

Chapter 4 The 21st Century Global Economy

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Focus (Bellringer)

As students enter the room, have them respond to the following prompt: What is a global economy? (Students will probably mention trade among nations, but be sure they focus on the role of the individual as well.)

Literacy Skill: Building Vocabulary

Ask students when they think global trade began. After getting several responses, have them read the first paragraph on page 148. Then have them define the term *global trade* based on what they have read.

Teacher Note

Literacy Skill: Recall

Prepare for the chapter by having students look at the terms, people, and places in the Chapter Preview. You could give a pretest or use a KWL to determine what terms the students already know.

CHAPTER 4

The 21st Century Global Economy

CHAPTER PREVIEW

TERMS

global marketplace, trade, colony, commerce, mercantilism, tariff, mass production, free trade, NAFTA, Gross Domestic Product, demographics, unemployment, e-commerce, extractive industries, broadband, entrepreneur, credit, interest, budget, income, expenses, checking account, savings account, certificate of deposit, money market account, invest

PEOPLE

Marco Polo, Ronald Reagan, Bill Clinton, George W. Bush

PLACES

Silk Road, Canada, Mexico, High Tech Corridor

Right: Asian marketplaces support a growing economy.

Trade has evolved from a primitive barter system to a complex global network of nations on every continent. One of the earliest examples of international trade took place along the Silk Road from Asia to the Mediterranean region. International trade between Europe and Asia became global trade in the sixteenth century when the voyages of Christopher Columbus and Vasco da Gama brought trade opportunities to North America, South America, and Africa.

The United States did not actually assume a leading role in global trade until after World War I, more than one hundred years after it got its independence. The first indication of West Virginia's interest in global trade came in 1986, when the state explored setting up an overseas office to attract foreign investors.

When we think of global trade, we usually think of nations and states. But individuals also play a critical role in determining the success of the global economy. Individuals must know how the economy works. They must also learn to make good economic decisions, including managing their own money. Individuals who manage their finances well become productive consumers, who affect the well-being of the state and the national economy.



Literacy Skill: Recall Connecting Past and Present

Since students have probably previously studied about Marco Polo and Christopher Columbus, ask them to share what they already know concerning the role they played in global trade.

Literacy Skill: Analyzing Photographs

Ask students to suggest what the photograph on this page has to do with a global economy.



Background: Advances in transportation—by land, sea, and air—have led to the expansion of global trade.

Literacy Skill: Predicting

Ask students to predict ways that individuals can affect the economy. NOTE: If students have notebooks, you may want them to keep their predictions there so they can refer to them at the end of the chapter. If students do not keep notebooks, you may want to collect the papers so they don't lose them before they finish the chapter.

Learning Skill: Critical Thinking

The caption for the picture says “Advances in transportation—by land, sea, and air—have led to the expansion of global trade.” Ask students to brainstorm ways that improvements in transportation can expand global trade.

Learning Skill: Critical Thinking

Have students brainstorm factors, other than transportation, that have increased global trade.

Literacy Skill: Recall

Briefly review the idea of economic decision making from the previous chapter.

Teacher Notes

Technology Tool: Search Engine

Ask students to use a search engine to find examples of foreign-owned businesses that operate in West Virginia.

Teacher Note

When this textbook was published, these were the most recent statistics available. Each year, encourage students to find more recent statistics. Keep the data as it is collected and have students make a graph illustrating changes that have occurred.

Learning Skill: Critical Thinking

Ask students why they think foreign countries have established businesses in West Virginia. Also, ask them what West Virginia can do to attract more foreign investment.



SIGNS of the TIMES

VITAL STATISTICS

West Virginia's exports are sent to a number of free trade markets. The largest are NAFTA, Korea, Morocco, and Singapore.

In 2017, West Virginia's exports to U.S. free trade partners totaled \$2.4 billion. This accounted for 33 percent of all West Virginia exports.

West Virginia has two overseas offices: Nagoya, Japan, and Zurich, Switzerland.

In 2016, 25,883 U.S. jobs were supported by goods exported from West Virginia. Seventy percent of those jobs were supported by manufactured goods exports.

In 2016, foreign-owned companies employed 29,300 West Virginia workers.

In 2016, West Virginia University opened an Office of Global Affairs to foster international educational partnerships. In 2017, partnerships had been formed with more than sixty institutions of higher learning on six continents.

West Virginia's 2018 Roads to Prosperity bill is designed to improve infrastructure to attract new businesses.

Population growth is projected between 2018 and 2023 for north central West Virginia and the eastern panhandle.

Most of West Virginia's job growth is projected for the northern part of the state.

The state's unemployment rate is expected to stay around 4 percent but will begin to decline through the early 2020s.



Teacher Notes

Reading Graphs

DEFINING THE SKILL

Using graphs to obtain information may be quicker and easier than drawing conclusions or making comparisons from written text. Graphs can make learning more meaningful and actually increase comprehension. Textbooks sometimes contain a variety of graphs, including line, bar, and circle.

When you read a graph, you should notice

- the title, which tells you the subject of the graph;
- the general parts of the graph;
- any trends;
- any information that you can develop into questions or use to answer questions.

PRACTICING THE SKILL

Look at Figure 4.4 on page 160, which shows the countries to which West Virginia exports goods. Use the information to answer these questions.

1. What is the title of the graph?
2. What type of graph is it: line, bar, or circle?
3. Could the information be displayed effectively on another type of graph? If so, which type(s)?
4. To which country does West Virginia export the greatest amount of goods?
5. To which country on the graph does West Virginia export the least amount of goods?
6. What is the total amount of money West Virginia receives from its exports to these countries?



Teacher Note

Prior to introducing students to this literacy skill, collect and bring to class various types of graphs—including line, circle, and bar. You could also ask students to find examples of graphs and bring them to class.

Literacy Skill: Recall Learning Skill: Discussion

Ask students to name the types of graphs they have used. As you show each graph, ask students to identify

- the title or the subject;
- the general parts;
- any trends;
- any information you can use to develop into questions or use to answer questions.

After previewing the graphs, have students complete Practicing the Skill.

Answers to Practicing the Skill

1. West Virginia's Top 10 Export Destinations, 2017
2. bar
3. Yes
 - circle, line
4. Canada
5. Mexico
6. \$5.019 billion

Technology Tools: Research, Website

Ask students to go to <https://www.census.gov/foreign-trade/statistics/state/data/wv.html#ctry> to find a list of the top 25 export destinations for West Virginia products. Ask students why the total value of exports from the data on the graph in the textbook was approximately \$5.0 billion when the actual total value in 2017 from West Virginia's exports was \$5.7 billion.

Literacy Skill: Creating a Graph

Have students create data and make a graph to represent the data. Have them exchange graphs with other students to see if they can read the graphs made by their peers.

Section 1 A History of a Global Economy

INTRODUCE

Outline

- A. The Age of Exploration and Global Trade
- B. Colonization and Global Trade
- C. The Growth of Global Trade
- D. Global Trade in the Twentieth Century
- E. Global Trade since 1980
- F. President Trump's Tariff Policies
- G. West Virginia's Role in Global Trade

Materials

Textbook, pages 148-162
www.clairmontpress.com:

Audio Book
Guided Reading 4-1
Hyperlinks
Lesson Plans
Worksheet: *The Rooster and the Bean Seed*

mystatehistory.com:

Audio Book
Guided Reading 4-1
Internet Activities
Online Textbook
PowerPoints
Puzzles

TEACH

Focus (Bellringer)

As students enter the room, ask them to respond to this question: What does the word *globalization* mean to you?

Literacy Skill: Building Vocabulary

Discuss the students' meaning of *globalization*. Focus their attention on the definition in the textbook.

Below: Global trade is part of everyday life in all areas of the world.

SECTION 1

A History of a Global Economy

As you read, look for

- examples of international trade before the Age of Exploration;
- the role of the Age of Exploration in expanding global trade;
- the importance of colonies to global trade;
- the attitude of the newly created United States toward global trade;
- the impact of the Industrial Revolution on global trade;
- the role of the United States in global trade after World War I and World War II;
- the reasons for the free trade movement;
- the role of small companies in the export trade;
- the importance of foreign investment in West Virginia;
- the objectives of the West Virginia Development Office;
- West Virginia's largest exports and the top foreign markets for West Virginia goods;
- terms: **global marketplace, trade, colony, commerce, mercantilism, tariff, mass production, free trade, NAFTA, Gross Domestic Product.**

What do you think of when you hear the term *globalization*? To some, it represents the coming together of all the people of the world to form a single society. To most, however, it represents the bringing together of nations throughout the world through international trade, foreign investment, migration, and technology. Global trade is a part of everyday life



in the twenty-first century. You only have to look at the labels on your clothing, food, and household items to see that we are indeed a part of a **global marketplace** (an international system for the buying and selling of goods and services). Today's global trade, however, did not always exist. In fact, it has only been in the last one hundred years that the United States has played a role in global trade. To better understand how trade has affected our lives, we must examine the historical factors that have affected the development of today's global economy.

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Community Connection

Have students check labels in their clothing and on common household items and list their countries of origin. Ask: Which countries are responsible for most of the items?

Content Objectives

SS.8.6 Evaluate West Virginia's role in the global economy as it relates to natural resources and national/international business and trade.

SS.8.26 Demonstrate an understanding of West Virginia in the modern era.

- Compile lists of fairs and festivals in West Virginia that can be attributed to the influence of various cultural groups who have settled in the state, explaining the heritage of the fair or festival and its significance to the preservation of West Virginia history.

Trade (the voluntary exchange of goods and services) has existed since prehistoric cultures first bartered (traded goods and services without money) to obtain things they needed or wanted. Prehistoric people moved from place to place. As they traveled, they came into contact with people who had goods that they themselves did not have. Because they wanted some of those goods, they developed a system of trade. Prehistoric trade even existed in West Virginia. We know this because historians discovered that the Adena people left behind jewelry made from shells that were not native to the state.

For centuries, international trade existed between Asia and Europe, using such Mediterranean ports as Venice and Constantinople, as well as a land route known as the Silk Road. The Silk Road was an international trade route of more than 5,000 miles that connected China to the countries in the Mediterranean region. Travelers along the Silk Road encountered middlemen (traders who buy goods from producers and sell them to other traders and consumers at a higher price). These middlemen drove up the prices of such luxury items as dyes, silk, perfumes, drugs, gold, jewels, and spices such as pepper, cinnamon, nutmeg, and cloves.

In the thirteenth century, Marco Polo traveled with his father and uncle to China along the Silk Road. They spent the next seventeen years visiting with Chinese leader Kublai Khan. When they returned home, Marco wrote a book describing their travels and detailing the fabulous things they found in Asia. The riches of the East Indies, Polo said, were “something wonderful, whether in gold or precious stones, or in all manner of spicery.” Nearly two hundred years later, in 1477, the publication of Marco Polo’s *Travels* led many Europeans to hope that China’s fabulous riches could be reached by ship. First, however, Europeans had to find a shorter trade route to the Orient before they could make these items more available to the people.

Below: The desire for spices resulted in a global trade that continues today.

something extra!

In the Middle Ages, spices were used not only to flavor foods but also as medicine.



College- and Career-Readiness Indicators

- Develop questions through investigations.
- Apply disciplinary concepts and tools.
- Evaluate sources and use evidence.
- Communicate conclusions and take informed action.

History

- Conduct short research projects to answer a question, drawing on several sources.
- Write informative/explanatory texts, including narration of historical events.

Learning Skills: Collaboration, Critical Thinking

Have students role-play bartering by using the I Have, I Want activity found on the Teacher Tech Website. Divide the class into groups of eight. Cut out two or more sets of cards. Give each student two cards (a Have card and a Want card). Be sure the two cards given to each student have the same number. Tell them they are going to barter to get their Want. They may trade their Have card, but their goal is to get their Want. Only one person can trade at a time. At the end of the time period, check to see if students got what they wanted.

Learning Skill: Discussion

Debrief the I Have, I Want activity by asking the following:

1. Who started the trading?
2. How many trades were conducted before each person got the desired item?
3. Was it easy or difficult to get the Want?
4. How did you feel as you bartered?
5. Would it have been easier to use money to make the trade?

Literacy Skills: Personal Writing, Citing Evidence

Write a journal entry detailing the pros and cons of using barter as a way to exchange goods.

Teacher Note

Go to www.silkroadfoundation.org to access copies of maps of the Silk Road to show students.

Technology Tools: Search Engine, Research Connecting Past and Present

Have students use a search engine to research navigation instruments that were used during the Age of Exploration, e.g., compass and astrolabe. Ask them how navigation instruments today are different.

Literacy Skill: Recall

Ask students what brought about the Age of Exploration. How did the Age of Exploration impact global trade?

Connecting Past and Present

Encourage students to use reference materials, including the Internet, to find examples of maps that were made prior to the Age of Exploration. Have them bring copies of any maps they find to share with the class. Ask them how these maps differ from the maps of today.

Literacy Skill: Cause and Effect

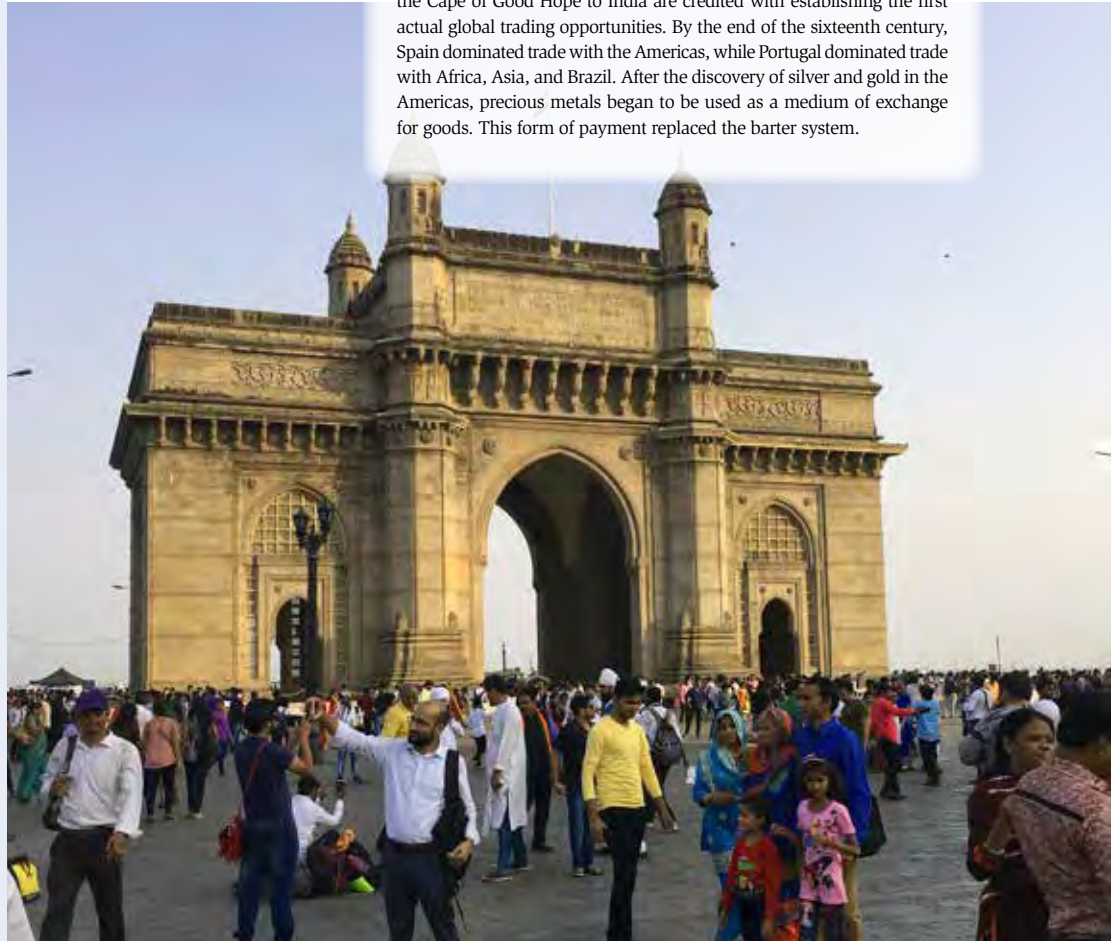
Ask students how the Age of Exploration impacted the barter system. What was used in its place?

