred to as globalization.

A **multinational corporation** is a company that does business in many countries and has facilities and offices around the world. Sony is a multinational corporation.



**Multinationals** The top multinational companies include Sony, Coca-Cola, Toyota, and Nike. What characteristics do multinational companies share?

## International Trade

**Trade** has several meanings. It can be a **specific** area of business or industry, such as the book trade. It can refer to a skilled occupation, such as auto mechanics. It can also refer to the people who work in a specific area of business or industry, such as construction workers. This chapter looks at trade as the activity of buying and selling goods and services in domestic or international markets. Trading goods and services allows countries to meet their individual wants and needs as well as to help their own economy.



Reading Check

**Explain** What are some meanings of the word *trade*?

## Types of Trade

*Domestic trade* is the production, purchase, and sale of goods and services within a country. *World trade* is the exchange of goods and services across international boundaries. In many cases, a country cannot produce a desired good because it does not have a suitable climate or the necessary raw materials. In other cases, businesses in one country may produce better products or services at cheaper prices than businesses in other countries. As a result, world trade takes place.

Since the 1970s, world trade has increased considerably. Better transportation and telecommunications, along with a decrease in trade barriers, enables more world trade. These changes also help many countries' economies to grow.

**Imports and Exports** The United States buys pepper from India, bananas from Honduras, coffee from Colombia, and automobiles from Japan. These products are called imports. **Imports** are goods and services that one country buys from another country. The United States also sells wheat and airplanes to

## International Business

### Devaluing Currency

In a global economy, countries need to closely monitor the exchange rates of their currencies. For example, when the value of the U.S. dollar goes up compared to the European euro, it is said to have a favorable exchange rate. With a favorable rate, Americans can buy more European products with their currency. However, it also means that American products become more expensive for Europeans to buy.

### Examples of Languages Across Cultures

**Q:** In Dutch, how do you say: "What time is it?"

**A: Hoe laat is het?**  
(pronounced: Who lăwt iss hēt?)

Why might countries with a favorable exchange rate choose to devalue their currency?

countries such as Australia and Russia. These products are called exports. **Exports** are goods and services that one country sells to another country.

Countries can also invest in other nations by opening businesses there. They import and export the services of **professionals**, such as doctors and engineers. One country's exports are another country's imports. **Figure 10.1** shows the major imports and exports of the United States.

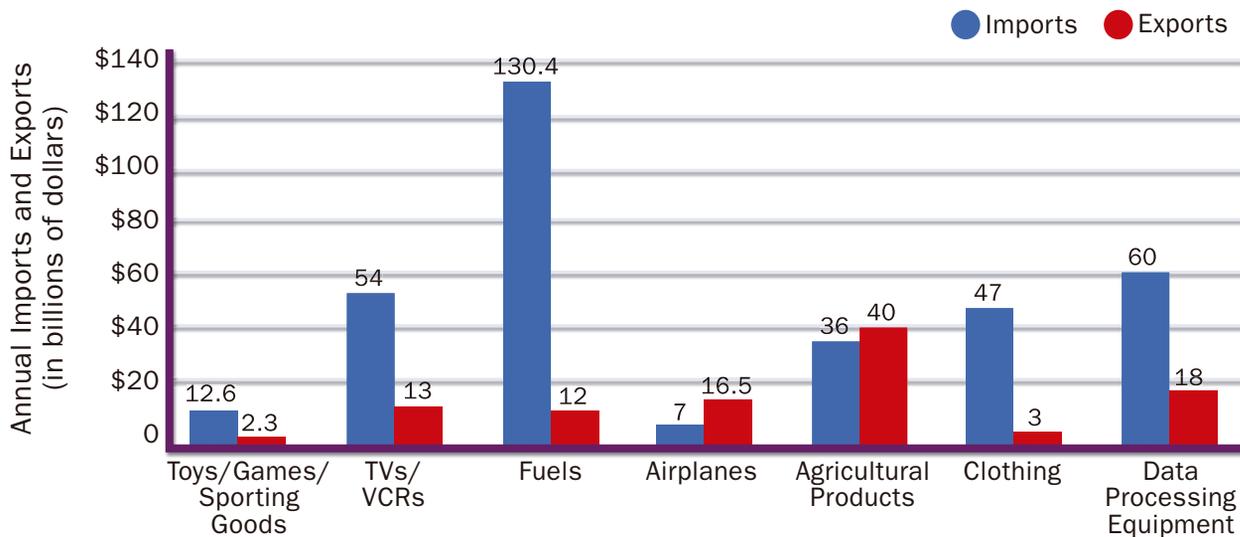
**✓ Reading Check** **Contrast** What is the difference between an import and an export?

