

Natural Resources

Main Idea Earth's resources are not evenly distributed, nor do they all exist in endless supply.

Geography and You What natural resources can you name? Read to learn about two kinds of natural resources.

Natural resources are materials from the Earth that people use to meet their needs. Soil, trees, wind, and oil are examples of natural resources. Such resources can provide food, shelter, goods, and energy.

Renewable resources are natural resources that cannot be used up or that

can be replaced. For example, the sun, the wind, and water cannot be used up, and forests can replace themselves. Some renewable resources, such as rivers, the wind, and the sun, can produce electricity and are important sources of energy.

Most natural resources are **finite**, or limited in supply. They are called **nonrenewable resources**. Once humans use up these resources, they are gone. Minerals like iron ore and gold are nonrenewable, as are oil, coal, and other fossil fuels. Fossil fuels heat homes, run cars, and generate electricity.

✓ Reading Check

Identifying Which energy resources are renewable? Nonrenewable?

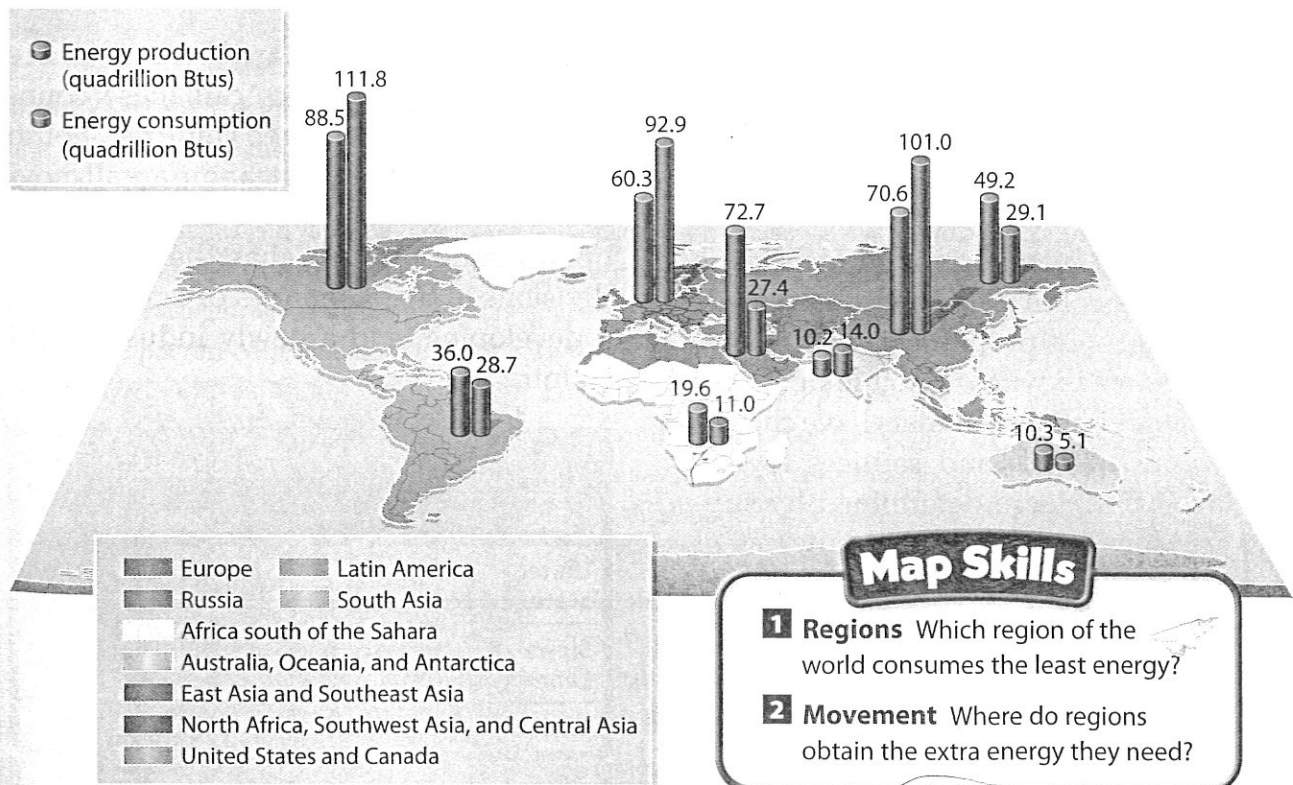


Maps in Motion

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Figure 4

World Energy Production and Consumption



- Europe
- Russia
- Africa south of the Sahara
- Australia, Oceania, and Antarctica
- East Asia and Southeast Asia
- North Africa, Southwest Asia, and Central Asia
- Latin America
- South Asia
- United States and Canada

Map Skills

- 1 Regions** Which region of the world consumes the least energy?
- 2 Movement** Where do regions obtain the extra energy they need?