Assign Worksheet, *The Rooster and the Bean Seed*.

Below: Along with the voyages of Christopher Columbus, the establishment of a trading route from Portugal around the Cape of Good Hope to India is credited with providing the first actual global trading opportunity. Today, the Gateway of India in Mumbai overlooks India's major ports, where it welcomes visitors from throughout the world.

The Age of Exploration and Global Trade

The search for shorter trade routes gave rise to what was called the "Age of Exploration." European rulers sent explorers to search for new trade routes to the Far East. Sometimes, while searching for those trade routes, the explorers discovered new lands—more specifically, North and South America. Many of these newfound lands became colonies of the European nations whose explorers claimed them for their mother countries. (A **colony** is a geographic area politically controlled by a distant country.) The colonies, which had resources that were not found in Europe, became a source of both raw materials and markets for European industries. During this time, the voyages of Christopher Columbus from Spain to the Americas and Vasco da Gama's travels from Portugal around the Cape of Good Hope to India are credited with establishing the first actual global trading opportunities. By the end of the sixteenth century, Spain dominated trade with the Americas, while Portugal dominated trade with Africa, Asia, and Brazil. After the discovery of silver and gold in the Americas, precious metals began to be used as a medium of exchange for goods. This form of payment replaced the barter system.



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Teacher Note Connecting Past and Present

Go to <https://exploration.marinersmuseum.org/type/age-of-discovery/> to find a map of the Age of Exploration.

Colonization and Global Trade

In the seventeenth century, Great Britain encouraged its colonies to develop an economy based on agriculture and **commerce** (the buying and selling of goods). The British government believed the colonies existed to serve the needs of the mother country. That is, the government practiced **mercantilism**. For a country to be economically successful under this trade policy, it had to export more than it imported. Great Britain required its colonies to produce raw materials and ship them to England. There, British workers used the raw materials to make finished goods, such as furniture, clothing, tools, and sugar. Those finished items were then exported and sold to other nations, strengthening the British economy.

The British government also promoted growing cotton in the American colonies in order to avoid importing cotton textiles from India. The southern colonies proved to be a good location for growing cotton. However, the production of cotton required a large number of workers. To fill the need for workers, African slaves were brought in to work in the cotton fields. This resulted in the creation of a "triangular trade route" between the North American colonies, Great Britain, and Africa. The colonies sent raw materials, such as sugar or molasses, tobacco, and cotton, to Great Britain; England sent textiles and manufactured goods to Africa; Africa sent slaves to the North American colonies.

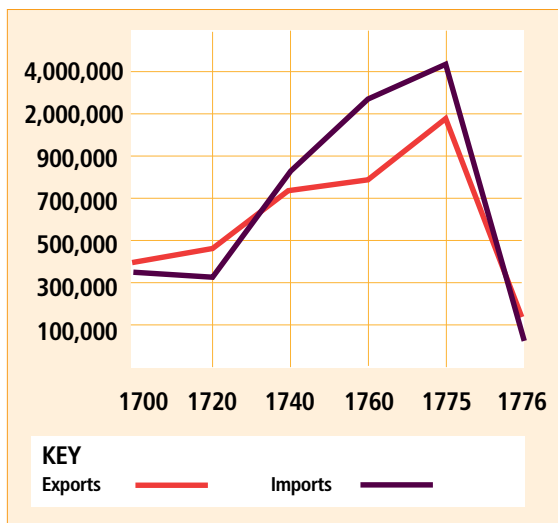


Figure 4.1

British Colonial Exports and Imports, 1700-1776 (in pounds sterling)

Top: Cotton, grown in the American colonies, was exported to Great Britain.

Literacy Skill: Building Vocabulary

Have students give examples of the practice of mercantilism.

Literacy Skill: Cause and Effect

Ask students how mercantilism promoted a system of slavery.

Foundation Geography Skill: Making a Map

Have students draw a map illustrating their concept of the triangular trade based on the reading.

Teacher Note

After students have drawn a map, show them an actual map illustrating the triangular trade. You can find one on the Internet at <https://www.nationalgeographic.org/photo/colonial-trade/>.

Literacy Skill: Interpreting a Graph Learning Skill: Critical Thinking

Ask students why the graph in Figure 4.1 shows both imports and exports plummeting between 1775 and 1776. (*coming of the American Revolution*)

Teacher Notes

Literacy Skills: Building Vocabulary, Recall Learning Skill: Critical Thinking

Have students look at a list of restrictions that the British government placed on colonial trade. These could include the following:

- All goods shipped to England or the colonies had to be taken in English ships.
- The majority (later 3/4) of the crew had to be English.
- Some goods from the colonies had to be shipped to England first. Tobacco, sugar, cotton, indigo, rice, naval stores, and furs could not be sent to foreign countries.
- Goods being shipped to a foreign country had to be sent to England first. There the goods would be unloaded, assessed a tax, then reloaded and taken on to the foreign countries.
- A ship captain carrying goods to another English colony had to post a bond equal to the amount of tax that could be collected on his cargo. Once the ship delivered the goods to the proper port and returned home, the bond money would be returned. If the captain went to a foreign port instead, he would lose his money and his ship could be taken by the British government.

Have students examine the restrictions and prioritize them as to how limiting they were. Discuss the students' responses.

Learning Skill: Critical Thinking

Ask students, based on their knowledge of global trade, what advice they would give the new United States government about its trade policies.

something extra!

Before the Tea Act of 1773, tea was a very popular beverage in the American colonies. When the act was passed, the colonists reacted by not drinking tea!

As time went on, Great Britain began to place a number of restrictions on colonial trade in order to increase its profit. The American colonies resented those laws. One of the laws, the Tea Act of 1773, allowed the British East India Company to sell tea for less than colonial merchants could sell it. This law, which hurt the colonial economy, was one of the main causes of the American Revolution.

The Growth of Global Trade

After the creation of the United States, the new nation had to establish its own economic policies. Because the United States wanted to concentrate on building its own industrial base, global trade was not a priority. Alexander Hamilton, the first U.S. secretary of the treasury, proposed high **tariffs** (taxes imposed on goods that are imported into a country) to protect the growing American businesses.

In the eighteenth century, the Industrial Revolution drove global trade. Global manufacturing moved from the poorer countries to the richer European ones. New inventions, including the steam engine and the spinning jenny, boosted Great Britain's textile industry but caused a decline in the textile industry in India.

The nineteenth century brought new inventions, better roads and ports, and **mass production** (the manufacture of large quantities of similar goods). The advent of steam power revolutionized the way goods were shipped to market. Steamships and railroads made it easier to trade with foreign countries. Steamships were faster, and they could travel in any weather. Railroads made it possible to move goods from coastal towns and cities inland, opening up job and industrial opportunities in new locations.

Below: The invention of the steam engine opened up new trade opportunities.



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Literacy Skills: Building Vocabulary, Recall

Have students define *tariff*. Ask students how tariffs can result in decreased global trade. Ask if they think tariffs are good or bad. Have them give reasons for their choice.

Technology Tools: Search Engine, Research

If students have not studied the history of protective tariffs, have them research the subject and report their findings.

Literacy Skill: Recall Connecting Past and Present

Ask students to discuss how the Industrial Revolution changed global trade. What happened to poorer countries?

Global Trade in the Twentieth Century

World War I devastated many European nations. As a result, the United States and Japan became the dominant countries in global trade. At the same time, the United States became more protective toward its own industries. The passage of tariffs again reduced international trade. Total world trade went down by 66 percent between 1929 and 1934.

Global trade again took center stage after World War II. World leaders looked at increasing foreign trade as a way to bring foreign nations closer and reduce the chance of war. In 1948, a trade agreement known as the General Agreement on Tariffs and Trade (GATT) was created. It was intended to prevent national trade barriers that limit **free trade** (international trade free of government intervention). Many believed that the lack of free trade was a major cause of the Great Depression and World War II.

Global Trade since 1980

Since 1980, U.S. presidents have promoted the concept of free trade. When Ronald Reagan became president, the United States-Canada Free Trade Agreement was passed. Reagan promoted free trade as a means of achieving progress and peace.

President George H. W. Bush led negotiations to establish **NAFTA** (North American Free Trade Agreement). This treaty eliminated tariffs on products traded among the United States, Canada, and Mexico. Although Bush originated the bill to establish NAFTA, it did not become law during his presidency.

NAFTA was signed into law by President Bill Clinton, who continued the United States' support of free trade. He believed a global economy gave people a chance to live and work with dignity. While he was president, the World Trade Organization (WTO) replaced GATT. The WTO, which has its headquarters in Geneva, Switzerland, establishes the rules of trade between nations, polices members, and negotiates new trade agreements.



Learning Skill: Critical Thinking

Ask students how increasing foreign trade could result in peace.

Literacy Skill: Recall Connecting Past and Present

Ask students to describe how the attitude toward foreign trade was different at the end of World War I and World War II.

Literacy Skill: Decision Making

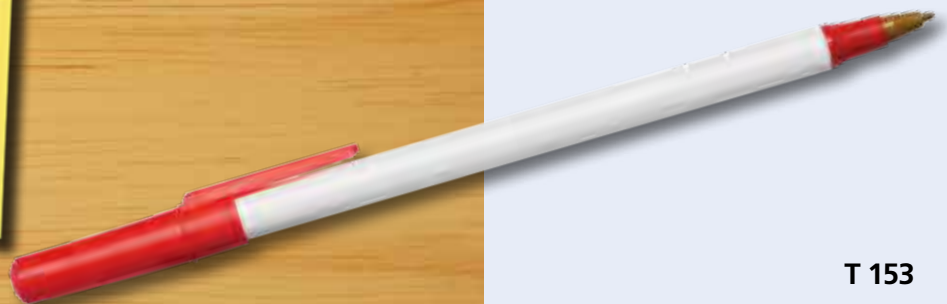
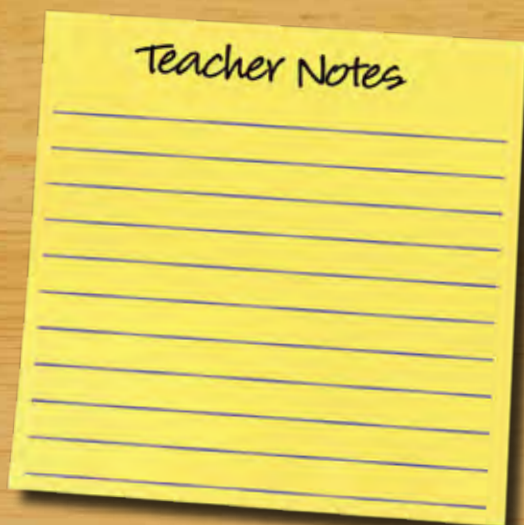
Ask students to use a decision-making organizer as a guide to help them decide if they favor or are opposed to free trade.

Literacy Skill: Persuasive Writing

After students have chosen a position on free trade, have them write a persuasive essay giving their opinion.

Learning Skill: Critical Thinking

Tell students that President George H. W. Bush promoted a free trade treaty. He supported eliminating tariffs on products that were traded among the United States, Mexico, and Canada. Ask them why those nations were chosen for a free trade agreement. Ask students with which other nations they believe the United States should negotiate free trade agreements.



Community Connection

Ask students to survey their community and make a list of retail stores that are owned by immigrants, e.g., restaurant, nail salon, clothing store. You may have them use the Internet to search for the businesses.

If there are none in their community, have them search for a larger West Virginia city, e.g., Charleston, Huntington, Morgantown, or Martinsburg.

Community Connection

Ask students to interview a foreign-born resident of their community (if appropriate). They can use the following questions:

- From what country did you come?
- Why did you come to West Virginia?
- What is your occupation?
- Did you have any trouble adjusting to the Mountain State?

Literacy Skill: Comparing and Contrasting Technology Tool: Research

Ask students to research and compare West Virginia's immigrant population in the early 20th century with the "new" immigrant population of today.

West Virginia's "New" Immigrants and Their Impact on the Economy

West Virginia's immigrant population has been inconsistent over time. When there was a need for immigrants (foreign-born individuals) to work in the state's early industries, they were actively recruited. When the need was not there, few immigrants came to the Mountain State. Between 2010 and 2016, West Virginia's foreign-born residents grew by 33.7 percent. The majority of the "new" immigrants came from Germany, India, China, Iran, and the Philippines. The immigrants who came to West Virginia during that six-year period helped to balance the number of native West Virginians who left the state at the same time. In 2018, more than 30,000 immigrants lived in West Virginia. Although that is only 1.7 percent of the state's total population, these "new" immigrants have proven to be a valued asset. They contribute to the state as taxpayers, consumers, and members of the workforce.

Economically, approximately 10,000 workers in West Virginia are employed at businesses owned by immigrants. Another 2 percent are self-employed. Nationwide, immigrants own more than half of the grocery stores and 48 percent of the nail shops in the country. Research shows that immigrants are twice as likely to start new businesses and are proven entrepreneurs. In 2018, there were more than 1,400 immigrant entrepreneurs in the state. In 2016, immigrant-led households in West Virginia earned nearly \$960 million and paid \$263.6 million in state and federal taxes. This left them with \$697.3 million in spending power that they used to purchase goods and services that favorably impacted West Virginia's overall economy. Additionally, 2.8 percent of all students enrolled in West Virginia's colleges and universities



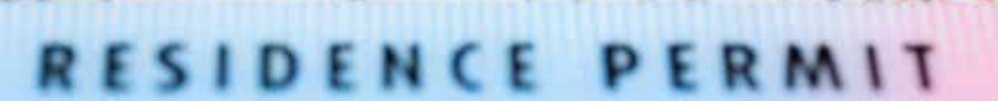
Teacher Notes

are international students. They have contributed \$116.2 million to the state's economy in tuition, fees, and living expenses. Additionally, the goods and services these students require generate funds to support 1,071 jobs.

West Virginia's native workforce is shrinking because of the state's aging population. (West Virginia has the largest number of older residents of any state in the nation.) Immigrants, on the other hand, make up the largest group of working-age residents.

Seventy-seven percent of foreign-born potential workers living in the state fit that category. While immigrants are more likely to lack a high school diploma, 22.4 percent of those in West Virginia have a graduate degree from a college or university. Many of those workers are employed as college professors and health care providers; others work in STEM (science, technology, engineering, and mathematics)-related occupations. West Virginia is among the top ten states nationally to rely on foreign-educated physicians.

West Virginia's immigrants have consistently been loyal to the state and nation. Over fifty percent have become naturalized citizens; and by 2020, more than 12,000 are expected to be registered voters. These rising numbers may impact the political climate of the state. Although the numbers may not be large enough to have a great effect on a national or statewide election, the numbers can definitely affect the outcome of local elections, giving the "new" immigrants an opportunity to share their knowledge on a larger scale.