## Balance of Trade

When a country exports more than it imports, it has a trade surplus. When a country imports more than it exports, it has a trade deficit. A **balance of trade** is the difference in value between a country's imports and exports over a period of time.

A country can have a trade deficit with one country and a trade surplus with another. For instance, the United States has a favorable balance with Australia. That means it takes in more money from sales to Australia than Australia takes in from sales to the United States. The United States has an unfavorable balance with France, which means the United States takes in less money from sales to France than France takes in from sales to the United States.

**Figure 10.1** – Major Imports and Exports of the United States



**Source:** U.S. Census Bureau

**● Major Imports and Exports of the United States** Look at the graph to see a comparison of products the United States imports and exports. **Name the products that the United States exports more than it imports.**



**Currency exchange**  
Financial institutions fulfill many different functions. **What does an exchange rate specify?**

## Specialization

To *specialize* means to focus on a particular activity, area, or product. Specialization builds and **sustains** a market economy. Countries specialize in producing certain goods and services. Many take advantage of their specialties by trading them with other countries in the global marketplace. Similarly, individuals specialize by concentrating their activities in a particular area or field, such as carpentry, medicine, or office administration. Each worker's income buys goods and services that others have specialized in producing.

## Using Resources to Specialize

Countries also specialize and trade some of the items that they produce in order to obtain other countries' goods and services. For example, the United States, Japan, and Germany are the world's top automobile producers. They have the technology, factories, and labor forces needed to produce lots of **vehicles**. Therefore, these countries have a comparative advantage in producing vehicles. A **comparative advantage** is the ability of a country or company to produce a particular good more efficiently than another country or company. Money gained from auto sales to other countries is then used to buy items that other countries produce. This helps to improve the standard of living for each country.

### As You Read

Think about how a comparative advantage might help a country to compete in a global marketplace.

## Currency

Countries have to pay for products and services with currency. Currency is another name for money. Just as different countries use different languages, they also use different currencies. Mexico uses pesos, Japan uses yen, and India uses rupees. Some countries use the same name for their currency. The United States, Canada, and Australia all call their currency dollars.



### World Currencies

Several countries have the same currencies or use the same name for their currencies. *How might this cause confusion in the international marketplace?*

To trade with another country, businesses and countries must convert their money into that nation's currency. To do that, their currency is exchanged on the *foreign exchange market*. The foreign exchange market is mostly made up of banks where different currencies are exchanged.

**Exchange Rates** Each country's currency has a value that is different from those of other countries. The price at which one currency can buy another currency is called the **exchange rate**. For example, one American dollar is worth a certain number of Mexican pesos or Japanese yen. Exchange rates change from day to day and from country to country. The amount a country's currency is worth depends on the number of other countries that want to buy its products.

**Prices** Companies follow the change in exchange rates to find the best prices for products. When the value of a country's currency goes up compared to another country's, it appreciates, or goes up in value. A country with an appreciated exchange rate can buy more of the other country's products. When it goes down, the currency depreciates, or goes down in value. For example, if the U.S. dollar goes up compared to the euro, it will take fewer dollars to buy French cheese or Italian furniture. It also means U.S. goods will cost more because it will take more euros to buy them.

## Section 10.1

### After You Read



#### Review Key Concepts

1. What is the global economy?
2. What is the difference between domestic trade and international trade?
3. Why would a country want its currency to appreciate?

#### Academic Skills

4. **Mathematics** Next week you will take an exciting biking trip in Thailand. You have saved \$850 for the trip. When your plane lands in Bangkok, you will convert your U.S. dollars to Thai baht. The service charge for exchanging currency is a flat rate of 185 baht. Using the exchange rate below, how many baht will the clerk give you?

