

GEOGRAPHY

THE UNITED STATES IN THE GLOBAL ECONOMY

Innovations in technology and economics has transformed national and regional economies into one global economy , an economic world without strict borders where products , personnel , money , and resources intertwine . Wide-ranging developments in transportation and communications have made international trade a booming business and an economic driving force in today's world . Part of this pattern is the growth of multinational corporations , companies that produce and market / sell goods in a number of different countries .

The United States had long based its economic prosperity on selling its industrial and agricultural goods abroad . By the 1970s , however , the United States was losing its economic dominance as more and more nations strengthened their own industries and trade . America experienced trade deficits , purchasing more from foreign nations than they sold to foreign markets . By the early 1970s , the United States had changed from a creditor nation , or lending nation , to a debtor nation , or a borrowing one .

The United States reacted to its declining economic position by working to become more competitive in the global marketplace . In recent years , many American multinational companies have become globalized corporations , meaning that they operate throughout the world and not just in specific foreign areas .

The United States government also pursued ways to strengthen America's economic position in the global marketplace . Just weeks before President Clinton too office , the United States , Canada , and Mexico signed the North American Free Trade Agreement (NAFTA) eliminating all tariffs between the three countries . North America was transformed into the world's largest free trade area.

NAFTA offered American manufacturers an opportunity to open factories in Mexico , where wages were lower . At the same time , Mexican and Canadian markets would be more open to American products and services . Critics of the agreement argued , however , that workers would be displaced with such trade pacts that lower barriers to trade .

The United States Congress approved the treaty in November of 1993 , after an almost year long battle . Since NAFTA has been put into place , all the critics arguments have been disproved . Trade between the nations , and employment levels in each , has reached all time highs . Each country's standard of living has also risen .

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