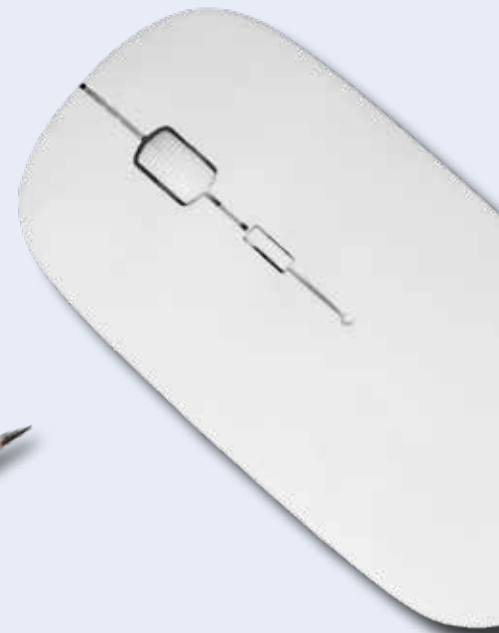


Learning Skill: Discussion

Ask students if they have friends or neighbors whose family immigrated to West Virginia. Ask them what customs they have kept from their homeland. Have them share their findings with the class.

Trivia

Immigrants account for less than 2 percent of West Virginia's total population. As consumers, they spent \$478.2 million in 2017. Immigrant entrepreneurs generated \$47.6 billion in revenue for the state.



Literacy Skill: Comparing and Contrasting

Ask students how President Trump's view of global trade and tariffs is different from that of President George H. W. Bush.

Learning Skill: Critical Thinking

Ask students why they think West Virginia did not seriously become involved in global trade until the late 1980s.

Learning Skill: Critical Thinking

Ask students how West Virginia's economy might be different if the state had engaged in global trade on a large scale much earlier.

Literacy Skill: Predicting

Ask students to predict what countries are West Virginia's largest export markets.



President George W. Bush continued U.S. support of free trade. However, he did impose high tariffs on imported foreign steel in 2002 as a way to protect the American steel industry. Twenty months later, in order to avoid a trade war, he repealed the tariffs, with disastrous consequences for the steel industry in the United States.

President Trump's Tariff Policies

President Donald Trump, who campaigned on making changes in trade agreements with foreign nations, made a major change when he withdrew from the TPP (Trans-Pacific Partnership) a few days after becoming president. In the spring of 2018, he made other changes when he imposed high tariffs on aluminum from Canada, the European Union, and Mexico. He also imposed high tariffs on goods coming from China. Some believed that these policies would result in a trade war.

West Virginia's Role in Global Trade

West Virginia does not have a long history in global trade. Perhaps pushed by increased interdependence among nations and competition in the domestic marketplace, the state began to seriously consider becoming involved in global trade in 1985 when an International Development Division of the Governor's Office of Community and Industrial Development was created. Today, the West Virginia Department of Commerce has as its objectives the promotion of West Virginia exports and the attraction of international investments. Given the fact that 95 percent of the world's consumers live outside the United States, West Virginia realized that exporting was a way to attract customers. To that end, Governor Arch Moore proposed setting up an overseas office in 1986. Although the overseas office did not materialize, the seed was planted, and West Virginia soon found itself marketing its products throughout the world. Two overseas offices, in Nagoya, Japan, and Zurich, Switzerland, supported West Virginia's export business in 2018. Improved technology has made exporting so easy that even small business owners are able to become involved.



Teacher Notes

Focus on Technology

LEARNING SKILL: COMMUNICATION

Use telecommunication tools to acquire information. Use presentation software to present information in a concise format.

TECHNOLOGY TOOL: TELECOMMUNICATION, PRESENTATION SOFTWARE

Use telecommunication tools (e.g., email, web pages, blogs, discussion groups, list servers) to gather information to use in a visual report using technology.

Look at Map 4.1, page 161, which shows foreign investment in West Virginia. Choose a flag of one of the foreign countries shown on the map. Use a search engine to find the names of companies located in that country that have established businesses in West Virginia, and find the home page of one of the companies. Research the company and send an email to the contacts listed asking one or two questions about the company's ties to West Virginia. Finally, prepare a short written report with a minimum of four PowerPoint slides to share with the class.



Learning Skill: Discussion

Survey students to determine what telecommunication tools they use on a regular basis.

Literacy Skill: Creating a Graph

Create a class graph to illustrate the usage of telecommunication tools by students in the class.

Learning Skills: Discussion, Critical Thinking

Discuss legal and ethical behaviors related to acceptable use of information and communication technology. Discuss the need to protect identity online—in email and on websites.

Teacher Note

Set up a controlled class blog for students to share information and complete class assignments.



Literacy Skill: Building Vocabulary

Ask students to define *Gross Domestic Product* in their own words.

Technology Tool: Research

Ask students to find the names of additional small companies that export products to foreign countries. Have them create a graphic organizer on which to record the names of the companies, the names of the products(s) they export, and the names of the countries to which they export their product(s).

Foundation Geography Skill: Locating

Give students an outline map of West Virginia with the counties identified. Ask students to locate the counties from which West Virginia companies export products.

Learning Skill: Critical Thinking

The textbook provides a list of West Virginia's top exports. Ask students to suggest other West Virginia products to export. Encourage them to give reasons for their choices. Remind them to consider the practicality and demand for the products they chose.

The Growth of West Virginia Exports

Promoting West Virginia's exports is vital to the state's economy. The state's export markets have historically been driven by demand for its natural resources. In 2012, coal accounted for approximately two-thirds of the state's export market, totaling \$8 billion. However, between 2013 and 2016, the value of coal plummeted to \$1.3 billion as nations, especially in Western Europe, began looking for other sources to fuel their energy sectors. Since 2016, the growth in global steel production in Eastern Europe and Central Asia again increased the demand for coal. Additionally, damage done by a cyclone to Australia's rail infrastructure resulted in more West Virginia coal going to Asian Pacific markets. Other major West Virginia exports include manufactured products such as polymers, chemicals, machinery, and components for medical, automotive, and aerospace applications. In 2017, the state's export markets generated \$7.1 billion and supported nearly 26,000 jobs. In 2016, exports were 10 percent of the state's **Gross Domestic Product**, or GDP (the total value of all final goods and services produced in a country or state in a given year).

Small companies account for most new exporters. Some small companies have not considered exporting because they think it is too complicated. Exporting actually helps small companies grow and become competitive in all types of markets. Figure 4.2 shows the top ten West Virginia products sold throughout the world. Although these products mostly come from large companies, a complete list would include products like ready-to-drink bottled tea from Dr. B's Beverages, LLC, which is shipped from Berkeley County to Canada.

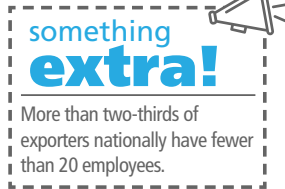


Figure 4.2

West Virginia's Top 10 Exported Products, 2017

	Product	Dollar Amount of Exports	Percentage of West Virginia's Exports
1.	Coal	\$3.3 billion	45.7%
2.	Large spark-ignition engines	\$520 million	7.3%
3.	Ball or roller gears	\$226 million	3.2%
4.	Aircraft including engines, parts	\$194 million	2.7%
5.	Polyamides	\$171 million	2.4%
6.	Aluminum plates	\$145 million	2.0%
7.	Polyethers	\$119 million	1.7%
8.	Propylene copolymers	\$107 million	1.5%
9.	Polyacetals	\$98 million	1.4%
10.	Unsaturated polyesters	\$86 million	1.2%



Figure 4.3 shows the export categories and the revenue generated by each. More than 1,100 businesses in West Virginia export goods to more than 95 countries annually. In 2017, markets with free trade agreements (FTA) received 33 percent of the state's exports, which totaled some \$2.4 billion. Since 2007, exports from West Virginia to FTA markets have grown by 56 percent. West Virginia's top ten export markets have free trade agreements with Canada, Mexico, and South Korea. In West Virginia's top twenty-five export markets, Australia, Morocco, and Singapore are included. Trade agreements reduce barriers to U.S. exports and protect U.S. interests. They make it easier and cheaper for U.S. companies to export their products. It is not certain what the change in U.S. tariff policy in 2018 will have on these trade agreements. West Virginia's exports have brought more money to the state than it has spent on imports. In 2017, the state had a favorable trade balance, showing a \$3.7 billion surplus.

Below: Large oceangoing vessels transport goods from many countries to major ports throughout the world.

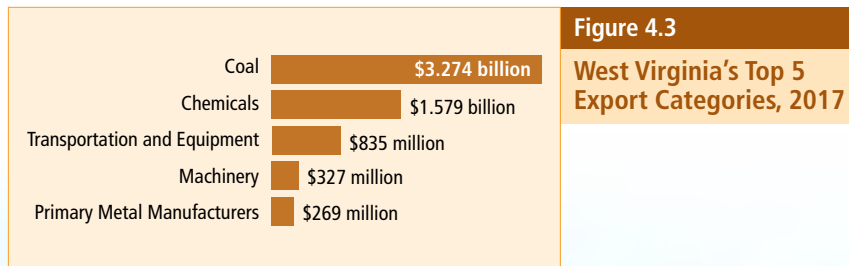


Figure 4.3
West Virginia's Top 5 Export Categories, 2017



SECTION 1: A HISTORY OF A GLOBAL ECONOMY 159

Literacy Skill: Predicting Learning Skill: Collaboration

Divide students into groups of three or four. Have them imagine a month in their lives when all the things they ate, wore, and used were limited to items produced in West Virginia. Ask them to predict which items would be available to them and which would not. **NOTE:** Have students reexamine the list of items they created on page T148, listing the country where many common items that they use every day were made. Remind them that those would be some of the items they could not have.



Teacher Notes



Learning Skill: Discussion

Have students look at Figure 4.4. Ask if there are any surprises. Ask them to brainstorm what products those countries might purchase from West Virginia.

Teacher Note

Since the book was published, there may have been changes in the way U.S. tariffs affect global trade. Discuss any changes.

Learning Skill: Creative Thinking

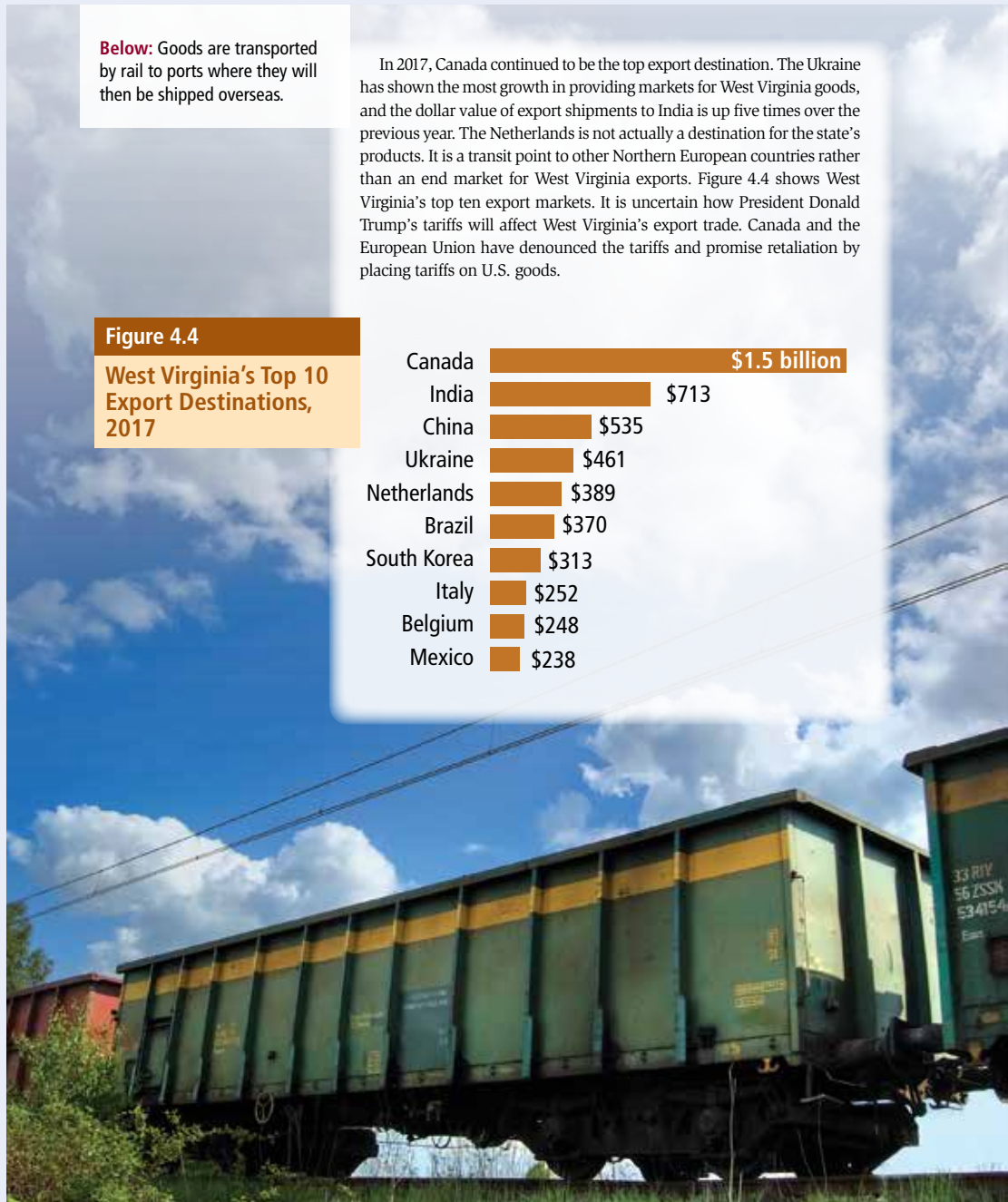
Ask students to create a slogan for the state to use to sell West Virginia products to the world.

Below: Goods are transported by rail to ports where they will then be shipped overseas.

In 2017, Canada continued to be the top export destination. The Ukraine has shown the most growth in providing markets for West Virginia goods, and the dollar value of export shipments to India is up five times over the previous year. The Netherlands is not actually a destination for the state's products. It is a transit point to other Northern European countries rather than an end market for West Virginia exports. Figure 4.4 shows West Virginia's top ten export markets. It is uncertain how President Donald Trump's tariffs will affect West Virginia's export trade. Canada and the European Union have denounced the tariffs and promise retaliation by placing tariffs on U.S. goods.

Figure 4.4

West Virginia's Top 10 Export Destinations, 2017



Teacher Notes

Foreign Investment in West Virginia

One of the largest foreign companies to invest in West Virginia was Toyota Motor Corporation. In 1996, it opened a factory in Buffalo, and Toyota Motor Manufacturing West Virginia (TMMWV) was begun. When it opened, the factory employed 300 workers to produce 300,000 engines for Corollas. In 2018, there were 1,600 employees working to produce 420,000 four-cylinder engines, 233,000 six-cylinder engines, and 740,000 automatic six-speed transmissions for Corollas, Camrys, Avalons, and some Lexus models.

Besides providing good jobs, Toyota has invested \$8.5 million in philanthropic (charitable) and educational initiatives. In 2016, when much of West Virginia was devastated by floods, Toyota donated \$50,000 to the American Red Cross Response Program. Additionally, 100 Toyota employees volunteered to go to Elkview to directly help those who were affected. Team members have volunteered more than 70,000 hours to support community endeavors since 2008.

Map 4.1

International Investment in West Virginia

Map Skill: What foreign countries have investments in the northern panhandle?



Learning Skill: Critical Thinking

Ask students to think of ways, other than providing jobs, foreign countries have invested in West Virginia.

Learning Skill: Discussion

Ask students to identify any foreign-owned businesses in their county.

Foundation Geography Skill: Reading a Map Literacy Skill: Creating a Chart

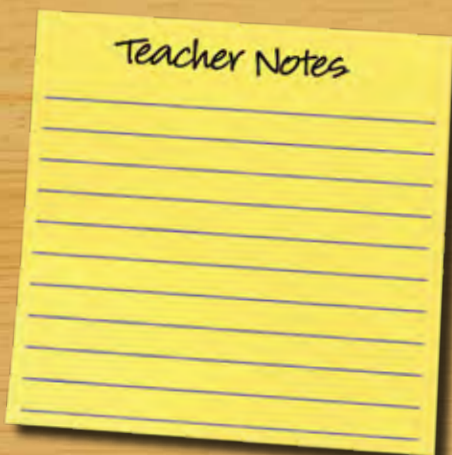
Have students look at the map of international investment in West Virginia. Then, ask them to make a chart from the data. You may suggest they organize the data by continent.