1 U.S. dollar = 39.22 Thai baht

#### CONCEPT

**Problem Solving** Solving some word problems requires more than one step. Read carefully so you can represent the problem in mathematical terms.



For math help, go to the Math Appendix.



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Global Competition

## Reading Guide

### Before You Read

Think about some of the products you use that came from other countries.

### Read to Learn

- Describe free trade.
- Indicate who benefits and who does not benefit from free trade.

### The Main Idea

Protectionism is the practice of putting limits on foreign trade to protect businesses at home. However, protectionism decreases competition and generally increases the prices that consumers pay for goods and services. More nations are moving toward free trade.

### Key Concept

- Protectionism and Free Trade

### Vocabulary

#### Key Terms

protectionism  
tariff  
quota  
embargo  
free trade



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### Academic Vocabulary

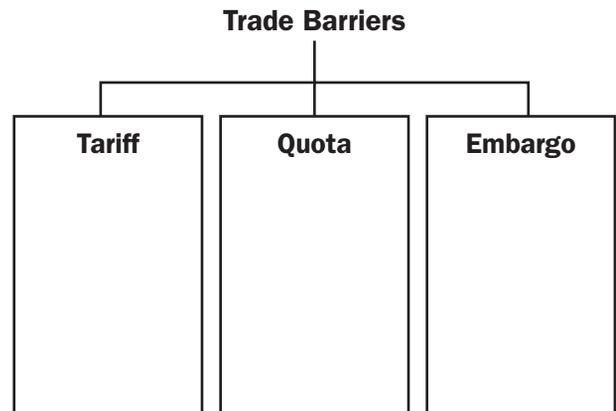
You will find these words in your reading and on your tests. Make sure you know their meanings.

disputes  
restrict

cooperate  
controversy

### Graphic Organizer

In boxes like the ones below, write notes about trade barriers. In the left box, write notes about tariffs. In the middle box, write notes about quotas. In the right box, write notes about embargoes.



### Academic Standards

#### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 4** Use written language to communicate effectively

**NCTE 7** Conduct research and gather, evaluate, and synthesize data to communicate discoveries

**NCTE 9** Develop an understanding of diversity in language use across cultures

## Protectionism and Free Trade

In the global marketplace, countries benefit from buying one another's products. Countries compete by making the same products. The United States, Japan, and Germany all specialize in making cars and are major competitors in that market. China, the Ukraine, and the United States are major producers of steel.

Global competition often leads to trade **disputes**, which occur when nations put barriers on trading particular items with another country. For example, suppose the United States decides that no Chinese-made steel can be imported into the country. The Chinese may respond by not allowing any more U.S. cars to be imported into China. At the heart of most trade disputes is whether there should be limits on trade or whether trade should be unrestricted. Protectionism and free trade are two opposing points of view involved in trade disputes.



**Analyze** What is at the heart of most trade disputes?

## BusinessWeek Reader and Case Study

### Going Global for an MBA

More business school students are studying abroad, creating an international class of grads.

Soon the new MBA students at RSM Erasmus University in Rotterdam would be hunched over textbooks for their finance and marketing courses, but first it was time to pound on a goatskin stretched across a hollow piece of wood. That's part of the orientation for RSM's 96 incoming international MBA students, most from outside the Netherlands, to help them get used to crossing cultural barriers and working together as teams. Their goal: learn the art of Sewa-style African drumming—in a day. Under the tutelage of instructors from Sewa Beats, a Swiss company that specializes in corporate drumming sessions, the students became passable tribal drummers by nightfall, performing complicated Mandinka rhythms in groups and, in the judgment of one observer, rocking the house.

Across Europe these days, B-schools are using team-building exercises like this to deal with student bodies that have undergone radical changes. Once populated almost entirely by locals, many B-schools now draw from dozens of countries, and no one nationality dominates. Properly mastered, this diversity gives students an edge in the job market.



**CASE STUDY** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for the *BusinessWeek* Reader Case Study.

### Active Learning

MBA students at RSM play drums as a way of learning to work in harmony with people from different cultures. Another way to share cultures is to share traditional foods. Research recipes from around the world and create a cookbook using desktop publishing software.

