

Topic 9.4: Economics in the Global Age

Standards Table

Theme	Learning Objective	Key Concept(s)	Education Standards Met
Economic Systems (ECN)	Explain the continuities and changes in the global economy from 1900 to present.	KC-6.3.I.D, KC-6.3.I.E, KC-6.3.II.B	AP World History: continuity/change, causation, argumentation

Learning Objectives

- Explain how global economic systems changed after 1900
- Identify continuities in global inequality and economic structure
- Analyze the rise of free-market policies and globalization
- Explain the role of multinational corporations and trade agreements
- Use historical evidence to construct a comparative argument

Lesson Overview

The global economy underwent major transformations after 1900, particularly in the late 20th century. The end of the Cold War accelerated the spread of free-market economic policies, as many governments shifted away from state-controlled economies toward privatization and economic liberalization. Advances in communication and technology contributed to globalization, allowing businesses to operate across national borders more easily.

At the same time, economic activity shifted geographically. Manufacturing increasingly moved to regions such as Asia and Latin America, where labor costs were lower, while developed countries focused more on service and knowledge-based industries. Despite these changes, economic inequality between regions persisted, reflecting long-standing patterns in the global economy.

Essential Vocabulary

- **economic liberalization** — reduction of government control over the economy
- **privatization** — transfer of state-owned industries to private ownership
- **multinational corporation (MNC)** — a company operating in multiple countries
- **knowledge economy** — an economy based on information and technology
- **free market** — economic system with limited government intervention

Background Reading

The late 20th century marked a significant shift toward free-market economic policies. After the Cold War, many countries reduced government control over their economies, encouraging private enterprise and international trade. This shift was influenced by global institutions such as the International Monetary Fund (IMF) and the World Bank, which promoted economic liberalization as a path to growth.

Technological advances played a major role in shaping the global economy. Improvements in communication and transportation allowed businesses to coordinate production across multiple countries. As a result, manufacturing shifted to developing regions, particularly in East Asia and Latin America, where labor costs were lower. Countries such as China became major centers of industrial production, while developed nations increasingly focused on service industries.

The rise of multinational corporations further transformed the global economy. These companies operated across borders, investing in different regions and influencing local economies. Regional trade agreements such as NAFTA and the European Union facilitated the movement of goods and capital, contributing to the expansion of global markets.

Despite these changes, economic inequalities persisted. Many developing countries remained dependent on exporting raw materials or low-cost labor, while wealthier nations benefited from advanced industries and technology. This demonstrates continuity in the structure of the global economy, even as new systems and practices emerged.

Primary Sources

Primary Source 1: World Bank Report on Economic Liberalization (1991)

<https://documents.worldbank.org>

Economic liberalization has become a central strategy for many developing countries seeking growth and integration into the global economy. Reducing trade barriers and encouraging private investment can increase efficiency and attract foreign capital.

However, these reforms often require significant adjustments, including reductions in government spending and restructuring of industries. While liberalization can promote growth, it may also create short-term challenges such as unemployment and inequality.

Questions

1. Identify ONE claim about economic liberalization.

2. Explain ONE benefit of liberalization.
3. Explain ONE challenge mentioned in the document.
4. Analyze the purpose of the report.
5. Connect this to global economic changes after the Cold War.

Primary Source 2: NAFTA Agreement Summary (1994)

<https://ustr.gov>

The North American Free Trade Agreement seeks to eliminate barriers to trade and investment between the United States, Canada, and Mexico. By reducing tariffs, the agreement aims to increase economic cooperation and growth.

The agreement also encourages the movement of goods and capital across borders, creating new opportunities for businesses. However, concerns have been raised about job losses and the impact on local industries.

Questions

1. Identify ONE goal of NAFTA.
2. Explain ONE effect of trade agreements.
3. Analyze the purpose of this document.
4. Explain ONE criticism of globalization.
5. Compare NAFTA to earlier trade systems.

Primary Source 3: Thomas Friedman, *The World is Flat* (2005)

<https://www.thomaslfriedman.com>

The world has become increasingly interconnected as technology has reduced barriers to communication and trade. Companies can now operate across continents, taking advantage of global markets and labor.

This interconnectedness has created new economic opportunities but has also increased competition. Individuals and nations must adapt to remain competitive in the global economy.

Questions

1. Identify ONE claim about globalization.
2. Explain ONE cause of global economic change.
3. Analyze Friedman's point of view.
4. Explain ONE effect of globalization.
5. Compare this perspective with earlier economic systems.

Key Tables

Changes in the Global Economy

Change	Example
Free-market policies	Privatization
Global trade expansion	NAFTA
Shift in production	Manufacturing in Asia
Technology growth	Knowledge economy

Continuities

Continuity	Example
Inequality	Wealth gap
Global trade	Ongoing exchange
Labor division	Core vs periphery

Change / Continuity / Comparison

Change over time:

After 1900, especially after the Cold War, global economies became more interconnected through free-market policies, technological advances, and multinational corporations.

Continuity over time:

Economic inequality between developed and developing regions persisted despite globalization and economic growth.

Comparison:

Developed countries shifted toward knowledge economies, while developing countries focused on manufacturing and resource production.

Key Takeaways

- Globalization increased economic interdependence
- Free-market policies spread worldwide
- Technology reshaped economic systems
- Manufacturing shifted to developing regions
- Inequality remained a major issue

LEQ Activity (Based on 9.3 + 9.4)

Prompt

Evaluate the extent to which technological developments were the primary cause of economic and environmental changes from 1900 to the present.

Student Task

Write an LEQ that includes:

- **Thesis (clear, defensible, makes a judgment)**
- **Contextualization (industrialization + globalization)**
- **Evidence (from BOTH 9.3 and 9.4)**
- Must address:
 - environmental changes (pollution, climate change)
 - economic changes (globalization, liberalization)
- **Analysis (causation + comparison)**
- **Complexity (multiple causes or nuanced argument)**