Literacy Skill: Descriptive Writing

Ask students to research one foreign company located in West Virginia. Then have them write a news article describing the history and involvement of the company in the state.

Answer to Map 4.1 Skill

Canada, France, Germany, Ireland, Italy, Japan, Russia, Switzerland



ASSESS

Answers to Reviewing the Section

Reviewing the Content

1. the voluntary exchange of goods and services
2. the search for new trade routes
3. to promote West Virginia exports and attract international investments

Using the Content

1. Check students' letters.
2. Check students' posters.

Extending the Literacy Skill

1. British Colonial Exports and Imports, 1700-1776 (in pounds sterling)
2. 1700 through approximately 1725
3. 1775

something extra!

Foreign-controlled companies employed about 16,500 workers in West Virginia in 2017. Nearly half of these jobs were in manufacturing.



Toyota is but one example of how foreign-owned companies have invested in West Virginia. Approximately 30 foreign countries have established 140 businesses in West Virginia. Germany, Japan, and Canada have the largest number of businesses, while Japan, the United Kingdom, Canada, Germany, and France employ the most workers. Map 4.1 shows the countries that operated companies in West Virginia in 2014, and Figure 4.5 shows West Virginia employment in foreign-owned companies of the top five countries. All of these companies have combined to create nearly 30,000 insourced jobs (jobs created by foreign-owned companies) in 2017 and have made personal and economic contributions to the communities where they are located.

Figure 4.5

West Virginia Employment in Foreign-Owned Companies, 2016



Below: Many foreign countries have built factories in West Virginia. NGK Spark Plugs is located in Sissonville.

Reviewing the Section

Reviewing the Content

1. What is trade?
2. What was the primary reason for the Age of Exploration?
3. What is the purpose of the West Virginia Development Office?

Using the Content

1. Write a letter to the president of the United States stating your opinion of global trade.
2. Design a poster to attract foreign investment in West Virginia.

Extending the Literacy Skill

Look at Figure 4.1 on page 151. Use the data on the graph to answer the following questions.

1. What is the subject of the graph?
2. In what years did exports total more than imports?
3. In what year were colonial imports the highest?



Teacher Notes

SECTION 2

West Virginia's Demographic Profile

As you read, look for

- the role of labor demographics in West Virginia's economy;
- reasons for mixed employment performance in energy, construction, manufacturing, service industries, and government;
- the different employment opportunities in West Virginia's four geographic regions;
- how West Virginia's economy is predicted to change between 2017 and 2022;
- why technology will drive the state's economy in the future;
- terms: **demographics, unemployment, e-commerce, extractive industries, broadband, entrepreneur.**

The demographics (a view of the population that can include age, gender, income, education, and employment) of a state play a huge role in the economic growth of an area. One factor that promotes economic growth is having an adequate workforce. The United States economy has been dominated by service industries over the last several decades, but growth in those areas has declined, primarily because of advances in technology and changing labor demographics. That is not true in West Virginia. In the Mountain State, growth has been slow in all areas, but service industries have dominated and continue to dominate the state's economy.

Right: Having an adequate workforce is essential for businesses like Walmart, which is one of West Virginia's top private employers.



SECTION 2: WEST VIRGINIA'S DEMOGRAPHIC PROFILE

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Content Objectives

- SS.8.7** Correlate West Virginia economic conditions with the effects on it citizens (e.g., employment, population, migration, and health).
- SS.8.8** Analyze the impact of absentee ownership, renewable and nonrenewable natural resources, labor unionization, and the development of infrastructure on the economic growth of West Virginia (e.g., railroad, major highways, Internet, and cellular service).
- SS.8.9** Research and cite industries and products that are vital to the economy of the four regions of West Virginia both past and present, and categorize the related occupations (e.g., tourism, coal, glass, timber, chemical, oil, natural gas, agriculture, service industries, and gaming).
- SS.8.11** Compare and contrast the effects of technological/industrial advances as they relate to economy vs. environment and their effects on the demographic profile of West Virginia (e.g., entrepreneurial businesses, agriculture, tourism, education, interstate commuters, mining, and natural gas).

Section 2 West Virginia's Demographic Profile

INTRODUCE

Outline

- A. The Workforce and Unemployment
- B. Age and Health
- C. West Virginia's Economy, 2012-2016
- D. Regional Economic Opportunities
- E. Future Projections, 2017-2022
- F. The Importance of Technology

Materials

- Textbook, pages 163-176
www.clairmontpress.com:
Audio Book
Guided Reading 4-2
Hyperlinks
Lesson Plans
Worksheets: *Regional Industrial Development, Developing an Economic Plan for West Virginia, Career Choices, Career Interview*
- mystatehistory.com:
Audio Book
Guided Reading 4-2
Internet Activities
Online Textbook
PowerPoints
Puzzles

TEACH

Focus (Bellringer)

Ask: How do people who live in West Virginia affect its economic future?

Literacy Skill: Creating a Graph

Technology Tool: Search Engine

Have students use a search engine to find census figures for West Virginia over the last five decades (2010, 2000, 1990, 1980, 1970). Then, ask them to create a graph to illustrate the data. Finally, ask them what the figures tell about West Virginia's population.

Learning Skill: Critical Thinking

After completing the graph, ask students why they think West Virginia has lost population over the last five decades.

Foundation Geography Skill: Making a Map

Literacy Skill: Acquiring Information

Technology Tool: Search Engine

Have students look at the census data for West Virginia in 2010 by county. Give students a map of West Virginia with the counties outlined. Ask them to color the counties that are losing population with one color and those that are gaining with another color.

Learning Skill: Critical Thinking

Ask students why the population in some areas of West Virginia (e.g., Monongalia, Berkeley, Lewis Counties) has increased while the population in others has declined.

Bottom: Population growth in the eastern and north central parts of the state brings opportunities for workers in the building trades.

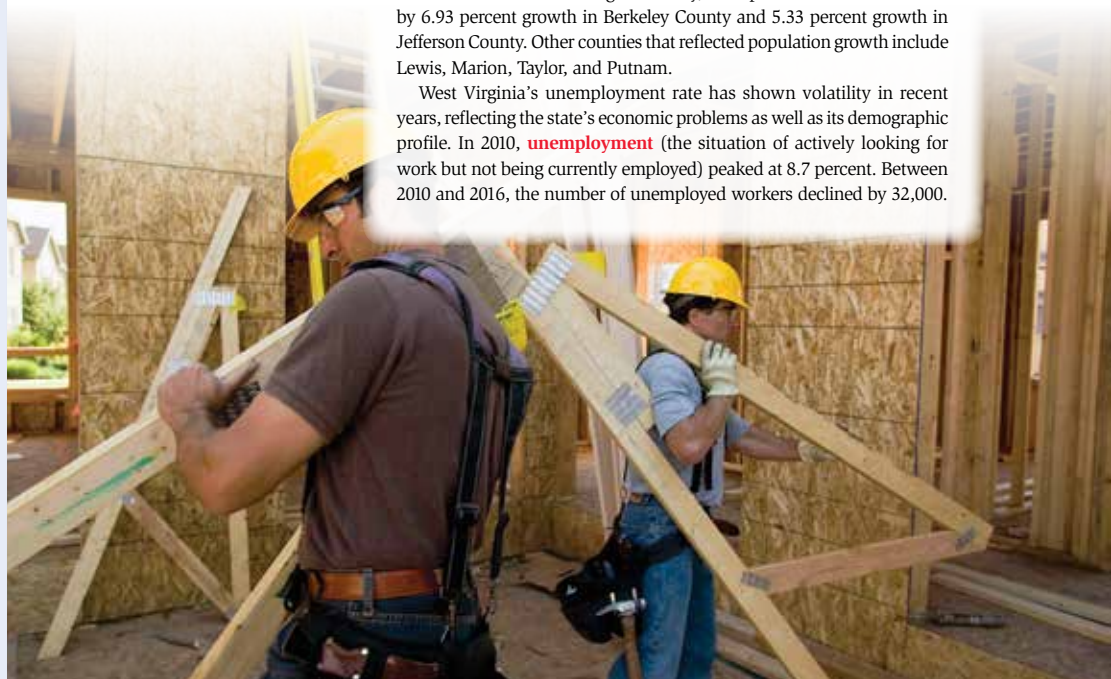
The Workforce and Unemployment

Labor demographics are a driving force in West Virginia's economy because of an increasing number of workers reaching retirement age. Additionally, the life expectancy of those retirees continues to increase while birth rates have fallen. Labor demographics have also changed because of the decline in labor force participation (eligible workers who are working or looking for a job). That number has fallen to the lowest level since the 1970s, indicating that a larger portion of people without jobs are not looking for jobs. These two factors suggest a possible decline in global economic growth due to an inadequate workforce population.

The loss of population also affects the effectiveness of an area's workforce, and West Virginia has lost 16,000 residents since mid-2016. Forty-seven of the state's fifty-five counties lost residents. Because West Virginia is mostly a rural state, many of those leaving are college-age and young working-age residents. Kanawha County lost the most residents, but Logan, McDowell, and Mingo Counties had a larger percentage of losses because they had smaller populations before the losses. The highest loss was tracked in McDowell County at 10.15 percent. Other high losses include Wyoming County's 6.61 percent loss, Pendleton County's 5.92 percent decrease, and Logan County's 5.5 percent population drop.

The eastern and north central parts of the state, including Berkeley, Jefferson, and Monongalia Counties, saw some gain. The highest growth rate was observed in Monongalia County, at 7.7 percent. This was followed by 6.93 percent growth in Berkeley County and 5.33 percent growth in Jefferson County. Other counties that reflected population growth include Lewis, Marion, Taylor, and Putnam.

West Virginia's unemployment rate has shown volatility in recent years, reflecting the state's economic problems as well as its demographic profile. In 2010, **unemployment** (the situation of actively looking for work but not being currently employed) peaked at 8.7 percent. Between 2010 and 2016, the number of unemployed workers declined by 32,000.



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CHAPTER 4: THE 21ST CENTURY GLOBAL ECONOMY

College- and Career-Readiness Indicators

- Develop questions through investigations.
- Apply disciplinary concepts and tools.
- Evaluate sources and use evidence.
- Communicate conclusions and take informed action.

Civics

- Explain barriers and benefits to trade and how they affect individuals, businesses, and society.

History

- Analyze connections among events and developments in broader historical contexts.
- Use questions generated about individuals and groups to analyze why they, and the developments they shaped, are seen as historically significant.
- Explain multiple causes and effects of events and developments in the past.

This statistic is a little misleading because the decline in the number of unemployed workers includes workers who have left the state as well as others exiting from the workforce, perhaps through illness or retirement. West Virginia's labor force participation rate at approximately 53 percent was the lowest in the nation.

Age and Health

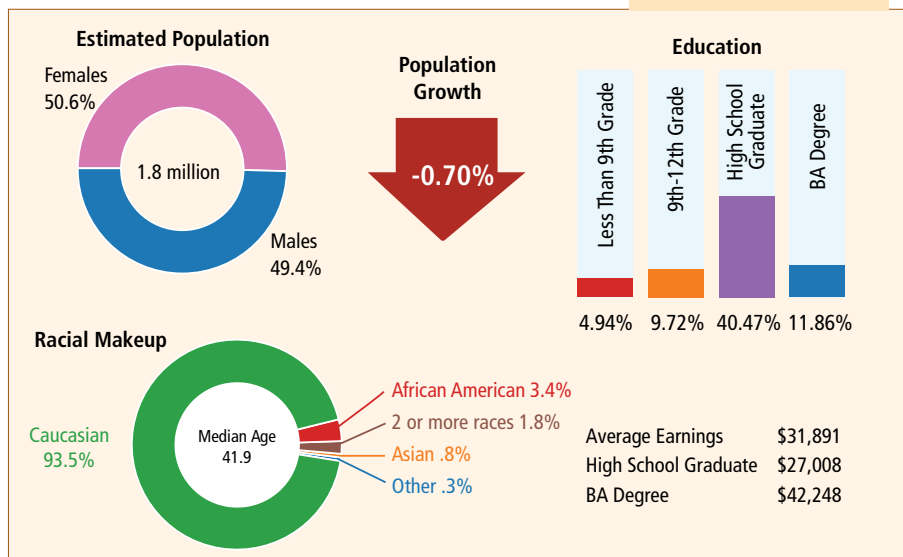
While West Virginia is losing younger people, it continues to have a population of older, unhealthy residents. The state has the largest percentage in the country of residents over 60 years of age. The mean age in the state is 42.2 years, which is the second highest of all states and four years higher than the national average. Additionally, the state's residents are less healthy than those in other states. West Virginia has the second-highest death rate in the country, and its residents have high rates of heart disease, cancer, and diabetes. These diseases, which may be attributed to an inactive lifestyle and unhealthy eating habits, have resulted in 36 percent of West Virginians being categorized as obese. Poor health and a high death rate may also be attributed to the fact that 60 percent of the state's population have limited access to health care because of the lack of medical facilities and/or the distance they must travel to receive treatment.

Although demographics do not determine the fate of economic growth, they are key ingredients in an economy's growth potential. Increases in productivity, for example, can lessen the impact of population losses. As the age and number of workers change, the key to success will be the kinds of jobs that are available to the workforce.



Figure 4.6

West Virginia Demographic Data, 2018



Learning Skill: Critical Thinking

Ask students why it is important that jobs be in line with the workforce within a state.

Learning Skills: Collaboration, Discussion

Put students in groups of three or four. Ask the groups to brainstorm reasons they believe West Virginians are so unhealthy. Then, develop a plan to improve the diet and lifestyle of West Virginians.

Literacy Skill: Interpreting

Have students look at Figure 4.6 on this page. Then, ask them to write four things about West Virginians they have learned from looking at the data.

Literacy Skill: Inferring

After they have written what they learned, ask students to infer how this type of data might affect the state.



- Conduct short research projects to answer a question, drawing from several sources.
- Write informative/explanatory texts, including narration of historical events.



Literacy Skill: Recall

After reading the second paragraph on this page, ask students to list reasons why the state's coal industry declined.

Learning Skill: Critical Thinking

Ask students to name the various sources of energy available in West Virginia, e.g., coal, natural gas, wind, solar. Then, ask them which source is best. Ask them to give reasons for their choice.

Learning Skill: Critical Thinking

Ask students what West Virginia can do to offset the money lost due to the declining coal industry. Place students in groups and ask each group to develop a strategy to enable the state to raise revenue to offset that lost by the coal industry.

Teacher Note

In 2019, SUSTAIN U Clothing, a Coal Field Development Project, was opened to manufacture T-shirts created at major-league baseball parks throughout the United States. In its first year, the company installed kiosks in five major-league stadiums to allow fans to create their own souvenir T-shirts. Fans provide a design and send it electronically to a manufacturing facility in Huntington. There the T-shirts are made from recycled fabric and returned to the fans.

West Virginia's Economy, 2012-2016

The economy of the United States is dependent on an abundant, well-developed infrastructure and high productivity. In 2016, the United States had the second-largest industrial economy in the world. West Virginia's economic performance since 2012 has been below average. It has lagged the nation as well as its neighboring states. Its growth in real GDP only increased 0.3 percent since 2012. Every sector of the state's economy has seen a decline during the years between 2012 and 2016.

something extra!

"Clean coal" technology tries to remove the harsh environmental effects produced by burning coal.