## Protectionism

**Protectionism** is the practice of the government putting limits on foreign trade to protect businesses at home. Many companies want to sell what they produce at home. They often want to keep out foreign competitors. For example, rice farming and auto production are two major contributors to the Japanese economy. To limit competition from other countries, Japan practices protectionism in these segments. Some countries also do not want to share what they produce with other countries. Reasons to **restrict** trade include the following:

- Foreign competition can lower the demand for products made at home.
- Companies at home need to be protected from unfair foreign competition.
- Industries that make products related to national defense (such as satellites, aircraft, and weapons) need to be protected.
- The use of cheap labor in other countries can lower wages or threaten jobs at home.
- A country can become too dependent on another country for important products such as oil, steel, or grain.
- Other countries might not have the same environmental or human rights standards.

### Science / TechTRENDS

#### Motoring Technology

Automobiles have been an important part of our lives for more than 100 years. Today's cars are actually designed to have human characteristics. For example, an Australian invention helps drivers read road signs. Cameras mounted in various parts of the car send pictures of what is ahead to a computer. Software is then used to detect road signs by recognizing their shapes: rectangles, diamonds, octagons, or circles. Once a sign is detected, the image is compared to a list of signs stored in the computer's memory. If it recognizes a stop sign, the computer checks to determine if the car is slowing down.

#### Web Quest

Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for links to Web sites where you can find examples of other futuristic technology applications you may soon find on your car. Search to learn more about alternative fuel sources for cars and how they might help us reduce the dependency on oil. Write a paragraph or two describing the car of the future.



### Trade Sanctions

A government can impose a trade sanction, or penalty, on other countries, usually by adding tariffs. *Do you think there are good reasons to do this?*

**Trade Barriers** To limit competition from other countries, governments develop *trade barriers*. For example, the United States and Brazil both produce sugar, but Brazil can sell it for less than the United States can. The U.S. government can protect U.S. sugar producers in three different ways: with a tariff, a quota, or an embargo.

A **tariff** is a tax placed on imports to increase their price in the domestic market. By placing a tax on sugar from Brazil, the United States can make it more expensive than American sugar. A **quota** is a limit placed on the quantities of a product that can be imported. If the United States allows only a small amount of Brazilian sugar into the country, most Americans have to buy American sugar. An **embargo** is a ban on the import or export of a product. Embargoes are rare and usually are used against another country for political or military reasons.

### Free Trade

Economic or foreign policy often determines which countries trade with each other. **Free trade** occurs when there are few or no limits on trade between countries. Supporters of free trade think all countries should be free to compete anywhere in the world without restrictions. Free trade offers several benefits:

- It opens up new markets in other countries. There are more than 298 million people in the United States, but more than 6 billion worldwide.
- It creates new jobs, especially in areas related to global trade, such as shipping, banking, and communications.
- Competition forces businesses to be more efficient and productive.
- Consumers have more choices in the variety, prices, and quality of products.
- It promotes cultural understanding and encourages countries to **cooperate** with each other.
- It helps countries raise their standard of living.

### As You Read

Think about the controversy over NAFTA before the free trade agreement was formed.

**Trade Alliances** As the world economy becomes more global, many countries are moving toward a free trade system. To reduce limits on trade, nations form *trade alliances*. In a trade alliance, several countries merge their economies into one huge market. For example, NAFTA (North American Free Trade Agreement) combined the economies of the United States, Canada, and Mexico. As a result, it is easier for the United States to buy oil from Mexico and to sell its cars there.

Free trade is good in general, but it is not without problems. Some people opposed NAFTA because they feared some workers would be displaced when trade barriers were lowered. Opponents predicted that some high-paid U.S. jobs would be lost to Mexico.

That did happen in areas where Americans and Mexicans were competing. Those in favor of NAFTA predicted that trade among all three nations would increase dramatically, stimulating growth and bringing a wider variety of lower-cost goods to consumers. Indeed, that has occurred since the passage of NAFTA.

Despite the early **controversy** over NAFTA, the alliance has resulted in various business projects between the three countries.