Source: Energy Information Administration, 2004.

Economies and Trade

Main Idea An economy is the way people use and manage resources.

Geography and You What kinds of goods and services do the people in your community produce? Read to find out about how economic decisions are made.

Economic Systems

To help make economic decisions, societies develop economic systems. An **economic system** is the method used to answer three key questions: what goods and services to produce, how to produce them, and who will receive them.

There are four kinds of economic systems. In a traditional economy, individuals decide what to produce and how to produce it. These choices are based on custom or habit. In these economies, people often do the same work as their parents and grandparents. Technology is often limited.

In a command economy, the government makes the key economic decisions about resources. It decides the costs of products and the wages workers earn, and individuals have little economic freedom.

In a market economy, individuals make their own economic decisions. People have the right to own property or businesses. Businesses make what they think customers want (supply). Consumers have choices about which goods and services to buy (demand). Prices are determined by supply and demand. People will buy less of an item as it gets more expensive. On the other hand, if the price is low, people will tend to buy more of an item.

Most nations have mixed economies, which is the fourth type of economic system. China, for example, has mostly a com-

mand economy, but the government allows some features of a market economy. The United States has mainly a market economy with some government involvement.

Developed and Developing Countries

Geographers look at economies in another way—how developed they are. A **developed country** has a mix of agriculture, a great deal of manufacturing, and service industries. Service industries, such as banking and health care, provide services rather than making products. Developed economies tend to rely on new technologies, and workers have relatively high incomes. Examples of developed countries include the United States, France, and Japan.

Countries with economies that are not as advanced are called **developing countries**. These countries have little industry. Agriculture remains important, and incomes per person are generally low. Developing countries include Sierra Leone, Cambodia, and Guatemala.

Still other countries are becoming more industrial. Geographers call these countries **newly industrialized countries**. South Korea, Thailand, and Singapore are all moving toward economies like those in developed countries. The chart below shows divisions in the economies of a developed, a developing, and a newly industrialized country.

Economic Divisions			
Country	Agriculture	Industry	Service
United States	1%	20.4%	78.7%
Sierra Leone	49%	31%	21%
Thailand	9.9%	44.1%	46%

Source: World Factbook, 2006.

World Trade

Resources, like people, are not distributed evenly around the world. Because most countries have more than they need of some resources and not enough of others, trade is important.

Trade allows nations to **export**, or sell to other countries, the resources they have in abundance or the products made from those resources. They also **import**, or buy from other countries, the resources they do not have or the products they cannot make themselves.

Trade is important for both developed and developing nations. For example, the countries of Europe import what they need—food, energy resources, and minerals—to maintain their successful

economies. The developing nations, in turn, rely on the sale of their products and resources to **finance**, or pay for, efforts to further industrialize and build their economies.

Barriers to Trade

Nations try to manage trade in order to boost their own economies. Some nations use **tariffs**, or taxes, to increase the price of imported goods. By making imported items more expensive, tariffs encourage consumers to buy less expensive items that are manufactured in their own country.

Quotas are another barrier to trade. A **quota** is a limit on how many items of a particular product can be imported from a certain nation.

TIME GLOBAL CITIZENS

NAME: BONO **HOME COUNTRY:** Ireland

ACHIEVEMENT: The lead singer of the mega-rock band U2 has proven himself to be one of the world's most effective voices for the poor. In 2005, he convinced leaders from the world's wealthiest countries, such as the United States and Japan, to approve a \$50 billion aid package—including \$25 billion for Africa. Thanks largely to Bono, the leaders pledged to make lifesaving drugs available to poor people with HIV and also agreed that the 18 poorest African nations did not have to pay back money they had