Energy

Overall, between 2012 and 2016, West Virginia lost 26,000 jobs—1,700 of which were in the coal and gas industries. Although the coal industry accounted for most of the jobs lost, several uncontrollable factors were responsible. To protect the environment, the United States placed many restrictions on burning coal, causing states to look for new sources of energy (natural gas, wind, and hydropower). At the same time, several European countries also began looking for an alternative to using coal to produce energy. These occurrences caused the demand for coal to decline, and production fell from 158 million tons in 2008 to 80 million tons in 2016. The reduced production caused industry payrolls to plunge and workers to become unemployed.

As power plants looked for alternatives to using coal, some turned to natural gas. Between 2014 and 2016, natural gas increased its production by 11 percent. Demand for gas grew, but prices were low and the revenue that companies received was not enough to build new pipelines. Without new pipelines, gas was stuck in bottlenecks that made it impossible to be moved to areas of the country where it was in demand. The number of active gas wells fell more than 14 percent between 2014 and 2016.



Right: The growth of alternative energy sources, like solar and wind power, hydropower, and biofuels, has caused job losses in the coal industry.



Construction

Although the decline in coal and natural gas affected the construction sector of the economy, other factors contributed as well. The lack of new construction in the business and private sectors had a negative effect. Some 6,500 jobs were lost between 2012 and 2016, with one-third of those lost in 2016. A slight improvement in the housing market, several commercial developments along the I-79/I-81 corridor, and construction in the eastern panhandle—which had a major project building the Procter & Gamble manufacturing facility—prevented even more job loss.

Manufacturing

Manufacturing had a mixed performance during this time. Jobs were lost in the production of fabricated metals and machinery because those products had strong connections to energy production and the declining coal market. A number of products, including electrical equipment, apparel/textiles, and paper, continued a decline that had begun several years earlier. Although most manufacturing declined, two subsections saw growth. The production of wood products, including furniture, along with the production of automotive parts saw increases in production.

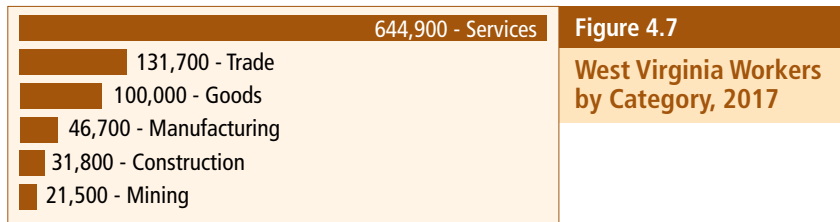


Figure 4.7

West Virginia Workers by Category, 2017

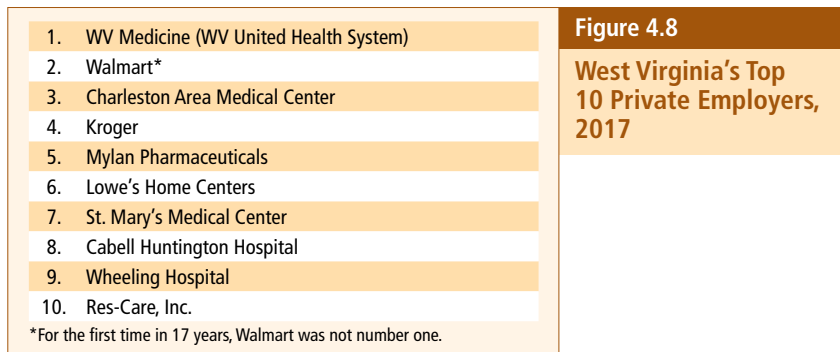


Figure 4.8

West Virginia's Top 10 Private Employers, 2017

*For the first time in 17 years, Walmart was not number one.

Learning Skill: Discussion

Ask students why so many manufacturing jobs have left West Virginia. Ask them to share any examples of family members or friends who lost a manufacturing job.

Community Connection

Ask students to survey their hometown or county and make a list of manufacturing companies that are no longer in business.

Literacy Skill: Interpreting a Graph

Have students look at Figure 4.7. Ask them what types of jobs are included in Services.

Literacy Skill: Interpreting a Chart

Have students look at Figure 4.8. Ask them what the data tells them about job opportunities in West Virginia.

Literacy Skill: Acquiring Information Technology Tool: Research

Ask students to choose one of the companies in Figure 4.8. Have them research the company to find what types of jobs are available.

Teacher Notes

Learning Skill: Discussion

Ask students to brainstorm a list of service jobs.

Literacy Skill: Categorizing

Have the class place each job on the list under a category, e.g., Government, Leisure, Retail, Medical. (Students might add other categories.)

Technology Tools: Search Engine, Research

Ask students to choose a service job. They should use a search engine to find information about the job, including salary.

Literacy Skill: Cause and Effect

Ask students what effect the decline in the coal industry had on transportation and warehousing jobs.

Have them use a Cause and Effect organizer to visually show other cause/effect relationships related to employment.

Service

West Virginia's service industries also saw a mixed performance. Education and health services have seen job growth for more than two decades. The expanding facilities operated by WVU Medicine have helped the sector grow over time. West Virginia's professional and business services registered losses when the demand for contract workers fell. Weakness in coal and natural gas have hurt transportation and warehousing, resulting in layoffs at rail, trucking, and river barge companies. Trade has also experienced steep job cuts in the state. These losses, while partly the result of the struggling energy sector, also have resulted from the automation of warehouse facilities and increased **e-commerce** (buying and selling products electronically on the Internet).

Consumer-oriented services, such as leisure and hospitality and retail trade, also saw mixed results. Revenue and job gains in the eastern panhandle and north central West Virginia helped to offset deep declines and closed businesses in the southern coalfields. Gaming, located in different regions of the state, has struggled consistently, mainly resulting from a declining interest in live dog and horse racing and competition from newer gambling venues in surrounding states.

Government

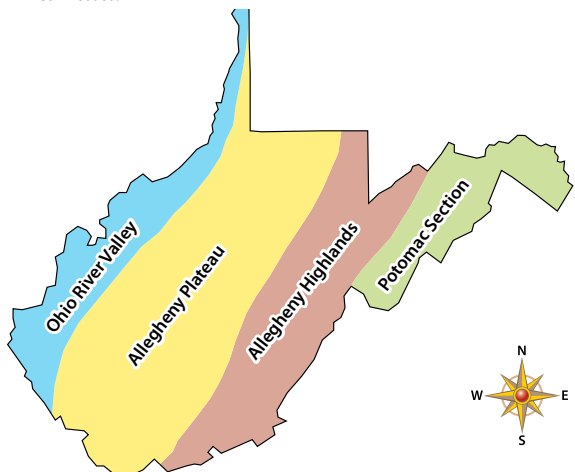
West Virginia even saw losses in its government sector from 2012 to 2016. Steep declines in revenue from the severance tax (an amount charged for removing natural resources from the state) from the coal and gas industries resulted in the loss of about 500 jobs in state government. This job loss did not greatly impact the workforce since many of the losses were absorbed by retirement and hiring freezes.



Teacher Notes

Regional Economic Opportunities

West Virginia is divided into four geographic regions—the Ohio River Valley, Allegheny Plateau, Allegheny Highlands, and Potomac Section. Although industries (like tourism and technology) and occupational clusters (like government, transportation, trade, and finance) are found in all four regions, some industries are dependent on the geographic features found there. West Virginia policymakers should ensure that any plan to promote economic development is based on each region's strengths and weaknesses.



Bottom: Biometric and biomedical industries are found in the High Tech Corridor.

Map 4.2

Geographic Regions

Map Skill: Which regions benefit from their proximity to rivers?



SECTION 2: WEST VIRGINIA'S DEMOGRAPHIC PROFILE

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Learning Skill: Collaboration

Use the Expert Jigsaw strategy to gather information on businesses and industries located in each of West Virginia's four geographic regions. Divide the class into groups of four students. Explain to the class that this is their home group.

Then, give each member of a home group a number from one to four. Ask the students to regroup according to their number, e.g., all #1s get together, all #2s get together, etc. This new group is known as the expert group.

Assign each expert group one of the four geographic regions to research to find a list of businesses and industries that are located there. After each expert group completes its research, have the students in that group decide what information they want to share with their home group. They should also decide how they will present this information to their home group.

After planning their presentation, each expert will return to his/her home group. The home group should now include four experts—one from each of the geographic regions. Provide each student with a graphic organizer to take notes as the experts present the information. When each student finishes presenting, everyone in the class should have the same information about the economic climate of the four geographical regions of West Virginia.

Foundation Geography Skill: Reading a Map

Have students look at the map showing West Virginia's four geographic regions. Ask them in which region their county is located.

Teacher Notes

Answer to Map 4.2 Skill

Ohio River Valley and Potomac Section regions

Teacher Note

Assign Worksheet, *Regional Industrial Development*.


Community Connection

Ask students to survey their county or community to find out what businesses or industries now exist. Then, have them ask people in the community or county what new industries they would like to see developed in their region.

Have students use the data from the surveys to develop an economic plan for their area. Then, have them propose a new industry for their local area.

Use the worksheet, *Developing an Economic Plan for West Virginia*. Substitute the name of their community/county for West Virginia.

something extra!




The High Tech Corridor follows I-79 from Lewis County through Harrison, Marion, and Monongalia Counties to the Pennsylvania state line.

The Ohio River provides transportation, power, and recreation for the Ohio River Valley region. The river provides a means to transport raw materials to factories as well as ship finished products to various marketplaces. Manufacturing and agriculture are important economic activities in the region. Beef and hogs, two of the state's major agricultural products, are raised here. The region is known for its production of glass. Homer Laughlin continues to be a national name in dinnerware. Manufacturing includes chemicals, energy, steel, and textiles. New natural gas pipelines are connecting gas deposits throughout the state. The region is also one of two favored sites for the construction of gas-fueled power plants. Two of the state's four gaming establishments are in this region, in Hancock and Ohio Counties.

The Allegheny Plateau is the location for many of West Virginia's minerals. These natural resources supported the creation of several **extractive industries** (industries that remove natural resources from Earth), especially coal, oil, and gas. Because the capital, Charleston, is in this region, state government is a major employer. There is a High Tech Corridor in Harrison, Marion, and Monongalia Counties. One of the state's four gaming establishments is located near Charleston.

The Allegheny Highlands includes many of the state's highest peaks and remote forested areas. Much of the region is protected by the Monongahela National Forest and the northern parts of the Washington and Jefferson National Forests. It is a region that attracts tourists who are interested in outdoor activities. It is also the location of major wood-related industries. Mining and quarries are also found here. Minerals found in this region include coal, limestone, sand, shale, and clay.

The Potomac Section is a large agricultural region. The rich limestone-based soil makes it a good place to grow apples, peaches, and other fruits. The state's poultry industry is located here, especially in Hardy County. Farmers also raise other livestock. Because of the influx of new residents, some of the farmland has been sold to make way for housing developments. The fourth of the state's gaming establishments is in Jefferson County.



Bottom: Monongahela National Forest.

Teacher Notes

Future Projections, 2017-2022

In 2017, West Virginia's workforce increased by approximately 7,000 jobs. Whether this upward movement will continue through 2022 depends on several factors, including trends in demographics and increased access to technology.

Demographics

West Virginia's population saw some small growth in 2017 and is projected to continue that growth. The state's population will, however, continue to become more concentrated in the 65-and-older group as current residents reach those ages. Eventually, one in four West Virginia residents will be 65 or older. Deaths will also continue to exceed births in most counties, although the birth rate is predicted to increase slightly. The overall population of the state will show pockets of greater growth, especially in the eastern panhandle and north central regions, as migrants from within the state and nation will move there as more jobs become available.

Industrial Growth

As the state's demographics will change somewhat between 2017 and 2022, so will the state's leading industries—most of which were experiencing difficulties during 2012-2016. Research indicates the slow growth in 2017 is forecasted to continue through 2022.

Natural Resources and Mining

The natural resources and mining sector should see jobs increase annually by 2.8 percent over the five-year period. Natural resources have historically been in the forefront of West Virginia's economy. As you read in Chapter 3, the state's early industries came from the ground—salt, coal, natural gas, oil, sand, and wood. The industries that developed long ago still provide jobs and revenue in the state, and natural resources are projected to play a major role in West Virginia's economic future.

Below: West Virginia's natural resources will play a major role in the state's economic future.



Literacy Skill: Interpreting a Chart

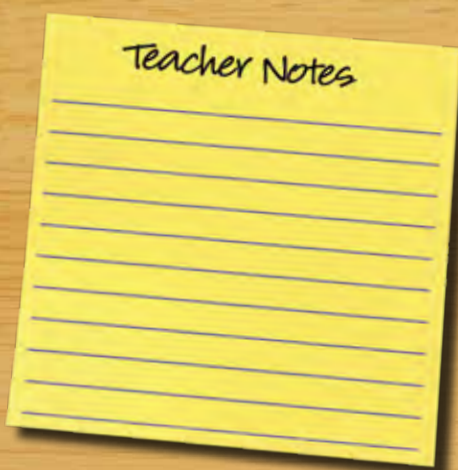
Have students research one of the industries mentioned on pages 171-173. They should find current projections for the future of that industry.

Learning Skill: Critical Thinking

Ask students how West Virginia's existing workforce will affect its economic growth.

Literacy Skill: Recall

Have students recall what they learned about the importance of natural resources to West Virginia's economic development in Chapter 3.



Learning Skill: Critical Thinking

Ask students why there will be strong growth in the natural gas sector. What recent developments have resulted in the increased production of natural gas?

Learning Skill: Critical Thinking

Ask: Why has the increased production of natural gas resulted in conflicts with those who support environmental protection over industrial development? Have students describe some examples where the production of natural gas has impacted the natural beauty of the state.

Technology Tools: Search Engine, Research

Ask students to use the Internet to find photographs of natural gas projects. Have them choose one or two photos to use on a PowerPoint slide. They should also write a description showing a positive or negative effect of the project.

Below: Jobs in the natural gas industry are expected to increase at a rate of 10 percent a year through 2022. **Bottom:** Growth in manufacturing related to the housing market—like furniture making—will be more stable through 2022.



The importance of coal in the future is uncertain. This is partly because many European countries are moving away from using coal as fuel. If China and India move away from using coal to fuel their production of steel and electricity, the demand for West Virginia coal will decline substantially. However, the state's rich deposits of natural gas may become the fuel China and India want in the future. The increasing demand for natural gas would then compensate for the lack of demand for coal.

Research calls for strong job growth in the use of natural gas. It is expected that jobs in that industry will increase at a rate of around 10 percent per year through 2022. Although there may not be a lot of gain in the price of natural gas, more workers will be hired to explore and develop new gas wells. As pipeline infrastructure expands, it is likely that new gas-fired power plants will be built.