Some of the major trade alliances in the world today are:

- **North American Free Trade Agreement (NAFTA):** United States, Canada, and Mexico
- **European Union (EU):** Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom
- **Association of Southeast Asian Nations (ASEAN):** Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam



#### **DR-CAFTA**

The Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) encompasses Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, and the United States. The goal of the agreement is the creation of a free trade zone, similar to NAFTA.

*What advantages and disadvantages do you think DR-CAFTA has?*

## **Section 10.2**

### **After You Read**

#### **Review Key Concepts**

1. Give three reasons for protectionism.
2. Give three reasons for free trade.
3. What are some of the major trade alliances in the world today?

#### **Academic Skills**

4. **English Language Arts** In order to better understand the challenges and opportunities of selling products in global markets, interview three local business owners who export goods overseas. Write a series of questions that will help you understand these businesses and how the products or services were chosen, whether they have changed in response to consumer demands or currency values, and how the business owner keeps in touch with international customers. Present your findings to the class.
5. **English Language Arts** Today's global marketplace means that business people need to have a working knowledge in more than one language. Identify two languages other than English that would be of special benefit to a global businessperson. Write two or more paragraphs that identify the languages, and explain why you chose them. Join in a discussion with your class to compare your answers.



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Chapter 10 Review and Activities

## Section 10.1 Summary

**The Global Marketplace** Domestic trade is the production, purchase, and sale of goods and services within a country. Countries do not produce everything their citizens want or need and must trade with other countries. World trade is the exchange of goods and services across international boundaries. Most nations produce items in which they specialize, thus gaining a comparative advantage. A comparative advantage allows countries to trade their specialty with other countries for other things that they want or need. Items purchased across borders are bought in the currency used by the country that produced them. Foreign exchange markets allow one country's currency to be converted into another country's currency.

## Section 10.2 Summary

**Global Competition** Global competition often leads to trade disputes, which occur when nations enact barriers to trade. Three common trade barriers are tariffs, quotas, and embargoes. Countries use trade barriers, or protectionism, to protect business from world competition. One reason for protectionism is that outside competition can lower the demand for domestically made products. Free trade opens up new markets, creates jobs, increases consumer choices, and promotes international cooperation. Major trade alliances that have promoted free trade include NAFTA, the EU, and ASEAN. Free trade is good in general, but it is not without problems. Some workers get displaced after an alliance is formed. However, alliances often lead to lower-cost goods.

## Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

### Key Terms

global economy	exchange rate
international trade	balance of trade
multinational corporation	protectionism
trade	tariff
imports	quota
exports	embargo
comparative advantage	free trade

### Academic Vocabulary

specific	disputes
professionals	restrict
sustains	cooperate
vehicles	controversy

## Review Key Concepts

2. Explain why the world has become a global economy.
3. Explain why people and countries specialize in producing goods and services.
4. Describe free trade.
5. Indicate who benefits and who does not benefit from free trade.

## Critical Thinking

6. Why does free trade generally increase people's standards of living?
7. Why would a nation choose not to produce everything its citizens want?
8. If the dollar decreases in value in relation to the euro, what is the probable effect that this will have on exports to Europe?
9. If the dollar increases in value in relation to the British pound, what is the probable effect on imports from Britain?
10. Why is an embargo a stronger measure against free trade than tariffs?
11. Protectionism may help certain segments of the economy but may hurt consumers. Why might this be so?
12. If the exchange rate is fixed between the U.S. dollar and the Chinese yuan, America imports more from China than vice versa. If the exchange rate can be determined by the market, what should happen to the relative value of the dollar?
13. Should companies making items for national defense be protected by trade barriers?

## Write About It

14. List the countries where 10 items of clothing from your closet were made. Write a one-page essay on why you think they were not all made in the United States.
15. Write an editorial explaining and defending your opinion on the following statement: "It is unpatriotic to buy foreign-made goods."
16. Research the three major exports for another country. Write an argument for why it may have a comparative advantage in those areas.
17. Find an article about the increasing foreign competition that American businesses are facing. Summarize the article.
18. Compare the value of two currencies over five days. Write a one-page report about what happened and why the change occurred.
19. Research the U.S. balance of trade. Is there a trade deficit or a surplus? Write an e-mail to your teacher explaining imbalances between imports and exports and giving reasons for the imbalances.