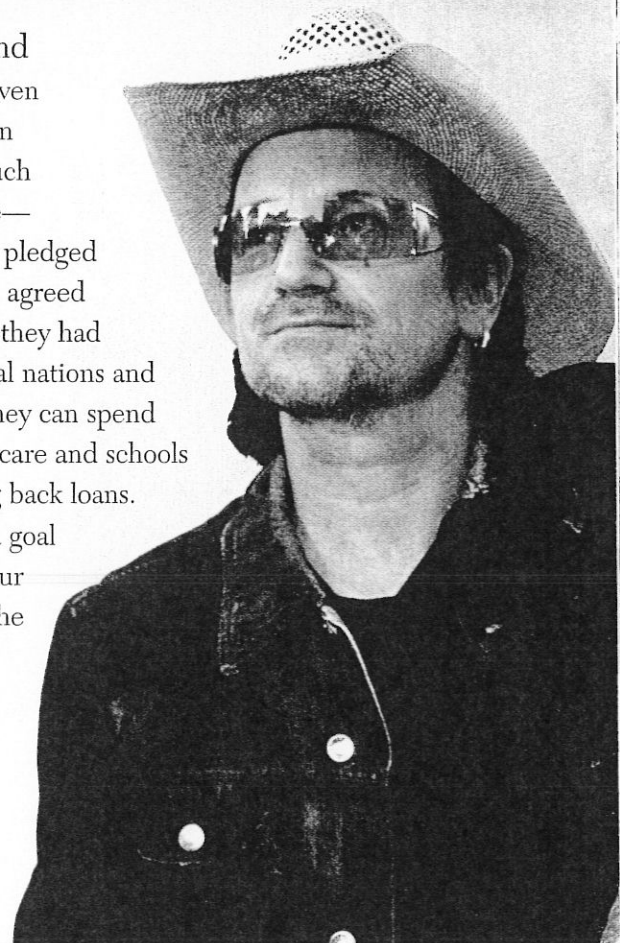
Bono sings for children in Ghana, while U.S. Treasury Secretary Paul O'Neil looks on.

borrowed from several nations and organizations. Now they can spend the money on health care and schools rather than on paying back loans.

QUOTE: “There is a goal out there worthy of our generation. . . . It is the defeat of humanity's oldest foe: disease.”

**CITIZENS
IN ACTION**

How might Bono's actions today help people 10 years from now?



Free Trade

In recent years, many countries have agreed to get rid of trade barriers. The removal of trade limits so that goods flow freely among countries is called **free trade**. Often countries sign formal treaties agreeing to free trade. For example, in 1992 Canada, the United States, and Mexico signed the North American Free Trade Agreement (NAFTA). This pact removed most trade barriers between the three nations.

Interdependence and Technology

Growing trade among the world's countries has resulted in the globalization of the world's economies. As a result, the world's people and economies have become more interdependent. **Interdependence** means

that countries rely on each other for ideas, goods, services, and markets, or places to sell their goods. When economies are linked together, a drought or a war in one region can cause price increases or shortages in another region far away.

Interdependence has come about in part because of new technologies. During the past 200 years, the invention of new technologies has occurred much faster than at any other time in history. Advances in transportation, such as trains and airplanes, and in communication, such as telephones and the Internet, have contributed greatly to globalization.

✓ Reading Check

Explaining Explain why trade barriers exist, and describe two types of trade barriers.

Section 3 Review

Social Studies  ONLINE

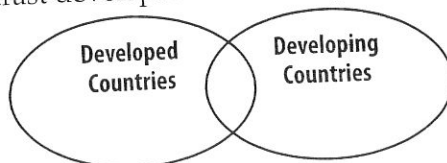
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Vocabulary

1. **Explain** the significance of:
- | | |
|---------------------------------|--------------------|
| a. natural resource | h. export |
| b. renewable resource | i. import |
| c. nonrenewable resource | j. tariff |
| d. economic system | k. quota |
| e. developed country | l. free trade |
| f. developing country | m. interdependence |
| g. newly industrialized country | |

Main Ideas

2. **Explaining** Why do people need natural resources?
3. **Comparing and Contrasting** Use a Venn diagram like the one below to compare and contrast developed and developing countries.



Critical Thinking

4. **Analyzing** Why has the world become more interdependent in recent years?
5. **BIG Idea** Explain how the distribution of natural resources relates to world trade.
6. **Challenge** In what ways might interdependence influence a place's cultural identity? Explain in two paragraphs.

Writing About Geography

7. **Using Your FOLDABLES** Use your Foldable to write a paragraph that predicts how population patterns might affect world resources in the future.