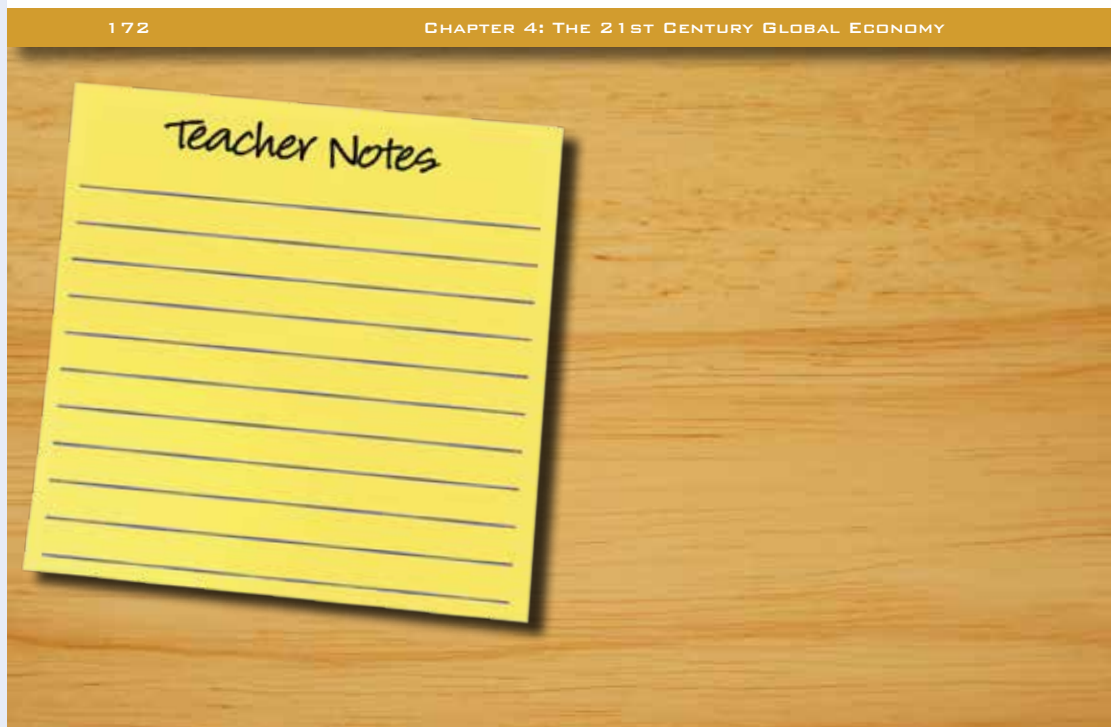
Not everyone is supportive of the natural gas expansion in West Virginia. Environmental-

ists question the construction of a section of the Atlantic Coast Pipeline through the Seneca State Forest. The pipeline, which will be about four miles long, follows the Allegheny Trail for a short distance, causing the trail to be rerouted. Some say the new section of the trail will be better for hikers, but others worry about what it might do to wildlife habitats. Additionally, the need to construct roads to construction sites in more remote areas of the forest might harm the environment.



Manufacturing

Manufacturing will continue a slow recovery. But manufacturing linked to the housing market—including furniture, finished wood products, and certain plastics—will enjoy a more stable growth through 2022. The manufacture of machinery and fabricated metals tied to the state's energy sector will also see greater gains. While the manufacture of machinery is expected to register the fastest rate of growth, the state's chemical industry will account for the greatest overall growth.





Construction is expected to slowly recover through 2022 from an average performance during the last several years. The energy industry will drive a large part of this growth because of the numerous pipeline projects in the state. Residential and nonresidential development will also be contributors to growth. The Procter & Gamble manufacturing facility in the eastern panhandle will continue to be expanded, even after its opening in late 2017. A planned \$150 million ROXUL plant in Jefferson County, which will manufacture stone wool insulation, is also expected to boost construction payrolls as the facility is to begin construction in 2020.

Another boost to the construction sector is West Virginia's infrastructure project, Roads to Prosperity. West Virginia voters approved a levy that allows revenue from increased taxes and fees (up to \$1.6 billion) associated with the Department of Motor Vehicles to be used in road construction and improvements.

Services

Goods-producing industries are expected to record the fastest rates of growth through 2022, but several private service industries will account for greater opportunities. Most professional and business services are expected to add more jobs in engineering, legal, and consulting positions, health care, and health services. The leisure and hospitality industry will also enjoy job gains through 2022. The state will continue to market itself as a regional tourism destination.

Above: The numerous pipeline projects in the state will drive growth in the construction industry. **Below:** Service workers make up the largest group of West Virginia workers.



Learning Skill: Critical Thinking

Ask students what positive effects the energy sector could have on other economic sectors, e.g., construction.

Learning Skill: Critical Thinking

Ask students how the Roads to Prosperity project could change the demographics and economic growth of the state.

Literacy Skill: Analyzing Photographs

Have students look at the groups of workers pictured at the bottom of the page. Ask how many jobs they recognize.



Teacher Notes



Learning Skill: Discussion

Ask students how technology affects their lives every day. Generate a class list of all the technology students use in one day.

Literacy Skill: Predicting

Ask students to predict what new advances there will be in technology in the next three years.

Learning Skill: Creative Thinking

Ask students to design a new piece of technology. They should provide a drawing or a model and explain how it works.

Literacy Skill: Building Vocabulary

Ask students to define *entrepreneur*. How have improvements in technology resulted in the growth of entrepreneurs?

The Importance of Technology

Historically, a skilled workforce and a strong work ethic have played a role in the state's economic success. To sustain economic growth, either the birth rate must increase by a large number or productivity within a given workforce needs to keep increasing. The key to increased productivity with little growth in the workforce is technology. Many parts of West Virginia have had limited or no access to technology. Thirty percent of West Virginia does not have access to basic **broadband** (a high-speed communications network). In rural West Virginia, the percentage is even higher—48 percent. In 2017, the state ranked 47th among states with broadband access. West Virginia's lack of broadband has limited educational opportunities. Even when schools have access, many students do not have broadband at home and, therefore, are unable to do homework or access online textbooks and supplemental materials. The use of telemedicine (e-health) makes health care more accessible to homebound and/or rural residents. Two-way voice and visual communication allows medical professionals to evaluate, diagnose, and treat patients. But without broadband, this service is not available.



Top: Access to broadband is a key to increased productivity.
Above: Entrepreneurs with vision start small businesses that help West Virginia's economy grow.

Today, West Virginia has around 115,000 new, smaller workplaces that had their beginning in a vision of an **entrepreneur** (a person who organizes, manages, and takes on the risks of a business). Those workplaces employ about 280,000 workers. Technology makes it possible for small businesses to communicate with the rest of the world via the Internet. Entrepreneurs can even produce a small product or offer a service and sell it in a foreign country from their homes. Access to broadband would enable even more entrepreneurs to establish their own businesses. This, in turn, would help grow West Virginia's economy.

Teacher Notes

In 1974, the federal government began a Community Development Block Grant (CDBG) program that mostly focused on housing needs. However, grants can be awarded to states and local communities for other needed projects. In 2017, West Virginia received a grant of \$1.5 million to expand and/or update broadband. From those funds, grants for local needs provide \$30,000 to counties or community development groups for planning and up to \$300,000 to implement a plan. To address West Virginia's lack of broadband, funds can be used to lay fiber optic cable, expand wireless connectivity, and support connectivity needs. Twenty-seven counties applied for the first round of grant awards, and twelve received funding in mid-2017.

Technology, the driving force now and in the future, is constantly changing. It is important that West Virginians stay abreast of those changes and be prepared to use whatever new innovations come along. Technology will result in lost jobs from time to time. Technology has taken jobs from bank tellers, travel agents, librarians, and sales representatives, to name a few. E-commerce has taken business away from traditional brick-and-mortar stores. In the future, 3-D printers will revolutionize how products are manufactured. This will change the types of jobs that are needed in an industry and possibly eliminate the need for warehouses.

It is important that the state's future workforce be aware of the impact of change and how it affects jobs in the future. Those individuals who do not have proficiency in software programming, computer hardware, networking, or other facets of the IT (information technology) sector will become less important in the future economy. Those workers who are comfortable using technology—who can write code and understand how technology works inside and out—will be in demand. Jobs related to health care, many of which will be driven by technology, will also continue to be in demand.

Below: Mylan Pharmaceuticals first opened for business in an abandoned skating rink in White Sulphur Springs. Two years later, the company moved to Morgantown, where it has remained. Mylan began as a distributor of prescription drugs. More recently, it has opened a research and development laboratory where it has focused on producing generic drugs to treat dementia and Alzheimer's disease.



SECTION 2: WEST VIRGINIA'S DEMOGRAPHIC PROFILE

Learning Skill: Critical Thinking

Discuss why West Virginia has lagged behind other states in the use of technology.

Technology Tool: Research

Ask students to use the Internet to find a high-tech business in West Virginia. They should discover where the business is located and what it does. Have them share their findings with the class.

Foundation Geography Skill: Locating Learning Skill: Critical Thinking

As students report on the business they found, ask the class to place a symbol (dot, star, checkmark) in the county where each is located.

Have students look at the completed maps and determine where the most and least of these companies are located. Ask them to suggest reasons for their location.

Teacher Notes

Literacy Skill: Interpreting a Chart

Ask students to look at Figure 4.9 and make observations about the projected jobs of the future.

Learning Skill: Critical Thinking

Ask students what impact the list has (if any) on their educational plan for high school.

Teacher Note

Assign Worksheet, *Career Choices*. Also, ask students, using the *Career Interview* worksheet, to talk with someone who has the job they chose. Upon the completion of both, ask students to compare the information they found on their job choice with the information given to them by a person who does that job. What were the similarities? Differences?

(If they cannot find someone with their chosen job to interview, ask them to interview anyone, regardless of job. Then just compare the two jobs.)

ASSESS

Answers to Reviewing the Section

Reviewing the Content

1. a view of the population that can include age, gender, income, education, and employment
2. Answers will vary but may include loss of population, unemployment, and an older population.
3. natural gas

Using the Content

1. Check students' slogans.
2. Check students' letters or emails.

Figure 4.9

West Virginia's 20 Fastest-Growing Jobs, 2017

Projected Jobs in the Future	Percentage of Growth
Home Health Aide	129.2%
Personal Care Assistant	125.8%
Physical Therapist Assistant	121.2%
Physical Therapist	119.7%
Physician Assistant	119.6%
Marketing Internship	119.5%
Nurse Practitioner	116.5%
Medical Receptionist	115.2%
Industrial Mechanic	114.4%
Representative	113.6%
Dental Hygienist	110.8%
Aide	110.2%
Phlebotomist	109.9%
Respiratory Therapist	109.9%
Medical Director	109.5%
Certified Nursing Assistant	109.2%
Computer Technician	109.1%
Licensed Practical Nurse	109.0%
Medical Assistant	108.7%
Management Consultant	108.5%

Reviewing the Section

Reviewing the Content

1. What does the term *demographics* mean?
2. Name two factors that negatively impact West Virginia's economic growth.
3. Which industry has seen the most growth over the last five years?

Using the Content

1. Write a slogan to attract more domestic business to West Virginia.
2. Write a letter, or send an email, to West Virginia's governor suggesting a way to help the state's economy grow.

Extending the Literacy Skill

Look at Figure 4.9 on page 176. Use the information there to answer the following questions.

1. What does the information in Figure 4.9 show?
2. In what area are most of the jobs found?
3. How much growth is projected for nurse practitioners?

Extending the Literacy Skill

1. West Virginia's 20 Fastest-Growing Jobs, 2017
2. health-related fields
3. 116.5%

Teacher Notes

SECTION 3

The Role of Individuals in a Global Economy

As you read, look for

- the importance of preparing a budget;
- the steps in preparing a budget;
- types of services offered by a bank;
- benefits of having a savings account;
- investment opportunities;
- the importance of having a good credit history;
- factors that make up a credit history;
- terms: **credit, interest, budget, income, expenses, checking account, savings account, certificate of deposit, money market account, invest.**

Nations and states must watch their income and spending to achieve economic security; so too must individuals. Individuals who do not know how to handle money may never have financial security. Just think what would happen to our country or state if all West Virginians managed their money poorly. People could not pay their bills, which would cause businesses to close, resulting in a loss of jobs. Fewer jobs would mean less income. People could not buy things, which would result in even more businesses closing and more unemployment. This may sound like something that could never happen. But this is exactly what did happen in the early 2000s, when the United States experienced its worst economic downturn since the Great Depression.

Below Left: Credit cards allow you to buy things now and pay over time.



SECTION 3: THE ROLE OF INDIVIDUALS IN A GLOBAL ECONOMY

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Content Objectives

SS.8.12 Examine financial aid planning opportunities and programs to help students and families make sound college savings decisions.

- Differentiate between the categories of financial aid (merit-based assistance, need-based assistance, grants, scholarships, work study, loans, self-help aid).
- Explore West Virginia's SMART529 program and other college saving plans.
- Create a Financial Aid and College Savings Plan utilizing free resources such as CFVV's Financial Aid Calculators, Scholarship Finder, and Financial Aid Wizard.
- Construct a personal budget that includes college savings.

Section 3 The Role of Individuals in a Global Economy

INTRODUCE

Outline

- A. Budgeting
- B. Savings
- C. Investing
- D. Using Credit

Materials

Textbook, pages 177-187
www.clairmontpress.com:

- Audio Book
- Guided Reading 4-3
- Hyperlinks
- Lesson Plans
- Worksheet: *The High Cost of Credit*

mystatehistory.com:

- Audio Book
- Guided Reading 4-3
- Internet Activities
- Online Textbook
- PowerPoints
- Puzzles

TEACH

Focus (Bellringer)

As students enter the room, ask them to respond to the following question: What role do individuals play in a global economy?

Learning Skill: Discussion

Ask students what happens when money is managed badly (by them, the state, or the nation). Tell students that in this section they will learn to be more productive financial managers.

Community Connection

Have students survey ten adults to find out how many credit cards each has. They should share the information with the class.

Learning Skill: Critical Thinking

Ask students how they can avoid paying extra fees when using a credit card.

Literacy Skill: Persuasive Writing

Have students write a letter to a friend, giving him or her advice about using credit cards.

Trivia

In 2017, the average credit card debt in the United States was \$6,354. The average credit card debt in West Virginia was around \$5,547.

Literacy Skill: Math

Assign Worksheet, *The High Cost of Credit*.

The High Cost of Credit

Credit is a wonderful thing if you use it wisely. Most people use credit in two ways: by taking out a loan or using a credit card.

Loans are usually acquired to purchase an expensive item, like a house or car. Some people use loans to cover medical or educational expenses or to sustain them when, for instance, they lose a job. Loans can be useful, but they come with a cost. When you repay a loan, you must pay the amount borrowed (principal) plus a fee for borrowing (interest). Therefore, it will cost more to pay back the loan than the money you borrowed.

Credit cards are convenient for making everyday purchases, like food, clothing, or fuel. Ideally, they should be paid in full each month. This will prevent finance charges and/or late fees from being added to the balance. Because credit cards are easy to use, many people misuse them, running up large balances and finding it hard to pay back the full amount. Although credit card companies allow a minimum payment, they add a finance charge (interest) to the balance. If the monthly payment is not made on time, a late fee is added. People who make only minimum payments or late payments find that their total debt keeps rising even if they do not make additional purchases. Eventually they may owe more money from late fees and finance charges than the amount of the original purchases.

Credit card finance charges are generally much higher than the rates for loans. The annual interest rate on credit cards ranged from 13 to 23 percent in 2018. Some credit card companies increase your interest rate to nearly 30 percent if you routinely miss payments or make only the minimum payment. Most credit card statements show how long it will take to pay your balance if you only make a minimum payment. They also show what amount, including interest and fees, you have paid.

Financial institutions and businesses check a person's credit history to decide if he or she qualifies for a loan or credit card and, if a person does qualify, how much credit will be available. It's never too early to start thinking about the importance of credit!



Teacher Notes

During the early days of the twenty-first century, people overextended their credit to buy things they wanted but probably did not need. (**Credit** is the ability to buy things now and pay for them over time.) Eventually, those people could not pay off their credit cards in full at the end of the month. This resulted in **interest** (money paid for the use of money), usually at a high rate, being added to the amount owed. Eventually the inability of many thousands of creditors to pay their debts put lending institutions at risk. If lending institutions—banks, retail stores, and credit card companies—do not receive payment, they cannot continue to do business. Understanding the four major areas of personal finance—budgeting, saving, investing, and credit—will help you keep from getting into a credit crisis. Having an understanding of these areas will also help you make better financial decisions to benefit yourself. It will also help you understand decisions made by your state and nation and make you a better citizen.

