

**I.** **Globalizing Production**

**A.** **Redistribution and Reorganization**

Choose a topic for which you are able to make a cause (reason) and effect (result) connection.

**B.** **Thesis Statement**

**The production of goods and services in the United States, Western Europe, and Japan have been redistributed and reorganized.**

Write a general statement that shows the relationships between the cause and the effect.

**C.** **Thesis Support**

Which 3 points will explain or prove your thesis statement?

**1.** Between 1945 and 1970, redistribution of production promoted economic development in U.S.;

**2.** After 1970, redistribution of production came at U.S. expense; a process called *deindustrialization*, losing jobs to firms based in Western Europe and Japan;

**3.** In 1980s and 1990s, U.S. firms reorganized production, largely through mergers and new technology, making them more competitive with Western Europe and Japan.

**II.** **Effects/Causes**

**Redistributing Work**

Break down the larger topic into smaller pieces, supporting each effect with causes.

**A.** **Effect [i.e., consequence]**

By 1973, the U.S. produced only 21.9 percent of world’s manufactured goods, down from approximately 57 percent in 1948; A significant share of manufacturing and agricultural shifted from U.S. to Western Europe (WE) and Japan. By mid-1970s, Western Europe self-sufficient in food production, less consumption of food grown in U.S. (Schaeffer: 2).

What is an effect of the problem, event or issue?

**1.** **Cause –**Military aid to Western Europe and Japan through Marshall Plan; $2 trillion from 1950–1970;rebuild infrastructure after World War II devastation; Money into these countries had a number of unintended consequences **(**Schaeffer: 3).

What causes explain why the effect happened?

**2.** **Cause—**U.S. government allowed nations to impose high tariffs on imported U.S. goods;$78 billion U.S. firms invested in WE during 1950s and 1960s created jobs and goods there Schaeffer: 3).

**3.** **Cause—**Bretton Woods agreement, fixed exchange rates, allowed WE and Japan to compete as equals with U.S., even though they weren’t as competitive;

**B.** **REDISTRIBUTION AND DE-INDUSTRIALIZATION, 1970-1979**

**Effect—In 1971- U.S. posed first trade deficit since 1893, $2.3 billion**

**1.** **Cause—**Demand for manufactured goods declined after U.S. withdrawal from Vietnam and slowing arms and space race with Soviets;

**2.** **Cause—**OPEC oil embargo forced higher energy prices and poor Soviet grain harvests increased food costs **(**Schaeffer: 6).

**3.** **Cause—**Recovery and growth of WE and Japan increased supplies from these regions;

 **Some important factors resulting in redistribution of production during 1970s**

1. **Decline of U.S. steel industry—**U.S. polices kept steel prices low, lowering profit rates and making it difficult for steel industries to innovate; Steel production fell from 130 million tons in 1970 to 88 million tons in 1985;
2. **Decline of U.S. auto industry—**In 1960s, Volkswagen Beetle introduced into U.S.; by 1970, accounted for 15 percent of U.S. market; Superseded by Japan auto manufactures; Why??Purchased 4 million Japanese cars in 1970, but twelve million in 1980 (Schaeffer: 8).U.S. automakers slow to innovate, trouble with unions, and moved production overseas; By 1980, 37 percent production moved abroad;
3. **Aircraft—**In 1965, WE competed with U.S. by organizing AIRBUS, used govt. aid to build aircraft; Plane saved fuel ( fewer engines needed) and operating costs (fewer pilots needed);In 1999, Airbus received more orders than Boeing!!

**C. REORGANIZING PRODUCTION, 1980-2000**

**Effect—Reorganization helped U.S. industries regain markets in 1990s, when industries in WE and Japan slumped; For U.S. workers, reorganization resulted in job loss (i.e., downsizing) and lowered incomes, while their stock portfolios increased;**

**1.** **Cause—**U.S. President RonaldReagan passed legislation to reform Social Security, Individual Retirement Accounts (tax-free) more widely available, increasing from $30 billion 1980 to $370 billion in 1990; money then invested in stock market; Flood of investment from wealthy U.S. investors and foreigners: **IRAs, 401ks, wealthy individuals, and foreign investors;**

**2.** **Cause—**Reagan administration cut corporate taxes, and stopped enforcing anti-trust laws, which was used to prevent mergers and monopolizing tendencies of capitalism;

**3.** **Cause—**Between 1982 and 1987, Dow Jones rose from 777 to 2,722; But in 1987, Dow fell 508 pts, Dow remained strong because workers couldn’t withdraw without penalty!!

**4. Cause—**Rising stock prices put pressure on fund managers to produce profits for investors, resulting in strategies that negatively affected U.S. workers: corporate mergers and new technologies to increase production and profits; In 1980, mergers worth $33 billion; Between 1981 and 1996, firms arranged mergers worth $2 trillion.

**5. Cause**-- New Technologies—Reorganizing of service-sector firms; In 1995, experts expected half of all banks to close---losing 2.8 million jobs; By 1998, eight hundred largest U.S. firms employed only 17 percent of workforce, down from approximately 26 percent in 1978;

**6. Cause --**Union Decline**-** Today percentage in unions only 9.4 percent, same number during Great Depression.

**III.** **Conclusion**

How will you sum-up the relationship between the causes and effects presented?