## Technology Applications

### Presentation Software

20. As the world economy becomes more global, many countries decide to form trade alliances or to join an existing alliance. Research a trade alliance discussed in this chapter. Make a presentation about the countries involved, the alliance's history, and the impact the alliance has on the world.

## Business Ethics

### Cultural Differences

21. Imagine you work as a sales manager for a U.S. firm. You have been assigned a new account in Spain. Your Spanish host, the new client, expects you to attend soccer matches with him. Should your company pay for this expense? Write a one-page essay on the matter.

# Chapter 10 Review and Activities

## Applying Academics to Business

### English Language Arts

22. Research and write a list of synonyms for each of the following terms from the chapter. Write a sentence about two of the words, telling how their meanings are alike and different.

tariff      protectionism  
embargo      quota

### Mathematics

23. NAFTA created a total market of more than 410 million people: 30 million live in Canada, more than 300 million live in the United States, and 100 million live in Mexico. What type of graph could best be used to represent this data? Why?

**CONCEPT** **Types of Graphs** A graph or chart is used to present facts in visual form. It is a drawing that displays the relative sizes of numerical quantities. A graph is one of the easiest ways to compare numbers.

### English Language Arts

24. Read the following terms from the chapter. Organize the terms using one of them as the heading under which the others are listed as examples.

embargo      protectionism  
limit      quota

### Mathematics

25. The value of the dollar affects the values of other currencies. Morgan tracked the values of the U.S. dollar and the Mexican peso over one year to see if she could find a relationship. What kind of graph could best be used to represent her data? Why?

**CONCEPT** **Types of Graphs** Graphs can be used to illustrate many types of data and are not limited to the simpler types, such as line, bar, and circle. They should be used to make facts clearer and more understandable.

## Active Learning

### International Products

26. Think of three different items that you and your family use that were made in another country. List the items and where each one was made. Research the type of trade relationship each country has with the United States. Find out if similar items are made in the United States. If not, explain why not. If there are, why do you buy the international product? Write a one-page report on your findings.

## Business in the Real World

### Chart Exchange Rates

27. Choose a country and research its currency and the current rate of exchange. As a class, create a chart that combines the countries, their currencies, and the exchange rates each student has chosen. Make a list of questions about how the bank processes currency exchanges. Then invite someone who deals with currency exchanges at a financial institution to speak to the class.

## Real LIFE skills

### PREPARING TO WORK ABROAD

28. With two classmates, find an individual to interview who has worked in another country. Ask about the cultural differences between working in another country and in the United States. Ask for suggestions on dealing with that culture. As a class, make a chart with the subjects' names. Compare their overseas job titles, types of work performed, the countries where they worked, and tips for preparing for work abroad.

## COOL Business CAREERS

### FIND YOUR DREAM JOB

29. Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a link to the Occupational Outlook Handbook Web site. Click on the "OOH Search/A-Z Index" link and enter the job title "cost estimator." Then write a one-page report about this type of occupation. Conclude your report with a list of things you could do now to prepare yourself to pursue the occupation.

## Role Play

### EXAMINING FREE TRADE

30. **Situation** Imagine that you are an economics expert for another country that is highly protectionist, with a lot of tariffs and quotas on global products. This protectionism keeps many of its major industries secure from global competition. However, the country lacks products and services that its citizens want and need.

**Activity** Take one of two sides—either continue the protectionist strategies or move toward free trade. Make a persuasive argument for your position.

**Evaluation** You will be evaluated on how well you meet the following performance indicators:

- Define protectionism and free trade.
- State all of the possible reasons for either position in a clear way.
- Use proper English grammar.
- Speak clearly.

## Standardized Test Practice

**Directions** Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

### 1. How many kilometers is 2,300,000 meters?

- A less than 300 kilometers
- B between 300 and 2,000 kilometers
- C between 2,000 and 3,000 kilometers
- D more than 3,000 kilometers



**TEST-TAKING TIP** When taking a test, if you have time at the end, check your answers and solutions. Did you answer each part of every question? Did you answer the questions asked? Do your answers look reasonable? Do your calculations check out?



**READING** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a list of outside reading suggestions.