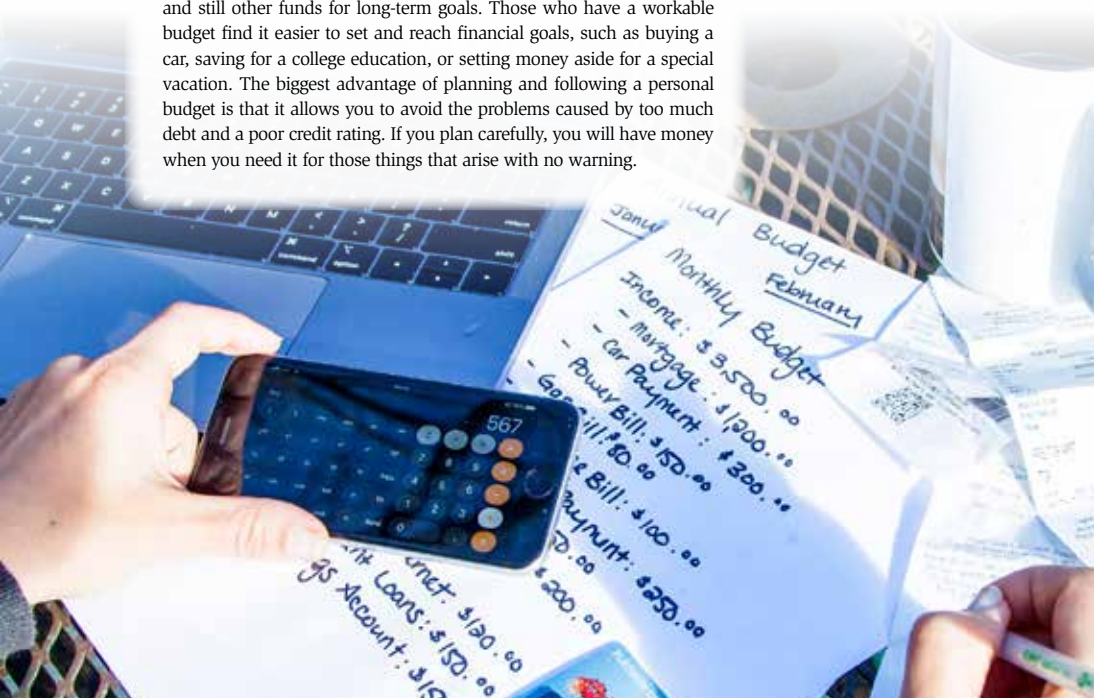
Budgeting

Everyone needs a plan in order to manage finances wisely. One easy way to ensure that you will handle money effectively is to develop and follow a personal **budget** (a plan for receiving and spending money for a specific period of time). A budget reduces the stress of managing money by allowing some funds for short-term activities, other funds for essentials, and still other funds for long-term goals. Those who have a workable budget find it easier to set and reach financial goals, such as buying a car, saving for a college education, or setting money aside for a special vacation. The biggest advantage of planning and following a personal budget is that it allows you to avoid the problems caused by too much debt and a poor credit rating. If you plan carefully, you will have money when you need it for those things that arise with no warning.

something extra!

Most people prepare a budget based on the calendar year. Governments and businesses often work on a year that runs from July 1 to June 30.

Below: Preparing a personal budget helps you manage your money effectively.



SECTION 3: THE ROLE OF INDIVIDUALS IN A GLOBAL ECONOMY

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College- and Career-Readiness Indicators

- Develop questions through investigations.
- Apply disciplinary concepts and tools.
- Evaluate sources and use evidence.
- Communicate conclusions and take informed action.

Economics

- Explain how economic decisions affect the well being of individuals, businesses, and society.

- Evaluate alternative approaches or solutions to current economic issues in terms of benefits and costs for different groups and society as a whole.

History

- Conduct short research projects to answer a question, drawing on several sources.
- Write informative/explanatory texts, including narration of historical events.

Learning Skill: Discussion

Ask students why people have multiple credit cards. Ask them if this is a good idea.

Technology Tool: Research

Ask students to use a search engine to find information on various types of credit cards, e.g., store cards, bank cards. Have them use a Venn diagram to compare two of the cards.

Community Connection

Survey three or four adults who use credit cards. Ask how often they use them (every day? once per week? rarely?). Also, ask what advice would they give a person who was considering getting a credit card.

Learning Skill: Discussion

Ask students to discuss the purpose of budgets. Have any of them made a budget? If so, did they continue to live by it or did they give it up?

Teacher Note

Go to www.thirteen.org/finance/educators/lesson1.html to find a comprehensive lesson plan on the concept of budgeting. The unit titled “Investing in Yourself” includes a video about a college student who moves out on his own and is faced with learning how to create a budget and manage his expenses. (Be sure to preview the video to determine its appropriateness for your students.)

Learning Skill: Discussion

Ask students to think about the categories of a personal budget. Make a list for them to copy in a notebook.

Learning Skill: Critical Thinking Assessment: Performance-Based

Ask students to look at the list of categories of expenses of a personal budget that they brainstormed in class. Tell them to select categories from that list and add others that are appropriate. They must include savings for college in their budget. They may input hypothetical amounts for the expenses. They will use these figures to develop a monthly or yearly budget. To make the activity more realistic, you may want to have students go to a grocery store and record the prices of items that they would normally purchase. Have them use those prices as a guide in determining how much they would budget for food. They could do the same by researching prices for car insurance, car payments, house payments, etc., instead of making up amounts. Have them examine West Virginia's SMART529 college savings program to calculate realistic college costs and determine an amount to save.

Learning Skill: Discussion

Ask students to look at their budget. Then, ask them what happens when they want to go on vacation or have a major house repair. Do they have savings budgeted to take care of such emergencies? If not, they will need to revise their budget.

Planning a Budget

When developing a budget, you should plan for a whole year by following several specific steps. First, make a list of all your **income** (money earned for working, providing services, selling goods or property, or from investments), which may come from several different sources. As a young person, your income may come from your family; it might include an allowance, money given to you for school or personal expenses, and financial gifts for special occasions. Other income may come from outside the family. That might include monies you earn from part-time jobs and interest you receive on a bank account or investment. Make a monthly income list, keeping in mind that you may have extra income in the summer months if you are able to do lawn care or baby sit. In other months, when school activities keep you busy, you may have less income. Determine the total of your income for twelve months and then divide by 12 to get a monthly figure.

Now that you know about your income for a year, make a list of **expenses**, what you spend on your own needs and wants. To do this, make a list of your monthly expenses. Some expenses, such as school-related expenses, food, and entertainment, will occur regularly. Other expenses will occur only at certain times of the year, such as Christmas. Keep track of all the money you spend in a given month by selecting a typical week and recording each evening the actual monies you spent during that day. You must include everything—even small purchases such as gum, soda, or nail polish.

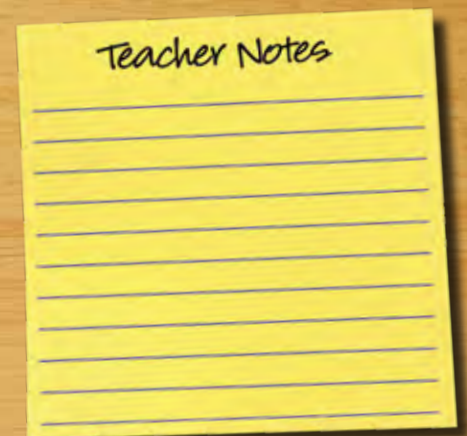


Above: You should keep track of the money you spend, including small purchases.
Right: Saving should be part of any budget.



Assessment: Formative

At the end of the activity, ask students to respond to the following prompt: I learned that having a budget is....



After you make a list of all your expenses, determine which are *fixed* expenses (set amounts that must be paid each month) and which are *flexible* expenses (amounts that are not set and may vary from month to month). An example of a fixed expense is a loan payment that has to be made each month. A flexible expense might be entertainment, where you have \$25 to spend one month but only \$10 in another month. Categorize each expense on your list as fixed or flexible.

Next, compare your total expenses with your monthly income. Does your monthly income cover your expenses? If so, you're in good financial shape. If your expenses exceed your income, you must look at your expenses and find ways where you can cut back. Even if your income and expenses are in line, you might need to change your budget to plan for unexpected events. To account for the unexpected, try to increase the amount you save. Your savings is a fund you can use when the unexpected occurs.

Developing a personal budget will help you understand the process that states and nations go through to create a plan to manage their money. Just like you, government agencies must balance their income and expenses to have financial security.

Making Adjustments

Every budget plan is just that—a plan. You must be flexible enough to adjust the budget so that it remains workable and realistic. If you find yourself falling short from month to month, it is time to rework the plan by reducing your expenses or increasing your income. Expecting income that does not materialize, underestimating expenses, forgetting special needs—all of these are weaknesses in your plan that must be addressed. Budgets are useless if they are not realistic.

Below: A budget allows you to save for long-term goals such as a new car or college.



Learning Skill: Discussion

Ask students to brainstorm large-purchase items that teenagers want. Then, ask why so many teens think they must have the things they want NOW. Why can't they wait until they have saved enough money to make the purchase?

Literacy Skill: Persuasive Writing

Have students write a letter to a pretend friend detailing the benefits of budgeting. The letter should persuade the friend to develop a budget.

Literacy Skill: Analyzing Photographs Learning Skill: Discussion

Ask students to examine the photograph of the teenager holding car keys. Then have them write a dialogue between a teen driver and a parent regarding the financial responsibilities of driving.

Teacher Notes

Literacy Skill: Evaluating Technology Tool: Search Engine

Have students use a search engine to find three sites that have templates for the creation of a personal budget. Ask them to evaluate the sites as to their practicality and usefulness for middle school students.

Literacy Skill: Personal Writing

Ask students to respond to the following prompt in a journal entry: Budgeting helps (or would help) me personally because....

Learning Skill: Discussion

Have the students discuss any emergency expenses they have had during the past year. Was there a way they could have lessened or eliminated those expenses by more careful planning?

something extra!

Today, there are software programs that will help you develop and maintain a budget. Some programs also help you keep track of your spending.


A budget allows you to save for short-term and long-term goals, but it will not work if you do not have the patience to wait to buy that new smartphone or latest video game. Only you can decide when to purchase items you want or need. Some people always wait until they have enough cash saved up to make a special purchase; others simply purchase the item on credit and pay for it over time.

Even with careful planning, people can easily forget expenses connected to special events—holidays, vacations, birthdays, graduations, new friends, new hobbies. It is easy to “blow the whole budget” when Christmas is coming and you have to buy presents for your friends and family.

Every budget should include savings that can be tapped for little or big emergencies—the unforeseen, the unexpected. Those who have saved will have a little extra emergency cash on hand. Those who did not save will be pulling funds from other expenditure areas, which is tricky at best, and often a disaster.

Savings

The most important element in financial planning might be having a savings plan. As you saw when planning a budget, a savings plan requires that you set aside some monies each month to help you achieve short-term and long-term goals. A typical long-term goal is to save for your first car or to save for your college education. A typical short-term goal is to save so that you will have extra cash to cover the unexpected. It does not matter whether your savings are put aside in a piggy bank or a special bank account. What matters is that you save some money each month. If you do not already have a savings account in a bank, you may want to open one.



Above: Packing a lunch instead of buying it can help you save money for short-term and long-term goals.

Teacher Notes

Most West Virginians deposit their money in banks. People commonly have a **checking account** (an account against which the depositor can write checks to pay bills on demand). A checking account is sometimes considered a “flow through” account. Money flows in from deposits and out when checks demand the money be moved from the account for specific purposes.

If you want to keep your money in a bank account for a longer period of time, you may also put your money in a **savings account** (a holding place for money for the future). Customers may also choose a **certificate of deposit** (a bank certificate that draws interest and is written for a specific period of time) or a **money market account** (a special account whose interest fluctuates with the national interest rate).

Banks use the money in depositors’ accounts to make loans. To reward depositors for allowing them to use their money, banks pay interest on the amount of money in the accounts.

Suppose you deposit \$100 in a savings account and receive 5 percent interest on the balance. At the end of the year, if you have not withdrawn any of the money, the bank will pay you \$5 in interest, making your balance \$105. Some banks also pay depositors interest, usually at a lower rate, on checking accounts.

Banks can pay interest to depositors because the banks earn money from those people who take out loans. A borrower must not only repay the amount borrowed but must also pay interest on the loan. Interest on loans is the main source of money for most banks. When interest rates are low, people are more likely to borrow money and make large purchases. An increase in buying stimulates the economy by increasing the demand on manufacturers, causing the need for more workers. When more people are working, there is also more money available to continue the buying cycle. But when interest rates are low, people may be less interested in saving because they do not earn as much interest. When interest rates are high, people are less likely to borrow money because the amount they have to repay is high. This is the time when more people add to their savings accounts or purchase certificates of deposit rather than buy a lot of consumer goods. Because buying declines, manufacturing declines and unemployment goes up. The ability of individuals to borrow money and purchase goods affects the overall economy of the state and nation.

Top Right: A checking account is a “flow through” account that helps you keep a record of purchases and bill payments.

Above Right: When interest rates are low, people are less inclined to deposit money in savings accounts. **Right:** ATM machines make it easier to withdraw money from a checking or savings account.



Learning Skill: Discussion

Ask students if anyone has a savings account. Ask how savings accounts make money.

Technology Tool: Search Engine

Have students use a search engine to find the interest rates offered on savings accounts by at least three different banks.

Literacy Skill: Math

Give students a hypothetical savings account balance. Then, ask them to use the interest rates of the banks from the Internet activity to calculate how much money their account would earn in a month or in a year.

Learning Skill: Critical Thinking

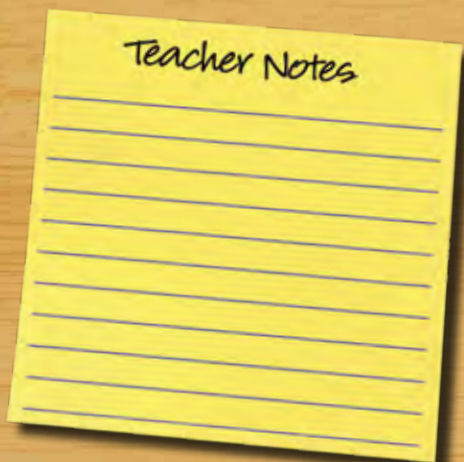
Ask students to discuss how technology has changed traditional checking and savings accounts (debit cards, electronic transfers, etc.).

Teacher Note

Review with students (from Section 2) the ways technology has changed lives.

Teacher Note

Go to www.philadelphiafed.org/education/teachers/lesson-plans/PurposesandFunctionsGrades6-8.pdf to obtain information on a banking simulation. The simulation helps students understand how banks take in deposits, make loans, and hold reserves.



Learning Skill: Discussion

Ask students to identify investment opportunities. Then, ask them to choose the one they think is best.

Teacher Note

Go to www.stockmarketgame.org to find information on the Stock Market Game, an online opportunity for students to learn about the stock market. The game allows the class to invest a hypothetical \$100,000 in an online portfolio.

Another version of an online stock market game can be found at <https://www.marketwatch.com/game>. This free simulation allows students to build and manage portfolios and compete in games against others.

Learning Skill: Critical Thinking

Ask students if they think buying property is a good investment. Remind them of the economic hard times of the first decade of the 21st century when so much property was in foreclosure.

Teacher Note

Invite speakers to talk with the class about various investment programs, e.g., a realtor, financial adviser, or stockbroker.

Below: With money that is saved over time, a prospective homeowner can make a sizable down payment on a house and save on interest payments by borrowing less money. This will increase the homeowner's profit when the house is later sold.

Investing

In addition to saving for your future, you may reach a financial position where you can use some of your money to **invest** (buy an asset hoping that it will provide future profit or income). When you invest money, you must understand that there is a possibility you will lose instead of make money. Some investments can be very risky. Risky investments offer the potential for high profit, but the potential for losing your money is also high. Low-risk investments normally offer very small gains or profits.

