GEB 3373 Homework 2

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1. Describe the U.S. role in the world economy.

    - The U.S. has the world's largest economy and accounts for 24% of global GDP. The U.S. accounts for one tenth of global exports and one eight of global imports. Because of these and other benefits, the U.S. functions as a global economic hub. In addition, 25% of the world's 500 largest corporations are headquartered in the United States.

2. How do differences in income levels and income distribution among countries affect international businesses?

    - Income indicates a country's purchasing power. If a country has a high income, and good distribution, international business are more likely to want to do business there as they will be able to sell more while the same business in a low income or poorly distributed country may not do as well.

3. What role did MITI serve in the Japanese economy?

    - Japan's Ministry of International Trade and Industry used its powers to "guide the production and investment strategies of the courtry's corporate elite."

4. What is a *keiretsu*?

    - *Keiretsu* is a Japanese term for a large family of interrelated companies. These families are typically centered around a major Japanese bank. The members work closely together and make it difficult for outsiders to penetrate the markets

5. Who are the Four Tigers? Why are they important to international businesses?

    1. South Korea
    2. Taiwan
    3. Singapore
    4. Hong Kong

    - The Four Tigers are important to international business because they represent a huge part of the world's industrial markets and have large contributions to every industry.

6. What is a *chaebol*?

    - A *chaebol* is a Korean word for "any of the large business conglomerates that dominate the South Korean economy."

7. Discuss the role of natural resources and agriculture in Africa's economy.

    - Africa covers ~22% of the world's land area and as such is a major player in natural resources and agriculture. Many countries are oil exporters and others have mines for copper, lithium, diamonds, and other minable resources. In addition, agriculture "accounts for more than 40 percent of the GDPs of the Burundi, Chad, Mali, Niger, and Sudan". In other countries, much of the population farms for subsistence.

8. How did import substitution policies affect the economies of Brazil and Argentina?

    - Import substitution policies are policies that put high prices on imported goods in an attempt to stimulate the local economy. Because the local economies aren't able to support all of the country's needs at competitive prices, the prices of goods rise too much and end up hurting the local economy.