Investment opportunities include stocks and bonds (long-term debt certificates with interest payments). Research shows, however, that some stocks and bonds are very low-risk investments—for example, U.S. Treasury savings bonds or bonds issued by cities. People who invest in the stock market (a location where shares of ownership in a corporation, called stocks, are bought and sold) take a greater risk. Most investors try to protect themselves by investing in a variety of high-risk and low-risk ventures.

Investments are not limited to the stock market. Some people invest in property. These investors hope to buy a piece of land at a low price, hold that land for a period of time, and sell it at a higher price to make a profit. Other people buy old houses, restore them, and sell them for a profit. People also invest in gold and silver, in artwork, and in businesses. Some even invest in nonconventional areas, like athletes. For example, a group of golf club members might pool their monies and invest in a young golfer just starting on a professional career. The investors finance the golfer's first few years on tour in exchange for a percentage of any monetary winnings. If the young person plays well and wins a few tournaments, he or she could earn millions of dollars. A percentage of those earnings would belong to those who invested in the golfer's future success. If the golfer is not successful, the investors will lose their investment.



Teacher Notes

Using Credit

Using credit wisely is sometimes difficult for many people to master. It seems so easy to take out a plastic card when you are short of cash. Many people buy something they want now and pay for it over a period of time instead of saving their money until they have enough to purchase the item with cash.

Your access to credit depends upon several factors, including your income, how much you borrow, your payment history, and how much you owe. These factors are used to define a person's *credit history*; they represent a person's ability to pay future debts based on a record of past debt payments. If you have credit and make payments on time as required, you develop a good credit history. A poor credit history reflects that payments were made late, or not at all; items purchased on credit may even have been repossessed or legal proceedings may have been brought against those who failed to pay as promised. Having a good credit history is important because it allows you to qualify for future credit, and your interest rate will be lower than that offered to people with poor credit histories.

Most people make large or major purchases, such as houses and automobiles, on credit. The company sells the item and works out a payment schedule, which includes interest. The longer it takes you to pay for it (finance it), the more interest you will pay. That is why people often make a sizable down payment (a portion of the selling price) for major items. In that case, the amount to be financed over time is as small as possible.

Interest rates vary based on the interest rate the Federal Reserve System charges to loan money to banks. Interest rates also vary from one loan agency to another. That is why it is wise to comparison shop when making large purchases. When shopping for a car, for example, the car dealer may offer a lower interest rate than a bank because the dealer is motivated to sell cars.



Teacher Note

The Credit CARD Act of 2009, which became effective on February 22, 2010, states that a credit card cannot be issued to someone under age 21, unless he or she has a cosigner (who is 21 or older) or can provide proof of a means to repay.

Ask students how they feel about this restriction.

Trivia

In mid-2018, credit card balances in the United States totaled over a trillion dollars.



Left: A car dealership may offer a lower interest rate than a bank in order to get your business.



Literacy Skill: Math

Have students use a search engine to find the current interest rate for an automobile loan from two different sources. Have them also find the current interest rate from two different credit cards. Then, give them a hypothetical figure for a loan that they have taken out. Ask them to calculate how much interest they must pay on the loan based on each of the rates that they found.

ASSESS

Answers to Reviewing the Section

Reviewing the Content

1. a plan for receiving and spending money for a specific period of time
2. stocks and bonds, property, gold and silver, artwork, business, athletes
3. your income, how much you have borrowed, your payment history, how much you owe

Using the Content

Check students' letters.

Extending the Literacy Skill

1. \$2,510.00
2. rent
3. Student answers will vary. Some possibilities are gifts, vacations, etc.

Closure

Have students respond to the following prompt: Credit can be...

As you enter into debt to finance purchases, you can use the often recommended "20 percent rule." This rule states that your total debt, excluding home mortgage payments, should be no more than 20 percent of your net income (the amount of income you actually take home) each year.

Reviewing the Section

Reviewing the Content

1. What is a budget?
2. Name some ways that you can invest your money.
3. What factors make up your credit history?

Using the Content

Based on what you have learned about personal finance, write a letter to a friend advising him or her on ways to obtain financial security.

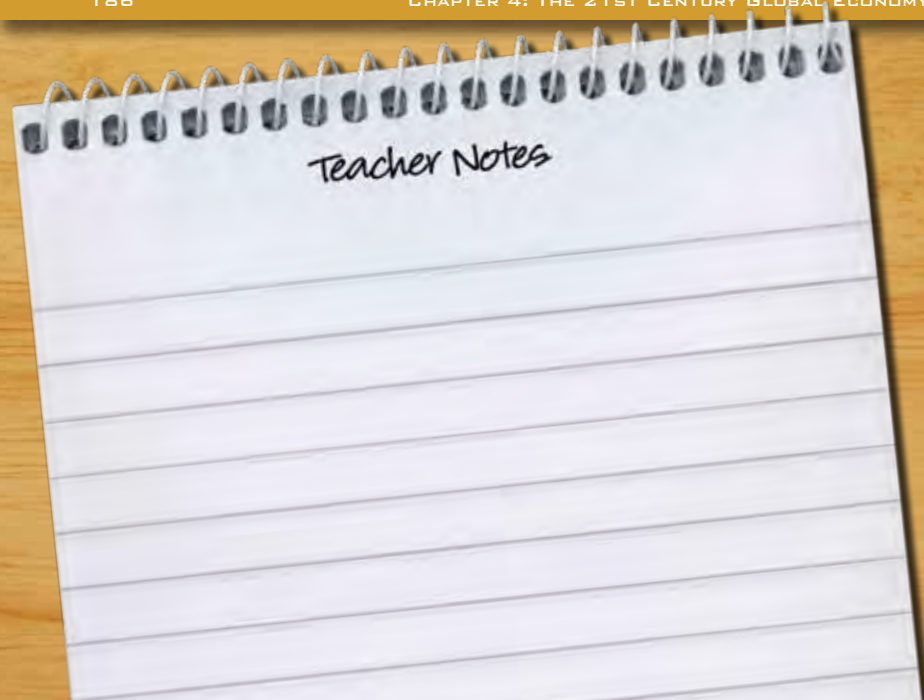
Extending the Literacy Skill

Joe made a personal budget that included the following monthly expenses: Rent, \$750; Savings, \$200; Utilities, \$110; Food, \$135; Car payment, \$160; Loan payments, \$595; Insurance, \$115; Transportation (including gas), \$115; Clothes, \$95; Services, \$60; Entertainment, \$100; Other, \$75. Use this information to make a circle graph of Joe's monthly expenses. Then answer the following questions.

1. What is the total amount of Joe's monthly expenses?
2. What is Joe's largest monthly expense?
3. What might be included in the "Other" category?



Above: A good credit score enables you to purchase large items, such as a new home.



John Perdue: His Focus

John Perdue was elected state treasurer in 1996 and has served in that office for more than twenty years. Perdue, a native of Dog Fork Hollow in Boone County, attended Scott High School and earned a degree in agriculture from West Virginia University. He joined the staff of the West Virginia Department of Agriculture in 1973 and remained in that position until 1989. In that year, Perdue became the executive assistant to newly elected Governor Gaston Caperton. He remained with Caperton through the end of his two terms as governor. As Caperton was leaving public office, Perdue decided he would run for a state office. His duties with the governor included handling the financial operations of the office and serving as a legislative liaison. Experience in those two areas made him a likely candidate for the state treasurer's job.

He won the election in 1996 and has been reelected five times.

Since taking office in 1997, Perdue has experienced much success. He manages a state budget of \$13 billion, and his Unclaimed Property Division has returned more than \$160 million to rightful owners during his administration.

Perhaps his greatest achievement has been his promotion of financial education. His NetWorth program, which provides personal finance lessons that can be incorporated into math, language arts, and social studies classrooms, has won national awards. His Financial Education Center provides elemen-



tary students an opportunity to visit his office, and it exposes them at an early age to financial responsibility. His Get a Life program provides realistic financial simulations and strategies for living within a budget. His SMART529 program provides a college savings plan that offers every citizen the ability to invest in the future.

Perdue has focused on ensuring that every West Virginian can pursue higher education at colleges/universities, as well as vocational, technical, or culinary schools.

SMART529 funds can also be used at community colleges for worker retraining classes. To help West Virginians make good decisions about contributing to SMART529, they can access the free College Foundation WV's website. Its online calculators can determine how much money a family is expected to contribute to a child's higher education (EFC Calculator), how much a family should save to provide a college education (College Savings Calculator), or how much the interest and monthly payments on student loans will be, given a student's potential career choice (SLOPE calculator).



Technology Tool: Research

Ask students to go to www.wvsto.com to access the office of the West Virginia state treasurer. Click on the Education tab and then choose from a menu that includes Financial Education, Center (Financial Education), Get a Life, Net Worth, Personal Finance.

Ask them to list the type of information that is found at each of these locations.

Trivia

Having served more than twenty years, John Perdue is West Virginia's longest-serving state treasurer. In 2015, he passed Richard Talbott (D-Barbour), who held the office from 1933 to 1951.

Technology Tool: Research

Have students create a college savings plan, using free resources like CFVW's Financial Calculator, Scholarship Finder, and Financial Aid Wizard.

Teacher Note

Before asking students to complete the above activity, discuss with them the difference between need-based and merit-based financial aid.

Literacy Skill: Descriptive Writing Technology Tools: Research, Search Engine

Have students use a search engine to learn more about the savings options available with SMART529. Then ask them to write a short narrative explaining how they might benefit from the plan.

Technology Tool: Research

Ask students to look at the list of past state treasurers and choose one to research. Ask them to find programs that existed when that person served as treasurer. Compare those programs to the ones supported by the current treasurer.

Technology Tool: Email

Ask students to write questions they would like the state treasurer to answer. Have the class choose the best ones and email those to the treasurer's office.

NOTE: These could be questions about any of the programs supported by the treasurer's office: e.g., SMART529, CFVW Calculators, Financial Aid, Personal Finance.

Learning Skill: Collaboration Assessment: Formative

Divide the class into groups of four. Give each group a different color marker and ask each group to write five review questions related to this chapter on flip chart paper, then post the paper on the wall. (Be sure the papers are spread out.)

Ask the group to bring their marker and a piece of notebook paper and stand by their own list of questions. Then, have them rotate clockwise to a new set of questions. They should read the questions and write answers on their own notebook paper. On the flip chart paper, they should put a check mark beside any questions they could not answer.

Have them rotate again, continuing to answer the questions on their own paper. This time, they will put a question mark on the flip chart paper beside any question they did not understand.

Ask them to rotate a third time, again writing the answers to the questions on their own paper. On the flip chart paper, they will take one of the questions and make it into a statement.

NOTE: They will continue to rotate until all groups have answered all questions. In addition to answering the questions, each group must react in some way to what has been written on the flip chart paper, e.g., check mark beside one they couldn't answer, question mark beside one they didn't understand, making a statement from a question.

When all questions have been answered, debrief the activity by asking how many questions each group answered correctly. Then, ask the groups who wrote the questions which ones could not be answered, which ones were not clear, etc.

Chapter Summary

Section 1: A History of a Global Economy

- Trade is the voluntary exchange of goods or services. The first form of trade was barter.
- After reading Marco Polo's book about travels to China, Europeans began looking for all-water trade routes to the Far East.
- During the colonial period, Great Britain supported a policy of mercantilism.
- Inventions such as steamships and railroads brought growth in global trade.
- After World War II, GATT (General Agreement on Tariffs and Trade) was ratified to manage global trade. In the 1990s, it was replaced by the WTO (World Trade Organization).
- Since 1980, all presidents except Donald Trump have favored free trade agreements. Trump placed tariffs on goods from previous free trade partners. It is uncertain how his tariffs will affect West Virginia's trade with other nations.
- West Virginia's export markets have been driven by the demand for coal and other natural resources.

Section 2: West Virginia's Demographic Profile

- West Virginia has the largest number of residents over age 60 in the country.
- Between 2012 and 2016, reduced demand for West Virginia's exports resulted in job losses, especially in the coal industry; demand for natural gas grew; most manufacturing declined; and service industries saw a mixed performance.
- All West Virginia industries are predicted to show some growth between 2017 and 2022, especially the service industry.

Section 3: The Role of Individuals in a Global Economy

- The four areas of personal finance are budgeting, saving, investing, and credit.
- A budget is a plan for receiving and spending money for a specified time period.
- Banks offer savings accounts, certificates of deposit, and money market accounts, which all pay interest.
- Banks earn interest from loans they make. People borrow more when interest rates are low and save more when rates are high.
- People make investments (like stocks and bonds) in hopes of making money.
- A good credit history allows you to qualify for future credit and lower interest.



Learning Skill: Creative Thinking

Ask students to use the summary statements to develop a review game.

Literacy Skill: Recall Learning Skill: Collaboration

Ask students to find a study buddy. Tell the pairs of students to create questions and quiz one another on the material covered in the chapter.

Teacher Note

Use the data from the review to help you reflect on what students have and have not mastered.

Closure

Have students complete an exit slip with a response to this prompt: I still do not understand....

The 21st Century Global Economy

Recalling the Facts

1. What role did Marco Polo play in creating an increased interest in global trade?
2. What is mercantilism?
3. What inventions brought about a growth in global trade in the nineteenth century?
4. What is NAFTA?
5. What are the effects of global trade?
6. What is West Virginia's top export market?
7. How has the role of small companies changed in the export marketplace?
8. What demographic factors affect the economic growth in an area?
9. What natural resource is projected to have strong growth by 2022?
10. Improvements in what two areas must be made to help the state's economy grow?
11. What area is expected to show the largest job growth by 2022?
12. What are four areas of personal finance that are important to a person's financial security?
13. What are some ways you can save money?
14. What are the benefits of having good credit?

Learning Skill

1. Have free trade agreements helped or hurt the national and state economies? Give reasons to support your answer.
2. What jobs do you think will be needed fifty years from now?
3. Why do you think foreign countries are willing to invest in West Virginia? Give reasons for your answer.

Chapter Review

4. What advice would you give to your friends about buying on credit?
5. How does your management of personal finances impact the economy of West Virginia and the world?

Community Connection

Interview the owner of a small business in your community to determine if the business would be a good candidate for exporting its products.

Literacy Skill

1. Choose a business located in West Virginia and write a help wanted ad for possible employees. Include a list of qualifications for the job, duties to be performed, and a salary range.
2. Look at a want ad written by a classmate in the previous activity. Write a résumé listing your own qualifications for the job.

Technology Tool

Go to website money.cnn.com/data/markets and choose a category of stocks, such as food, retail, or technology. Click on that category, and then choose a specific stock from those listed. Return to this website every day for the next three weeks and record the day's stock price. After three weeks of collecting data, make a graph to illustrate the data.

Recalling the Facts

1. He wrote a book that attracted others to the riches of the Far East.
2. the belief that a country's colonies exist to serve the needs of the mother country
3. steam power, the coming of the steamboat and railroads
4. It is the North American Free Trade Agreement, in which Canada, Mexico, and the United States agreed to eliminate tariffs on imports.
5. economic growth and the reduction of poverty, increased civil liberties
6. Canada
7. Many small companies are beginning to export their products to reach a larger market.
8. Student answers will vary but may include age, gender, income, education, and employment.
9. natural gas
10. technology and infrastructure
11. health
12. budgeting, savings, investing, credit
13. savings accounts, certificates of deposit, money market accounts
14. allows you to qualify for future credit and lower interest rates

Learning Skill

1. Student answers will vary but may include that lower-priced foreign products have hurt our industries.
2. Student answers will vary.
3. Student answers will vary but may include good workers with good work ethic, government incentives.
4. Student answers will vary but may include being cautious about getting credit cards and paying your credit cards in full each month.
5. Student answers will vary.

Community Connection

Student answers will vary.

Literacy Skill

1. Check students' want ads.
2. Check students' résumés.

Technology Tool

Check students' graphs.